

4 steps to conduct a successful spans and layers analysis in your organisation



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As organisations grow over time, their structure evolves to adapt to new strategic priorities. New departments are created, more people are hired, functions change and before you know it, managers face a new reality – a complex organisation structure. A structure where management layers are too deep, ideas are not communicated quickly enough and teams move slowly.

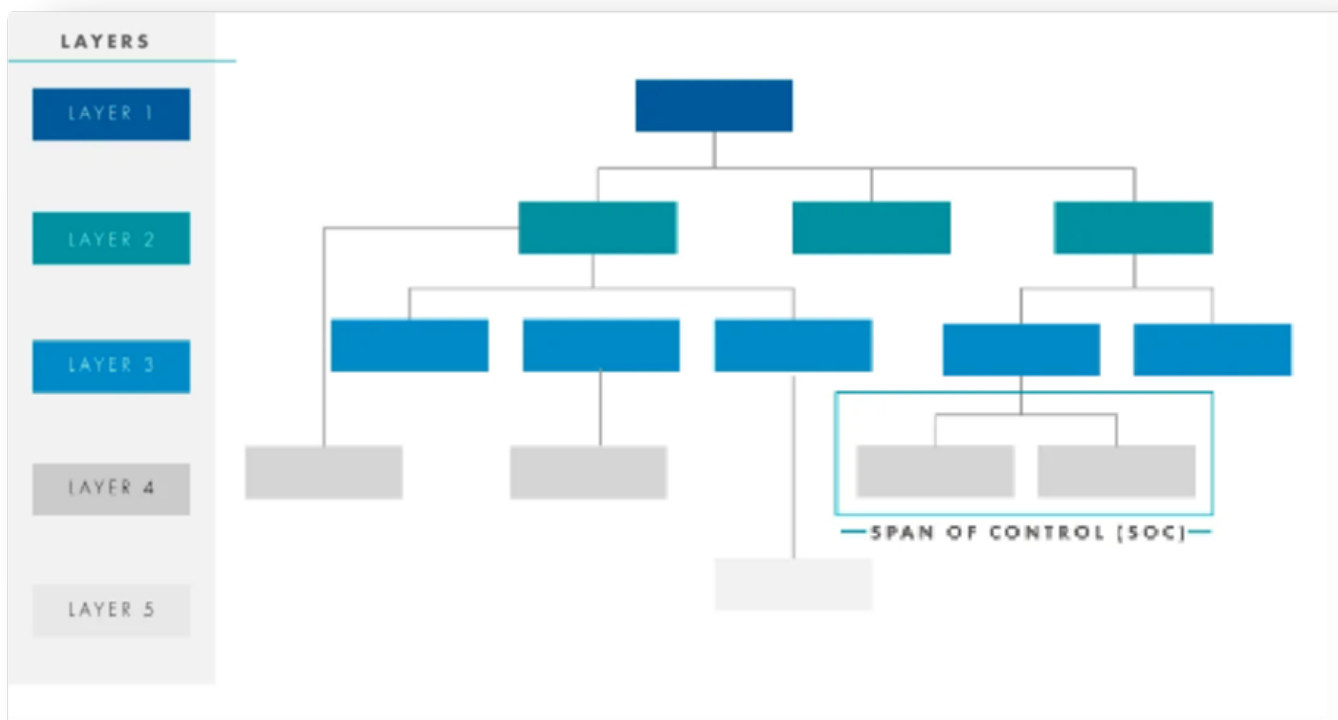
To combat this, its important to understand your organisation from multiple angles, with spans and layers being an important one.

This whitepaper will give you a deeper understanding of span of control and organisational layers, why you need to do a spans and layers analysis, 4 steps to conduct the analysis and finally some examples to give you inspiration.

1. Understanding spans and layers

Span of control refers to the number of people reporting directly to one employee. It's represented as a ratio of management to staff, so for instance, if a manager directly supervises six employees then the span of control ratio would be 1:6.

Organisational layers refers to the number of different reporting levels that exist within the organisation. Spans and layers influence the way an organisation delegates tasks to specific teams, functions and individuals.



