

McKinsey & Co. - Protecting its Reputation (B)

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What are the two main families Westfield's group their divisions under?

- a) asset support and business management
- b) asset management and business support
- c) asset development and business maintenance
- d) asset monitoring and business development

How Westfield uses its organisational design to encourage a learning organisation?

Westfield's organisational design has been the form of asset management and business support

Division	Business Unit	Business Unit
Asset Management	Asset Management	Asset Management
Asset Support	Asset Support	Asset Support
Asset Development	Asset Development	Asset Development
Asset Maintenance	Asset Maintenance	Asset Maintenance
Asset Monitoring	Asset Monitoring	Asset Monitoring

How Westfield's strategy and environment have influenced its structure

- Environment**
- Dynamic Business Environment
 - Consumer Demand and Preferences
 - Accessible demographic, social and economic factors for retail industrial shopping center.
 - Local government needs
 - Maintaining urban and suburban retail centers globally

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- Product** - groups employees based on major product areas in the organisation (e.g. all footwear shops, all grocery stores)
- Customer** - groups employees based on customer's needs and preferences (e.g. wholesale, government)
- Geographic** - groups employees based on location served (e.g. Australia, South, USA)
- Process** - groups employees based on the basis of work or customer flow (e.g. buying, payment)
- These forms are not sufficient on the same processes would be repeated by many different employees all over the world.**

How can Westfield use its organisational design to encourage a learning organisation?

- With Westfield's organisational design in mind:
- Can Westfield not only create but foster a learning organisation within its business?
 - If so, what are the key characteristics of a learning organisation?

Discussion Question #3

What is the most important aspect of the learning organisation?

- Organisational design
- Information sharing
- Leadership
- Organisational culture



Discussion Question #2

Does Westfield have an Organic or Mechanic organisational structure? Why?

Westfield's Organisational Structure

- Asset support divisions: Asset support, IT, research, legal and finance divisions
- Corporate affairs divisions
- Retail divisions: retail
- Business development team
- Business improvement group

References:

Robbins, S., DeCenzo, R., Coulter, M. and Welsch, H. (2014), Management: The Essentials 2nd edition, Pearson, France

Westfield Labs. (2014), Retrieved April 18th, 2014, from <http://corp.westfield.com/about/>

Senge, P.M. (1995), The Fifth Discipline: The art and practice of the learning organization, Performance + Instruction, 30(5), 37-37.

Does Westfield have an Organic or Mechanic organisational structure? Why?

- | | |
|--|------------------------------------|
| Organic | Mechanic |
| - Strategy must be relatively fluid to adapt to consumer needs within different locations. | - Formalised communication |
| - Must be able to adapt to the dynamic environment. | - Centralised decision authority |
| | - Rigid hierarchical relationships |

Case Overview

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- Westfield Group largest retail property group in the world
- Handle every aspect of managing a retail property - designing and constructing to leasing
- Main source of revenue - rental income
- Maximising revenue generated by retailers is key to Westfield's success.

Case Overview

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- Retail is a dynamic industry
- There is a continuously evolving mix of retail stores in Westfield complexes
- Growth of online shopping and social media presents challenges - Westfield's Labs Division

Discussion Question #1

Departmentalisation comes in many forms other than functional. What other forms of Departmentalisation could The Westfield Group employ? Why are these efficient?

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Principles of organisational design that Westfield has used to develop its organisational structure

- DEPARTMENTALISATION
 - WORK SPECIALISATION
 - CENTRALISATION - DECENTRALISATION
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Westfield's Organisational Structure

- two families of divisions asset management and business support
 - asset management division
 - development, design and construction division
 - leasing and national shop openings division
 - property and facilities management division
 - centre management and customer service division
 - marketing division
 - sales division
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How Westfield's strategy and environment have influenced its structure

- Strategy**
- Strategy influences business structure and accounts for environmental aspects
 - Divided into core functions
 - Specific goals of each 'unit' or part achieved.
 - Competitive advantage (the core business)
 - Provide customers with a center that meets their needs.

Learning organisation introduction

"The basic meaning of a 'learning organisation' is a organisation that is continually expanding its capacity to create its future." (Senge, 1996, pp. 14)

Therefore, the success of a learning organisation can be measured on its ability to...

- Its employees to concentrate on business ventures throughout the entire business, at whatever level of functions. (Senge (Robbins, 2014)

Diagrammatic representation of a Learning organisation (Senge, 1996)



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"Evolution and change are the words for shopping centre success." - Frank Lowy, Chairman

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How Westfield uses its organisational design to encourage a learning organisation?

Westfield uses divisional facilities in the form of asset management and business support

Westfield Group	Business Support
Asset Management	Business Support
Asset Development	Business Support
Asset Maintenance	Business Support
Asset Monitoring	Business Support
Asset Support	Business Support
Asset Management	Business Support
Asset Development	Business Support
Asset Maintenance	Business Support
Asset Monitoring	Business Support
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How Westfield's strategy and environment have influenced its structure

Environment

- Dynamic Business Environment
- Consumer Need and preference
- Access for demographic, social and economic factors for each individual shopping center.
- Local cooperative trends
- Maintaining union and cohesion with all centers globally

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Product - groups employees based on major product areas in the organisation (e.g. all footwear shops, all grocery stores)
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 These forms are all inefficient as the same processes would be repeated by many different employees all over the world.

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References:

Robbins, S., DeCenzo, D., Coulter, M. and Woods, M. (2014), *Management: The Essentials* 2nd Edition, Pearson: Prentice Hall, NSW.

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