The

ILLUSTRATED GUIDE

to

ORGANIZATIONAL STRUCTURES

HubSpot

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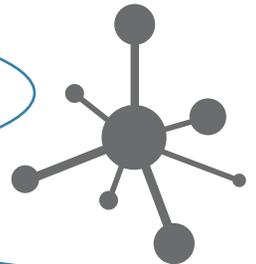
Created by: **Erik Devaney** | @BardOfBoston | Content Strategist, HubSpot

To put it in the simplest terms possible, an organizational structure describes how a company, division, team, or other organization is built; how all of its various components fit together.

More specifically, it is a framework that organizes all of the formal relationships within an organization, establishing lines of accountability and authority, and illuminating how all of the jobs or tasks within an organization are grouped together and arranged.
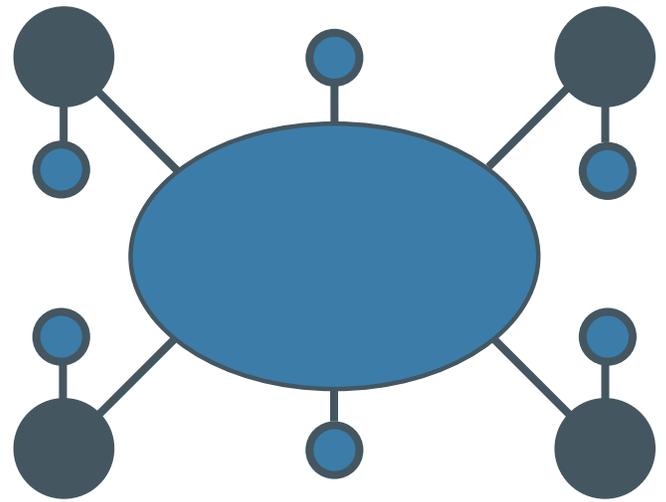
Ideally, the type of structure your company, division, or team implements should be tailored to the specific organizational goals you're trying to accomplish. Because ultimately, even if an organization is filled with great people, it can fall apart (or fail to operate efficiently) if the structure of the organization is weak.

As executive coach Gill Corkindale noted in a *Harvard Business Review article,* "Poor organizational design and structure results in a bewildering morass of contradictions: confusion within roles, a lack of co-ordination among functions, failure to share ideas, and slow decision-making bring managers unnecessary complexity, stress, and conflict."

In this guide, we'll explore the world of organizational structures by taking a visual approach. The guide includes several organizational structure diagrams (or "org charts"), which highlight structures that can be applied to entire businesses as well as to marketing departments and teams.

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BUILDING BLOCKS

In this section, we'll be looking at six components or building blocks that you can tweak and arrange in order to build an organizational structure.
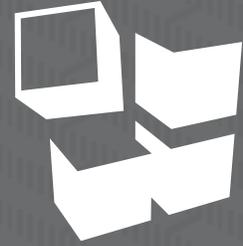
1. Chain of Command

One of the most basic elements of an organizational structure, chain of command is exactly what it sounds like: an unbroken line of authority that extends from the top of the organization (e.g. a CEO) all the way down to the bottom. Chain of command clarifies who reports to whom within the organization.
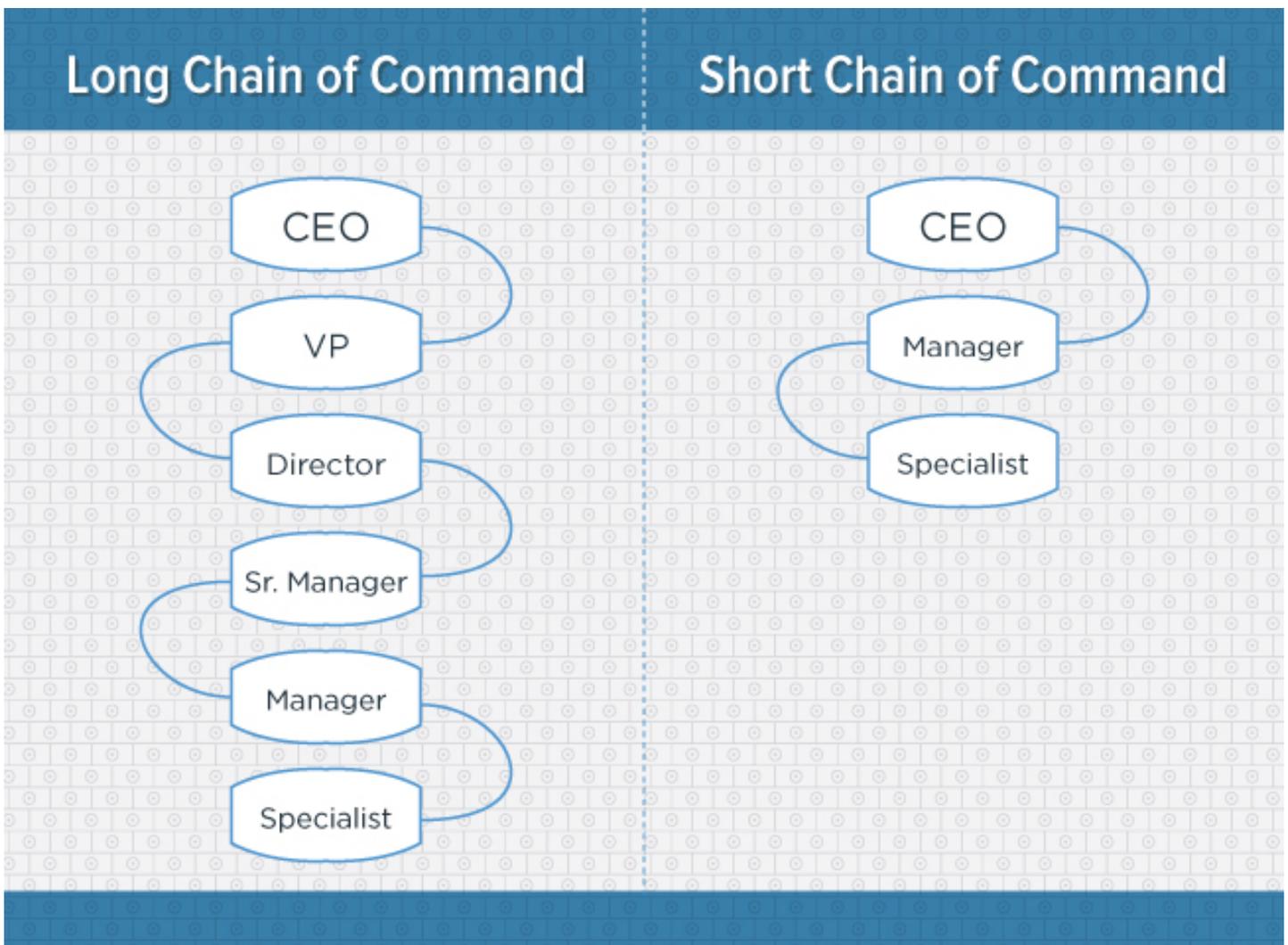
2. Span of Control

Span of control refers to the number of subordinates a superior can effectively manage. The higher the ratio of subordinates to superiors, the wider the span of control.
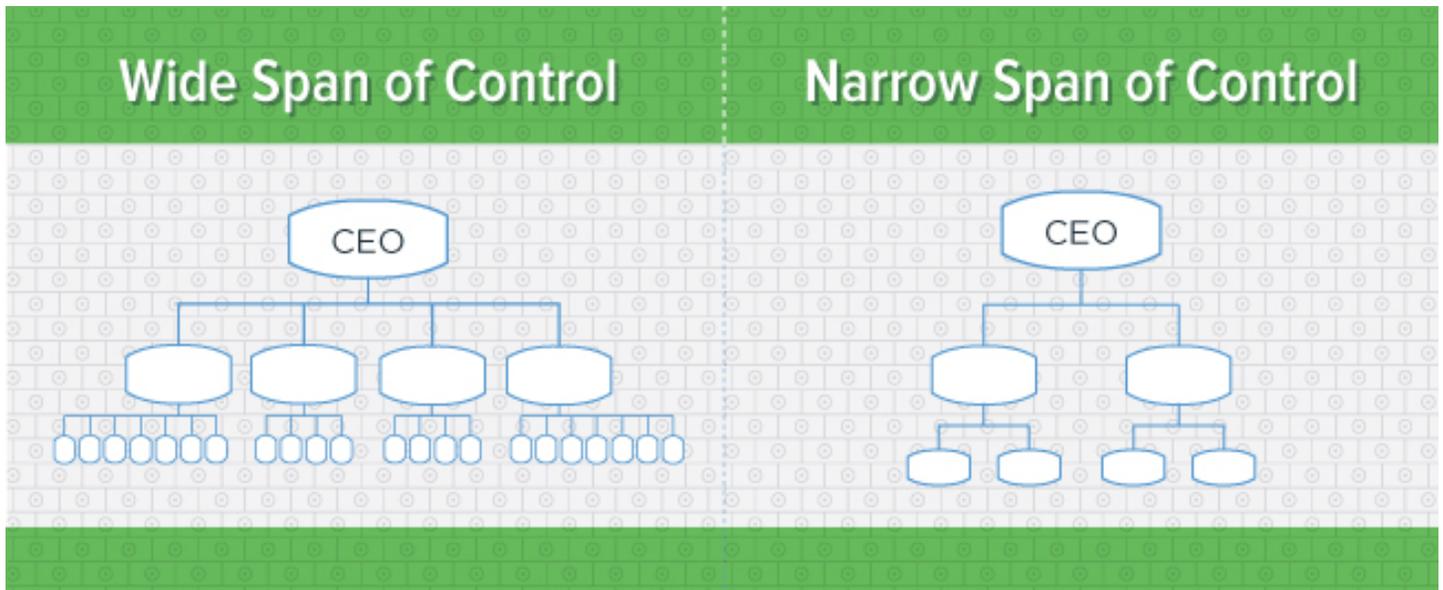
3. Centralization

Who makes the decisions in an organization? If decision-making power is concentrated at a single point, the organizational structure is centralized. If decision-making power is spread out, the structure is decentralized.

