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REFLECT ON YOUR SPAN OF CONTROL

Making the best span of control

1. Even if you're not the CEO, why not reflect on your span of control? What's working and what isn't working for you and others? Reflect on the impact this is having on your desired level of contact within the business.

2. What might you achieve by increasing your span of control? What might you lose? One possible challenge, especially if you are higher up in the organisation, is that with a wide span of control you may not allocate sufficient time for strategic thinking and planning. If you're not doing it, who is?

3. If you're a functional leader, are you putting your seat at the top table to best use? Is your function contributing appropriately to business strategy?

4. If you're the CEO, can you say that the composition of your top team reflects your best strategic response to the your internal and external environment? As the nature of the economy changes, we can expect the functional roles included in top teams to continue changing also.

In charge or on the way to the top?

Many UGM assignments involve supporting senior leaders. Sometimes, it's helping forward-looking, thriving leaders progress in their careers or stay on top of their game. On other occasions, it's providing a fresh set of ideas and tools to leaders under pressure. Regardless of the underlying reasons for engagement, span of control is an inevitable and essential part of any ongoing conversation around individual and organisational performance and health.

Dave Waller, a journalist with businesslife.co, details how the market anticipated great things from the new head of Lloyds Banking Group. Antónia Horta-Osório assumed control of the prestigious Group in March 2011. But, eight months later, Lloyds had shed almost £1bn in market value.

According to Waller, this slump in form came despite a relentless focus on the firm by Horta-Osório. Rumours circulated of executive summits being held on Sundays and the boss himself going without sleep for five days. Vitally, Waller also mentions "the perils of being a micro-managing CEO", noting that Horta-Osório eventually needed to take leave, signing off "with extreme fatigue and stress".

While operations (doing things right) are vital, ensuring the business is doing the right things (strategic orientation) in today's complex, challenging and hyper-competitive environment is also critical.

A few months into 2012, Waller reports that Horta-Osório has implemented a much more distributed approach to leadership, across the business. Decision-making is no longer centralised around him. Now, there is more delegation. Capable members of his team, and even their reports, handle the details. This allows him to focus a lot more on the big picture. And it makes a lot of sense.

Recent span of control research

The Lloyds Group experience raises the question of what is a 'normal' span of control. Interestingly, a recent study sheds new light on this often-asked question. Research by Julie Wulf (Harvard Business School) and colleagues reveals that CEO's scope of control in over 300 large US organisations has doubled in the last 20 years.

From 1986-1990, an average of 4.7 positions reported to CEOs. Of these, around 1.5 were general managers and 3.7 were functional specialists. That figure rose to an average of 9.8 reports in the period 2004-2008, and just over 6 were functional specialists. The increased number of functional specialist CEO reports seems to corroborate

perceptions about new sources of value in the knowledge economy.

Span and tenure as CEO

Findings also suggest that span of control fluctuates according to length of tenure in the role. Early on, many CEOs increase their span of control significantly. The idea is to get a feel for executive talent, assess the needs of the business and formulate a strategy. Once bedded down, span of control shrinks a little, and there is less direct involvement with the detail. This is the 'steady state'. Finally, with succession in sight, span shrinks even further for those last 12-18 months and the CEO focuses on grooming a successor.

Span of control and span of activity

Wulf also reports about CEO's 'time use' in a related study in the field. The outcome gives insight into CEOs 'span of activity', rather than simply counting the number direct reports.

The research team found that CEOs who have a large number of direct reports spend a lot more time interacting with employees. Correspondingly, they also spend a lot less time working alone. Also, increasing the span of control apparently has no impact on the total number of hours CEOs worked or on the proportion of time they spend with people external to the company.

COOs and CFOs, rather than other functional positions in the C-Suite, appear most often to assume delegated authority. When COOs are present, or when CFOs assume a wider role, the time CEOs spend within the business drops. The presence of other C-Suite roles does not, however, seem to impact CEO's internal-external time split. Confirmation perhaps of where the real organisational power still resides.

Span of control and interaction type

In general, almost 80% of the time CEOs spend with insiders is multilateral (more than two other people) in nature. With large spans of control, CEOs tend to have more multilateral meetings with insiders and more of the interactions are planned (rather than spontaneous). Interestingly, CEOs that have a COO spend less time in bilateral and unplanned interactions.

Researchers also found that many functions reporting directly to CEOs don't necessarily get any additional CEO attention. This is especially so for major functions including finance, strategy and marketing. So having a seat at the table may not mean special attention! That said, the research shows that CEO's are adopting broader strategic perspectives than previously and these broader views are being transmitted to all parts of the business.