

How Many Employees Should Report to a Manager?

This is one of the most important questions an executive must answer. In many ways your answer defines your company; not only as it currently is but what it can become. This is because your answer depends on other, more fundamental decisions that have been made. These underlying factors define how many managers you need and the size of the units they lead. They also have a major impact on your expense ratio, your ability to provide customer service, how fast you can change, how employees view accountability and even your corporate culture.

But first, is it better to have large or small units? In general, it's better to have large units and fewer managers. Companies tend to work better, get things done faster, provide better customer service and have lower expenses with fewer managers. Employees also like this environment better. There's more empowerment, clearer accountability, fewer meetings and more work done. In part, this is because too many managers act like cholesterol in the bloodstream of an organization. They tend to clog things up.

How far can you go? We're not sure. But we have a client who has outstanding results in all of its core success measures, an enthusiastic and very effective employee population and great financial results even in these troubled times. They have 540 employees and 31 managers, including the President. That's an average span of more than 17:1. They also have multifunctional business teams that are real profit centers. They vary in size, depending on the block of business they manage. The smallest has 22 employees. The largest has 36. They believe their organization structure is one of the main reasons why they are successful. We agree.

What do you have to do to get this result? The answer is in deciding that this is what you want to accomplish and then making sure you have at least four fundamental areas working well. These four areas not only create the environment that allows you to have fewer managers and larger units, they are areas that are fundamental enough so you will want them to work well for their own sake. They are . . .

1. Core success measures. Every unit in your company should have clear, quantified objectives that must be met each month. These are the measures that define the unit. When they attain them, they are successful. When they don't, they are not. Each person must also understand how their job helps their department be successful. They must understand what they are accountable for attaining, what their contribution is.

A unit without core success measures must be small. The manager has to be personally involved in all aspects of everyone's work to ensure things will work smoothly. Employees cannot take "the initiative" or effectively manage themselves. They tend to wait for instructions. They focus on tasks and activities, instead of results. They are almost always underutilized and unhappy.

2. Open communication. Employees need open access to information to effectively do their job, understand how well they are accomplishing their goals and know what's working and not working. They don't need a manager who acts as a bottleneck or filter in the communication flow. They need the right information in a timely manner and the freedom to act appropriately on it so they can attain the results their unit or department needs.

Traditionally, managers have been the source and conduit for information for workers. It was done this way so the manager knew what was happening and so he or she could maintain control. Maintaining control was very important. In today's environment, however, managers are learning that they can be more effective, attain better results and enjoy their time at work more by focusing more on accomplishing results and less on who is in control. Control and accountability are not given up. They are shifted to where they should be to be most effective . . . to the people who do the work.

3. Dual career paths. Management is and should be a full time job, yet many managers spend most of their time being technical or professional experts. Some companies call these managers "working managers" and believe they are saving money by having the managers continue their previous technical duties. Some managers prefer doing technical work. They became a manager because it was the only way to get their last promotion or raise. The effect, however, is almost always small units where managers are too involved in their own and everyone else's technical work.

Establishing "dual career paths," where technical jobs parallel management positions, solves this problem. Employees can decide where they want to spend their time; becoming high level experts in their technical or professional area or in leading and managing people. Both are valuable but both are very different. In today's increasingly complex world, where multifunctional teams are clearly more effective and efficient under many circumstances, having dual career paths is essential for maintaining a company's core skills.

Having technical experts can reduce the need for management by one third. This means you can replace three managers who are also technical experts with one expert and a manager. These two will do the job more effectively because the manager will focus on managing and the technical person will lead the technical effort.

4. Accountability at the lowest competent level. Large teams or units will not function well unless accountability is allowed, given and accepted by every employee. Each employee must be accountable for the work they do and the results they attain. The team leader or manager's role is to assist, coordinate and remove obstacles.

As the size of teams and units grow, employees must become more competent, self-reliant and accountable. This necessity fosters an environment of empowerment that works. And it's more adult, professional and satisfying.

Accomplishing these four changes will create a shift in your company's culture from a classic "span of control" environment to a "span of information or communication" environment. This new environment will also "free up" key people for critically important technical and professional work, reduce the amount of bureaucratic activity and redundant checking being done, increase accountability at the right level in the organization and increase your flexibility and speed of change. This is what Peter Drucker talked about in the late 80's. And it works.

If you'd like to discuss this further, please call me or visit our website at McDonaldConsulting-Group.Com. We'd be very happy to help. It's what we do.