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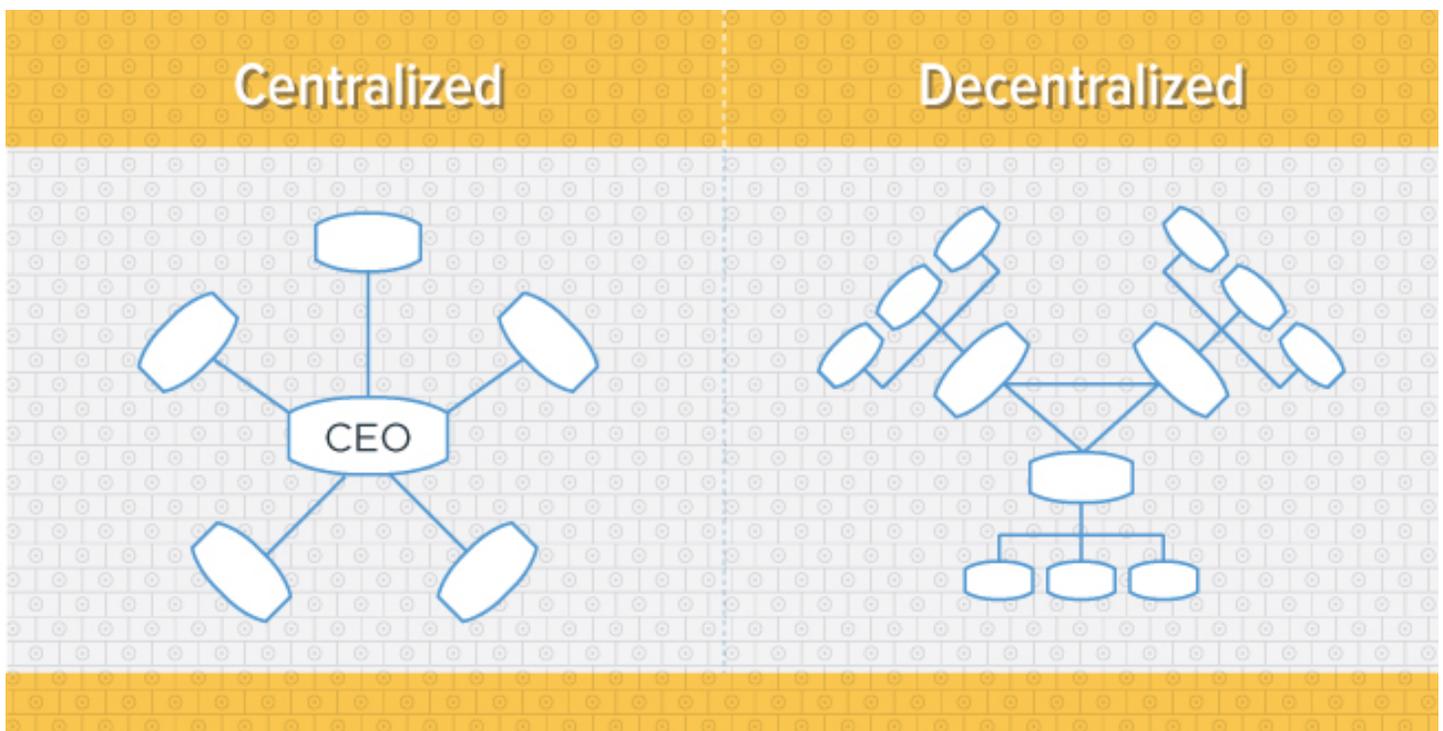
4. Specialization

Also known as division of labor, specialization is the degree to which activities or tasks in an organization are broken down and divided into individual jobs.

High specialization can be beneficial for an organization, as it allows employees to become "masters" in specific areas, increasing their productivity as a result.

However, low specialization allows for more flexibility, as employees can more easily tackle a broader array of tasks (as opposed to being specialized for a single task).
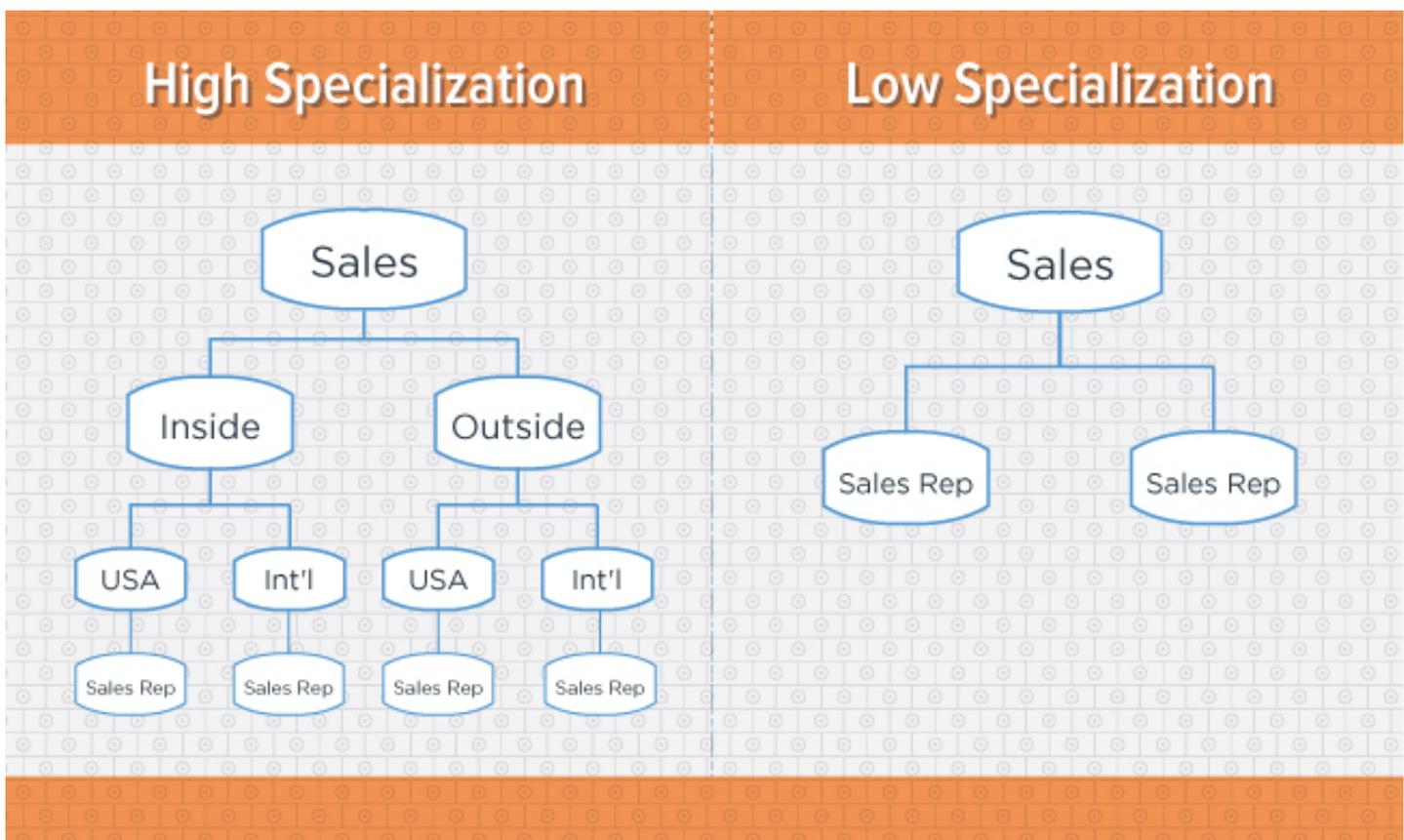
5. Formalization

Similar to specialization, formalization deals with how jobs are structured within an organization. The key differentiator here is that formalization also takes into account the degree to which an employee's tasks and activities are governed by rules, procedures, and other mechanisms.

A formal organizational structure seeks to separate the individual from the role or position, as the role or position stays the same regardless of who's holding it.

An informal organization, on the other hand, places more value on the individual. It allows for the evolution of a role or position based on an individual's preferences, skill set, etc., and places less importance on what team or department that individual is part of.

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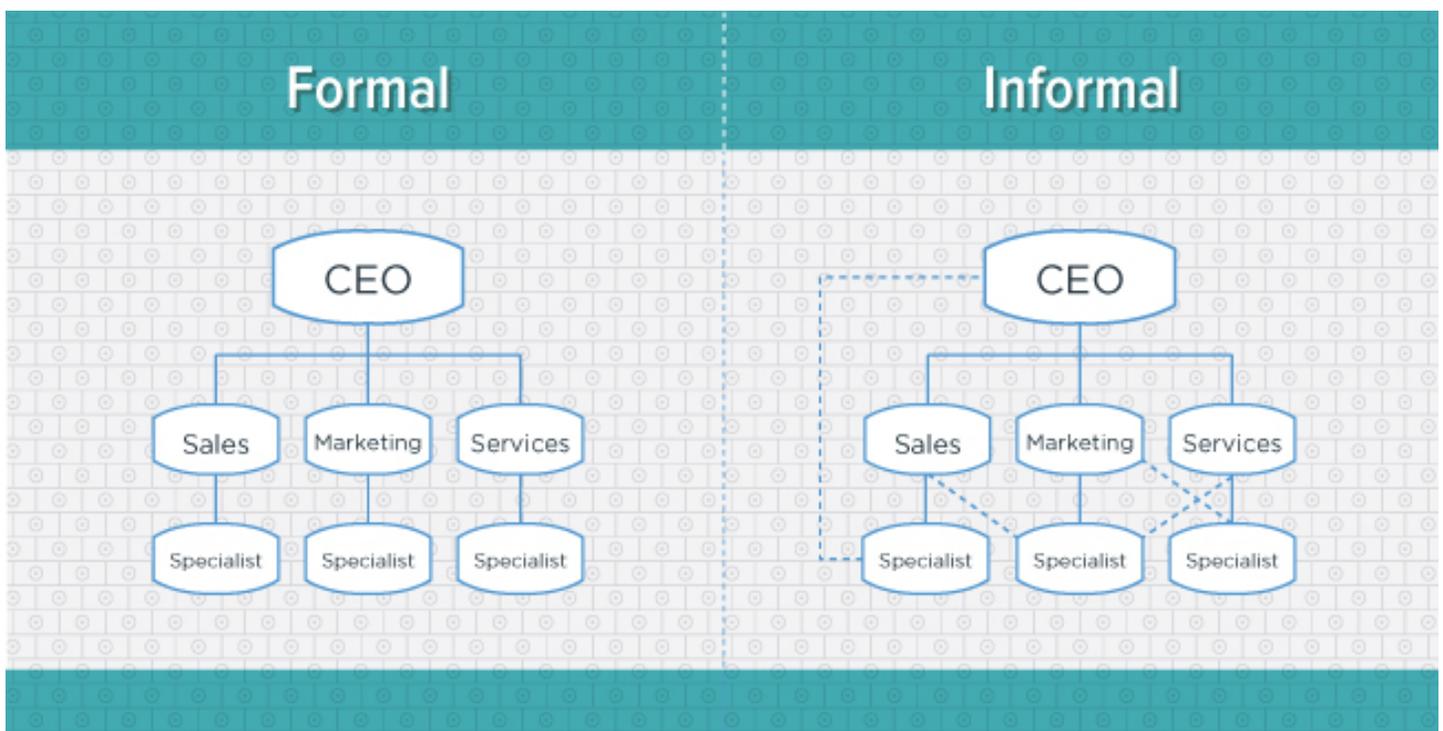
6. Departmentalization

Departmentalization refers to the process of grouping jobs together in order to coordinate common activities and tasks.

If an organization has rigid departmentalization, each department or team is highly autonomous, and there is little (or no) interaction between different teams.

