**Vertical vs. Horizontal Organizational Structure**

Vertical or horizontal structure? In the business world, there are various ways to manage the objectives and activities of an organization to achieve a prominent and competitive position in the market.

Two of these management models laid the foundations for structuring the functions and obligations of each department or team, to provide better tools to solve the usual problems that arise in everyday life and decision-making.

In this article, we are going to confront the two business structures most implemented by companies: **process management vs functional management**to establish comparisons that lead to decisive conclusions that help you choose the most appropriate management for your company.

Some companies opt for [process management](https://blog.wearedrew.co/gestion-por-procesos-vs-gestion-funcional?hsLang=en), as a possibility of continuous improvement of their processes, which may involve more than one departmental area. Instead, other companies persist in the functional organization model. Now, when it comes to carrying out a management business model, which one should we choose? What advantages and disadvantages does one or the other have to influence the final decision?

**Differences between process management and functional management.**

Companies with orientations focused on functions are a more traditional business structure. Staff members are grouped by hierarchy, with a well-defined management system. With a functional approach, the line of authority rises to the top, with those below reporting to those above.

Process orientation focuses on the process itself rather than on hierarchies. Results and customer satisfaction are prioritized, and activities such as inventory management or order processing are at the center of the orientation.

There are also other ways to understand the differences between business process orientations and business functions. Choosing the best type of business coaching depends on your size, scope, and goals.

Process management is an approach that facilitates improvement and efficiency in business management, today affected by the dynamism of the market and the new technologies to be implemented. It is a new philosophy that has changed the way of developing business management. Therefore, it is included in models such as ISO 9001, 2000.

Unlike the functional approach, process management is carried out horizontally, that is, people from different departments can intervene in the same process.

**Characteristics of functional management.**

Fans of functional structures feel that these are more efficient, as employees with similar abilities are grouped. The production of each department must be coordinated with other departments, but there are set limits most of the time.

In other words, functional management can act more independently and is less likely to interact with other departments. A functional business orientation flows up and down like a pyramid, with each department managed separately.

Business goals and strategies come from the top of the pyramid and work their way down. For example, a CEO might create an annual goal of increasing sales by 10 percent. Vice presidents could then break this down into quarterly goals for sales managers, who assign specific duties to their sales teams. However, this structure could result in less shared and less flexible communication.

**Characteristics of process management.**

Process-oriented companies may have a more circular flow to achieve their goals. There are managers, but they designate their objectives based on the work to be done. The different departments work together to achieve shared goals. Companies that have this orientation allow production, sales, marketing, and other departments to collaborate to find ways to streamline their processes.

Process structures also have pros and cons. Setting them up can be more complex, but it can also be more versatile. These systems work well for companies that operate in different geographic regions and industries.

Staff can share information across different task boundaries, which can increase awareness. However, process management can also lead to higher manager-to-worker ratios, a circumstance that can lead to conflict.

**Organization of functional management.**

To organize a functional structure, Business Dictionary explains that the highest authorities (CEO, board of directors, etc.) are usually at the top. Below are the vice presidents, CFOs, and CIOs.

One step further down are department heads, who in turn are responsible for their team members. More divisions can be added for larger companies and communication flows upwards.

**Organization of process management.**

Process orientations are also known as matrix structures, as staff may report to more than one manager. All members of the marketing department may report to the marketing director, but may also report to other directors, depending on assigned projects. The limits are more flexible and can change as new projects come up.

**What business management is best?**

It all depends on what your overall goals are with your company. In recent years, the sustained tendency to choose a process structure over functional management has grown, thanks to the relaxation of hierarchical structures imposed by the functional model.

This is probably because business leaders are realizing that a company whose areas interact with each other can be more productive and profitable than one that maintains its functional structure and its well-defined and independent departments.

If your idea of a business structure is pyramidal, where each area responds to the objectives and guidelines of the management and not necessarily each area is aware of the activities carried out by the other, your company should continue with functional management.

If instead, you are looking for your teams to expand and interact together with employees from different areas in the improvement of processes and workflows, then your best option is process management.

In addition, with this structure, you can strengthen deeper ties between your employees, providing more value to collaborative work, something that is more limited in a functional structure. Hence, many workers who leave these companies represent a cost of lost human capital that they have trained.

Not so in process management, in which there are greater chances of permanence for workers who have created a closer and more genuine bond with the company because it allows them to grow professionally and personally as they take on new responsibilities, which directly or indirectly affect the course of the company.

**Conclusion.**

Our intention of tracing this combat in the business world between **process management vs. functional management** is not to persuade you to choose one of them in particular, but rather to give you the possibility of knowing the characteristics, pros, and cons of each one with the objective that your decision is as little arbitrary as possible, based on your real and current needs as a company that seeks to endure over time.

Whatever your organizational structure, keep in mind that management by processes will provide you with a more dynamic and relational view of all processes, which is more difficult to sustain from the traditional vertical structure of management by functions.

 



