

EMyth

Your Organizational Strategy Guide

*Creating the framework to grow
toward your vision*



MANAGEMENT

Your Organizational Strategy

Overview

Your organizational strategy is a key system for achieving your Vision. But it only works if you remember this principle: The job description, an unsatisfactory but common alternative, is often a glorified to-do list that is more of an organizational formality than a document which serves a greater purpose.

The present must be made to serve the future. Create your organizational strategy as it will be when you've achieved your Vision, and begin operating from that strategy today.

Organizational Strategy Development Process

Review and reaffirm your Company Vision

Create a draft of your new organization chart

Evaluate, revise, and finalize organization chart

Create and record titles for every position

Write result statements for each position

Determine new position assignments for current employees

Create an initial hiring plan

Organization Chart Development Process

Review and reaffirm your Vision

Free yourself from your current organization chart

Begin with a title and the President's box

Draw a box for each major department

Create each managerial & non-managerial function

Create position titles

Review and revise the organization chart

Check to be sure all business activities are represented

Create your final organization chart



Benefits

Creates a bridge to the future and your Company Vision

Clarifies reporting relationships and how work is organized

Provides clarity and stability for employees

Shows employee growth opportunities

Guides hiring decisions



Your Bridge to the Future

No system you create in your business will more powerfully represent the progress toward your company's Vision than your company's organization chart.

An organization chart is a graphic depiction of your company's organizational strategy. It's your plan for how systems and work need to be structured so that your Vision will one day be realized.

In your organization chart you can plot your future with a few simple, well-placed boxes and lines. You can see a collection of systems working harmoniously with one another and a clear picture of what needs to be done and who is accountable for doing it. The impact of having a well-conceived organizational strategy is felt by everyone in your company. For you: a plan for clear communication of accountabilities, uncompromised by

individual personalities, and a reliable guide for growing your staff and developing your systems companywide. For your employees: the reassurance that comes from clarity, stability, and an honest view of where they stand and what's to come, plus a way to see possible opportunities for their own professional development.

As you work with this process to develop your organizational strategy, you are creating the framework for growing step by step, system by system, and position by position, toward your Vision. It creates a sense of equilibrium and solidity within your business. It links present reality with future vision.

And it supports everyone in your company so they can work together to accomplish what they're committed to do.

Double Vision — not a Malady, but a Necessity

For some people, double vision means headaches. But for those creating an EMyth brand business, double vision takes on a whole new meaning. It's an absolute necessity for anyone committed to building a business that works.

Double vision is your ability to see and make decisions based on two realities at the same time. The first reality is your current situation: your current employees, customers, commitments, and resources.

Your current reality, usually very clear to you, is the focus of most of your time and energy.

The second reality is your dream, your vision, and how your company will look, act, and feel when your Vision is finally realized. Unfortunately, this reality doesn't get its fair share of attention.

If you're like most business owners, you're thinking, "How

can I possibly give it as much attention as my current situation? I have customers that need attention now, employees I have to hire now, bills I have to pay now. These demand my time and attention now."

This pattern of thinking has a predictable result: In five years, ten years, even twenty years, your business will look very much like it does today. How can that be? Because you are doing nothing to make it different.

To make it different, you must cultivate your double vision and operate by its key principle: The present must be made to serve the future. How can you make the present serve the future? Create your organizational strategy as it will be when you've achieved your Vision, and immediately begin aligning your decisions and activities with that strategy. It's that simple.

Whenever double vision is absent, decisions are made

from the standpoint of expediency, a “fix-it” perspective. Inevitably, those decisions address serious organizational issues with temporary solutions. Temporary solutions eventually become outdated and need to be replaced with other measures, which prove to be temporary as well. Practicing double vision allows your decisions to serve both short-term needs and long-term, strategic growth.

Organizing around Personalities: Don't Do It

As you begin building your organizational strategy, you must organize your business around business activities, not around specific individuals. People come and go. When they go, parts of your business go with them — if your business is people-dependent rather than systems-dependent. If your business is systems-based, you can easily replace people with other qualified people, teach them your systems, and not miss a beat.

