Organizational Structure Checklist

When it comes to product structures, there are typically three types: centralized, decentralized, and mixed. The type of structure you select will determine where and how your Product Managers report.

1. A **centralized structure** is characterized by a distinct product function that has the same authority in line with other main functions. In this structure, all Product Managers report to the product function and are deployed to different departments to manage products as needed.
2. A **decentralized structure** is characterized by a distinct product function that exists for each division. In this structure, Product Managers report to the division head.
3. A **hybrid or matrixed structure** is characterized by having both a dedicated product department and also by having product professionals embedded within other departments. The dedicated product department may be focused just on new product development or discontinuous innovations, for example, while the embedded product professionals manage existing products and develop incrementally innovative new products.

Please note that all organizational structures have their pros and cons. A good organizational structure will allow for:

1. Fast decision-making
2. A balance among technology, business, and design
3. Clear roles and responsibilities
4. Fast learning among people with similar roles and responsibilities
5. Focused goals

Reminder:

These models are a starting point, and it is important to recognize that your organization will likely need to customize a centralized, decentralized, or mixed product structure to best fit your vision and existing needs. They are also simplified: the right structure for your organization will need to account for business complexity, geography, and the structure of existing product roles (if applicable).

Keep in mind, too, that your organizational structure will likely evolve over time. As your business matures in productization capabilities and if your productization archetype changes, your organizational structures must evolve too.

See below for questions\* to help you decide if you need to restructure your product organization. If you have mostly ‘no’ answers, you should consider restructuring.

1. Is it possible to make decisions about products quickly within the structure, that is, when a question arises do you always have to run it up the entire reporting chain?
2. Is it possible for product managers or those with product responsibilities to make decisions without being constantly overruled?
3. Are product roles and responsibilities clearly described and are they clear to the employees?
4. Does the current structure help us to exchange know-how so that people with similar roles and responsibilities can learn from one another?
5. Are the goals and topics of your own working group sufficiently focused?
6. Is it possible for managers to take time in this structure for the personal development of their employees’ product skills? And do those managers have the right capabilities to do so?
7. Does this structure enable you to achieve maximum autonomy with maximum alignment when innovating and managing products?