Management Levels?

At some point when reviewing an organisation’s structure, the question inevitably comes up, ‘What’s the right number of management levels?’ Often peoples’ thinking starts from the wrong place; organograms, leadership spans-of-control, management grades and salaries.

You know something has gone wrong when you see a structure with 2 or 3 people reporting into a manager, each with only 2 or 3 reports themselves. What real value-add is each level giving? The right place to start is with fundamental thinking about the organisation’s purposes and the inherent number of ‘system levels’ required for strategic control given its competitive environment, strategy, culture, complexity and scale. Form follows function.

Tricordant has the rule that every ‘whole and healthy’ team must have a purposeful deliverable, what we call its ‘significant event’; creating something significant, transforming something significant or inspiring something significant in others. That is true for every client-facing delivery team …but it’s also just as true for every level of management. Each level has to be justified by having a unique responsibility to deliver and its own ‘significant event.’ They are because of a strategic systemic control challenge, and NOT simply because of numbers of heads.

Over the years Tricordant have had a series of projects where we have mapped the purposes of an organisation and thought through the inherent numbers levels of system it requires given its strategy and environment. That has then led to realising that a whole level of management could be eliminated, along with significant costs, without reducing strategic control or effective management.

We have, however, just finished a batch of three organisation redesign projects that all required, not the elimination of a management level, but the need to insert an otherwise currently missing level.

1. The division of an international pharmaceutical company with growing market share were facing a rapid consolidation and complexity of its client market in one sector. The new design needed an extra management level for formal national account management as well as an enhanced regional team structure.
2. An international service organisation was seeing both rapid growth and increasing complexity of service. They wished to be more ‘lean’, innovative and customer-focused whilst maintaining critical quality standards. They were struggling to deliver this through their traditional teams. After revising the current teams’ boundaries and purposes, a new management level, responsible for cross-team governance, quality and resource control, is now being implemented.
3. A global engineering company, having doubled recently is expected to now double again. It has been facing a rapid increase in product and project complexity. A new ‘whole system’ level of engineering controls and governance was needed to integrate its otherwise diverse and increasingly devolved engineering teams and bring unity and alignment without stifling agility and innovation.

So, in conclusion, in the current economic environment we are seeing a number of successful organisations growing rapidly in diverse and international markets, but struggling with complexity and governance. They each needed to wake up and intelligently implement an extra management level, but with a clear significant purpose and role, and not just driven by the organograms and grading structures.