Consider a typical example that demonstrates how easy it is to become people-dependent, and the consequences of it:

Your secretary used to do home-based computer graphics in her spare time, and she's quite good. She's just offered to write your company's newsletter, which you've been wanting to get off the ground for some time now. Your marketing department doesn't have the time or staff to do it. Wouldn't it be foolish to miss this opportunity to make use of her additional skill?

Before jumping to conclusions, think about what you'd actually be doing. You'd be creating a special position, a combination secretary/newsletter-production person, necessitating an ad hoc organizational strategy. The result would be the development of a unique employee who could not be duplicated. When your secretary left

the department, for whatever reason (promotion, resignation, vacation, illness) you'd have to reorganize the department or the company to reallocate the work. In the meantime, what are your other secretaries thinking about the special privileges accorded one of their peers? What does the marketing department think about assigning their accountability to someone else? What seemed like a prudent idea on the surface could actually be a costly, time-consuming and de-motivating move. What's more, if your company habitually builds jobs around specific individuals, as in this example, you cannot move beyond people dependency and you will sabotage your Vision.

The systems-based approach does not put your company at such risk. If there's a position on your organization chart for a newsletter production person that's currently unfilled, your secretary, if qualified, could fill that position part-time and her secretary position part time. In this way, your organizational strategy is preserved and your need for newsletter production is filled until someone is hired to fill that role full time. If your secretary meets all the requirements of the full-time position, she might fill that role, or it might go to someone else. All the parties must be clear at the outset about what the accountabilities are and what the future prospects may be.

Another Example of Why You Need an Organization Chart

"My business is so small right now. I think I'll wait to create my organization chart until my business has grown and I really need it." If this line of thinking seems reasonable to you, consider this typical condition in a small business, resulting from the absence of an organizational strategy:

The founder of a company has a dream to become an international company, selling products to countries all over the world. Soon after the company begins operations, the founder realizes that a "financial type" person is needed. After screening a number of candidates, the field is narrowed to two finalists. One of them is an expert in large-company and international finance who has demonstrated both an eagerness and capability for management, but is only an average accountant. The other is a superior accountant who has no desire to be a manager and could be hired at a lower salary.

The founder decides to hire the second candidate. Since the company suffers from a lack of sufficient manpower, as most small companies do, the new person's accounting skills are sorely needed. Believing that the finance problem has been resolved, the founder is oblivious to the fact that disaster is brewing.

Some months later the company achieves its goal of selling internationally. It has become apparent that the accountant isn't able to handle the pressure or accountabilities of international finance. Moreover, the finance department is being managed by someone who never wanted to be a manager in the first place. The founder

now feels ready to bring in a senior financial manager. But the accountant is furious that he has to accept someone new as his superior.

Predictably, the accountant resigns, leaving the new Vice President of Finance with a serious deficiency in the group at the very beginning of tenure. Months of precious time are wasted as the new manager rebuilds the department. Plus, an otherwise valuable employee has been lost.

How could this have been prevented? The owner's false step occurred at the beginning when he hired the accountant without having an organizational strategy in place. If he'd had one, he would have seen two better options:

1. hire the "heavier" candidate to fill the position of Vice President, Finance, or
2. hire the accountant as an accountant, with the understanding that other people would be hired in superior positions as the company grew.

In this example, because the owner was operating without a plan, neither option was pursued. Instead, the accountant was hired and treated as the company's senior financial officer, the de facto Vice President, Finance. Later, when the actual Vice President was hired, the accountant felt compelled to resign. This chain of problems resulted from the lack of a clearly defined organizational strategy.

Work Groupings That Make Sense

As you translate your business systems into an organizational strategy, some guidelines will help you. The task at hand is to divide the largest functions of your business into smaller, more manageable subsystems and then organize those subsystems into work groupings that can be performed by real people. The guiding principle for this task, called “uniformity of work,” has three standards that, if met, tells you that your proposed work groupings are sound.

► Standard 1

The primary work activities of the position require the same skill category as others in the work group.

Skill category refers to the general type of skills and knowledge inherent in the work. For example, people in your accounting department must have number skills and technical knowledge about accounting and business finance. The essential skill category in your marketing department would center around communication skills and understanding consumer attitudes and behavior.