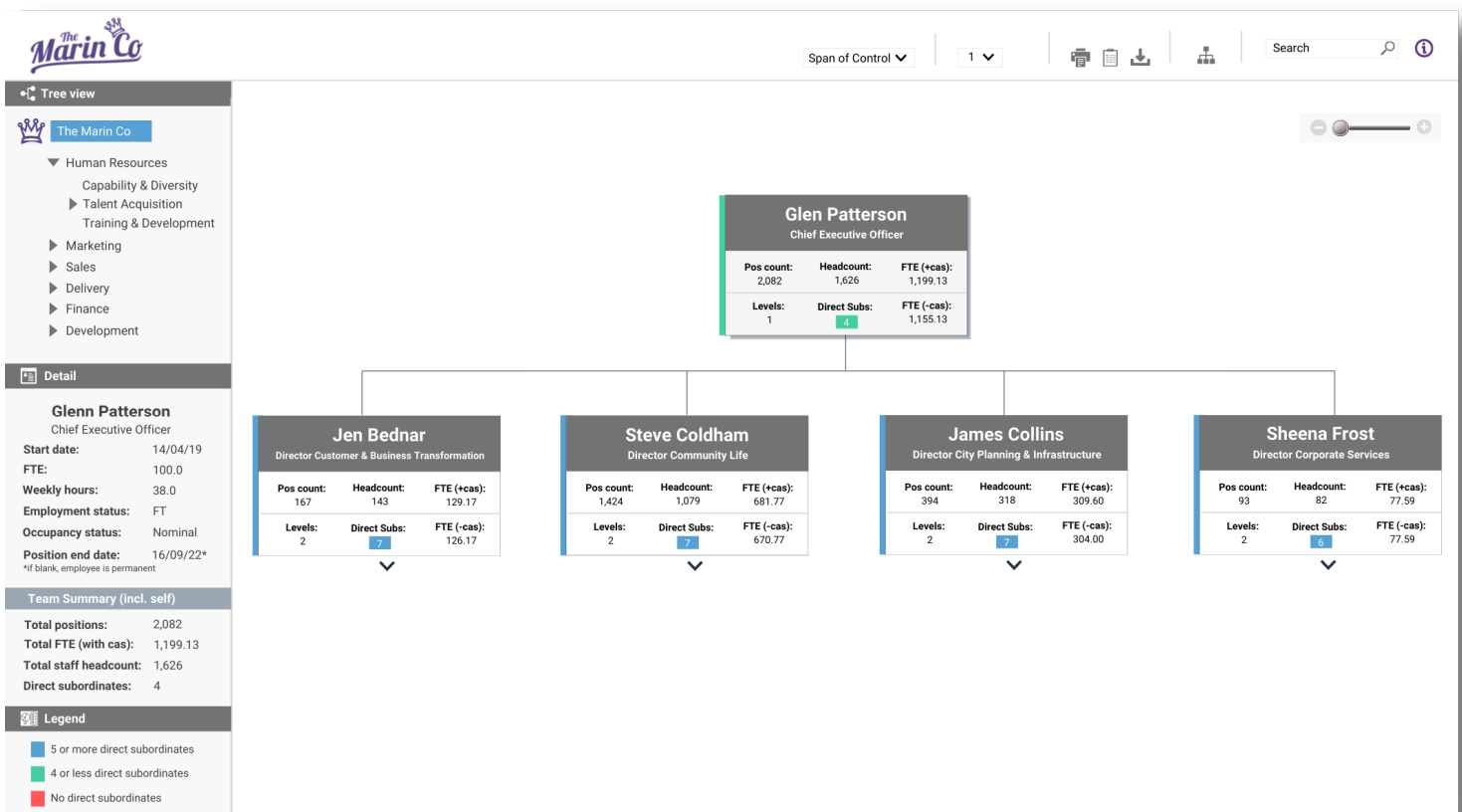
Source: <https://clarkstonconsulting.com/insights/spans-and-layers/>

