

THE 'MULTI DIVISION' MANAGEMENT SYSTEM MODEL

GROUP OR PARENT COMPANY

FUNCTION
EG
HR

FUNCTION
EG
FINANCE

FUNCTION
EG
COMMERCIAL

DIVISION EG
PIANO
MANUFACTURING

DIVISION EG
TRUMPET
MANUFACTURING

A fairly typical organisational structure for a company which has a number of delivery divisions, and a number of support functions. In working through this model it's important to use these terms consistently – so for the purposes of this model a function is a section of the organisation which delivers a service to the wider business, for example HR, Marketing, Finance, Commercial. A Division provides goods or products or services which the organisation sells to the wider marketplace or trades internally between divisions for example a division might manufacture chocolate which it then trades to the division which manufactures chocolate covered biscuits. It would be expected that there will be activities at group level which control the work of both the functions and the divisions – activities at this level are deemed to be 'group' activities.

Processes which run across the whole of the business regardless of functional and divisional specialities eg

Documented Information, HR management processes such as competence, Facilities Management, Procurement etc

HR
discipline,
promotion,
succession
planning, pay and
rations

Finance
Production of
account
Reconciliation
etc

Commercial
Tender risk
management,
marketing etc

Operational
processes eg those
in clause 8

Operational
processes eg those
in clause 8



Processes which enable the functions to deliver their activities and support the business in achieving its goals and targets



Processes which enable the division to deliver it's product or service to the market

In the model on page 2 we can see that there are procedures and processes at group, functional and divisional level. Let's look at how these work in practice with the example of StructureFirst, who manufacture steel frames for buildings. At Group level they have a board, and the board are supported by functions covering

Finance

Commercial

HR

Support Services (facilities management, transport, engineering R&D)

They have 3 divisions

StructureFast – manufacturing products for the house building industry

StructureMax – manufacturing products for industrial buildings

StructureCon – manufacturing specialist products for bespoke designs

There are a number of processes which are operated across the group, for example

Recruitment, Staff Appraisals, Training, Pensions Management – managed on behalf of the business by the HR team

Quotation management, Contract bidding and Procurement – managed on behalf of the business by the Commercial team

Invoicing, Debt recovery and management accounts – managed on behalf of the business by the Finance team

All of these are documented in the Group Management System suite of documents. These are issued across the whole of the business and the whole of the business has to comply with them. It is up to the functional owner to update them and ensure that they meet current regulations – for instance the HR Director has been busy ensuring that processes are compliant with GDPR and a number of procedures have been changed as a result.

The divisions have a number of activities which are 'joint' for instance procurement of steel is centrally sourced. Each division has it's own process for providing their needs to the central procurement team but the overall process for steel procurement is managed at group level.

The divisions detail their production processes within their own specific sets of procedures. This structure allows each division to make sure that their activities are 'as they need to be' for the products and services they provide.

Each function also has its own set of procedures, detailing the work they do – in other words how they run the function. In HR there's an HR Manual which sets out how the department works, how the processes they operate are managed. For instance the 'Disciplinary Process' is documented within the HR Manual and sets out who within the team is responsible for operating each stage of the process and where they are required to interface with the line management in the divisions. The Group Level procedure 'Managing Staff' covers the overall process and provides the divisional staff with what they need to know about how to start the process off.

Similarly the Group Level procedure 'Handing Enquiries' tells everyone what to do if they receive an enquiry, and directs them to Commercial who then use their more detailed procedures to control the tendering process.

The model on page 5 shows how the individual processes which the functions deliver can help and support the 'division' which is delivering a product or service, without that division having to cover off all the 'functional' activities. We need to know, as Quality Professionals, what is being provided and by whom and this model helps us to see that.

Certification

In terms of certification bodies this model has been seen to work effectively, providing a sound structure for the issue of certification for the whole of the company either as one block or as a parent company with subsidiary divisions.

