

## Structuring For Growth

We have all heard of business owners saying that they seem to be working harder, and often for little more, or less, return.

This is often a symptom indicating that the business is outgrowing its original organisational structure.

As a business grows, and as market conditions continually change, the role of the owner and of key employees changes. Usually these changes occur gradually over a period of time, and often this means that the actual extent and impact of change is not immediately obvious or understood.



Whereas in the past the owner has had hands-on responsibility for every aspect of the business (including being the principal interface with customers), growth in business volumes means that less time is now available for shop floor attention. It becomes necessary (and desirable) to recruit additional staff and to delegate tasks. But creation of new positions and staff recruitment tend to happen “one-at-a-time”. Additional task delegation is often done intermittently as needs arise, or otherwise on a reasonably ad hoc basis. The longer term result can be that not only do the actual job specifications of the whole team gradually change, but often they do so in such a way as to cause the business to become less efficient. Ultimately we’re at risk of “the tail wagging the dog”.

So it is a healthy exercise for managers to periodically review the internal structure of the business in order to ensure that it best able to respond to anticipated market conditions and best able to attain business and efficiency goals. Here are some tips as to things to consider:

Step 1; identify the key result areas of the business. Broadly, these will fall into two parts:

1. Key commercial units of the business – these will usually be the business units that are best able to respond to and meet the needs of external customers. It is these business units that should “steer the ship” and set the strategies that enable the business to competitively maintain and grow market share;
2. Key support units – these units will provide the logistics back-up to the commercial units who will be “internal customers”. These functions may encompass roles such as Human Resources, Accounting and Administration Support, Public Relations and Corporate Communications, Information Technology, Research and Development.

Step 2; (and without regard to actual personalities already in place), design the internal organisation chart that best allows those business units to operate internally, and to cooperate in the context of the overall business. Importantly, the chart should clearly define chains of command and reporting responsibilities. A side benefit is that it also provides staff with a career path roadmap.

Step 3; List down the results that are required from each position, and list the functions that are required for those results to be achieved. This will form the substance of the position description or job specification.

Step 4; List down the skills that are necessary to fulfill the functions set out in step 3. Then match those against the skill sets of the people that are already in place. It may be that some people might be weak in a few areas but at the very least this will provide guidance as to future training needs.

Step 5; “Empower” your people. Encourage them to take ownership by participating in establishing the targets and business plans for their area of responsibility. Invest them with defined authorities to achieve the results targeted. Delegate then stand back and give them a free hand, but be ready to provide support.

Step 6; But with empowerment also comes accountability. Establish monthly reporting systems that reflect the areas of responsibility. Set budgets and key performance indicators and measures. Establish management reporting review protocols and formally meet, discuss and refine.

Organisational structures are personal to each business; there is no one size to fit all. Whichever way you go, it must be something that works for you and your people. Nevertheless the above steps are equally relevant to most businesses.

Cheers

**Cam Charlton – Director**  
**KLEINHARDT**  
BUSINESS CONSULTANTS  
**cam@kleinhardt.com.au**