2. Why do a Spans and Layers analysis?

A good spans and layers analysis is the first step towards unlocking an organisation that is leaner, agile and more empowered. According to [Harvard Business Review](#), there are clear benefits to conducting a spans and layers analysis in your organisation, some of which include:

- **Quicker decision making** – When there are reduced layers in your organisation, decisions can be made faster.
- **Better communication** – Reduced layers also means faster top-to-bottom communication and vice versa. For leaders who want to transform their organisation, this plays a crucial role in designing what their future organisation structure should look like to better support their strategic intent.
- **Increased empowerment** – Contrary to popular belief, growing the span of control in your organisation for some supervisory roles might actually be beneficial. It forces managers to delegate (not micro-manage) and enables them to focus on higher level and more strategic tasks. As employees feel more empowered with increased responsibilities, it can lead to improved behaviours in the workplace. Provided there's a good transition process and enough support to all employees to be able to do their jobs well.

Here's what a good spans and layers report looks like in our flagship product, [org.manager](#).



3. Is there a magic number?

Many of you have wondered “what is the perfect span of control ratio?” or “what is the optimum number of layers I need to have in my organisation?”. While these are valid questions, unfortunately the answer is “it depends”. There are so many different factors to consider that a magic number doesn’t exist.

There used to be a time when a good span of control was assumed to be between 6-8 and over time it increased to 10-15 as companies began to flatten they believed having larger spans was more desirable. But today, modern organisations include direct and indirect reports, hybrid workers, cross functional/agile teams and different employment types. So, it’s important to look at all of these aspects before deciding on what the spans and layers should look like in your organisation.

To make things simple, below are 4 factors that should be taken into account when creating your ideal organisational structure:

- **Type of work** – Is the type of work more skill-based or task based? Skills-based jobs such as engineers or finance managers will be well served with a span of 6-8. Task-based jobs such as call-centre managers or shop-floor supervisors, on the other hand, should have higher spans of 15 or more. Some corporate structures might have a very low span of control ratio, say 1:3. It’s important to identify such teams as it could be a symptom of a underlying problem in the org structure. They might either be under-resourced or they might be too manager heavy. So, in the [network chart example below](#), if you’re a regional sales manager, it’s better to scale down to the lower side to identify any issues with your sales teams – if it’s too low, you can flag the issue immediately and take the appropriate action to resolve it.
- **Productivity** – No matter how standardised an employee’s work is, they will still hit a limit of productivity. Once you’re able to identify this limit, you can keep the number of direct reports at a level that won’t have a negative impact on productivity.
- **Contingent/Contractual employees** – Many organisations fail to take contractual workers into account as their records are usually kept separate from employee records. However, it’s important to note that managing a contractual worker is just as much work as managing a full-time employee. So don’t forget to take this into consideration when deciding on the ideal spans and layers for your organisation.
- **Interdependency** – Does your organisation have different teams that work closely with each other? Do you have project based teams where their work connects them together even though their jobs are different? Such groups can become difficult to manage if they grow bigger so make sure you know the right limit for such teams.

These are just some of the common factors that organisations use but keep in mind that they will vary based on your business KPIs and strategic priorities.

4. How to conduct spans and layers analysis?

Here's 4 steps that can help you bring back spans and layers under control:

