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The Pros & Cons of 7 Popular Organizational Structures [Diagrams]

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13-17 minutes

The following is an excerpt from our free resource, An Illustrated Guide to Organizational Structures. *If you'd like to download the full resource,* click here.

Choosing the best organizational structure for your company, division, or team is a lot like picking out a new car.

At the most basic level, you're always looking for something road-worthy -- something that can take you (and your passengers) from point A to point B without a hitch. But beyond that, there are a lot of options to consider. Automatic or manual? Four-wheel drive or two? Built-in GPS? Leather interior? Flux capacitor?

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In the world of organizational structures, the options you have to choose from include things like chain of command (long or short?), span of control (wide or narrow?), and centralization (centralized or decentralized decision-making?), just to name a few.

(If you want to dive deeper into what all of these different organizational structure components are, check out my earlier post,

"[The 6 Building Blocks of Organizational Structure](.).")

In the rest of *this* post, we're going to explore how you can combine those components to form different types of organizational structures. We'll also highlight the benefits and drawbacks of different structure types so you can evaluate which is the best option for your company, division, or team. Let's dive in.

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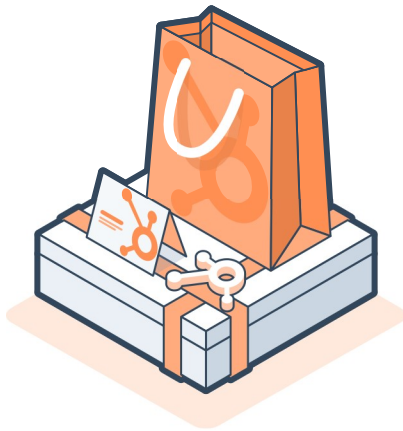
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6 to 10

11 to 25

26 to 50

51 to 200

201 to 1,000

1,001 to 10,000

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Mechanistic vs. Organic Structures

Organizational structures fall on a spectrum, with "mechanistic" at one end and "organic" at the other.

- **Mechanistic structures** are typified by narrow spans of control; high centralization, specialization, and formalization; as well as by rigid departmentalization. And the chain of command, whether long or short, is always clear.

- **Organic structures** (also known as "flat" structures) are typified by wide spans of control; decentralization; low specialization and formalization; and loose departmentalization. And the chain of command, whether long or short, can sometimes be difficult to decipher.
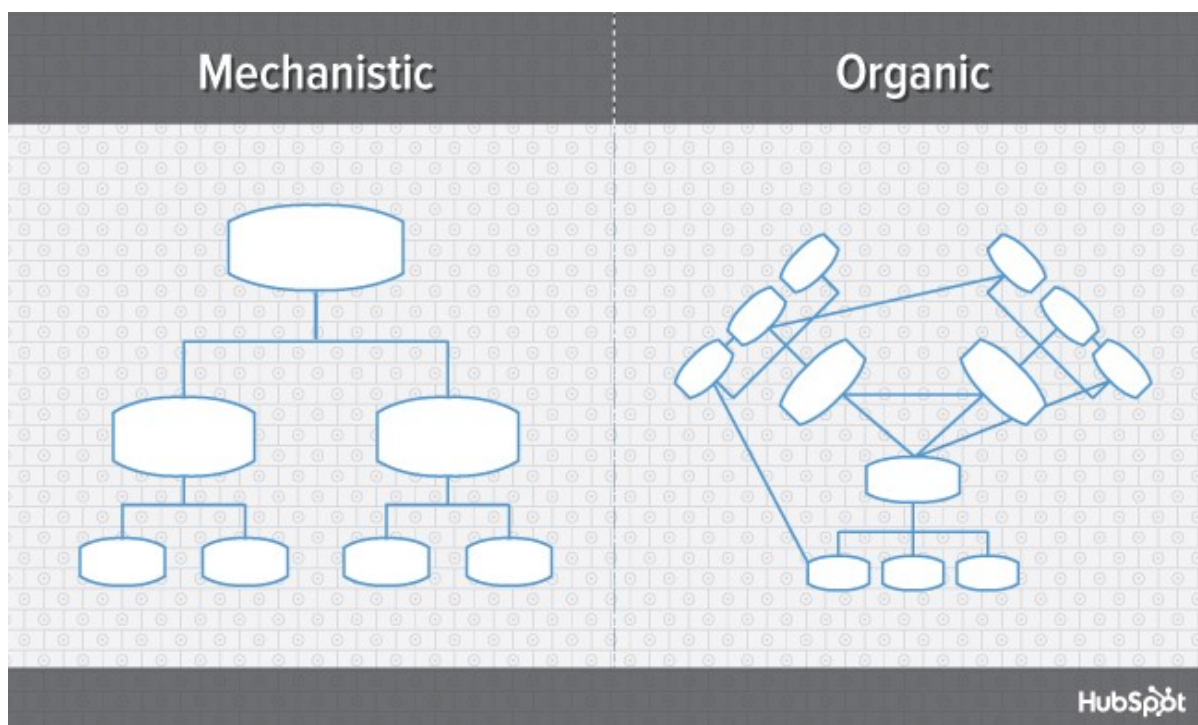
As you've probably been able to infer from their respective characteristics, the mechanistic structure represents the traditional, top-down approach to organizational structure, whereas the organic structure represents a more collaborative, flexible approach.

