

Leadership in a Decentralized Company

SUBMITTED BY: Kamaila A. Sanders, The University of Pennsylvania

SUBJECT(S): Communication, Management

GRADE LEVEL(S): 9, 10, 11, 12

≡ OVERVIEW:

Students will begin this lesson by discussing the term decentralization. Then they will watch Johnson & Johnson CEO William Weldon talk about the benefits and downsides to leadership in a decentralized corporate environment. Next, they will look at the struggles of one famous brand, Disney, as the company works to bring its famous theme parks to China. After that, students will develop their own leadership strategies to operate in a decentralized corporate environment so that their products benefit local consumers.

≡ NBEA STANDARD(S):

- Communication, I. Foundations of Communication
- Management, IV. Personal Management Skills

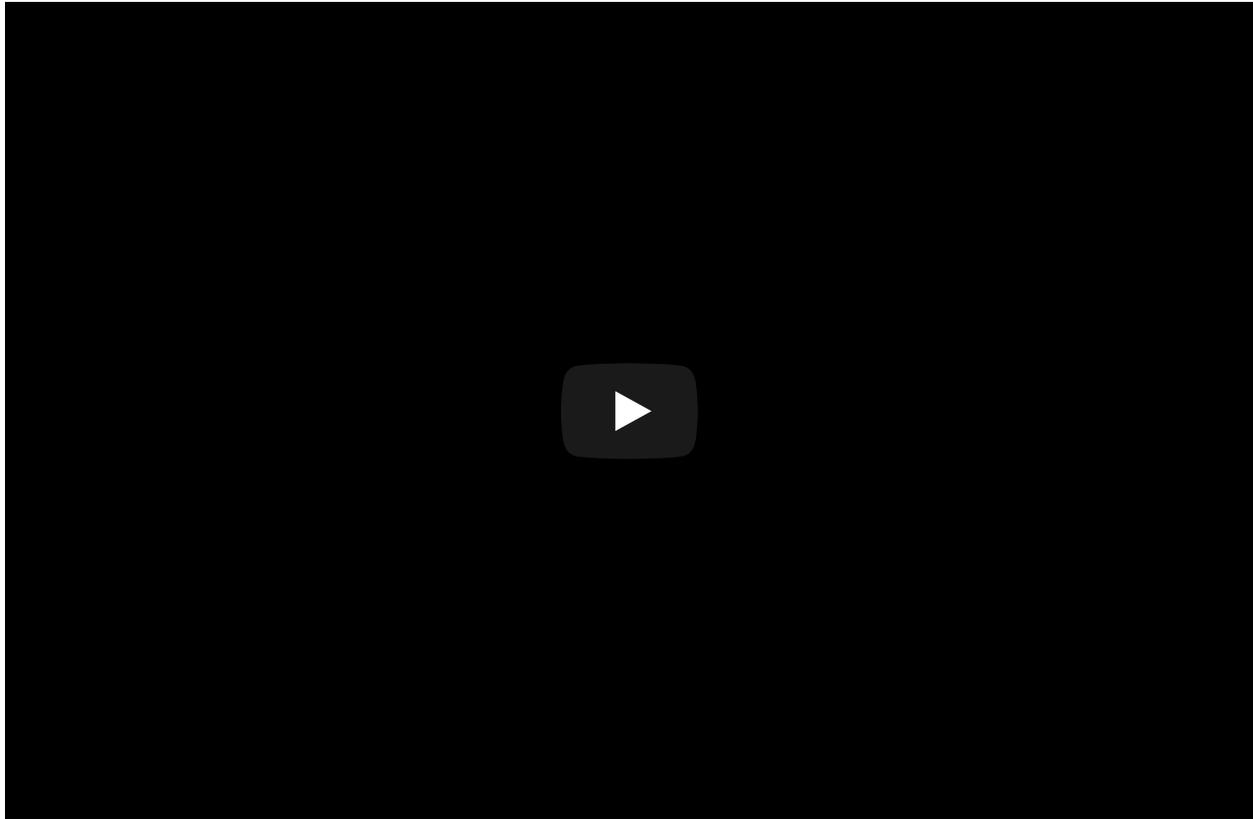
≡ RELATED ARTICLES:

- [“Is Disney’s Paid Streaming Service a Happy Move?”](#)
- [“Educator Toolkit: Leadership and Resilience”](#)

Common Core Standard(s): Vocabulary Acquisition and use, Key Ideas and Details, Comprehension and Collaboration, Presentation of Knowledge and Ideas

Objectives/Purposes: In this lesson students will learn about the challenges decentralization poses for leaders in a business organization or company.

