

VPM's
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Programme: PGDM (2018-20)
PGDM Trimester III Examination March 2019

Subject	Organizational Design		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	3	Date	28.03.2019

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1. 20 Marks (Compulsory)

Case Study

“The Atlantic turn around”

Bradley was desperate. For eight years, he'd been trying to curb the financial losses at what was then called the *The Atlantic Monthly*, a print magazine.

The magazine had long enjoyed a certain intellectual cachet. It was the kind of publication devotees knew made them well read. It was a destination for writers that felt proud to have on their résumé.

But what it enjoyed in prestige it lacked in business success. The Atlantic lost \$4.5 million in its first year under Mr. Bradley's hands-off ownership style. And then every year on losses kept mounting to reach more than \$10 million.

Realizing he had to be more involved, Mr Bradley had tried every fix he could think of: He tried going out on sales calls with his advertising staff, investing in higher quality paper, moving subscription prices up, then down, taking advertisers on exotic retreats, to no avail. Mr. Bradley, finally realized he had run out of ideas. “Atlantic had so serially failed,” he said, “that it was overwhelmingly likely the next thing we would do was fail, and then fail again.”

However at this juncture, Mr. Bradley made two moves which he later called as seminal in turning the magazine around:

1. He hired the editor James Bennet from The New York Times in 2006
2. Impressed with the work of Mr. Smith at *The Week*, Bradley hired him too in 2007, after a lot of persuasion.

Smith presented Bradley with a challenge: ‘Smith would bring the 150-year old magazine, into the 21st century only if Bradley were willing to run it like a startup’.

Bradley agreed.

“Think Silicon Valley, but without the free food and massages”. (Smith did away with all those perks like free goodies in the mornings.) “We don't have foosball tables, but we filter for entrepreneurial talent,” Smith once said.

The senior team now set a goal for itself of turning Atlantic into a profitable organisation by 2010.

Bennet was intensely passionate about ‘The Atlantic’. He began refocusing the magazine's efforts in print and online. Mr. Bradley and he set out to assemble a team of bloggers (including Andrew Sullivan from Time.com) who were known quantities and could attract a devoted following. The magazine also experimented with new ideas: e.g. starting an aggregator of online opinion columns called [The Atlantic Wire](#). This resulted in explosion of number of monthly unique visitors to over 4.8 million.

For a publication as refined as The Atlantic, such a rapid refocusing toward the very uncivil world of the Web did not come without anxiety.

“If what you produce is a highly polished, absolutely beautiful, totally fact-checked error-free magazine, the kind of anarchic, often raw environment of the Web was pretty scary,” Mr. Bennet said. “But it turned out our 150-year-old magazine could make that transition very naturally.”

The edit (editorial teams) and business sides of publishing houses historically can be at odds. Team of Smith-Bennet and Bradley, decided that traditional wall between the editorial and business sides would be broken down, but in a way that would encourage innovation, not stifling journalistic independence. James Bennet, editor of *The Atlantic*, said he could feel edit and business side now speaking the same language. Smith created joint

editorial and business groups to incubate new ideas that led to start of sites like the new [Atlantic Cities](#) and [The Atlantic Wire](#) (mentioned above).

In a show of transparency, Smith, with Bradley, started giving employees financial information at quarterly town hall meetings.

On the business end, there was an equal sense that the company needed to be run like a digital enterprise. The online marketing and sales staffs were merged with their print counterparts — a move many magazines started making much later. All sales representatives were moved to New York from Washington. Mr. Smith set out to eliminate \$2 million in costs in his first year, in part by reducing the head count.

Jay Lauf, hired by Smith, told salespeople they did not have to meet separate targets for print and digital ad sales. It didn't matter how much they sold in print or online dollars, as long as they met an overall revenue target. "If you do \$1.8 million in digital and \$200,000 in print, that's fine." He said. Digital advertising went from contributing 9 per cent of ad revenue to a projected 45 per cent in 2011 within matter of just a few years.

Smith was also successful in finding different sources of revenue for the company. The company started hosting events from 2006 - Atlantic-branded conferences including the Aspen Ideas Festival; in 2011, that business accounted for 14 per cent of the company's total revenue in 2011.

Smith was known for being relentless; his deputies got emails from him at 6 a.m. some weekends.