► Standard 2

The primary work activities of the position require the same skill level as others in the work group.

Skill level refers to the general degree of sophistication or proficiency inherent in the work. Experience, judgment, decision-making, and abstract thinking are components of skill level. Accordingly, a salesperson and a sales manager would be at different skill levels, although in the same skill category.

► Standard 3

The labor pool contains enough people who are qualified to perform the work activities of the position.

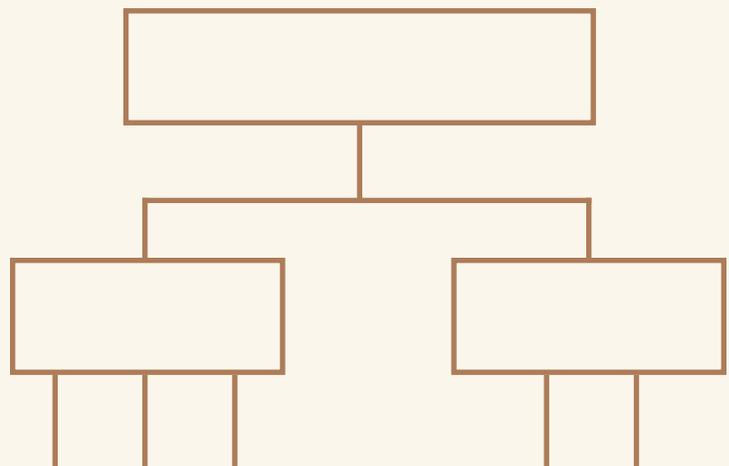
This standard acts as a reality check for the first two. It won't help you to establish positions with uniform skill categories and levels, only to find that there are too few qualified candidates to fill them.

A Simple Arrangement of Boxes and Lines

As we mentioned earlier, the most commonly used and accepted representation of a company's organizational strategy is the organization chart. An organization chart uses the following standard conventions:

- Boxes to represent managerial positions. By definition, a managerial position is one that has positions reporting to it.
- Straight, vertical lines to represent non-managerial positions.
- Connecting lines to link boxes to one another, which show reporting relationships between managers.

Remember: *positions*, not people



How Many Positions Can One Manager Manage?

No one answer fits every company in every situation, but here are two simple guidelines you can follow:

1. The more diverse the reporting position functions, the fewer reporting positions a manager should have.
2. The farther down the organization chart you go, the more positions one can manage. This is because work becomes more and more uniform as you move down the organization.

In general, work groupings in your company should range from four to six at the highest levels (one manager and three to five reporting positions), to about seven or eight (one manager and six or seven reporting employees) at the lowest levels.

Consider two other important guidelines regarding management in your company:

1. No position should ever report to more than one other position. In other words, a person can have only one manager.

This is critical for the sake of all parties involved. For the employee, having more than one manager introduces the potential for confusion and unnecessary juggling of work priorities. This is a recipe for stress and unsatisfactory work results. For the managers involved, fighting for one employee's time is not ideal, either.

At times, one of your employees may occupy two positions, which report to different managers. Such conflicts should be avoided if possible, but when they do occur, you should specify one of the managers as primary manager to take on most of the managerial accountabilities for that employee. The secondary manager should coordinate matters of work and time commitments through the primary manager.

2. Avoid superfluous or redundant management.

This occurs when a person manages only one other manager. If you find this condition on your organization chart, one of the two positions is usually unnecessary. You are incurring excessive personnel costs by allowing it to continue.

Who's Accountable for Systems Development?

As you create the organizational structure for each department, pay attention to the question, *"Who will be accountable for making sure the necessary systems are in place and revised periodically to meet the ever-changing needs of our company?"*

Most positions in your business will be accountable for operating the various systems. But systems development cannot always be dependent on you. So, as you build your organization chart department by department, be sure to identify which positions are accountable for systems development. Here are three effective options, which you can use singly or in combination:

1. The first option is to hold managers accountable for systems development within their own departments, with help from their reporting employees.
2. The second option is to create specific positions, either managerial or non-managerial, with explicit accountability for systems development: Vice President of Branch Systems Development, Manager of Sales Process Development, Manager of Financial Systems Development and Systems Development Associate are just a few of the many examples of how this function may appear on your organization chart.