In this rest of this post, we'll uncover more specific types of organizational structures, most of which fall on the more traditional,

mechanistic side of the spectrum.

1) Functional Org Structure

One of the most common types of organizational structures, the functional structure departmentalizes an organization based on common job functions.

So an organization with a functional structure would group all of the marketers together in one department, group all of the salespeople together in a separate department, and group all of the customer service people together in a third department.
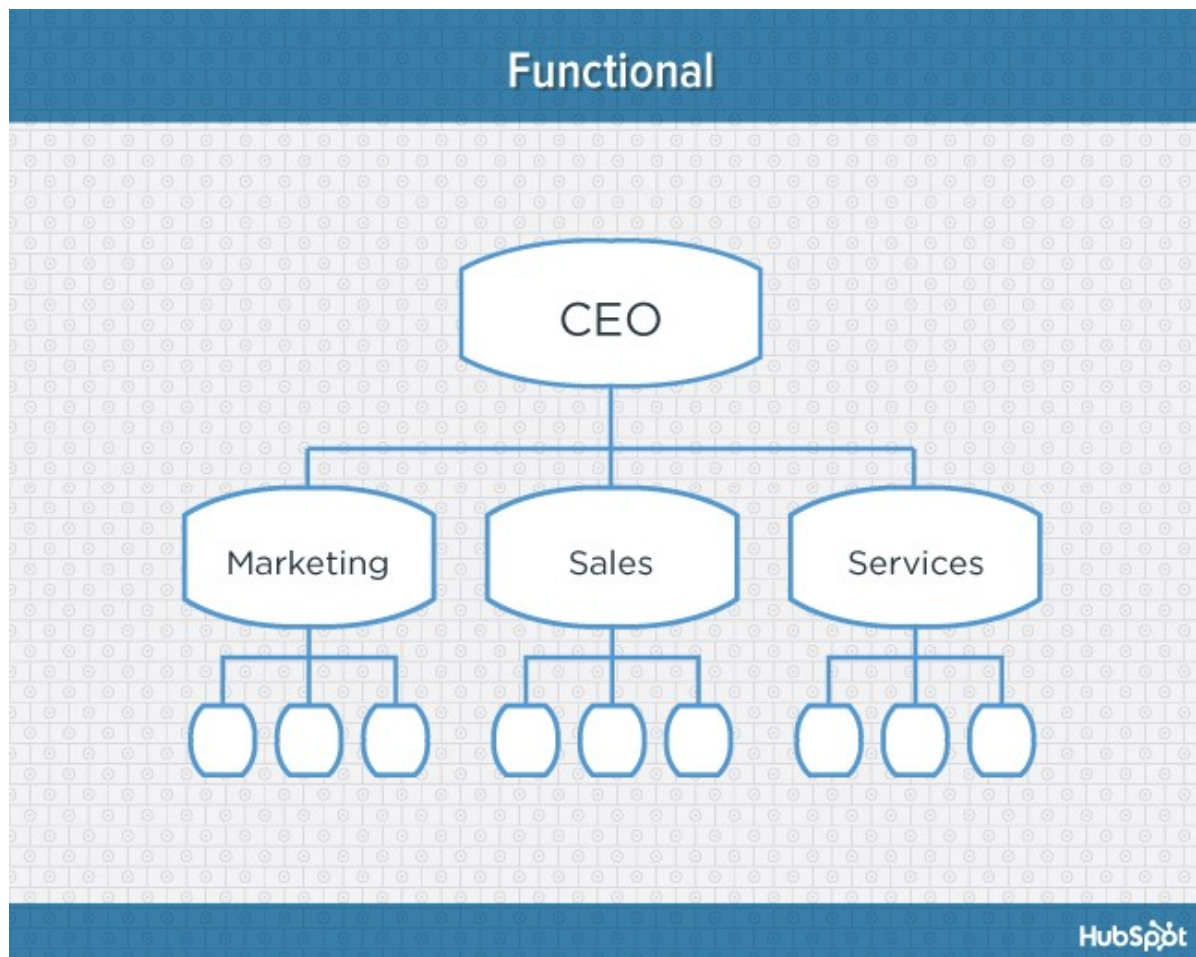

The functional structure allows for a high degree of specialization for employees, and is easily scalable should the organization grow.