The company posted a profit of 1.8 million in 2010 and 3 million a year later.

Answer the questions below:

1. i) Culture of openness to experimenting with new and ii) encouraging horizontal coordination paved the success path for the Atlantic – Discuss this statement by giving examples from the above case.
2. Comment on the role of IT (information technology) as environment factor (internal as well as external) in success story of the Atlantic.

Attempt Any FOUR from the Remaining SIX Questions

Q2. Read the situation below and answer Any two from (a) or (b) or (c)_ (5x2)=10

Marks

See below pairs of words - the combination of words that often get confused with each other by managers in a certain organization (i.e. wrongly used one as synonymous for the other in the pair). Choose any two pairs from the below three options – a,b,c. Your job is to compare and contrast i) with ii) with help of appropriate examples in each of the two chosen pairs:

- a) i) Power - ii) Authority
- b) i) Strong Culture – ii) Healthy culture
- c) i) Responsibility – ii) Accountability

Q3. Read the situation below and answer Any two from (a) or (b) or (c)----5 x 2= 10

Marks

The new organization you just joined is a 50 years old, large engineering organisation with processes meticulously designed for better efficiency and a well-defined bureaucracy to execute the processes.

- a) The organization experiences lot of interdepartmental conflicts though. Explain to your CEO concept of Conflict and its sources specifically with relation to way this organisation is structured. Use your knowledge of the *three types of workflow interdependences* and relation of each of these three to conflict generation.
- b) The same organisation is also preparing for introducing new technology and a major right-sizing exercise. Explain to your CEO with examples, the concept of 'change falling in management core', and 'those under technology core'. Also explain with reason, which of the two is easier to facilitate given existing type of structure of the organization and which core will need a change of approach.
- c) Comment on the ease/degree of difficulty of the current structure to encourage innovation. Also discuss with examples the alternative to the existing

structure/approach if the CEO wants to encourage more innovation.

Q4. Read the situation below and answer *Any two from (a) or (b) or (c)* — (5x2) = 10 Marks

One of the mandates for a CEO of a new born, small, single- &-standard-product organisation is to create learning organization with high focus on knowledge management. CEO has already adopted structure that is less bureaucratic, flat, agile and flexible. Your job is to

- a) give conceptual clarity on organizational learning and advise the CEO on the four levels of learning in an organisation with an appropriate example -
- Individual Learning
 - Group Learning
 - Organisational Learning
 - Inter-organisational Learning
- b) Advise the CEO on right approach of Knowledge Management – codification approach vs personalization approach. Please do assign reasons for your choice of selection and also for choice of omission.
- c) Advise the CEO on how use of information technology can be helpful towards working on the said mandate.

Q5. Answer *Any two from (a) or (b) or (c)* ----- (5x2) = 10 Marks

- a) A team of senior managers in your organisation has gathered to discuss possible options for organizational design
Explain to them with examples and merits- demerits any two of the three options given below
- i. Functional structure
 - ii. Geographical structure
 - iii. Matrix structure
- b) Explain concept of organisation effectiveness, its indicators and write about any two of the four approaches to effectiveness giving examples. .Your friend is a promoter of a start-up. Explain to your friend the role of corporate ethics and values for an organization. Please cover in your note, who in the organisation should shoulder responsibility for driving these and why.

Q6. Read the situation below and answer *Any two from (a) or (b) or (c)* — (5x2) = 10 Marks

A CEO, named CX, of a 70 year old multi-location 5000-people organisation thinks that the organisation hasn't been doing very well for past few years. One option weighing heavily on the CX's mind is downsizing. Now, CX has invited you to discuss the matter and wants you to discuss any two of - a, b, c only in bullet points—

- a) Concept of organization life cycle and reasons for organization decline.
- b) The stages a declining organisation passes through specifying stage at which downsizing to be considered.
- c) Advising the CEO of the precautions to be taken while downsizing and the communication plan.

Q7. Explain to your IT head importance of IT with relation to *any of the two* below

- a) The three-stages IT evolution for operations, Decision making and Controls and Strategy.
- b) Goal setting and the Feedback control model
- c) Explain to the IT head how you propose to use IT for knowledge management through use of social networking and ERP in the organization.