

# How to Organize Your Business

## Introduction

If you are starting from scratch or the company is in the early stages of growth, it is easy to create a SIMPLE organizational structure. In fact, regardless of size, the goal is to structure the business using the simplest design possible. Let us forever alter how you think about business structure - “how do I remove friction from working in the company so it is easy for people to do the right thing?”

## What You Need to Know

This Executive Summary will cover the 3 Elements of Business Structure:

1. Form Must Equal Function
2. Core Processes are the Essence
3. Being in Charge of What

**1. Form Must Equal Function.** The mistake many businesses, start-ups and existing operations make is they think function first. If you take a traditional view that there must be a Finance, a Sales, a Production function, etc., you will structure by function. Functional Departments do not reflect how work is performed which kills efficiency and quality because tasks must move across silos. In this structure Producing a Product or Delivering a Service will have no SINGLE person responsible for its execution. We offer a different approach – what if you built the core processes that guaranteed the highest quality at lowest cost first and then decide how to structure? Make it Simple.

**2. Core Processes are the Essence.** Starting with the premise of highest quality and lowest cost – identify each process that directly contributes to making and delivering your offer. The goal is to align processes with customers - in Landscaping that means Sales and Project Management. If you build a Sales process, you should include Marketing and Service because it is one long process of managing the customer's expectations, experience, and preparing the ground for future sales. Align Processes with Customers.

**3. Being in Charge of What.** There are simple rules if violated will create friction in the system – distractions that keep from running it efficiently. First everybody has just one boss. Second is a clear structure of who reports to whom that keeps people focused on their responsibilities. Third is people having the responsibility for a task, a work group, or a department and the authority to get it done. Align People with Purpose.

## What You Need To Do

**1. Form Must Equal Function.** Using this engineering design philosophy, focus your energy on building the core processes first. Whether you produce products or deliver services, these are the most important processes in any business.

1. Identify Core Processes – usually contains Sales, Production, and Service;

2. Map the Processes to identify value added (adds value to the product or service that the customer would pay for) from the non-value added steps;
3. Remove non-value added steps and activities and freeze the design (implement and improve as you receive feedback).

**2. Core Processes are the Essence.** Each industry has a unique set of core processes, our experience is you will always find:

Core Processes:

- (Production) Project Management;
- Marketing>Sales>Service.

Support Processes:

- Ordering>Inventory>Invoicing;
- Accounts Payable>Cash Management>Accounts Payable;
- Hiring>Payroll>Benefits>Separation;
- Compliance (taxes, safety, HR, etc.).

**3. Being in Charge of What.** This is about creating an organizational chart by applying a few simple and time tested rules:

- Span of Control – keep the number of direct reports (people reporting to you or others) between 7 and 10 otherwise work will slow down awaiting directions;
- Chain of Command – who is in charge, who is responsible for whom - it is like labeling swimming lanes – designed to keep people in their lane and doing their job;
- Unity of Command – having more than 1 supervisor or manager destroys performance and accountability, everybody should answer to one person and no more.

## Where You Can Get Help

**1. Form Must Equal Function.** Start backwards from the customer as you build the core processes. Then identify what support (steps or activities) services are needed to make the core work - For more information on Making It Simple click [GreenMark Consulting Group](#).

**2. Core Processes are the Essence.** There is a simple truth for organizing your business - core processes must be aligned with customers. For more information on building processes to get your Core Processes right – click [GreenMark Consulting Group](#).

**3. Being in Charge of What.** Make it clear whom is in charge of who and what are their position responsibilities to make the structure work. For more information on Command & Control – click [GreenMark Consulting Group](#).

## Summary



Organize your business so it is simple to understand, and the structure is not an obstacle to employees doing the right thing. It is the mechanism that aligns processes with customers, and employees with purpose. For more information [contact William Eastman](#) @804.433.3886