3. The third option is to have one position (or one department) accountable for systems development throughout your company. This position may do the actual development, may coordinate and assist others in the development, or a combination of both.

Each of these options can be implemented effectively in any type of company. Keep in mind that when people are

accountable for both systems development (changing for the future) and systems implementation (taking care of today), they typically gravitate toward taking care of today; preparing for the future doesn't happen. This is why it's vital that you view the role of ongoing systems development as an integral part of your organizational strategy from its very inception.

A Few Words about Position Titles

Every position, and therefore every employee in your company, should have a title that describes the defining characteristic of the position. Create a title that the employee can take pride in. Position titles should be simple, brief, meaningful, descriptive, and respectful. Titles should also be appropriate to the level of responsibility involved. Do not custom tailor a title for a specific employee (but do consider employee suggestions).

Managerial titles, such as Vice President, Director, and Manager, are typically followed by the department name, such as Marketing, Customer Relations, Finance, etc. Non-managerial position titles tend to be more specific and descriptive of the actual work performed, such as Bookkeeper, Payroll and Benefits Associate, Plumber, and Computer Programmer.

Here is one model for the progression of position titles:

President

Vice President

Director

Manager

Associate

Building Your Organization Chart

Now we've come to the fun part. Developing your organization chart is a creative process, but it can be challenging. Prepare yourself to make several attempts before you're satisfied. Have a stack of blank paper (so you can experiment with different organizational views), a couple of sharpened pencils, and an eraser. If you have a computer program that does organization charts, you can use that instead. Also, have your Vision and the sample organization chart in this process nearby for reference.

1

Review and reaffirm your Company Vision.

Is it still your vision? Revise it if necessary. This helps you clearly picture the future of your business. Remember your double vision.

2

Free yourself from your current organization chart.

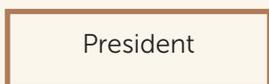
If you already have an organization chart, tear it up. You need to feel absolutely free and unencumbered as you begin to create something new, your clarified vision.

3

Begin with a title and the president's box.

Take a blank sheet of paper and at the top write: The Organization Chart of *(your company's name)*. Slightly below and centered, draw a box and in it write "President."

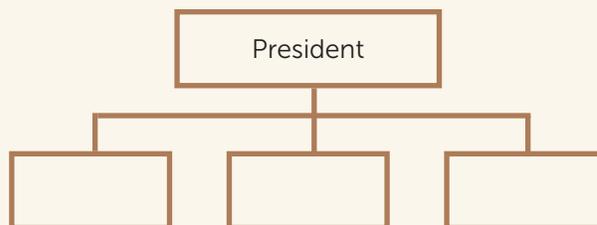
The Organization Chart of _____



4

Draw a box for each of the major departments

that you want to represent at the next level of your organization. Use the Seven Dynamics, your business systems strategy, and the organization chart template in this process to guide you. There are typically from two to five boxes at this level. If you have more than five, consider creating an intermediate reporting level.



5

Create each managerial and non-managerial function.

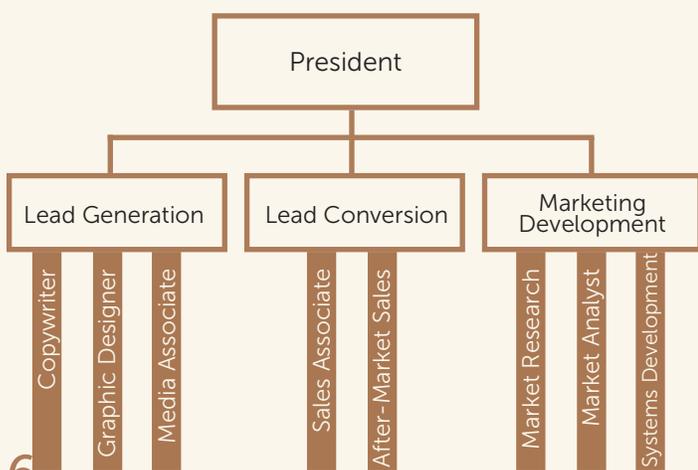
Go department by department and draw boxes that represent work groupings to accomplish each result needed. First, identify *functions*, then the number of full or part-time positions needed to realize your vision. Again, use your business systems strategy to guide you. When you've drawn the boxes that represent the narrowest scope of work you want, identify the positions that do the tactical work inherent in that area, then draw vertical lines to represent those non-managerial positions.