In contrast, loose departmentalization entails that teams have more freedom to interact and collaborate.
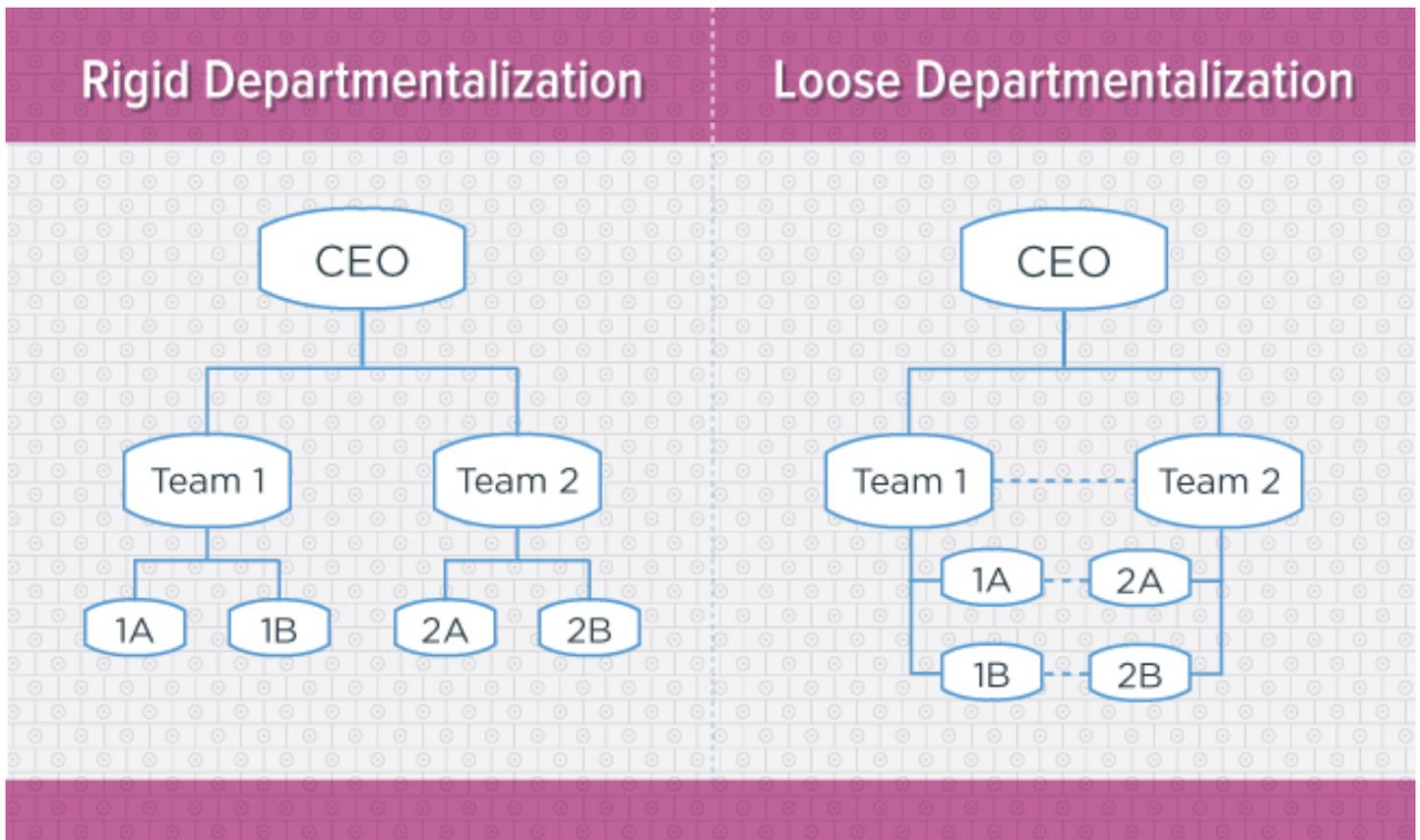
It's worth noting that the way in which an organization departmentalizes is often used as a proxy for the overall type of organizational structure that organization has.

For example, an organization that departmentalizes by function (i.e. marketing, sales, services), is said to have a functional organizational structure.

We'll talk more about functional organizational structures, in addition to other types of structures, in the next section.

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TYPES OF ORG STRUCTURES

Now that you've learned about the building blocks of organizational structures, it's time to explore how you can combine these blocks to form different types of structures.

Mechanistic vs. Organic Structures

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

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.

Oppositely, 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.
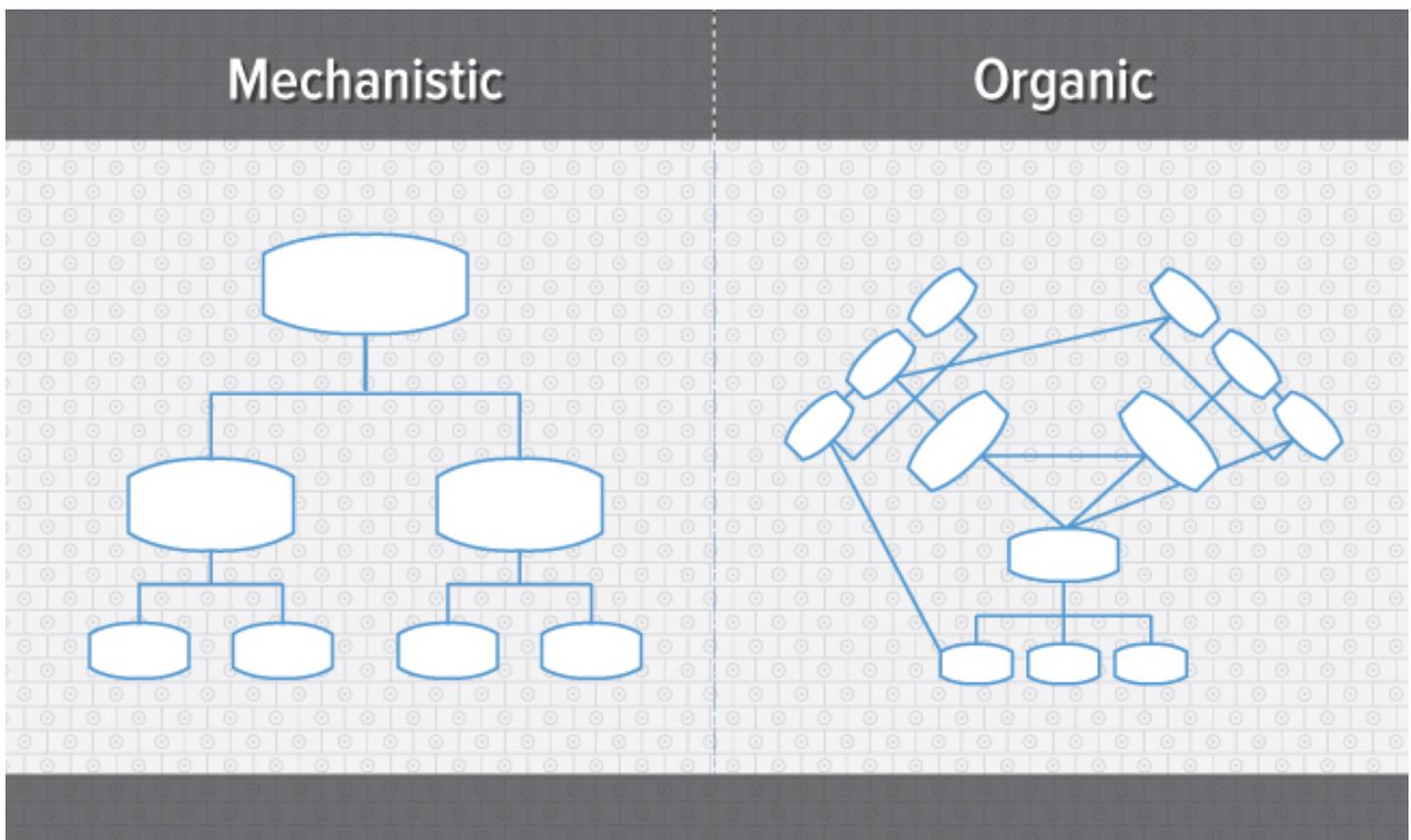
As you've probably been able to infer from their respective characteristics, the mechanistic structure represents the traditional, top-down approach to organizational structure, whereas the organic structure represents a more collaborative, flexible approach.

In this rest of this section, 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, for example, 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.

Functional

CEO

Marketing   Sales   Services

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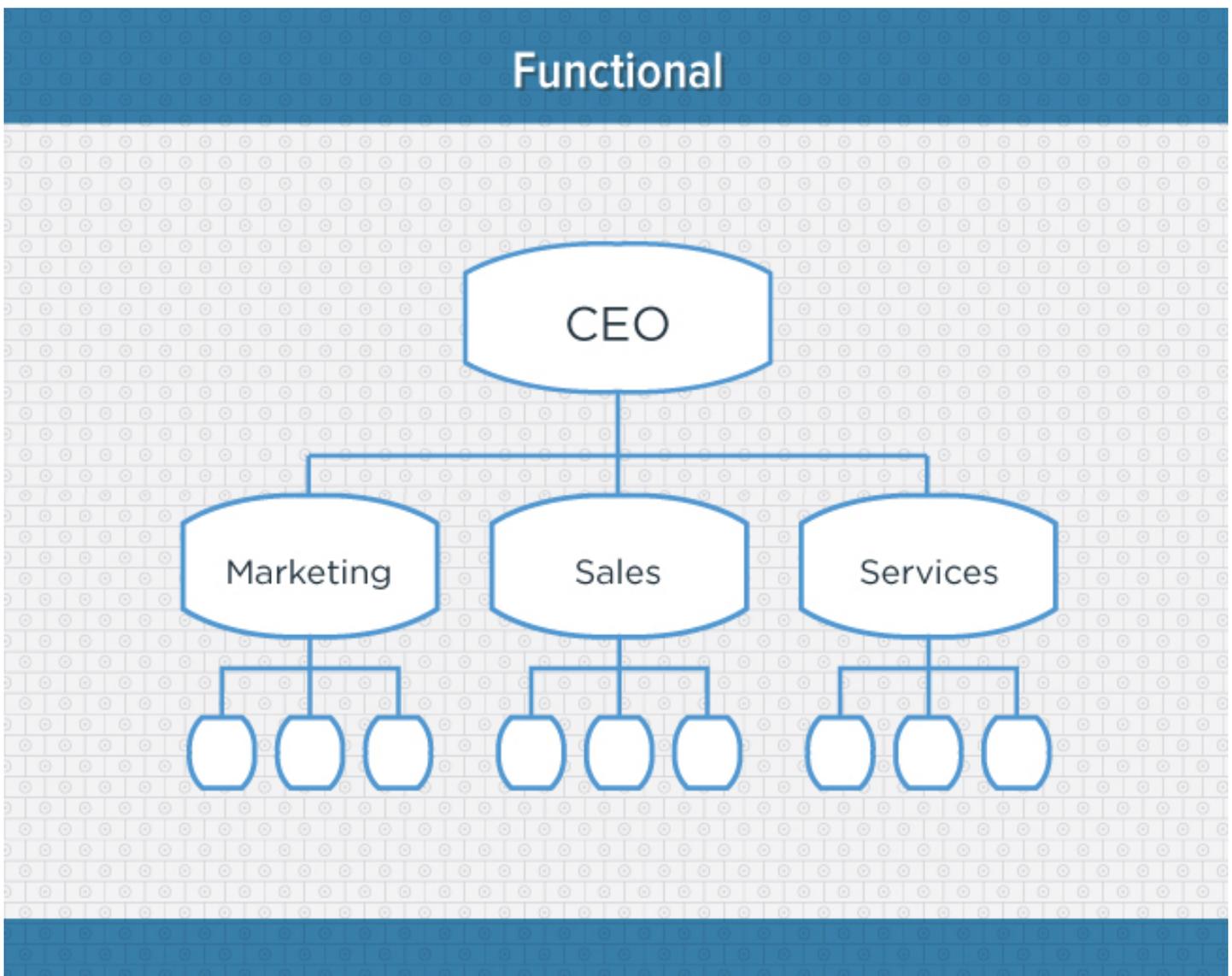
The functional structure allows for a high degree of specialization for employees, and is easily scalable should the organization grow. However, the structure also has the potential to create barriers between different functions, and can be inefficient if the organization has a variety of different products 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, etc.).

