



MANAGEMENT ORGANIZATION STRUCTURE

During 1960 the first stages of a new form of organization of the System's management and administrative structure were implemented. The result of two years of study and planning by System officers, the new structure is designed to decentralize authority, modernize administrative techniques and integrate sales and operation functions at all levels. The former levels of administration in the Operation Department (and their parallels in the Traffic Departments) comprising three regions, 10 districts and 31 divisions in Canada, were reconstituted into five regions subdivided into 18 management areas, or "business units", thus reducing the total number of administrative units below System Headquarters from 44 to 23.

Responsibility and authority is being decentralized to the regional and area management levels on a geographic, as distinct from a departmental, basis. Previously, operations, sales and other departmental functions were co-ordinated only at System Headquarters. Under the new plan, sales and operations are co-ordinated at the area and regional levels. Thus, Regional Vice-Presidents and Area Managers are to be responsible for all phases of marketing and operation of the company's rail transportation services in their territories. Headquarters activities will be concentrated on staff and service functions.

The objective of the new form of organization is to enable Canadian National to compete more aggressively and effectively in the transportation market and in so doing, improve its revenue position. The delegation of authority to the local levels where business originates, together with a streamlining of internal communication lines, provides a managerial frame-work capable of quick response to the changing demands of the market. At the same time it is expected that the new structure will contribute to efficiency which, combined with the reduction in the number of administrative units, will, in due course, improve the relationship between administrative costs on the one hand, and revenues on the other.