The examples in this process are purposely detailed, to illustrate the development of a specific area of your organization chart. But it's not unrealistic. If you catch yourself saying, "We only have five people in this business," or "This organization chart with all those boxes and lines doesn't make any sense," stop yourself and do a reality check:

- ▶ Remember, the organization chart isn't supposed to look like your business today. It's supposed to look like the business you want when you've achieved your Vision. How many producers in lead conversion and client fulfillment are needed

to create the revenue target in your Vision? At "full capacity" how much can one "producer" produce?

- ▶ Once you have made your initial diagram, you may simplify to suit the needs of your business. Using guidelines for how many managers to non-managers, determine depth and breadth of your organizational chart. Carefully omit superfluous middle management positions. Omit field operations entirely, if your vision does not include other locations.



6 Create position titles.

Convert each function or activity name to a position title. In the above example, Marketing Development will become Vice President, Marketing. Market Research will become Manager, Market Research, and so on. You may have done this already as you went along; if so, review your position titles for appropriateness and consistency.

Organization Chart Development Process

Review and reaffirm your Company Vision



Free Yourself from your current organization chart



Begin with a title and the President's box



Draw a box for each major department



Create each managerial & non-managerial function



Create position titles



Review and revise the organization chart



Check to be sure all business activities are represented



Create your final organization chart

7

Review and revise the organization chart.

Evaluate what you've done. Are you satisfied? Does it reflect all the work groupings you need? Does it organize them in a way that makes sense? Does it look like what you want it to become? Try different versions until you feel satisfied. But recognize that looking at your business in a bigger, more future-oriented way may feel unnatural or uncomfortable at first. Stick with it.

8

Check to be sure all the business activities you need are captured somewhere in your chart,

even though they may not be explicitly named.

In the marketing department example, a newsletter-production system isn't named on the chart, but it could be part of Lead Generation.

9

Create the final version of your organization chart.

Keep it nearby and look at it often. Don't put it out for general distribution to all of your employees just yet.

The Result Statement Listing

Your organization chart is now complete, but your organizational strategy is not finished until you've clearly defined the desired result of each position on it. The position titles may give you a clue, but it's critical that you and all your employees know the overall results for which they and others are accountable. Result statements offer a clear definition so that position titles become more than a label.

The result statement of a position answers the questions: Why does this position exist? In this position, what do I want to have happen, and why? How does the company benefit by having this position? What role does the position play in moving the company toward its Vision? Use the sample result statements in the worksheets section or create your own results listing.

Well-designed result statements let your employees know exactly how their work helps move the company toward the Vision. When your managerial approach reinforces this message, the benefits to you and your employees can be enormous. You may see a huge difference in employee enthusiasm and job satisfaction. Which in turn,

