



Practically Speaking

Organizational Structure Playbook:
Designing a successful workforce
in today's world

Why organizational structure plays an essential role in achieving your goals

The economic landscape is constantly evolving, and it is essential to optimize your workforce to deliver successful outcomes in an uncertain environment. The right organizational structure can help you increase workplace satisfaction, improve employee retention, and manage your workforce effectively to reach your strategic goals.

This becomes even more important during the current labour shortage, when many Canadian leaders are struggling to recruit and retain talent. Results from Statistics Canada's Analysis on Labour Challenges in Canada in the second quarter of 2023 revealed that:

- Over 30 percent of businesses expect shortage of labour to be a challenge,
- Thirty-six percent of businesses expect to encounter obstacles in recruiting skilled labour, and
- More than a quarter of businesses expect to face challenges in retaining skilled labour over the next three months.

You understand the importance of an effective organizational structure — and you may be wondering where you can lead change within your own organization to increase retention and improve productivity. Our advisors have noted similar concerns through our discussions with clients in both the private and public sectors. This guide was developed to provide you with some practical approaches to assess your organizational structure and optimize your workforce to achieve your objectives.

It is essential to ensure that employees understand your organization's goals and how their role supports the achievement of those goals. Additionally, optimizing span of control, understanding the expectations of your workforce, and exercising thoughtful leadership all play a vital role in strengthening and stabilizing your staff.

However, it is crucial to remember that change begins with your leadership team — and you must take an active role in supporting changes to your organizational structure to secure your success. Examining the following four key areas can help you identify where you can adjust your organizational framework, manage today's workforce more effectively, and ensure your organization continues to thrive in the future.



Know your organizational strategy and goals

According to Harvard Business Review, research suggests that only 10 percent of organizations are successful at aligning their strategy with their organizational design. This may lead to a misaligned organizational structure that limits the organization's ability to manage its workforce effectively, adapt to new challenges, or work together productively.

It is essential to keep your strategic objectives and service delivery model at the forefront of your mind as you assess your organizational structure. This will help you identify the skills, resources, and capacity your workforce needs to achieve success both today and tomorrow.

During your assessment, ask yourself the following questions:

- **What is our strategy and direction?** These may include corporate vision, objectives to be achieved, and strategic goals to advance the organization.
- **What skills will my workforce need to achieve those goals?** For example, your workforce may require training to use new technology effectively or you may need to recruit employees with different skills to manage a new service line.
- **Is my workforce aware of how they contribute to achieving the strategic objectives of the organization?** Every role is purposeful and constructed to support the strategic direction of the organization. It is critical to ensure that each member of your organization is aware of its strategic goals and how their role contributes to the achievement of those objectives.

These questions will enable you to take a proactive approach toward workforce planning. This allows you to identify potential deficiencies and fill gaps in your structure before the need for those skills becomes urgent.



Ensure an optimal span of control

Managing your workforce effectively also requires you to optimize span of control — or the maximum number of direct reports a manager can supervise effectively within your organization. Existing spans of control may become less effective as your organization continues to grow. High-performing managers may be given more direct reports than they can supervise, or resources may be allocated inefficiently.

Leaders who do not adjust span of control to account for organizational growth risk management burnout and decreased staff oversight and productivity. It is important to reassess your span of control frequently to ensure you have the right framework in place to support your workforce.

These are several examples of questions to ask yourself as you evaluate your span of control:

- **Where are your organizational leaders spending most of their time?** If your leadership team is spending a large amount of time in operations and reacting to tactical issues, it may indicate an ineffective span of control.
- **Are there any common issues reoccurring that may indicate inefficiencies?** Decreased productivity, lack of direction and oversight, breakdowns in communication, or overwhelmed managers may indicate that a span of control is not efficient.
- **Does your leadership team have the capacity to address these systematic problems?** Your leadership team needs time, resources, and the ability to recognize that there may be systematic problems with your organization's span of control.