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.
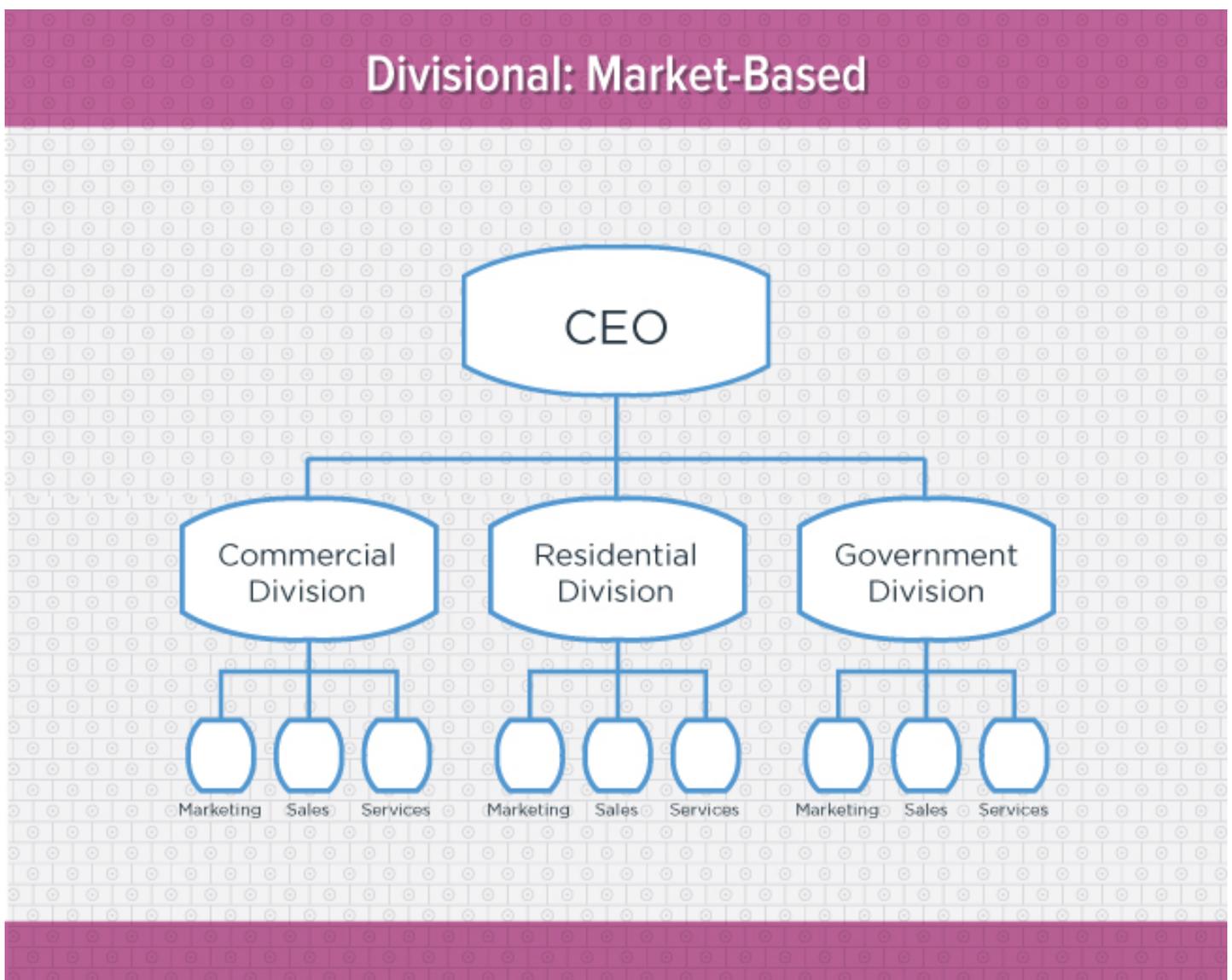
4. Divisional: Geographical Org Structure

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.
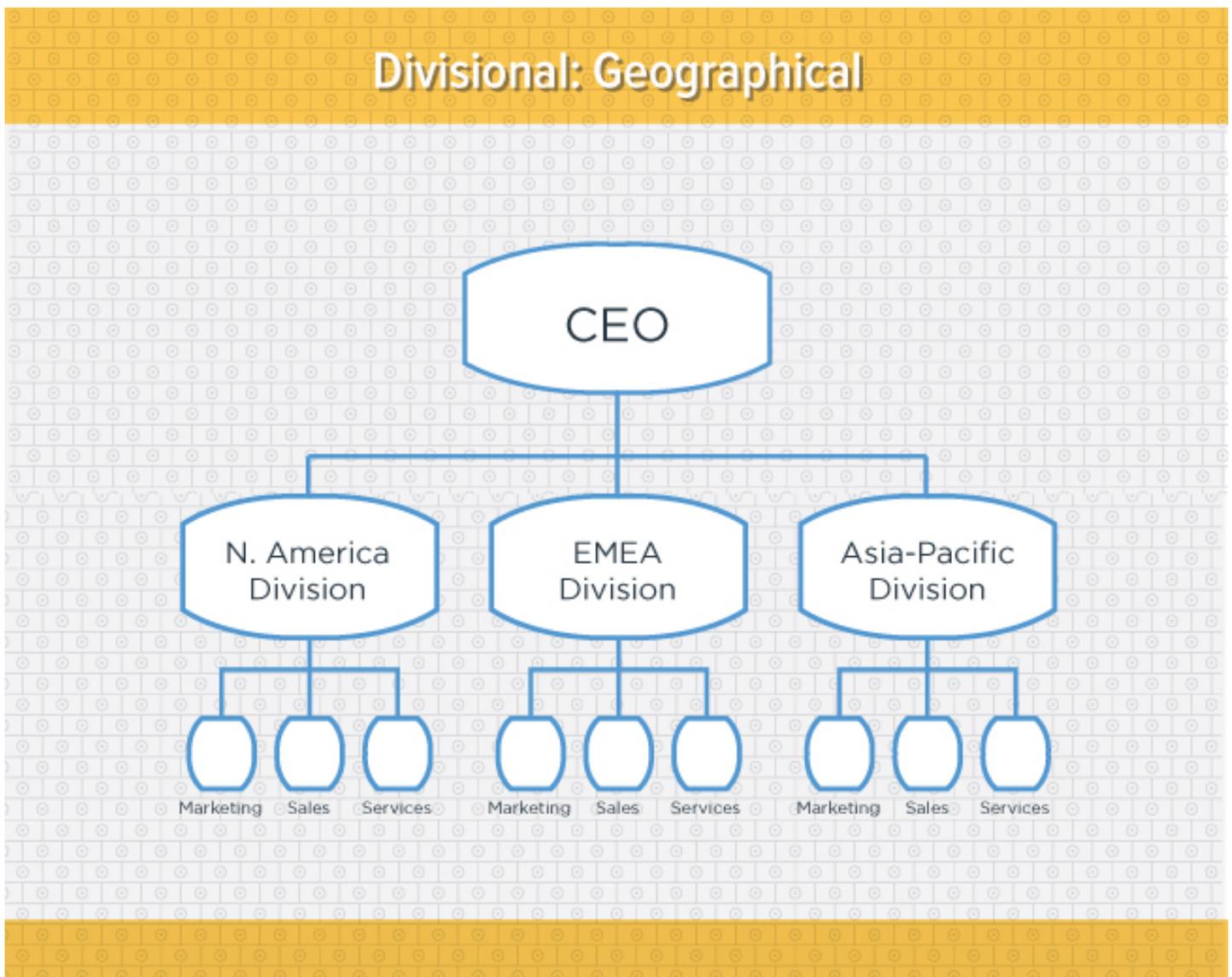
5. Process-Based Org Structure

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.

So, 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 of a process-based org structure: barriers between the different process groups can lead to problems communicating and handing off work.