The downsides: The structure also has the potential to create

barriers between different functions -- and it can be inefficient if the organization has a variety of different products or target markets.

2) Divisional: Product-Based Org Structure

You can think of a divisional organizational structure as a structure that's comprised of multiple, smaller functional structures (i.e. each division within a divisional structure can have its own marketing team, its own sales team, and so on). In this case -- a product-based divisional structure -- each division within the organization is dedicated to a particular product line.
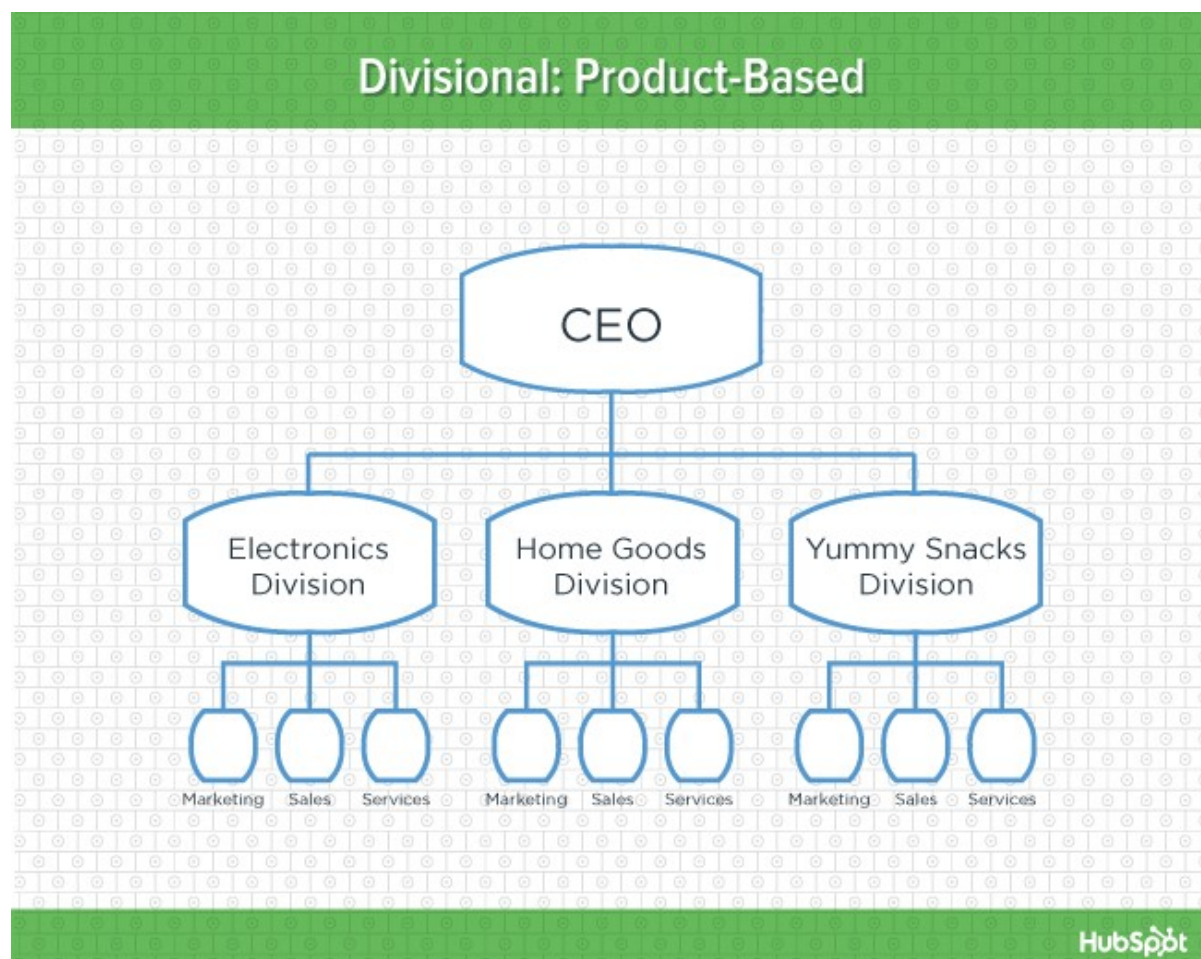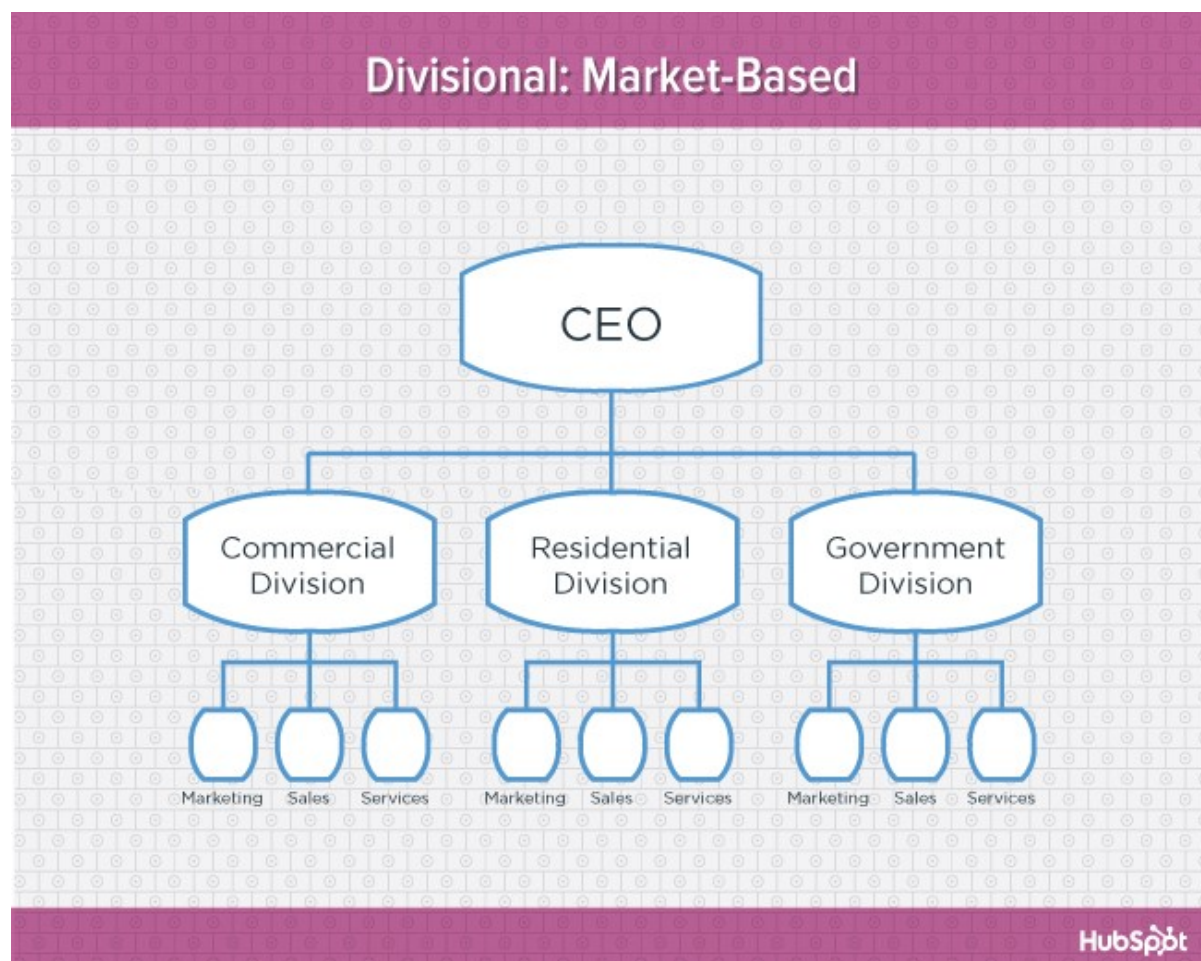

