

Case 2

Principles of Management

Course Code: MGT 101

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Summary

Heinz is a Ketchup company which is based in Pittsburg. Recent years, by extensive advertisement they had boosted their market share in USA. In the past, local operations managers were in charge of handling Heinz's product in each country. And now Heinz has brought management of all its brands under headquarters control to reduce duplication and improve coordination. But still they have some organizational problems.

Problem & Solution

Organizing means deciding how best to allocate the organizational activities and resources. At first, Heinz's organizing was not done in proper way. That's why they reorganize their resources as well as their total company. Now they are following departmentalization approach that means the process of grouping jobs according to same logical arrangement. They follow product departmentalization that means grouping of activities around products or product groups. By this they can carefully concentrate on each of their product or product group that can be easily integrated and coordinated. The decision making process will be effective enough and it will improve the accountability of the departments for the result of their activities. These will help them to strengthen its global position.

Decentralization means the process of systematically delegating power and authority throughout the organization to middle and lower level managers. Before they followed decentralization approach but after reorganizing their company they are following centralization that means the processes of systematically retaining power and authority in the hands of higher level managers. By centralization they can coordinate its departments properly. Coordination means the process of linking the activity of the various departments of the organization. By centralizing of the company their line positions are become narrow and staff positions are wider.

Line position means a position in the direct chain of command that is responsible for the achievement of an organization's goals. As its line position became narrow because of centralization and span of management is wider. The people of line positions have to be skilled and experienced enough so that they are able to direct the wider staff positions.

Staff position means a position intended to provide expertise, advice and support for line positions and span of management means how many people are working under a boss.

There is lack of proper organizing structure. Organization structure means the set of elements that can be used to configure an organization

So, to become more productive Heinz should follow proper organization structure like the job design and job specialization procedure. Job specialization means the overall task of the organization is divided into smaller component parts. If Heinz specializes its jobs for individual product in will be productive enough. Heinz also tries to work on a strategy of acquisitions. It has some good as well as bad aspects. By acquiescing another company it may be increased its market share but the total profit will be shared. The acquisition of Yoshida brand Asian sauces has an affect on the Heinz Company. It is helped Heinz Company to diversity its product areas that means another product is added to its existing product line. by innovating and introducing new product, Heinz diversified its business.

Administrative intensity means the degree to which managerial positions are concentrated in staff position. Heinz with a high administrative intensity. They have to invest on their line position managers because they are directly related with organizational goal. And in their staff position sometimes they have to follow job rotation strategy so that people don't feel boring to do the same types of job. Job rotation involves in systematically movement of employees from one job to another. Also they have to concentrate on all of their product department because their market leading product may increase its individual market share but to strengthen its global position it should be focus all of its products.

Case Source

Heinz Looks Beyond Ketchup For Growth

Chapter 11, Page 352

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