Process-Based

CEO

Research & Development · Customer Acquisition · Order Fulfillment
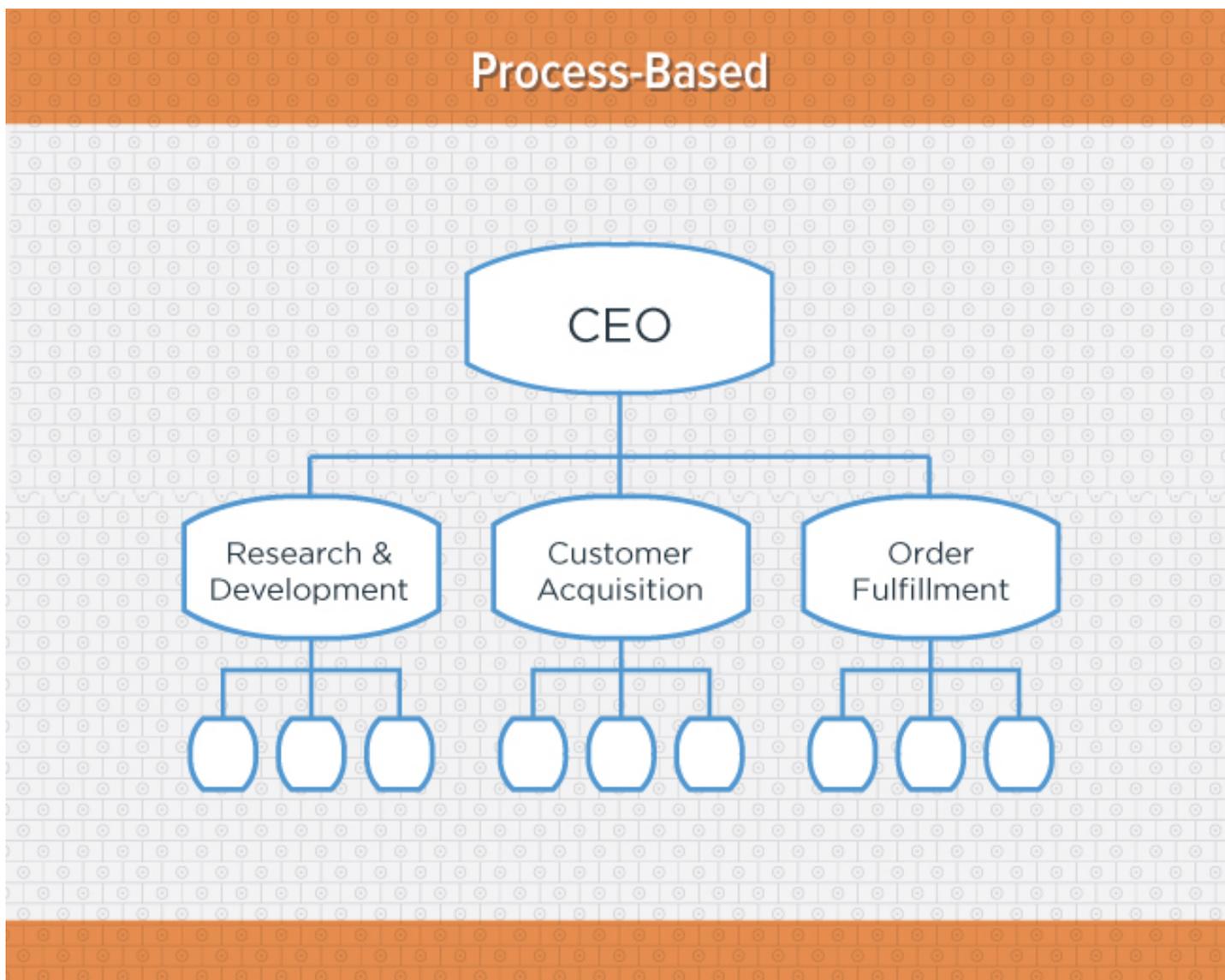
6. Matrix Org Structure

Unlike the other structures we've looked at so far, a matrix organizational structure doesn't follow the traditional, hierarchal 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. So, 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.

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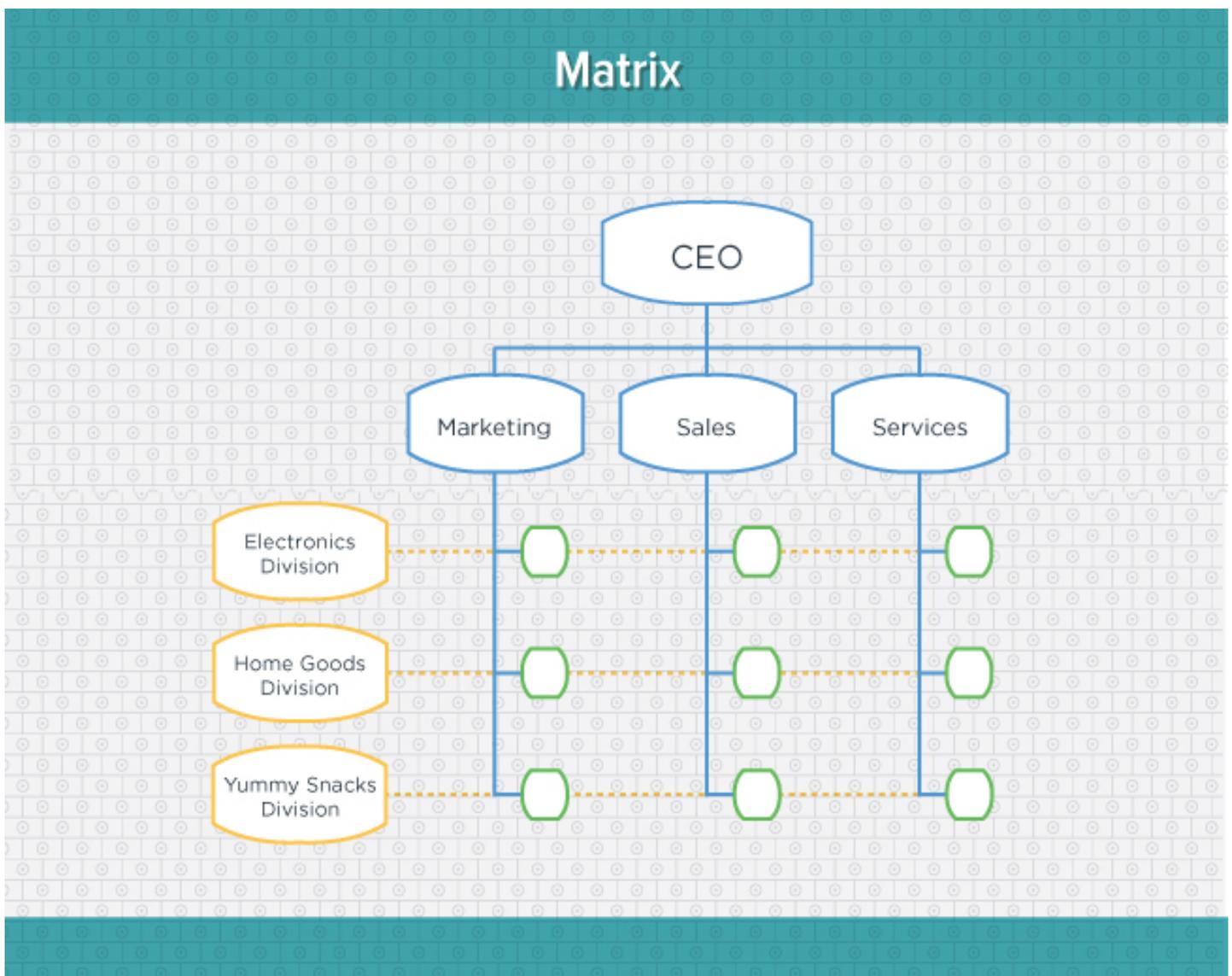
7. Circular Org Structure

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.

Circular

Sales

Marketing

Execs

Managers

Specialists

Services

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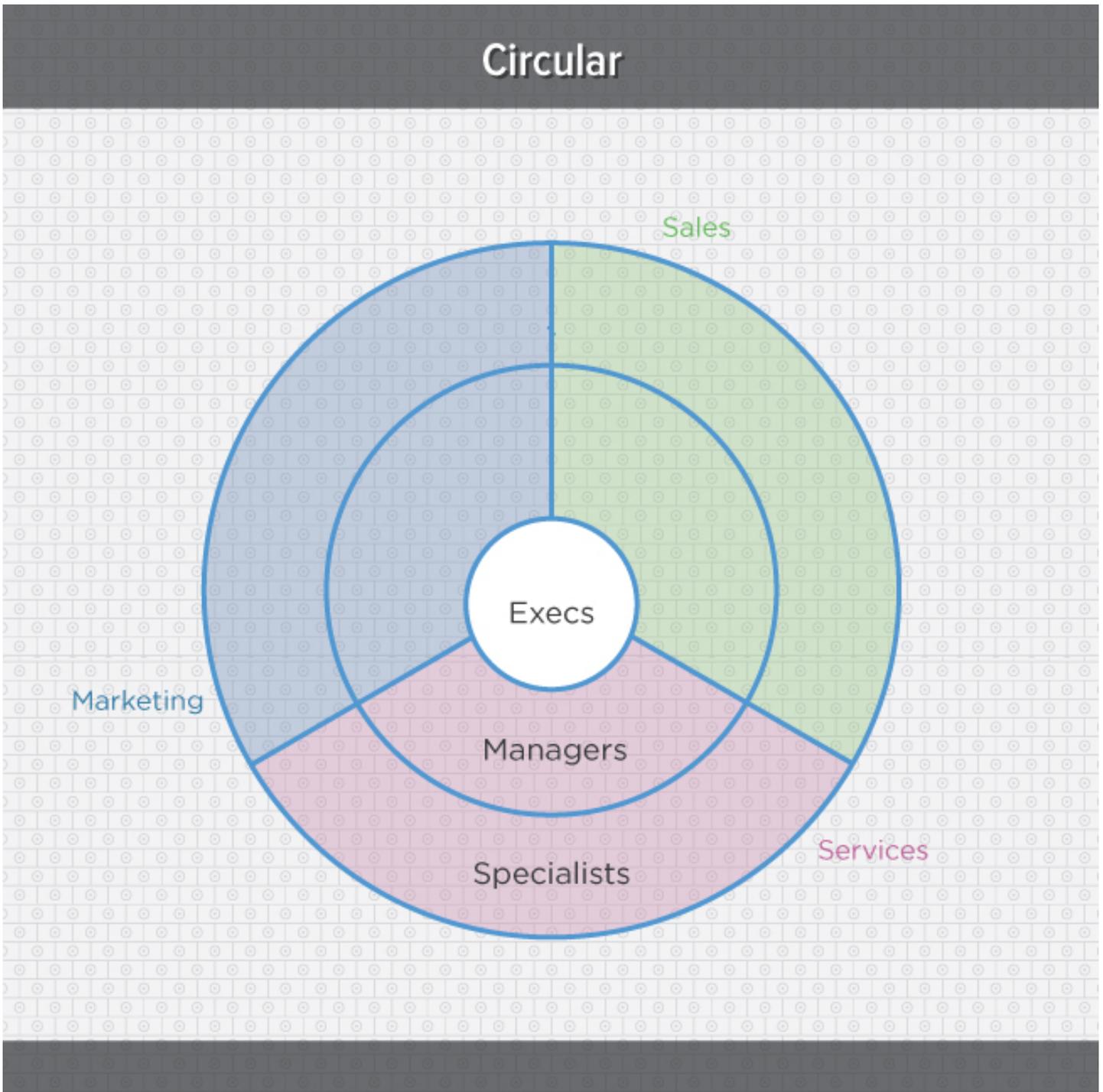
From an ideological perspective, a circular structure is meant to promote communication and the free flow of information between different parts of the organization. Whereas a traditional structure shows different departments or divisions as occupying individual, semi-autonomous branches, the circular 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, with a circular structure it can be difficult for employees to figure out who they report to and how they're meant to fit into the organization.

In the next section, we'll explore some examples of organizational structures that actual marketing teams utilize.

You'll likely notice that these structures don't always fit neatly into the structure types we just learned about. Instead, in real-world applications, organizations often use hybrid structures, which borrow elements from a variety of different structure types.