This type of structure is ideal for organizations with multiple products and can help shorten product development cycles.

The downsides: It can be difficult to scale, and the organization may

end up with duplicate resources as different divisions strive for autonomy.

3) Divisional: Market-Based Org Structure

Another variety of the divisional organizational structure is the market-based structure, wherein the divisions of an organization are based around markets, industries, or customer types.


The market-based structure is ideal for an organization that has products or services that are unique to specific market segments, and is particularly effective if that organization has advanced knowledge of those segments.

The downsides: Too much autonomy can lead to divisions developing systems that are incompatible with one another, and

divisions may also end up inadvertently duplicating activities that other divisions are already handling.

4) Divisional: Geographical Org Structure

The geographical organizational structure establishes its divisions based on -- you guessed it! -- geography. More specifically, the divisions of a geographical structure can include territories, regions, or districts.
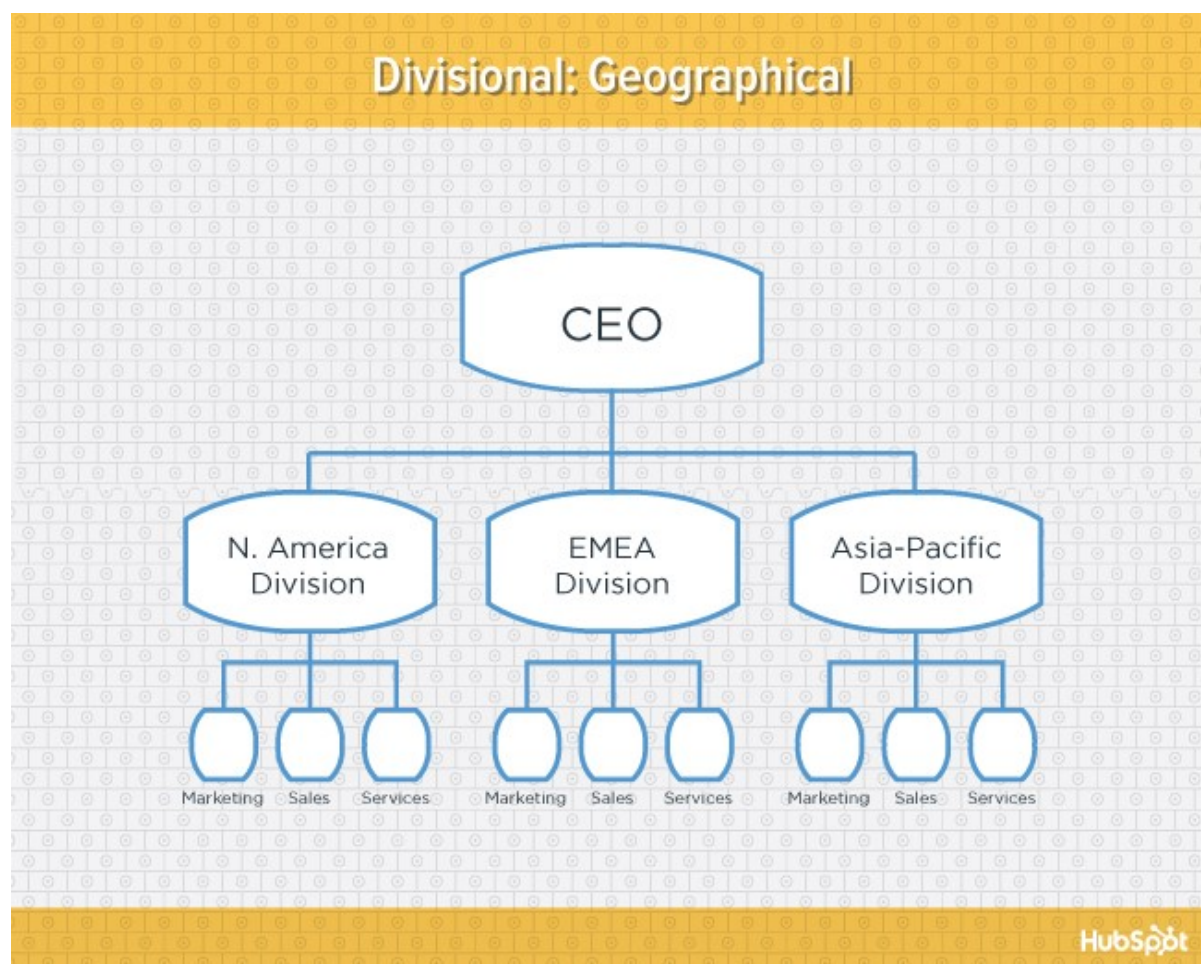
This type of structure is best-suited to organizations that need to be near sources of supply and/or customers (e.g. for deliveries or for on-site support).

The main downside of a geographical org structure: It can be easy for decision- making to become decentralized, as geographic

divisions (which can be hundreds, if not thousands of miles away from corporate headquarters) often have a great deal of autonomy.

5) Process-Based Org Structure

Process-based organizational structures are designed around the end-to-end flow of different processes, such as "Research & Development," "Customer Acquisition," and "Order Fulfillment." Unlike a strictly functional structure, a process-based structure considers not only the activities employees perform, but also how those different activities interact with one another.

