

## **Organisation Structures – your beginning OR end!**

Have you heard the classic joke about ‘an organisation is like a fish, it always stinks from the head down’ and of course the 11<sup>th</sup> commandment ‘don’t kid yourself’!

Leading an organization effectively is no mean feat and the effort and focus involved is totally underestimated. The challenge is to know your own skills and areas of expertise, put your best people in the areas they excel in and then fill the gaps. Seems obvious however there is a science to it and generally this is not well known or implemented.

The overall rules of thumb:

- Always have more talented people than you
- Energy is always better than ego
- Keep talented people extra busy
- Implement carrots and sticks
- Work is a team sport
- Create an environment for growth of the individual

It is necessary to create an organization structure that ensures open and honest communication and it all begins with an open and honest structure. The key considerations are:

- The depth of the structure
- The width of the structure
- The growth phase of your team / organization / business
- The type of output
- How easily the output performance can be measured
- Management capability

There is a lot to be said for involving all of your people in creating a structure that works. The more they understand about what makes the structure effective the less critical they will be overall. I like the concept of an ‘Interim Structure’ as there is no RIGHT structure and it should always be up for review and improvement.

I have always subscribed to a team based structure that allows people to move around and change. Getting a team mix even if only for a season RIGHT will increase productivity and happiness in the work environment. Sometimes there are clashes within a team, give a person an option to move. If they keep having problems, you know (they will too) it’s them!

The flatter structure is better however this depends on the capability of your management team to manage larger numbers effectively and of the type of work that you are doing. The ratio of manager to people ranges from 1:8-12. I have always worked on 8 as a maximum to ensure productivity remains high.

Building a 'Technical' equivalent role under each manager is a key to keeping your technical capability and allowing a person to move into management and develop the skill or stay technical and be remunerated equally. Not everyone wants to manage people so having this options ensure you only get people who are passionate about management into the leadership role.

There are a number of ways to build an organization, there are pro and cons for each of them, I believe that you need to personalise by being clear about what you would like to achieve and in what timeframe. Once you have the GOAL, the timing and how you will measure your success then create 2-3 organisational structures with the science behind them.

### **Functional Organisation Structure**

List all the functions that you are expected to achieve as the manager. Build the organizational structure based on these functions with managers or team leaders heading up each of the teams.

### **Product or Service Organisation Structure**

List the products and services that you supply to your customers. Build the organizational structure to effectively service the customer needs for each of the products and services. Identify consistencies and opportunities for shared services.

Look at the people in your current structure and group them into HIGH, MEDIUM, LOW performance. In addition, identify those that have POWER / INFLUENCE and circle them in RED and those that would like to pursue MANAGEMENT circle in GREEN.

Build the organizational structures giving yourself a couple of options. Meet one to one with the people who are HIGH / RED / GREEN first and test drive your options by asking where they would like to be in the organization now and over the next 12 months. Then meet with HIGH / GREEN, then RED (all other combinations) and ensure all these needs are met. Follow with MEDIUM / GREEN and LOW / GREEN.

As you work towards the last groups, it is important to understand each persons options as it may not be possible to place these people in management roles. Consider as Team Leaders or encourage Technical for the same dollars.

When you have decided on your direct management team, then teach your managers to complete the same exercise, using you as a consultant to the process, ensuring quality and giving you an opportunity to meet with each person in your organization and discuss with your direct managers.

### ***How your growth phase impacts your Organisation Structure***

*When an organization is undertaking a growth phase it is important to consider the capability of your management team to leverage existing resources for additional project based activities. This is a management skill that you may need to develop and certainly in changing times a key skill to master.*

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It takes about 3-4 months for a new organization structure (depending on culture / industry) to be fully operational. It is necessary to address any dysfunctional aspects along the way and then at the agreed date, measure the success set out at the beginning. Gather feedback throughout all levels and always address it. Remember, change is constant and improvement is always continual!