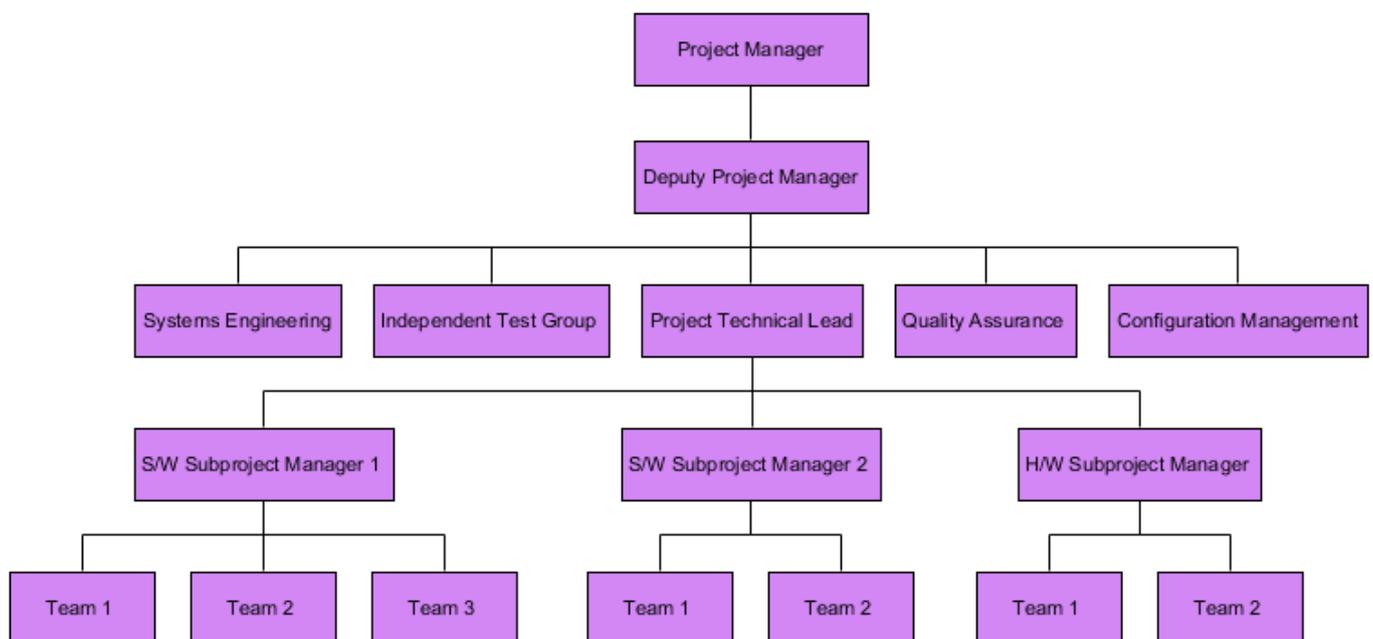

Chapter 12. Organization Chart

What is Organization Chart?

An organizational chart is the most common visual depiction of how an organization is structured. It is a diagram that outlines the internal structure of a company. An organizational chart is the most common visual depiction of how an organization is structured. It outlines the roles, responsibilities and relationships between individuals within an organization. By looking at the org chart, people can gain a quick understanding of how the organization is designed, its number of levels and where each employee fits into the organization.

It is often used to outline the roles, responsibilities and relationships between individuals within an organization. An organizational chart can also be used to depict the structure of an organization as a whole, or broken down by department or unit which could also illustrate relations between people within an organization. Such relations might include managers to sub-workers, directors to managing directors, chief executive officer to various departments, and so forth. When an organization chart grows too large it can be split into smaller charts for separate departments within the organization as show in the Figure below:



Purpose of Organization Chart

Organizational structure is important for any growing company to provide guidance and clarity on specific human resource issues, such as managerial authority. Small-business owners should begin thinking about a formal structure early in the growth stage of their business.

Regardless of the kind of organizational structure a company has, the org chart is very useful when a company is considering restructuring its workforce, changing its management, and planning its resources and workforce. An organizational chart can be effectively used to improve the lines of communication within a company, show work relationships, and give employees a transparent view on how the work they do fits into the overall scheme of the company. Org charts can also be used to let companies know what their baseline is for budgeting activities.

When departments are asked to submit their annual budget proposals to a business finance department, organizational charts will help managers see how many staff they have working for them, whether there are unfilled positions and if they should include those unfilled positions in the upcoming year's departmental budget.