In order to fully understand the diagram below, you need to look at it from left to right: The customer acquisition process can't start until you have a fully developed product to sell. And likewise, the order fulfillment process can't start until customers have been acquired and there are product orders to fill.
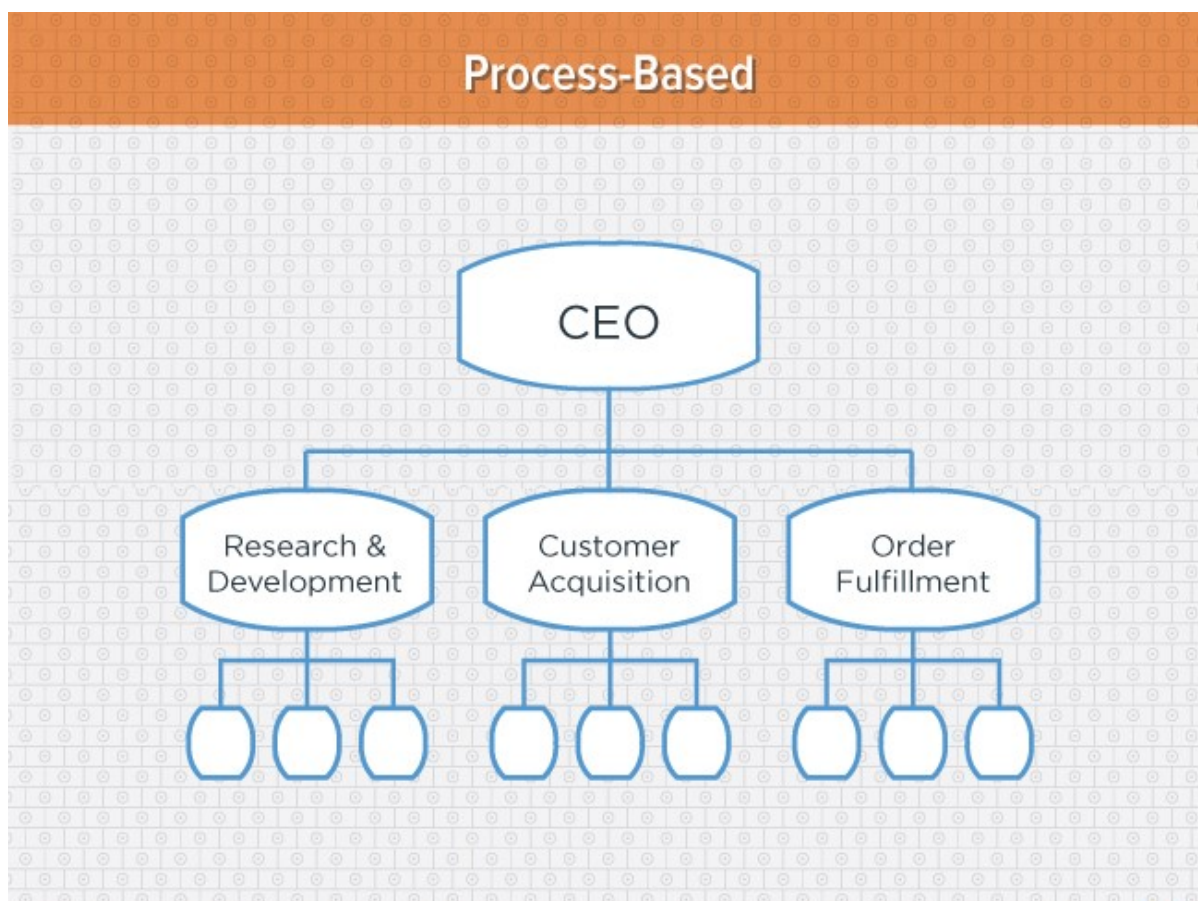
This structure is ideal for improving speed and efficiency, and is best-suited to rapidly changing business environments, as it is easily adaptable.

The main downside: Barriers between the different process groups can lead to problems communicating and handing off work.

6) Matrix Org Structure

Unlike the other structures we've looked at so far, a matrix organizational structure doesn't follow the traditional, hierarchical model. Instead, all employees (represented by the green boxes) have dual reporting relationships. Typically, there is a functional reporting line (shown in blue) as well as a product- based reporting line (shown in yellow).