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MARKETING ORG STRUCTURE EXAMPLES

In this section, we'll explore organizational structures at the marketing team level. The examples shown here originally appeared in our SlideShare presentation, "The CMO's Guide to Marketing Org Structures"
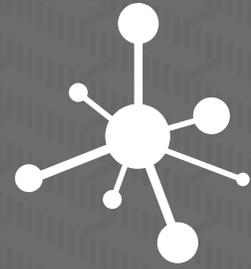
1. HubSpot (The Inbound Org Structure)
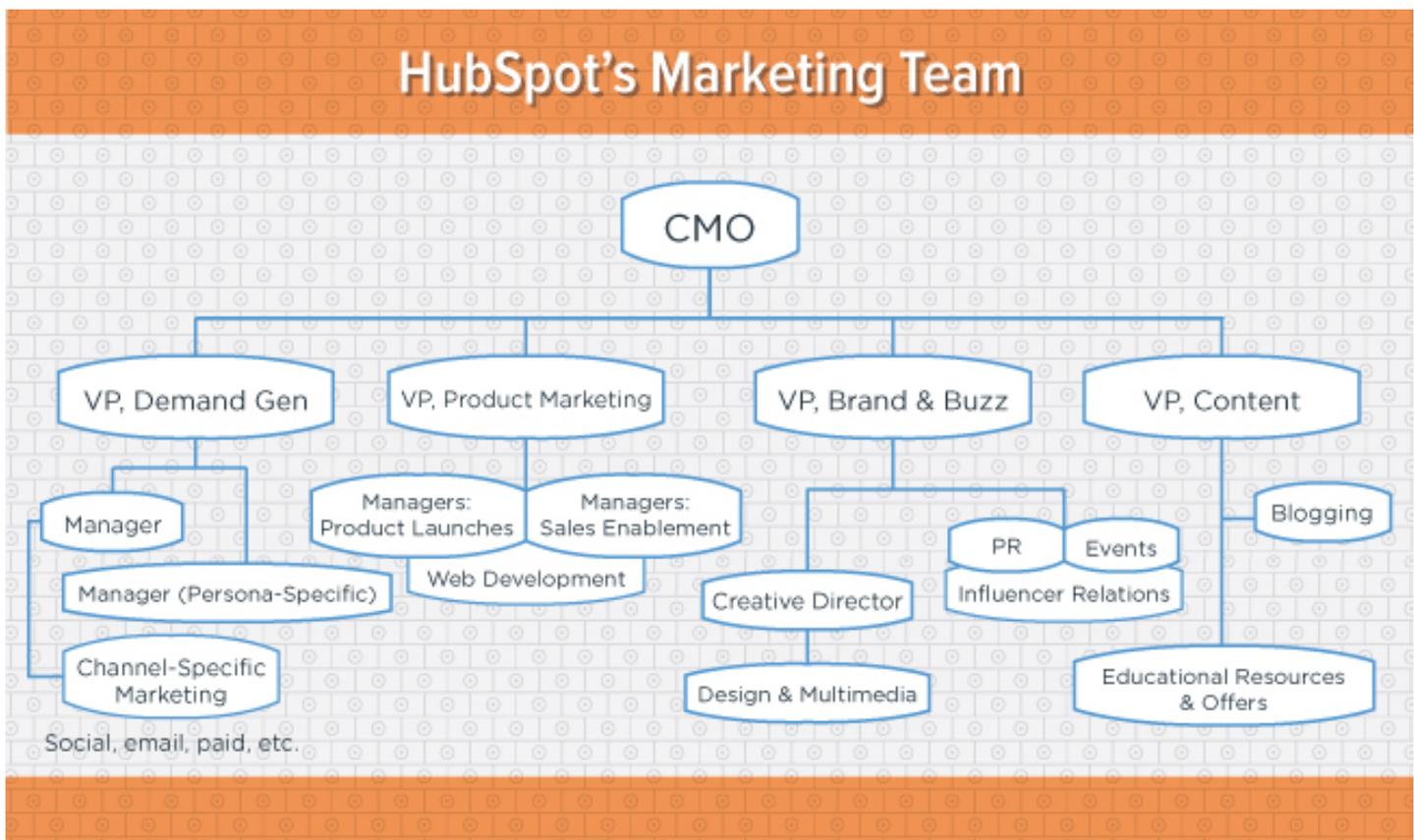
Key Features:

• Focused on providing a buyer-driven inbound experience.

• Adds value through content and contextual marketing (e.g. dynamic, smart site pages and content based on a prospect's relationship to the company).

• Steeped in buyer personas and delivering experiences tailored to those personas.

• Content as a dedicated function allows it to serve multiple internal "clients" (demand generation, PR, sales enablement).

2. Zendesk (The TOFU Org Structure)

Zendesk's Marketing Team

- CMO
  - Department Head
    - Product Marketing
    - Web Development
  - Department Head
    - Corporate Communications
    - Paid Marketing Manager
    - Regional Field Marketing
    - Analytics
  - Department Head
    - Content Marketing
    - Customer Marketing
    - Country-specific Marketing
    - Lead & Customer Nurturing
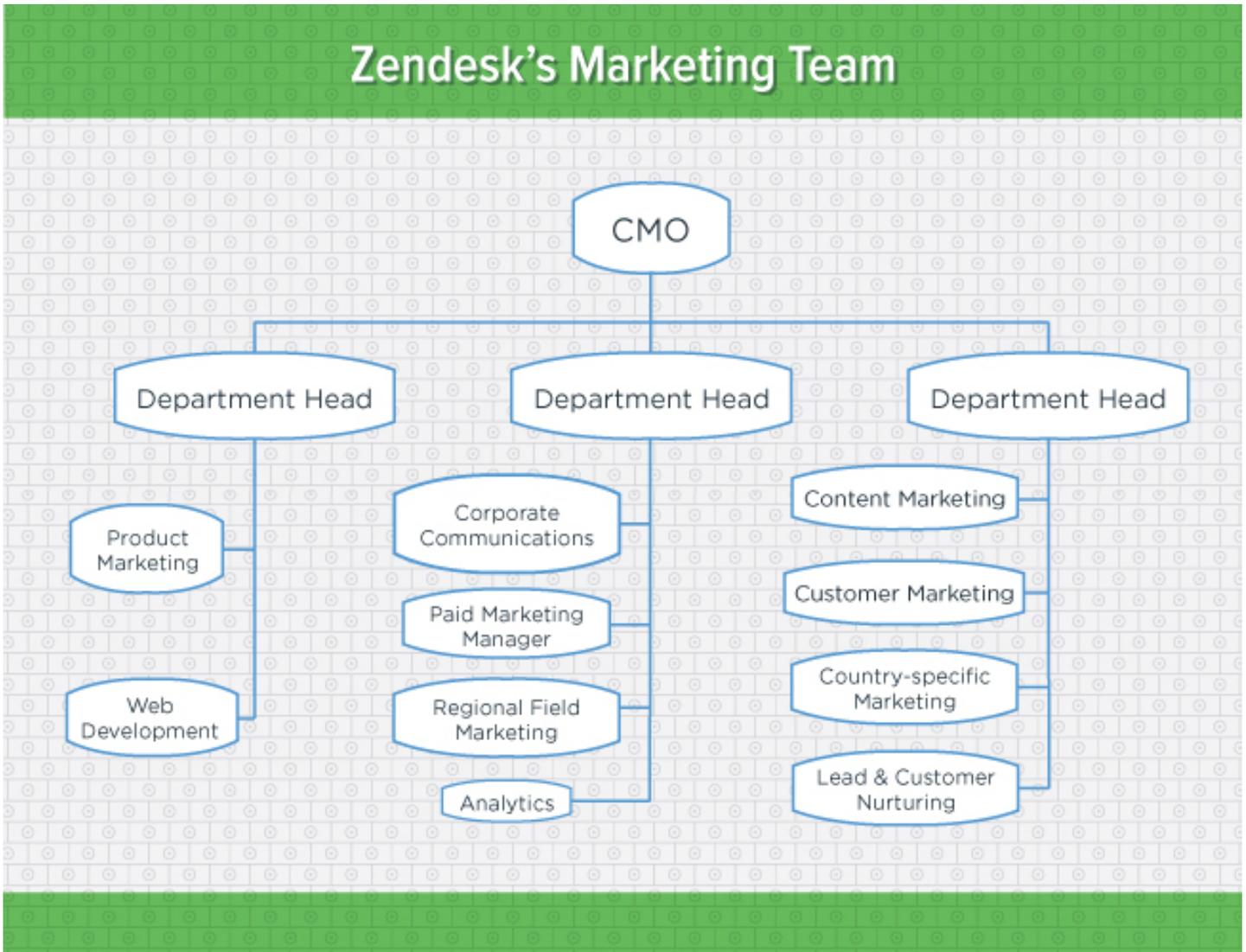
Key Features:

• This is a team built to scale top-of-funnel ("ToFu") growth, with content marketing as the largest group, followed by advertising and product marketing.

• Tight alignment with the creative team is key – the head of the creative team reports to the CEO, and the department straddles both marketing and product.

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3. Mindjet (The Elastic Org Structure)

MindJet's Marketing Team
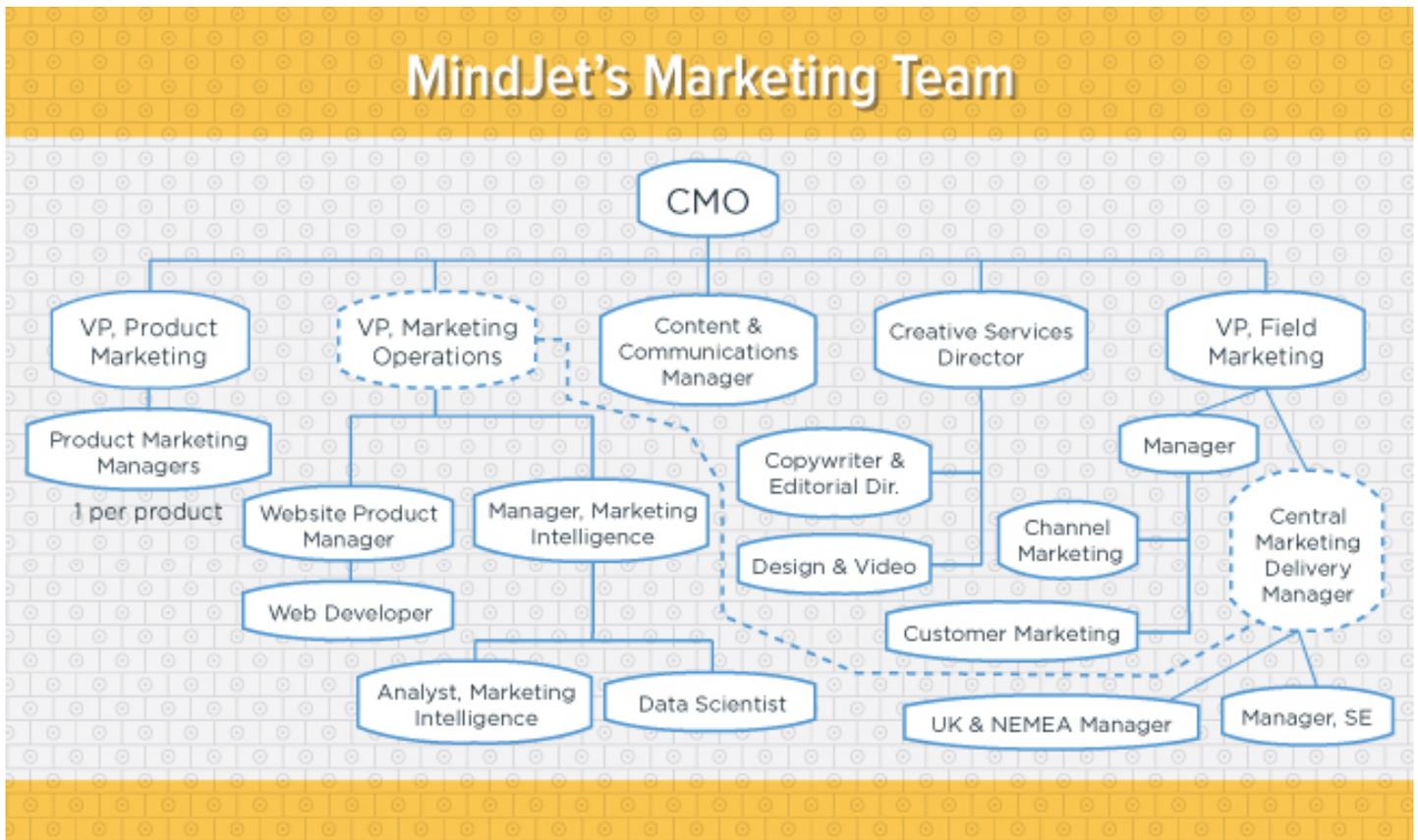
Key Features:

