
QUESTIONS CHAPTER NINETEEN

1. Hewlett-Packard seems to have been uniquely successful in its organizational changes—no more than two levels between the highest and lowest levels and the use of teams to develop new products and tailored sales programs. What kinds of control and reappraisal problems would these changes create for higher-level managers (i.e., those at the division and corporate levels)? How would these changes affect the company's reward structure?
2. Suppose you have been offered the job of developing and managing a new medical products unit for a major electronics manufacturer. The purpose of the new SBU will be to adapt technology from other parts of the company for medical applications (diagnostic equipment such as CAT scanners, surgical lasers, etc.) and to identify and build markets for the new products the unit develops. The new unit's performance over the next several years will be judged primarily on its success at developing a variety of new products and its rate of growth in sales volume and market share. Before accepting the job, what assurances would you seek from the company's CEO concerning the administrative relationships to be established between the new SBU and corporate headquarters? Why?
3. Now that you have accepted the job described in question 5, you have been given a \$50 million operating budget for the first year. Your first task is to staff the new unit and to allocate your budget across its various functional departments. While you obviously want to hire good people for every position, which departments require the most competent and experienced personnel, and which departments should receive relatively large shares of the available budget? Why?
4. As general manager, what type of organizational design would you select for the new SBU described in question 5? Justify your choice in terms of its ability to help the SBU implement its strategy and accomplish its primary objectives. What potential advantages—if any—might be associated with your chosen organization structure?
5. As the general manager of 3M's industrial tape division you are responsible for a business where the basic technology and the majority of product-markets are relatively mature but where new applications and product improvements are still possible. Consequently, you are pursuing a differentiated defender strategy. If you had the authority to design the structure for your SBU, what type of organizational design would you select? How would you characterize your choice in terms of the structural variables of centralization, formulation, and specialization? Why do you think this design most appropriate for your SBU?
6. Given your answer to question 8, how would potential conflicts between functional departments within the industrial tape SBU be resolved? Who would be responsible for coordinating the activities of the various functional departments for each of the SBU's product-market entries?
7. The president of a mid-size pharmaceutical company that uses a product manager organization has asked the marketing vice president to discuss with all department heads the most important recent developments in organizational design—including the merits and limitations of each. As the company's vice president, prepare an outline of your presentation.

Just as you complete your discussion outline, the manager of the company's export department asks for your suggestions of organizational designs that should be considered to replace the present one. The manager asks that you indicate which type of design you think is most appropriate.