It is important to note that span of control may vary based on your organization's industry or the services you deliver. For example, many public sector organizations are bound by collective agreements that mandate maximum spans of control. Conversely, organizations in the private sector may favour broad spans of control to support a flat structure and an agile work environment.

Answering the above questions can help you identify spans of control that may no longer be effective — no matter which sector or industry your organization operates in. This is the first step toward determining whether you are facing a people, process, structure, or technology problem.



Understand your workforce

Much has been written about solving the people puzzle — or identifying how to recruit and retain skilled employees within an organization. The need to solve this puzzle is becoming increasingly important during the current labour shortage.

A survey from Business Development Bank of Canada (BDC) revealed that 52 percent of small to medium-sized business are struggling to attract new talent. An additional 48 percent are challenged by a lack of skilled labour within the organization.

It's no longer enough to rely on legacy policies and processes to recruit and retain skilled talent. Traditional engagement surveys may not provide meaningful insights into various groups within your organization. Leaders in both the public and private sectors need to understand the expectations of today's workforce and take an active approach toward addressing the total employee experience.

You can get started by asking yourself these questions:

- **What are the demographics of your current workforce?** Different generations have different expectations for communication, workplace environment, and career progression. Diversity, inclusion, equity, and belonging are also becoming increasingly important to the workplaces of today — and therefore being deliberate about your demographics is critical.
- **How can your organizational structure support the expectations of your workforce?** Potential changes to consider may include professional development courses to support career progression, offering hybrid or flexible work opportunities, or implementing meaningful engagement and communication that boosts morale and culture.

There is no single solution to the people puzzle — however, keeping these questions in mind can help you be responsive to the needs of your workforce and meet employee expectations. It is important to remember to include culture surveys during your assessment, instead of relying solely on engagement reviews.

Culture is *how things get done* in an organization, and is comprised of processes, systems, and behaviours — while engagement measures how an individual feels about their working environment at a point in time. Measuring your culture can help pinpoint root cause factors that impact employee recruitment and retention. These factors may include bureaucracy, poor performance management systems, unclear accountability, or role confusion, which can be addressed to improve the employee experience within your organization.



Implement effective leadership

Both your executive leadership and management teams need to have the right organizational structure in place to lead effectively and empower your employees. According to Gartner, 82 percent of employees say that is important for their organization to value them as a person instead of solely an employee. However, only 45 percent of employees believe their organization views them this way.

To address this challenge, your organizational structure must position those with the ability to resolve conflicts constructively and inspire employee growth and engagement in leadership roles. It must also develop a strong accountability system to support open communication, mitigate disputes, and build a culture of trust within your organization.

The following questions can help you determine if your organizational structure enables effective leadership:

- **What accountability systems are in place in my organization?** Transparent accountability systems can help management relationships between employees and management, resolve conflicts, and increase employee engagement.
- **How would you rate your emotional intelligence as a leader to solve people problems?** Assess your ability to recognize, understand, and manage your own self awareness, sensitivity, and connection to the team on a scale of one to 10.
- **If your self-rating seems low, is there anyone on your leadership team equipped with the emotional intelligence you need?** It is important to ensure you have someone equipped with the emotional intelligence to navigate complex dynamics in a leadership position within your organizational structure.

While managing people may be considered a soft skill, it takes hard work to achieve success. It is essential to ensure your organizational structure supports a culture of trust and positions those with the skills you need in leadership positions to empower your workforce to reach their goals.

Build an organizational structure to support your success

The workplace is rapidly changing, and organizations that adapt to these changes are best positioned to achieve their strategic objectives. Designing your organizational structure with the future in mind and understanding the expectations of your employees can help you manage your workforce effectively. Additionally, optimizing span of control and supporting effective leadership can help ensure your organizational structure sets you and your workforce up to succeed — both today and tomorrow.

If you need support to address the workforce challenges facing your organization today, contact a member of MNP's Consulting Services team. We can provide the insights you need to help you put together the pieces of your people puzzle and achieve organizational success.

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