



## Organisational structure and teamwork

### - Capco

Organisational structure refers to how the workers within a business are organised and how they relate to each other. The structure should help to achieve the organisation's aims and objectives and make best use of people and resources. Organisational structures can take many forms. These are influenced by factors such as its purpose, size, the complexity of the tasks it performs, the external environment and its culture. Its products, services or where it is located also determine which structure is best. The main types of business structure are:

- **Hierarchical (tall) structure.** The business is organised in layers, with the higher layers having more authority than those below them. Decisions can be made quickly by those at the top of the organisation but communication may be slower as the message has to pass through all the layers.
- **Horizontal or flat structures.** Here there are fewer layers and more people in each layer. Decision making may need to take account of several groups within a layer. Flat structures often work well with skilled and motivated workers.
- **Matrix structures.** Sometimes the business needs to use people with a variety of skills who are drawn from many parts or functional areas of the business such as marketing, operations, finance and human resources. These can be organised into teams to complete projects. The purpose of a matrix structure is to draw together workers with a range of necessary skills, in order to complete a given project. Matrix teams tend to be fairly short term, being disbanded once the project is completed.



A tall hierarchical structure would not fit with Capco's innovative and entrepreneurial culture. It has a non-hierarchical, team-driven flat structure. This structure creates a highly motivated and empowered workforce with everyone having access to advice and coaching. Employees are able to freely ask questions and suggest improvements. Capco's structure and culture fosters flexibility, creativity and an element of risk-taking. Teamed with a long-term vision, its employees are able to meet the changing and challenging needs of the financial services industry.

Team working is integral to the way Capco operates. Its teams are composed of a variety of people from different areas of the business. They work together, using their different strengths, skills and experience to deliver a project. Factors influencing the effectiveness of a team could include the skills of the team members, the size of the team and the task to be undertaken. An effective team is one which:

- shares a common purpose
- respects and supports each other
- has high commitment to achieving targets
- has a clear understanding of the work and the role of each team member
- is good at generating and sharing ideas
- has open communication between team members.

Open and effective communication is crucial for all organisations and is affected by the span of control. A narrow span of control in tall hierarchical organisations can lead to communication problems because of the large number of layers between the top and the bottom. These tall hierarchical structures can also be rigid and inflexible. This can stifle ideas, innovation and creativity. In contrast, a wider span of control encourages and involves employees. This helps to generate ideas and promote new ways of thinking. Capco believes in open lines of communication and its structure and culture has created honest channels of communication.

As a flat-structured organisation, Capco encourages employees at all levels of the company to share their ideas and contribute to finding innovative solutions to complex and challenging client problems. Capco uses 'rocket teams' to generate ideas. The teams are small with 3 to 4 people. This helps to quickly establish trust amongst the team.



# THE TIMES 100

## BUSINESS CASE STUDIES

### Questions

1. Define organisation structure.

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2. Describe the purpose of a matrix structure.

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3. Analyse the factors that influence the effectiveness of teams in the workplace.

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4. Evaluate whether a flat organisational structure is better than a tall structure for organisations like Capco.

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### Task

Draw up an organisation chart for a small to medium sized organisation of your choice. When it is completed, answer the following questions:

1. Does the organisation have a tall or flat structure?
2. How many layers are in the hierarchy?
3. Who has the largest span of control, and how big is it?

### What have you learned?

*Deliberate mistake* – write a paragraph about organisational structures. Include several ‘deliberate mistakes’ in your paragraph. Now swap with someone and try to identify the mistakes in each other’s work.