• Flexible structure allows for adding headcount and/or functions seamlessly as the company's product mix evolves.

• Much of the marketing org flows through Product Marketing Managers (PMMs).

• PMMs partner with functional experts in other sub-departments.

• Marketing Operations professionals oversee the complexity of the marketing tech stack, IT integration, hypothesis testing, and optimizing customer experiences in the product.

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4. Forrester (The Funnel-Focused Org Structure)

Forrester's Marketing Team

- Chief Marketing & Strategy Officer
  - Team 1
    - PR / Corporate Communications
  - Team 2
    - VP, Marketing
      - NA Field Marketing
      - EMEA Field Marketing
      - APAC Field Marketing
      - Digital Marketing
      - Database Marketing
      - Account-based (Customer) Marketing
  - Team 3
    - Product Marketing
    - Creative

Key Features:

• Team 1 manages relationships with the top 50 publications, and places Forrester analysts to speak at industry events.

• Team 2 focuses primarily on demand.

• Team 3 manages product collateral for the sales team and the production of anything that carries the Forrester brand.

• Put another way, Team 1 is above the funnel, Team 2 is top and middle of the funnel, and Team 3 creates materials for the bottom of the funnel and acts as a service bureau to the rest.

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5. GitHub (The Culture Org Structure)

GitHub's Marketing Team
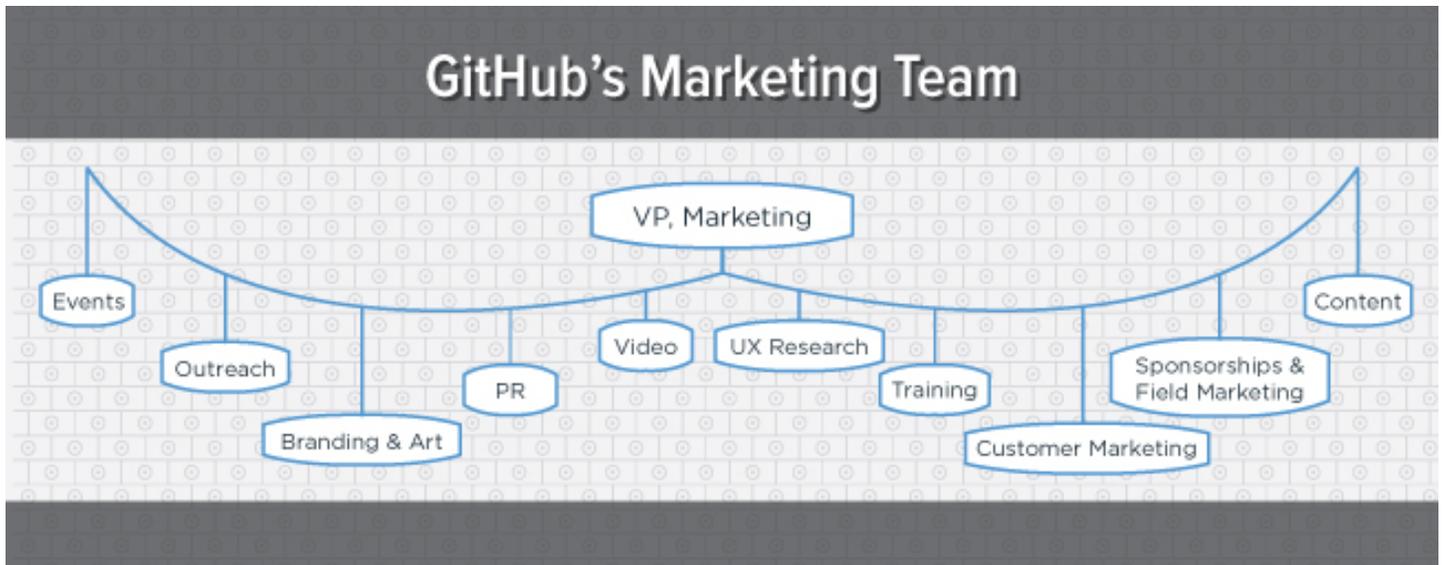
Key Features:

• In this flat organization, everything is based on merit. Very few titles exist – only team names.

• The goal of marketing in this org is to transfer the culture everywhere, in the product that's built, the marketing assets used to drive awareness and adoption ... even internally.

• In this org, more than just defined "marketers" take part in marketing. The entire company is expected to uphold the culture of the company, whether through offline events, social media, or one-to-one user interactions.

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6. Rue La La (The Creative Org Structure)

Rue La La's Marketing Team

CMO
- Merchandising Team
- VP, Creative
- Marketing Team

Creative teams aligned by merchandising category (e.g. Women's, Living, Men's, etc.)

- Content Team
  - Editorial Directors
    - Editors
      - Copywriters
- Design Team
  - Creative Directors
    - Art Directors
      - Designers

- Acquisition Manager
- PR / Brand Communications
- Social Media
- Email Marketing
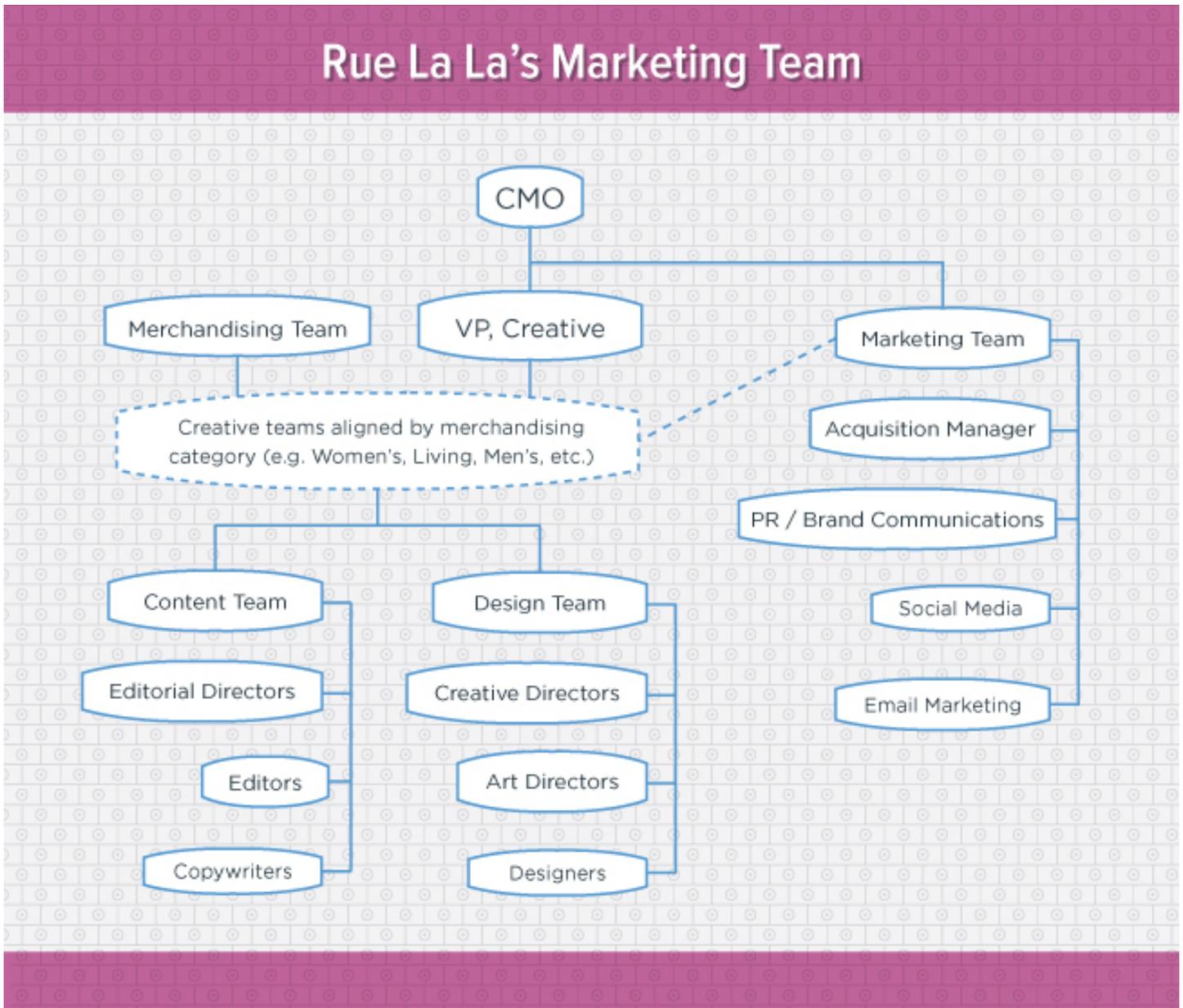
Key Features:

• Marketing, merchandising, and creative align to provide Rue La La members with a fully integrated, seamless shopping experience.

• Marketing is organized by disciplines (such as acquisition, PR, or social) across each business category (e.g. fashion, home, travel). The general manager of each business line sets the overall objective.

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7. Atlassian (The Customer Org Structure)

Atlassian's Marketing Team

Key Features:

• Built with a focus on the marketing funnel, from awareness-based branding to lead generation and nurturing, to customer retention.