When looking at a matrix structure org chart, solid lines represent strong, direct-reporting relationships, whereas dotted lines indicate that the relationship is secondary, or not as strong. In our example below, it's clear that functional reporting takes precedence over product-based reporting.
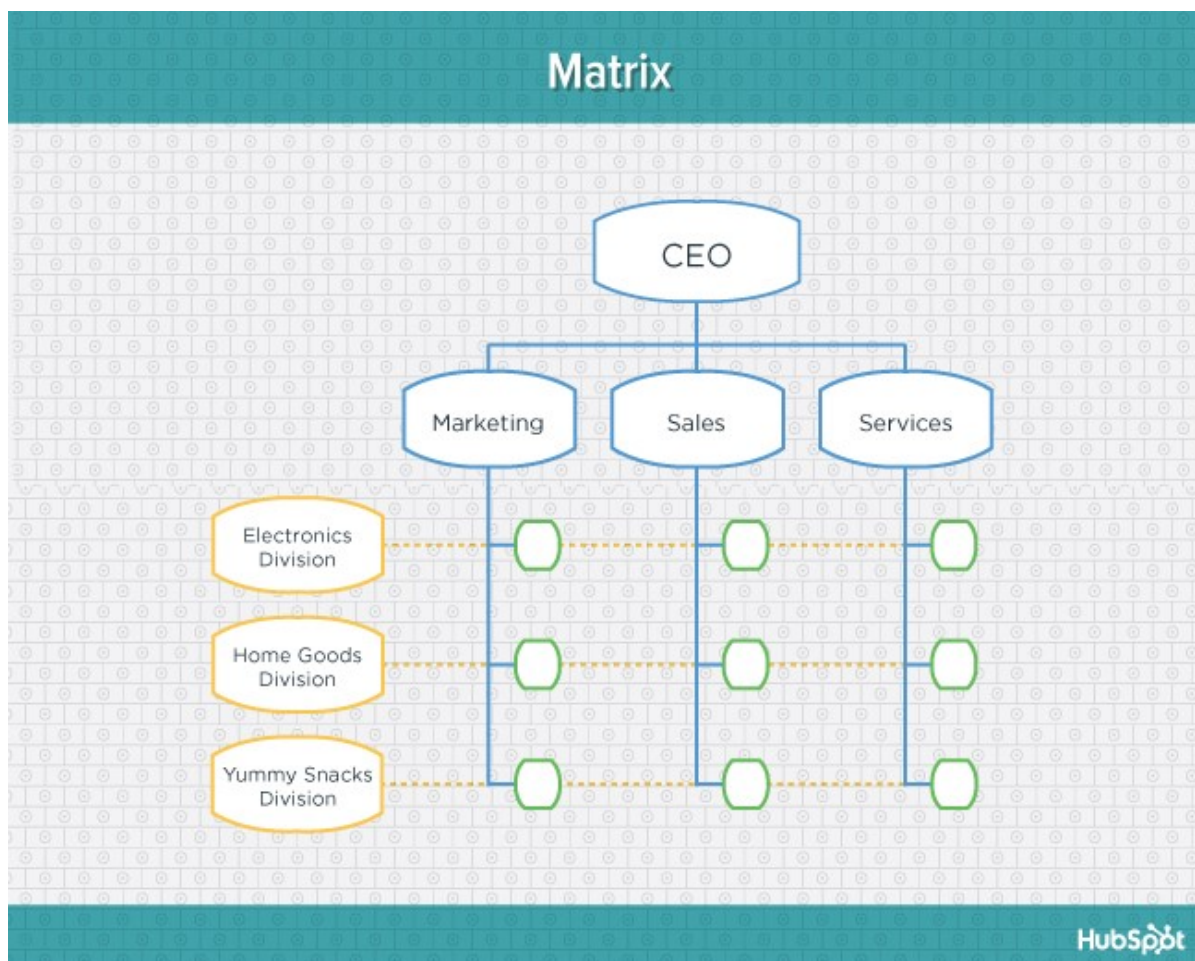
The main appeal of the matrix structure is that it can provide both flexibility and more balanced decision-making (as there are two chains of command instead of just one).

Its primary pitfall: complexity, which can lead to confused employees.

7) Circular Org Structure

While it might appear drastically different from the other organizational structures highlighted in this section, the circular structure still relies on hierarchy, with higher-level employees occupying the inner rings of the circle and lower-level employees occupying the outer rings.

