

Organizing People To Get Stuff Done



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Thank you and enjoy.

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Agenda



- ▶ **Introduction**
- ▶ **The fundamentals of organizing companies**
- ▶ **An organizational model**
- ▶ **Putting organizational improvements in place**
- ▶ **Summary**

Flexibility Is The Core Advantage of Start Ups



- ▶ Fundamental differentiator of a start up: Flexibility
- ▶ Flexibility provides several advantages:
 - Re-allocate resources relatively easily
 - The downside impact of changing directions is small (often nothing more than egos)
- ▶ Flexibility does not mean:
 - Lack of clarity or focus
 - Lack of planning or measurement
 - Lack of structure or organization
- ▶ Bottom line: Flexibility means start ups can turn on a dime

Is There a Perfect Organizational Structure?



- ▶ There is absolutely NOT a best organizational structure – it varies widely for each particular company
- ▶ Issues to consider when designing organizational structure
 - Leadership Style & Corporate Culture
 - Risk Profile of owners
 - Product delivery requirements: Execution vs. Innovation
 - Expected growth rate

Issues to Consider for Organizational Structure



- ▶ **Leadership Style & Corporate Culture**
 - Is the business run by a sales/marketing type or a product person?
 - Is the culture youthful and frenetic or mature and process-driven?
- ▶ **Risk Profile of owners**
 - Are owners/investors looking for home run or manageable growth?
- ▶ **Product delivery requirements: Execution vs. Innovation**
 - Innovation requires expertise-driven leadership; execution requires business experience in leadership roles.
- ▶ **Expected growth rate**

<u>High Growth</u>	<u>Low Growth</u>
Leadership	Management
Decentralized	Centralized
Autonomy	Controls

Organizational Theory – Core Model



Leadership Role

- ▶ CEO or Chairman or President
- ▶ Strategy, vision, sales, recruiting, raising money - overall resource acquisition

Administration Roles

- ▶ CFO, CAO, VP Finance
- ▶ Risk management, controls, budgets and planning

Operation Roles

- ▶ COO, President, SVP Ops, GM
- ▶ Day to day management, resource allocation, goal achievement

Characteristics of Solid Organization



Focus

- Allows better allocation of scarce resources
- Creates clarity of purpose and priority for everyone on the team
- Start by determining the “To NOT Do” list

Discipline

- Stick to the path and the process that was planned
- Ask the hard questions often
- Don’t let boredom, fatigue or hectic schedules prevent doing it right every time

Visibility

- Visibility makes creating accountability much easier – the status of everything is clear
- Forces managers to define what is worth watching and measuring

Putting Organizational Improvements In Place...



There are several, related issues to consider...

- ▶ **Planning**
- ▶ **People**
- ▶ **Processes and Systems**
- ▶ **Performance Management**
- ▶ **Reporting and Controls**



Planning



“In preparing for battle I have always found that plans are useless, but planning is indispensable.” - Dwight D. Eisenhower

“Planning is an unnatural process; it is much more fun to do something. The nicest thing about not planning is that failure comes as a complete surprise, rather than being preceded by a period of worry and depression.”

- Sir John Harvey-Jones

Planning is the foundation of a well organized company. Planning encompasses goal setting, budgeting, MBO's and product timelines.

Planning



Tips

- ▶ Start with an annual plan and work it into monthly targets. Never recast but instead differentiate between forecast and budget. The power of a budget/plan is that you have something to compare against when things go off track, good or bad.
- ▶ Remember, companies win 1 of 3 ways: low price, best service, innovative offering. Pick one and focus on it.

People



“Organization doesn't really accomplish anything. Plans don't accomplish anything, either. Theories of management don't much matter. Endeavors succeed or fail because of the people involved. Only by attracting the best people will you accomplish great deeds. In a brain-based economy, your best assets are people.” - Collin Powell

Organizing people requires having the right people, not just the right roles. One of the toughest business challenges is determining if a manager is failing because of the person or because of the role.



Tips

- ▶ The best “Experts” generally make lousy managers. Don’t assume your best programmer or sales person should run the department.
- ▶ Build a model of the ideal organization and see where the current team members fit. You’ll learn a lot by analyzing the people left over.
- ▶ Start ups must strike a balance between the available people and the needed roles.

Processes and Systems



“If you can't describe what you are doing as a process, you don't know what you're doing.” - W Edwards Deming

Organization and processes are inseparable – they each support the other. Processes and systems are the framework that lets organizational structures deliver results.

Processes and Systems



Tips

- ▶ **Don't over design processes.** In nearly every situation, most of what actually gets done in a process is implicit and relies on trust and communication between participants.
- ▶ **Computer systems are rarely the solution for managing processes.** Start with Excel, paper forms or even 3x5 cards. Only after the process works should you consider locking it into an IT-run business system.

Performance Management



“People don’t do what you expect, they do what you inspect.” - Bob Hayes,
Harvard Business School

Organizing people, even the right people, is not enough. People need to be achieving their objectives and fulfilling their roles with the right deliverables and behavior.



Tips

- ▶ **Avoid step-wise incentives, people will do the wrong things to hit their next plateau.**
- ▶ **Some companies look purely at measurable goals; some at purely subjective goals. The truth is that both are required.**
- ▶ **Be careful what you reward people for, they might just achieve it (to the exclusion of other important but implicit things).**

Reporting and Controls



“The best organizational control is not control of people, but control of events, outcomes and products.” - General Bill Creech author of “The Five Pillars of TQM”

If the plan is the roadmap, and processes and systems are the car, then reporting and controls are the compass, speedometer and gas gauge. The single best way to create an “accountable” organization is through openness and visibility – this way everyone becomes a manager.



Tips

- ▶ **Create a weekly or monthly operational flash report and share it with key managers. Assume the format will constantly change.**
- ▶ **Financial reports are always important; however, most start ups have other important metrics they need to focus on as well – sales pipeline, customer support count, product problems, etc.**
- ▶ **Micromanagement is often seen as tight control. Nothing could be further from the truth. Control is about outcomes, not tasks.**

Summary



- ▶ Start ups are about flexibility
- ▶ There is no “best” organizational structure. Organization should reflect the company’s growth, size, culture and offerings.
- ▶ Structure is just a part. Planning, people, systems, etc, are inseparable from organization.
- ▶ Success is not about getting the organization right and stepping back. It is about dealing with an endless barrage of unexpected circumstances and surprises. The best organizations are designed to deal with this.

Thank You



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