Knowledge@Wharton Article: “[Johnson & Johnson CEO William Weldon: Leadership in a Decentralized Company](#)” (video)



Glossary Term: [Decentralization](#)

Other Resources/Materials:

- Crayons/Markers
- White construction paper

Activity:

1. (5-10 mins) Introduce and explain the function of an organization structure to students.

Organization Structure (from Wikipedia):

- An **organizational structure** consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. It

can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.

- Many organizations have **hierarchical** structures, but not all.
- An organization can be structured in many different ways, depending on their objectives. The structure of an organization will determine the modes in which it operates and performs.
- Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the **branch**, **department**, **workgroup** and **individual**.
- Organizational structure affects organizational action in two big ways. First, it provides the foundation on which standard operating procedures and routines rest. Second, it determines which individuals get to participate in which decision-making processes, and thus to what extent their views shape the organization's actions.

Next, ask students if they know what decentralization is. After a short discussion on what it might be, show the video of a Wharton professor defining the term. Ask students how decentralization might work for multinationals operating in a global market.

2. (20 mins) Show the video, "Johnson & Johnson CEO William Weldon: Leadership in a Decentralized Company." While students are watching the video, have them take notes to answer the following questions:

- What does it mean if a company has a decentralized corporate environment?
 - A: It means that a company operates across different countries and cultures.
- What does it mean if a company has a centralized corporate environment?
 - A: It means they operate in one country.
- What are the benefits to being decentralized?
 - A: The benefits to being decentralized include having local management run companies they understand. This means that they also understand the local consumer, the people they are dealing with and they understand the government and the needs in the marketplace. It affords companies a lot of opportunities [for growth] to be decentralized.

- What are the downsides?
 - A: You lose [direct] control of the company. Another downside is trying to coordinate how to get people together and moving in the same direction. It is difficult to find the right people who are able to give the resources in new areas as well as work in their own areas.

- How does decentralization help to develop leaders?
 - A: By working in different areas, working in smaller companies, having the time to make mistakes and then bring that experience with you when they ultimately move to larger companies.

- How does decentralization encourage innovation?
 - A: It allows different people to work with different skills, different thoughts, to bring together different products and technologies to satisfy unmet needs of patients or customers. This gives the company a distinct advantage.

3. (20 mins) Have students work in groups to discuss the answers to the questions and the pros and cons of decentralization in a company. Then have students work in that group to develop an organizational structure for a multinational company that sells a product or service of their choosing. Have them use crayons to draw the organizational structure on paper. Then have each group present to the class why they have allocated responsibility in their company the way that they have. To help students perform this task have them think about:

- What kind of company they have set up.
 - What products or services does it sell or offer?

- Is it a multinational company or does it only operate in one country, state, local area?
- What kinds of departments need to be set up within the company to help it run and grow?

Tying It All Together: As students create their organization structure, allow them to choose whether it is centralized or decentralized. As they present, make sure they explain which type of organizational structure they have chosen and why, drawing from the information they have just discussed in the article.

Practice Outside of the Classroom: Research which other companies have struggled to take their brand, product, or service outside of the host country. Think of the reasons that product or service has struggled and think about what you would do differently if you were a leader in that company.

What Worked and What I Would Do Differently: For this lesson, it will be important that students understand what an organizational structure is. It may be helpful to highlight what an organizational structure is by showing students examples of organizational structures in existing companies that are of interest to them. You will want to include examples of centralized organizational structures as well as decentralized organizational structures. The point of having students create their own organizational structure for a company of their choosing is to demonstrate and discuss what they have just learned from the article. Thus it will be important to check for comprehension. You may want to pull the class together to discuss each question after students get a chance to discuss their answers in groups. This is to ensure that students are on the same page and answer any questions students may have.

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