

	ADVANTAGES	DISADVANTAGES
Functional structure	Optimal professionalism and knowledge sharing, as the expertise is gathered in the same unit.	Sub-optimization within own functional area, so the feel of what the others are doing is lost.
	Possibility of standardisation.	The management loses sight.
	Economies of scale.	
Divisional structure	Focusing on product/services, market and geography, and thus the opportunity to optimize efforts geared at these.	Sub-optimization, so each division forget that it's a part of the whole company.
	Excellent overview for the management, and thus the opportunity to set clear goals and achieve them.	The division may become too small and lack the expertise and resources found in the company as a whole.
	Opportunity to coordinate and utilize resources efficiently.	

FIGURE 3.19

Advantages and disadvantages of the divisional and functional structure, respectively.

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