

Hello and welcome to Module 8 Lesson 3: The New Organizational Chart.

As we've mentioned in previous lessons, the team that got you here isn't necessarily the team to get you there. So there been your BHAG or even your mid or short term goals as we evolve and as a business. Especially if we're expecting to scale, it's important to keep in mind that you might have the perfect team today, but that's not necessarily the perfect team for tomorrow.

So what we recommend is putting together two organizational charts. One looks at now and one looks at where you're going, not necessarily your BHAG. There's no way to know that yet. But if you think about where you want to be in the next 6 to 12 months, building out the chart based on what you're going to need to be available to do at that point is very helpful when planning next hires or vertical moves.

Don't pay attention to the text inside of these. This is more just to demonstrate the structure of what I typically see in an organizational chart. So first of all, many of the operational business operation systems recommend having somebody here. Typically this is like CEO and then this here is the C-suite, right?

And everyone reports up to the CEO. But ideally the CEO really wouldn't have to have a lot of people reporting to them. The CEO, founder, whatever that person that's setting the vision would just have a second-in-command and the rest of the C-suite would report to the second-in-command. Ideally, the CEO or founder would be able to focus on the job of strategic relationships, mergers and acquisitions, knowing what the latest is in the marketplace in your industry. Those sorts of things. And ultimately coming up with the vision for the organization rather than managing the C-suite. So then you have the CEO or president here, and that person manages the C-suite.

So. Here we have 7-8 different roles reporting up to this individual. I would recommend no more than 7 and even 7 is quite a bit. This chart also has several dotted lines which just causes confusion. So ideally each role would only report to one individual rather than being accountable to many. In that situation, it causes all sorts of problems like from being able to just essentially not do their job to being overwhelmed with all the people telling them what to do, right?

They need to be accountable to one person and that one person should be responsible for making sure that they are. They'll do the People Analyzer with them which I will get to in a couple of slides, but essentially there should just be that one-on-one relationship.

If you look here, we have maybe 13 reporting up to this person here. Certainly not ideal. And then there's this index, right? If your organizational chart is so complicated that you need an index, then it might be time to rethink your org chart.

Here's an example of how you would develop your org chart now and one year from now or six months, or whatever you determine to be the appropriate amount of time.

So notice here we have this visionary CEO/founder role. Then we have the COO/president/second-in-command reporting directly to them. And then they have their direct reports here. This is your leadership team. So anytime we refer to the leadership team throughout this course, this is who we mean. We mean this person, this person, and these direct reports going up to the COO or president.

Now, as you build this out, ideally we'll be looking at function before individual but for the now part, it's reality of what there currently is. So you'll want to build the chart so that you have the actual individual in the role. You may not have someone in this role yet. Or they might be here. And then this person is in line here. Build it as it actually is but do the best you can to simplify it.

So if you have a lot of people reporting to one individual, this might be a good time to consider changing that, either adding a layer or having some vertical moves. For example, if you have 27 people on your customer service team reporting up to one individual, consider having a supervisor or a team lead. A layer in there or two of them so that those people are ultimately reporting up.

But as you look out to 6 - 12 months, think about what the functions need to be. Don't think at all about who's on your team right now. Just think about what that chart will need to look like in order to get you to the goals – your three year goals or even your one year goals. What the roles that you need to have on the chart in order to start working towards that BHAG?

And start by listing out the function. So function, for example would be CEO, COO, CTO, CMO, etc. And then, down from there once you have the function, then you can enter the name either that is currently there if you think that they're a good fit. If you know who you'd like to put in that role, you could enter that name or you can just leave it blank.

Now it's important to also list the roles. You can see better on here and we have role, role, role. So this is basically what is this individual accountable for. So, for example, the CEO would be accountable to those strategic relationships, to marketplace analysis, possibly, or to mergers and acquisitions. Those sort of high level setting the vision type of thing.

COO would be responsible for managing the C-suite, interdepartmental communications, developing processes. These sorts of things. So those would be sort of the line items that you would put under roles. Try not to make it too long. Just hit the high notes and then you can start to think about how to make the transition from the now to the the future.

I would recommend not making too many significant moves at once, especially in the leadership team. No more than one change to staffing per six months, ideally, and have just one person per seat. So sometimes you'll have a couple of people sharing a function. This is really not ideal. You should have one person accountable.

Likewise, you might have one person in multiple seats. Building this out and determining if you were to make this your chart today, who do you have that could fill these seats? Often you will find that you will have one person in 4 or 5 seats. And the reality is, if they could do those, they probably are to some degree doing all of those jobs now. And it's important to recognize that those individuals probably need some support. They're probably putting in a lot more effort and you're not getting there 100% because they've got 20 over here and 10 over here and they're very scattered.

Once you've identified what your org chart looks like now, or what it ideally will look like if you're going to simplify it and clean it up a bit, then you want to get out your People Analyzer. So the People Analyzer is something that we borrowed from the Entrepreneurial Operating System again. This is used both to evaluate whether a person is the right individual for the role and to determine if they're sort of remaining the right person. So this is a great tool for quarterly reviews, but for now we'll just talk about using them to identify where a person belongs on your organizational chart or even if they do at all.

So at the top, you have your core values. And these, of course, will vary per organization. You have whatever your core values are that you determined in the core value lesson. And then everyone will have the GWC, the Get It, Want It, has the Capacity To Do It. If you don't remember the reading on that, be sure to look at that.

Now everyone should have yes-es in every column of GWC. This down here at the bottom, this is the bar. So this is what everyone is expected to meet in order to be an employee within your organization. It doesn't have to be this. It can be however you want it to be. The yes-es are absolute. The pluses are like the person exemplifies that core value fully. A minus would be they don't at all. And notice there are no minuses. There should be no minuses on your People Analyzer. The plus/minus is like, "Yeah, you know, they kind of do." Maybe they're sort of 50/50 and it's up to you to decide how many plus/minuses you want to allow. And I would say if you have five core values, I wouldn't do any more than two plus/minuses.

Acknowledging that it's not specific to any particular core value. So let's say, for example, this core value was, I don't know, promptness. It's kind of a lame core value, but let's just say that was it. We're not saying that specifically we're allowing for people to sometimes be prompt and the other ones are absolute. What we're saying is they can have any four core values that are absolute. That they live that 100% of the time. And they might be. It's like a so-so on one core value.

So this is the bar that people should meet. And if you don't think that they meet this for the particular role on the organizational chart that you're considering them for, then reevaluate, especially under the core values.

If they don't meet your core value expectations, they might not be a good fit for the organization at all. If they don't meet GWC. Then they might be great for your organization, just not good for the role. Now, you might want to consider using this as sort of a 360 review type of thing where you have the entire leadership team or the C-suite together. And they can use this to evaluate each other as well.

So, thank you so much. Again, here's our information, if you have questions. I will see you in the next lesson.