That being said, the leaders or executives in a circular organization

aren't seen as sitting atop the organization, sending directives down the chain of command. Instead, they're at the center of the organization, spreading their vision outward.
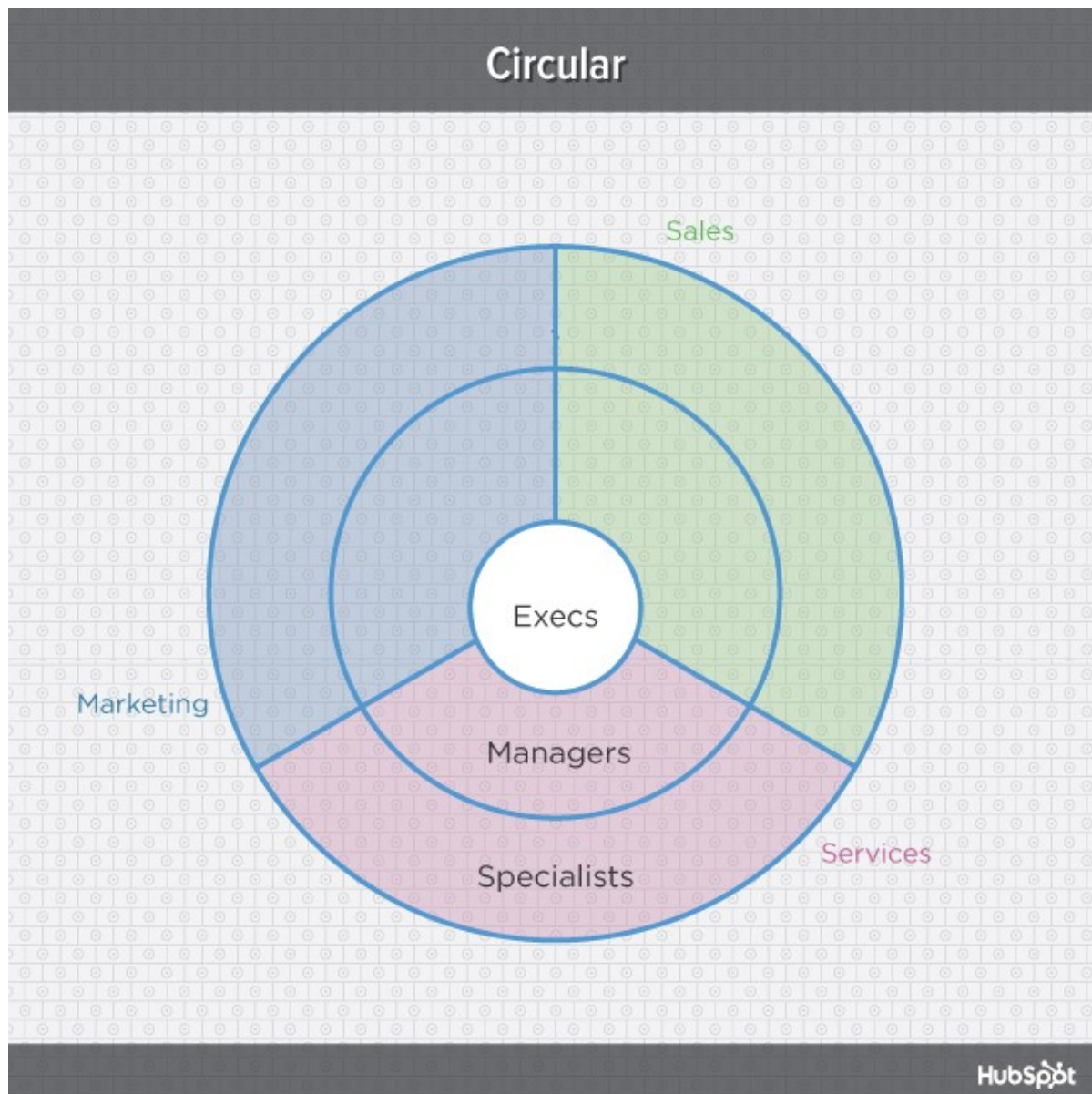
From an ideological perspective, a circular structure is meant to promote communication and the free flow of information between different parts of the organization. Whereas a traditional structure shows different departments or divisions as occupying individual, semi-autonomous branches, the circular structure depicts all divisions as being part of the same whole.

From a practical perspective, however, the circular structure can be

confusing, especially for new employees. Unlike with a more traditional, top-down structure, a circular structure can make it difficult for employees to figure out who they report to and how they're meant to fit into the organization.

And that concludes our exploration of different types of organizational structures. Keep in mind that what we've just looked at are archetypes -- in real-world applications, organizations often use hybrid structures, which can borrow elements from multiple structure types.

Want to see some real-world examples of marketing team org structures from companies including Zendesk, GitHub, and Rue La La? Download the complete resource, _An Illustrated Guide to Organizational Structures_**.**

Want to learn more about working in marketing? Check out the 6 Building Blocks of Organizational Structure [Diagrams].