

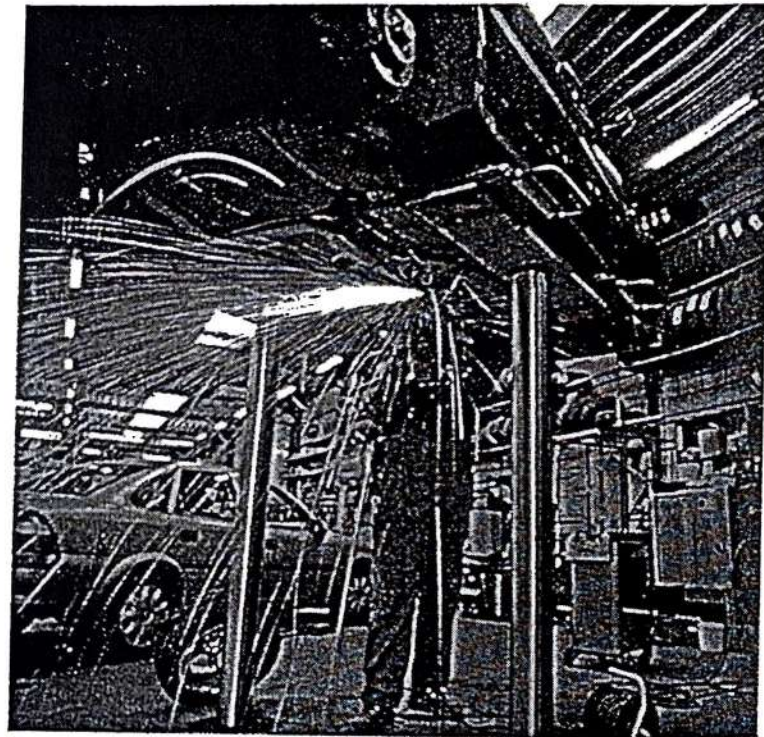
Read the case study below and then tackle the exercises that follow.

## Penang Valley Cars Ltd

Jim Mah founded the Penang Valley car-hire business six years ago. He started out as a sole trader with just three vehicles. His business now employs 33 people and it has a fleet of 2,000 vehicles. Jim is chief executive. He has four fellow directors. They are in charge of finance, vehicle repairs, marketing and administration. The administration role includes dealing with all staffing matters. The finance director has three accounting assistants. The director in charge of vehicle repairs has two supervisors who report to him – one for the day and one for the night shift. They each have six mechanics working under them. The marketing department contains four people – one sales manager and three junior sales assistants. Administration has six office staff who take all the bookings and are responsible to an office supervisor who is under the direct control of the director.

This type of structure has served the business well but Jim is concerned about the impact of further expansion on the organisation. In particular, he is planning two developments for the future – one would involve renting trucks to other businesses and the other would be setting up a new office in another country.

- 2 Do you think the current structure is appropriate for the business? Give reasons for your answer.
- 3 Discuss how Jim might resolve the problem of devising a suitable structure for the two new developments he is planning.



Successful garage workshop – such a business could use a matrix structure of organisation

- 1 Sketch the current organisational structure of Penang Valley Cars Ltd. Include all staff on your chart.