1. Organisation by **function**. The company is divided into departments such as production, finance, marketing, and human resources.
2. Organisation by **product**. The company brings together staff who are involved in the same product line.
3. Organisation by **customer type**. The company is organised around different sectors of the market. Large customers are called "key accounts".
4. Organisation by **geographical area**. The company is organised according to regions.

A large multinational may use several of the above: for example a functional division initially (at an international level); then a national structure for each country, and within this some level of division according to customer types.

The business must also decide on the best way to organise its **management hierarchy** (**chain of command**). The company is run by **top or senior managers** with job titles such as: Chief Executive Officer (CEO), Chief Operating Officer (COO), and a series of Vices-Presidents or Directors of different departments. Top management sets a direction for the organisation and aims to inspire employees with their vision for the company's future. This vision is often written down in a mission statement.

The next level is **middle management**, where managers are **in charge of** a department, division, branch, etc. Middle managers develop detailed plans and procedures based on the firm's overall strategy.

Finally there is **supervisory** or **first-line management**, and typical job titles are: supervisor, team leader, section chief. Supervisory managers are responsible for assigning non-managerial employees to specific jobs and evaluating their performance. They have to implement plans developed higher up the hierarchy.

In some companies, or for specific projects, there can be a **matrix structure** with cross-functional teams. Here employees from different parts of the organisation work together and bureaucracy is reduced.

Above everything there is the **Board**, chaired by a **Chairman** or **President**, which gets involved in 'big picture' strategic planning and meets perhaps once a month. The CEO will.be on the Board, but most Board members are not involved in running the company -they are elected by and **responsible to** the shareholders. Their main interest is **shareholder value**: getting a good return on investment in terms of both **dividend** payments and a rising share price.

- **Centralisation vs. Decentralisation**:

A key issue for the company is to decide on the degree of centralisation. Should authority be kept at Head Office (centralisation)? If so, this would mean:
A strong corporate image.
Decisions made by experienced managers who see the whole picture, not just one part of the business.
Standardised procedures which could lead lowers costs and simpler distribution channels.
But decentralisation also has advantages:
Lower-level managers are more familiar with local conditions and can therefore give a stronger customer focus.
The delegation of decision-making is likely to lead to a higher level of morale at the grassroots (the ordinary people in an organisation rather than its leaders).