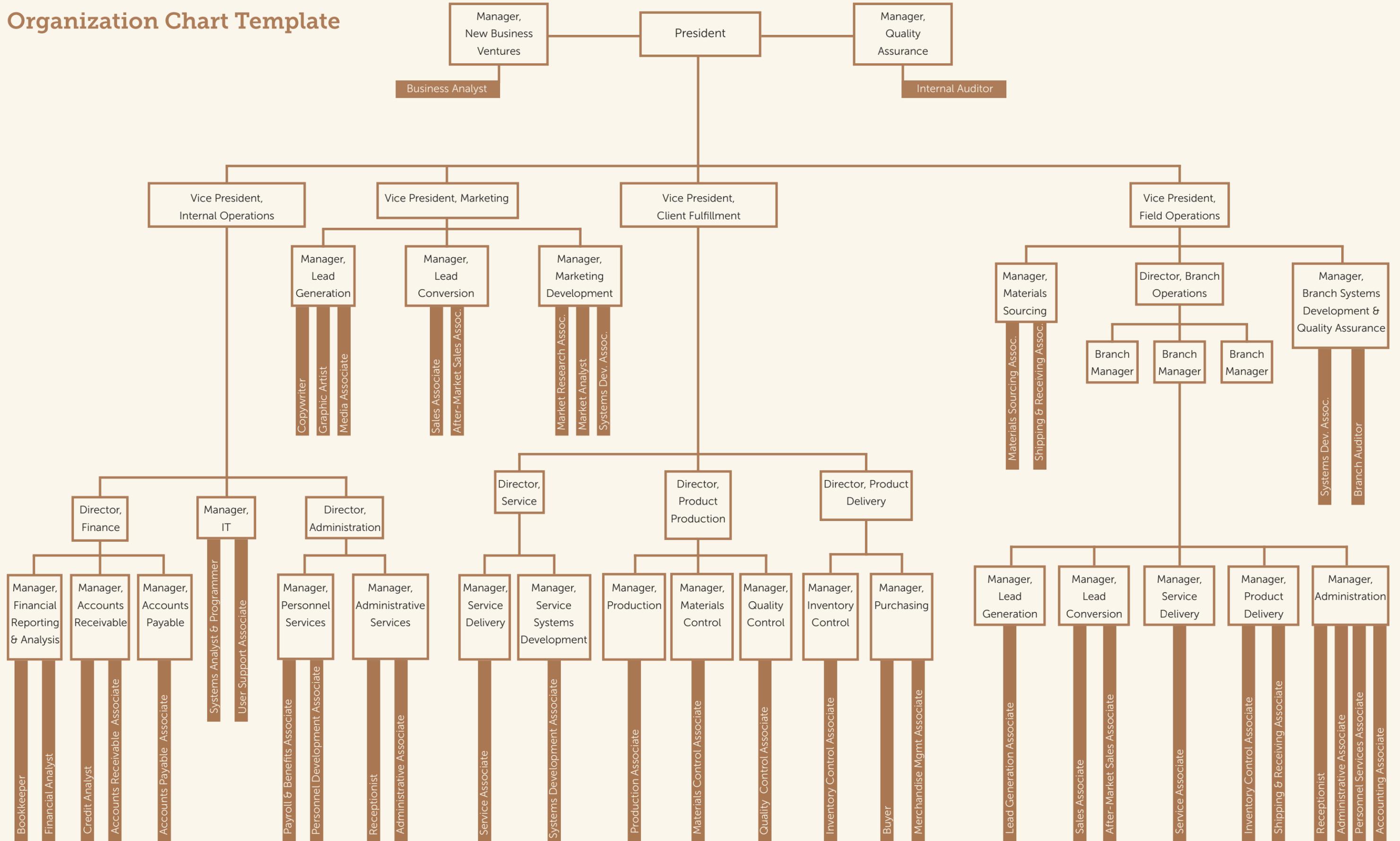
boosts productivity. Helping employees to understand the greater purpose behind their day-to-day tactical work inspires them to be fully committed players of your game. These kinds of committed players are not only more productive, but more likely to challenge themselves to reach their fullest potential, and to take on leadership qualities.

How can you be paying employees to do particular jobs if you don't know what overall results you want? Where is the money going? For what?

The result statement of a position gives the position its direction, its goal. In the Marketing, and Sales areas of your business, the result usually centers around acquiring or obtaining clients for your company. In the Delivery area, the result is usually about retaining clients. And in Internal Operations areas, such as Finance, Information Technology, and Administration, the result is often to provide staff support to other departments so that acquiring and retaining clients can happen.

Using your organization chart, list every position — managerial and non-managerial — starting with the president.