• The bottom of the funnel receives a great deal of attention, as the "Customer 4 Life" team exists specifically to nurture and retain existing customers. The team's goal is to improve customer success on existing products (i.e. retention) while upselling new features.

• Marketing Ops supports the rest of the organization.

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STRUCTURING YOUR TEAM

In this section, we'll be looking at how you should structure a modern marketing team based on your team's headcount.

Before we dive in, it's important to understand that when it comes to organizational structure, there is no magic bullet. The success of a marketing team (or a business, for that matter), doesn't rest solely on the structure that underlies it.

Poor management and decision-making can disrupt any organization, regardless of how well it's structured. And while restructuring your organization (a.k.a. doing a "re-org") might seem like an appealing option for increasing efficiency, it's not something to be taken lightly: A re-org can be a very difficult and complex process.

That being said, if you're looking to build an *inbound* marketing team (i.e. a team that follows the inbound methodology of attracting visitors, converting visitors into leads, and closing leads into customers), we have some best practices you can follow.

For starters, you'll need to think about how members of your marketing team fit into the stages of the inbound methodology. Here's a quick breakdown of which roles belong where:

| ATTRACT	CONVERT	CLOSE
Your content writers, designers, SEO specialists, and social media managers.	Everyone involved in conversion optimization, including landing pages, calls-to-action, lead scoring, and nurturing.	Your sales enablement marketers helping the sales team close opportunities.

On the next page, we'll explore how you should organize these roles based on your team's headcount.

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Organizational Structure by Team Size

The following org charts are derived from a presentation HubSpot's CMO Mike Volpe gave at INBOUND 2014. The charts depict the ideal structures of inbound marketing teams based on team size, and show which stage of the methodology each team member should be responsible for.

For Mike's full synopsis on this subject, check out his blog post, "How to Structure a Marketing Team of Any Size."

Team Size: 9

Convert — Convert — Close — Close

Attract — Attract — Attract — Attract — Attract

Blog — Blog — Content/Offers — SEO — Design
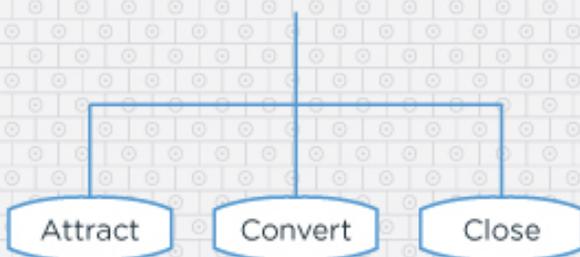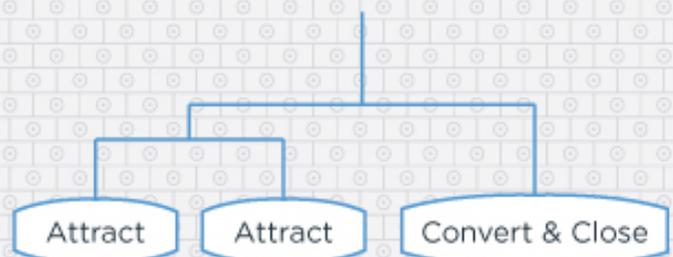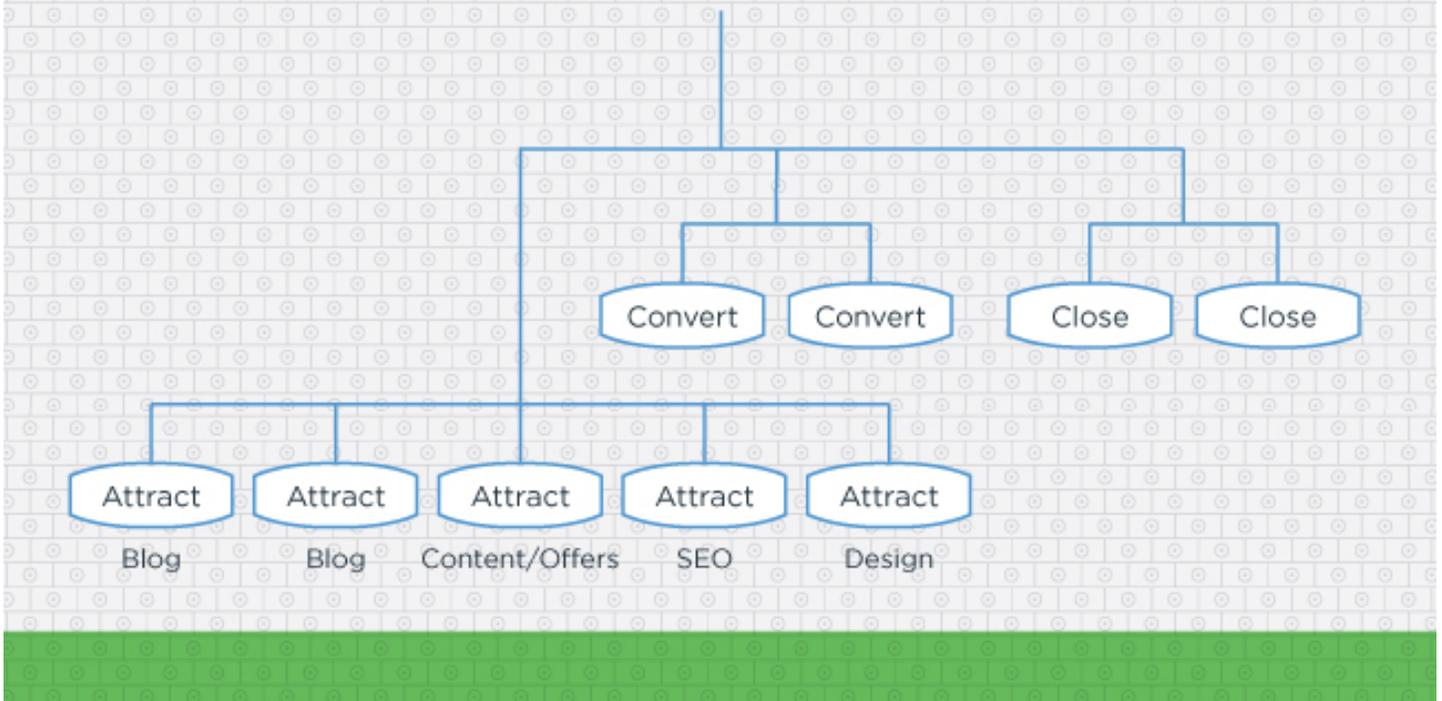
"Notice how many [team members] fall under the 'attract' bucket. Chances are this isn't what your team looks like right now.

The biggest mistake I see marketing leaders make is over-investing in marketers who specialize in the bottom of the funnel. In fact, the best way to help your sales team is to build brand awareness and create content that generates a lot of leads over time.

An increase of twice as many leads means twice as many quality leads -- as long as you have software that lets you filter those incoming leads efficiently. That's how you build a successful sales and marketing machine."

(Excerpt from "How to Structure a Marketing Team of Any Size.")

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The big takeaway from these charts? Always build out the "attract" segment of your marketing team first. Why? Because the long-term benefits of content -- both blog content and longer-form content "offers" -- are enormous.

Content is an investment. Create it early (and often) and it will continue to pay off for years to come.

Want to dive deeper and learn how to structure a content team? Check out this SlideShare presentation: "The Anatomy of the Corporate Content Team: 5 Models to Inspire Your Team's Structure."

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Thanks for reading!

If you'd like to take a more academic look at organizational structures, be sure to explore some of the following resources:

- Frameworks for Organizational Design (Corporate Leadership Council)
- Fundamentals of Organization Structure (University of North Florida).
- The Importance of Organizational Design and Structure (*Harvard Business Review*)
- Solving the Rubik's Cube of Organizational Structure (*Harvard Business Review*)
- The Decision-Driven Organization (*Harvard Business Review*)

And here are a couple of HubSpot resources you might find helpful:
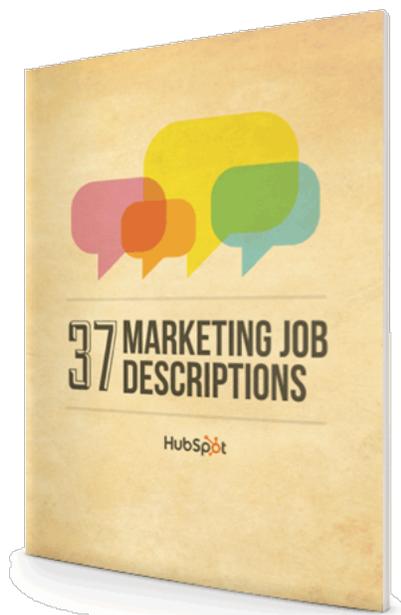
Pre-Written Job Descriptions   Creating a Content Machine

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HubSpot brings together all of the tools you need to attract, convert, close and delight customers, including marketing automation. See all of our tools, learn more about inbound marketing, or talk to a specialist today.
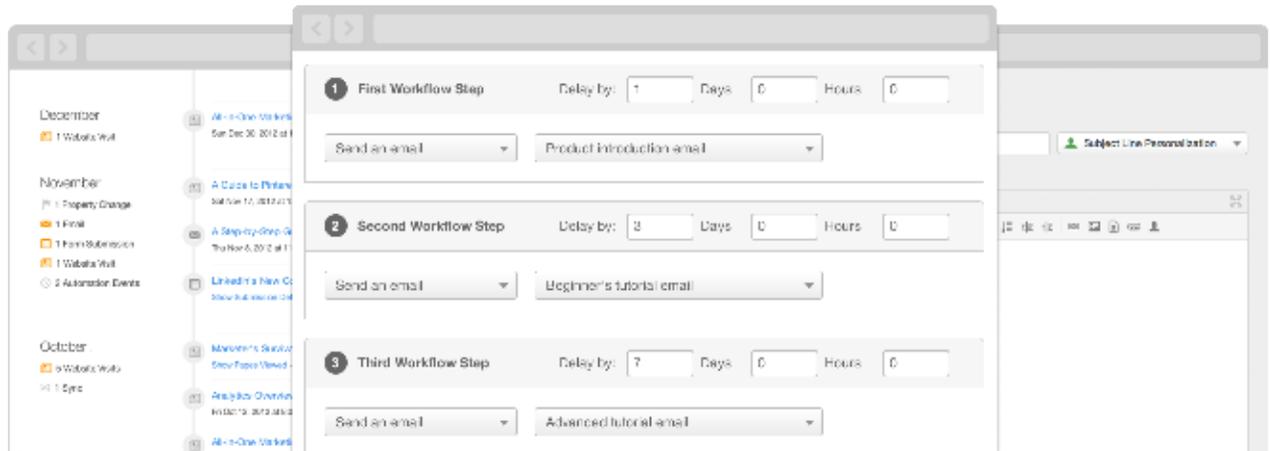
Landing Pages	Forms	Lead Management	Email	Marketing Automation	Analytics	Salesforce Sync	Social Inbox	Blogging

Learn more about inbound marketing

See the software

Talk to a specialist