

Good morning, everybody. Dennis Engelbrecht, Digging Deeper.

Today, I want to talk about the organizational chart. Yeah, that's a hot topic, right? Maybe not. But most every company has an organizational chart somewhere. It may not be posted, or it may be posted. But what I want to do is talk today about how to get value out of your organizational chart and make it a tool that helps you in your organization, in your management.

So probably the primary use or reason for an organizational chart is to establish or to maybe tell people what the chain of command is or is expected to be. Who reports to whom. So, in a sense, it's also an accountability chart. Who's accountable to whom for the work that they do? Doing this chart, and we end up doing this a lot in our peer groups as we do a host audit to really figure out, because in many companies it's really quite confusing, because we find that there are people that, well, they supposedly report to this person, but they don't really because they view themselves as equal or they don't like each other, or he kind of operates independently.

And what we find out is oftentimes that really a lot of people throughout the organizational chart actually report to the guy at the top or the person at the top. And that can of course be negative. So doing an accurate organizational chart that tells you the way it really is can be a great tool for organizational improvement. Say, if that's the way it really is, and this is the way we perceive it, what's better? Is it better to recognize this and live where we are today, or is it better to make sure that people move? And if we have people that don't fit, well, maybe they don't fit, and that's actually holding the organization back, either those people or the fact that we don't have them in a proper reporting or accountability relationship. So, accuracy is very important.

The other thing to use your organization chart for is efficiency. A lot of people are very proud if their organization is flat. They have a flat organization. There aren't five or six layers. And there probably is... Well, I'd say definitely is more efficient in some senses, is that you have fewer leaders who are just leading in that case, in the so-called flat organization chart. But is that good or is that bad? Because one of the other things you find out with your organization chart is how many direct reports each person has. And if you have a manager or a leader who only has one or two direct reports, that's probably not efficient. Now it could be that that person has dual responsibilities, aside from those people reporting to them, that they're actually a doer as well as a manager, and that can be fine that they only have two direct reports.

But seeing that and understanding that who has too many direct reports, that they can't provide the service and add value to the people in their chain of command, that's equally important as to finding out who doesn't have enough to do or enough to manage. So, looking at that really does tell you a lot about efficiency, and probably we see more companies with too many direct reports to one person. Probably most often that's the ultimate leader that has all those direct reports or the second in command. But that really is one of the good things of being able to see on a chart. Now, the organizational chart has one big negative, which is probably why people don't publish them more often, which is it has a hierarchy to it. And the people at the bottom of that hierarchy don't always feel great about looking at an organization chart and say, "Hmm, guess I'm on the bottom or near the bottom."

And then, you have all the levels that happen along that. Is this person at this bottom equal to this person at this bottom? So, it raises a lot of questions among people that's not always positive, at least near the bottom of that. So, I've seen some people put their organizational chart sideways, which in a sense eliminates hierarchy, because people aren't higher than the other. The leaders are off to the side, and the doers, as they go in the chain of command are off to the side. That's one way approaching that I've even seen it approached as an upside-down organizational chart, which says that the leaders are there to serve the people who do the work. So that's another way to think about your organizational chart or possibly to display it.

I'm kind of a fan of a circular organizational chart that has the purpose in the middle. The people that work directly... Well, let's just say the purpose is great outcomes for your work, your customer, your jobs. Those are the things at the middle. The people that work directly with the customer, they're on the inside part of the circle, and then the people that serve them or provide the administration for them to be able to do their job, they're around that. And ultimately, on the outer circle, are the top leaders of the company who are also there to support the people that are ultimately getting the work done in the middle. So that's another way to think about your organizational chart.

Another big purpose for your organizational chart, and very important way to use it, is doing a future organizational chart. Now, a future organizational chart, and you probably should have several iterations of that. So have your current, maybe you have a year out, and maybe you have five years out. What is our organization going to look like? Well, why would you do that? Well, number one, perhaps there's some retirements or successions going on, so you're going to have some people perhaps leaving the company. Well, one year from now or five years from now, who's going to fill those spaces? Who do you have inside, or do you have to look outside for people to fill those spaces? And if you have people inside, how can we train, elevate, prepare them so that they're prepared when the timing's necessary to fill those particular spots?

You also may have growth in your future. So, with growth, you may have more open spots, be those project managers, superintendents, or it may be new positions. It could be project directors or senior project managers or project assistants or whatever that growth creates, and it needs. It may be a new VP of field operations. So, then you create those boxes in your future organization chart. And again, now you have two things. You have a place for people in the organization to aspire to, but you also have the opportunity to look and say, "Is this something I can fill internally or is it something I need to fill externally?"

And by the way, who's responsible for getting those boxes filled? Because there's a timeline there as well, right? Because you got to have those boxes filled. And in growth situations, it's always better to fill the boxes before you get to work rather than getting the work and then scrambling to plug somebody in at the last minute. So, think about your organizational chart. How are you using it? How can you improve it? How can you make it a tool for the organization? And how can you make it a tool for the future?

Dennis Engelbrecht, Digging Deeper.