Organization Chart Template



Work down level by level through each department. Next to each position title, write its result statement. Result statements are generally one to two sentences long. Avoid listing the work of the position in the result statement. Ask yourself: What do I want to have happen, and

why? Then write this as the result statement, starting with why you want it to happen. Here are some examples to illustrate:

Position Title	1st Attempt: "try again"	2nd Attempt: "much better"
Vice President, Marketing	To oversee the development and implementation of all company marketing and sales programs.	To acquire long-term, quality clients for the company through development and implementation of all company sales and marketing programs.
Salesperson	To make sales presentations, follow up with interested prospects, close sales, and complete sales documentation.	To acquire long-term, quality clients for the company by converting leads into sales, through the execution of our orchestrated sales process.
Receptionist	To answer the telephone, greet clients, and transmit messages in a professional manner.	To assist in acquiring and retaining clients for the company by facilitating communication with all people who contact us, in accordance with our sensory package.

Can you see the difference in this example between the first attempt, which focuses almost exclusively on the actual work of the position, and the second, which starts with the end result of the position, thereby adding meaning and purpose?

Watch out for the tendency, especially with non-managerial positions, to list the work or tasks of the position in the result statement. (See the Salesperson and Receptionist examples above).

This part of your organizational strategy development takes focus, attention, and effort. Your first few attempts may feel awkward, but your work will be well worth the effort. You will begin to see clearly, probably for the first time, the true result that each position needs to produce. It's a necessary step toward delivering accountability through your employees.

Using Your Organizational Strategy to Make the Future Happen

Whenever you're engaged in this grand game of business development, keep these questions running through your mind: "Where am I now, where do I want to be, and how do I get there from here?"

With your organization chart and result statements, you've outlined a wide-ranging plan for the future, for where you want to be. But how can you use it now to get from where you are to your future vision?

Make a list of each of your current employees and their position titles. Then, considering each employee in light of your new organization chart and their individual strengths, weaknesses and career aspirations, write down your comments concerning what position they should hold in the new organizational strategy. Determine if people are being utilized appropriately. Is someone in too many positions? Is someone in a position that is too diverse in terms of skill level or skill category? Is anyone doing work that's not reflected on the organization chart? Is a full-time employee occupying a part-time position? Is someone in a position they are not qualified for? The answers to these questions guide your thinking about your employees and their relationship to the newly defined positions.

Make another copy of your organization chart and write your employees' names (in pencil) in the boxes or next to the lines indicating their new positions — that is, where

you want them to be now or in the very near future. Move people around until you've found the best fits. Then complete the Listing of Employee Position Reassignment worksheet to document each employee's new position and any comments regarding it, such as: "significant change in accountability," "new manager," "new reporting employees," "change in compensation."

Using this latest version of your organization chart, you now want to determine your future hiring needs, both short-term and longer-term. Do you need to fill vacant positions or ones occupied by unqualified people? In which positions that you occupy would you like to replace yourself? Where do you need to replace others? Using the Hiring Plan worksheet, create a list of positions and the time frame or due date by which you'd like to hire someone for each. Then, rewrite the list, ordering the positions by desired hire date, from earliest to latest.

Now you have an organizational strategy that tells you where you are, where you want to be, and what you have to do to get there. If you follow your plan, you will.

A Final Word about the Hierarchical Organization Chart

From time to time, management and organizational development “gurus” will strongly criticize the traditional hierarchical organizational structure, like the model we’ve discussed in this process. They suggest that the “flat” organizational structure, or even no organizational structure, is preferable. More freedom, more fluidity, more responsiveness to change, more creativity — these are some of the presumed benefits to be derived from ousting the hierarchical approach.

Freedom, creativity, and responsiveness should indeed be encouraged, but blaming an organizational structure for their absence is like blaming the stove when your meal tastes bad.

The organizational ills prevalent throughout business today are not the result of hierarchical organizational strategies. They are the result of pervasive mismanagement. They are the result of managers who use the structure to control, coerce, manipulate, and demean.

As we set forth the fundamentals of EMyth Management for you throughout this track, you will see that this is a management model in which people seek what’s true and strive to manifest an idea, the idea around which the business is built. When people come together, for themselves, for the idea, and for the possibilities of what can happen when they work together, this hierarchical model is perfectly suited to be the framework within which your business can grow and thrive. It provides the baseline for accountability and responsibility in your company. Without it, chaos prevails.