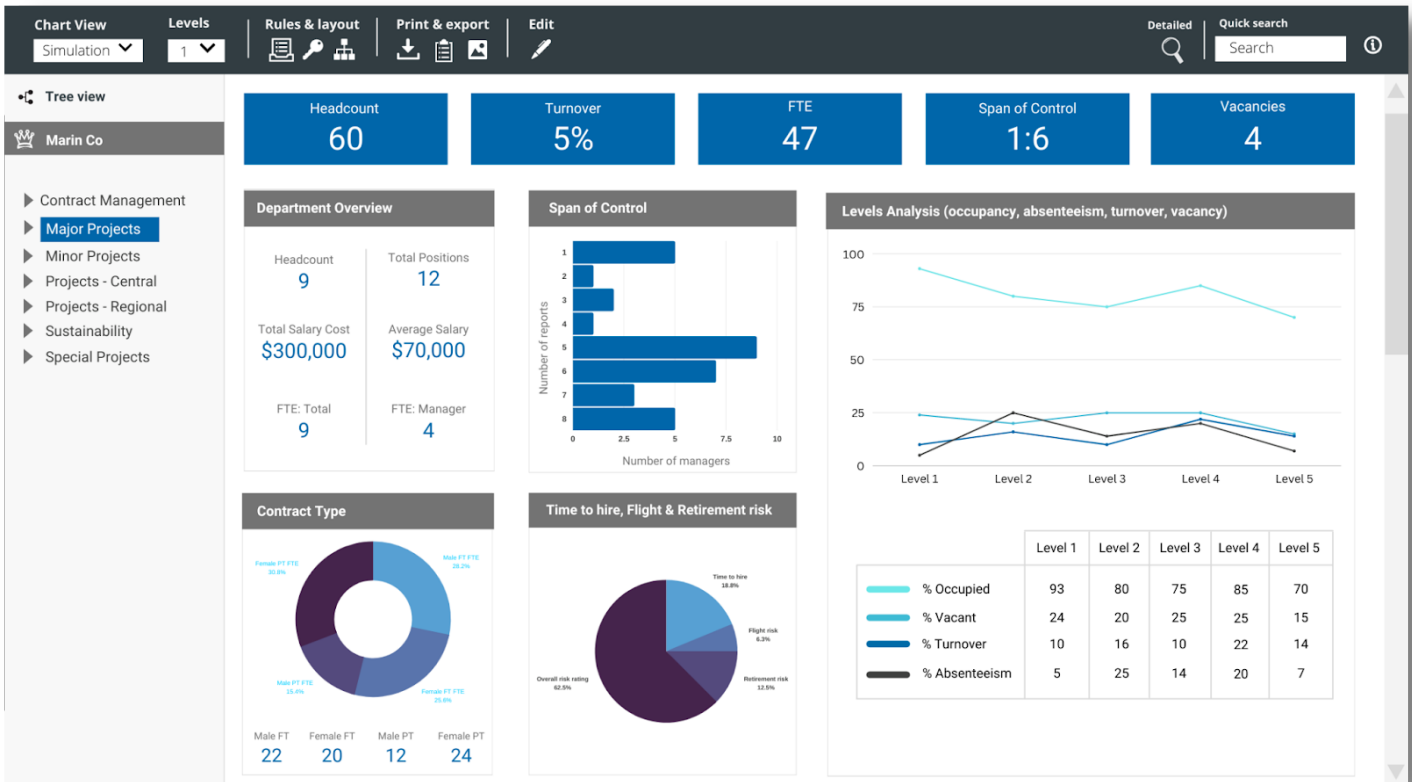
- **Understand your current state and determine your baseline** – If you don't have a single source of truth, this step can be a little challenging as the data on spans and layers is quite often scattered around the organisation. But once you've gathered all your data, establish a common baseline as this will reveal the extent of the organisation's spans and layers issue. For instance, you and your team should be clear about how you'll manage contractual or part-time employees, how to count spans if one employee has multiple reporting managers etc. Have a consistent approach to all these scenarios and make sure everyone in the organisation is on board with it.
- **Set your targets** – As mentioned earlier, there is no magic number for the ideal number of spans and layers your organisation should have. As a starting point, you can benchmark yourself against best-in-class companies to get a better idea of the kind of goals you should set. Again, it's important to remember the 4 factors we talked about in the previous section when trying to set your target.
- **Take action** – Simply agreeing on your target spans and layers is not enough, you need to make it happen. One way to implement changes is to link the spans and layers target to key performance metrics. Keeping Executives and Managers accountable can give some momentum to the change. Another way to implement your spans and layers target is to focus on the smaller wins. These typically include eliminating low value-added activities and making easy span changes. You can then move on to making more fundamental changes to your systems and processes such as automating manual activities to focus on higher-level strategic planning.
- **Review and monitor** – Organisations need to invest in systems that can help prevent them from sliding back to their old size. One way to do this is building an HR dashboard that can track your spans and layers and holding management responsible for spans in their departments, more on this below.

5. Spans and layers analysis examples

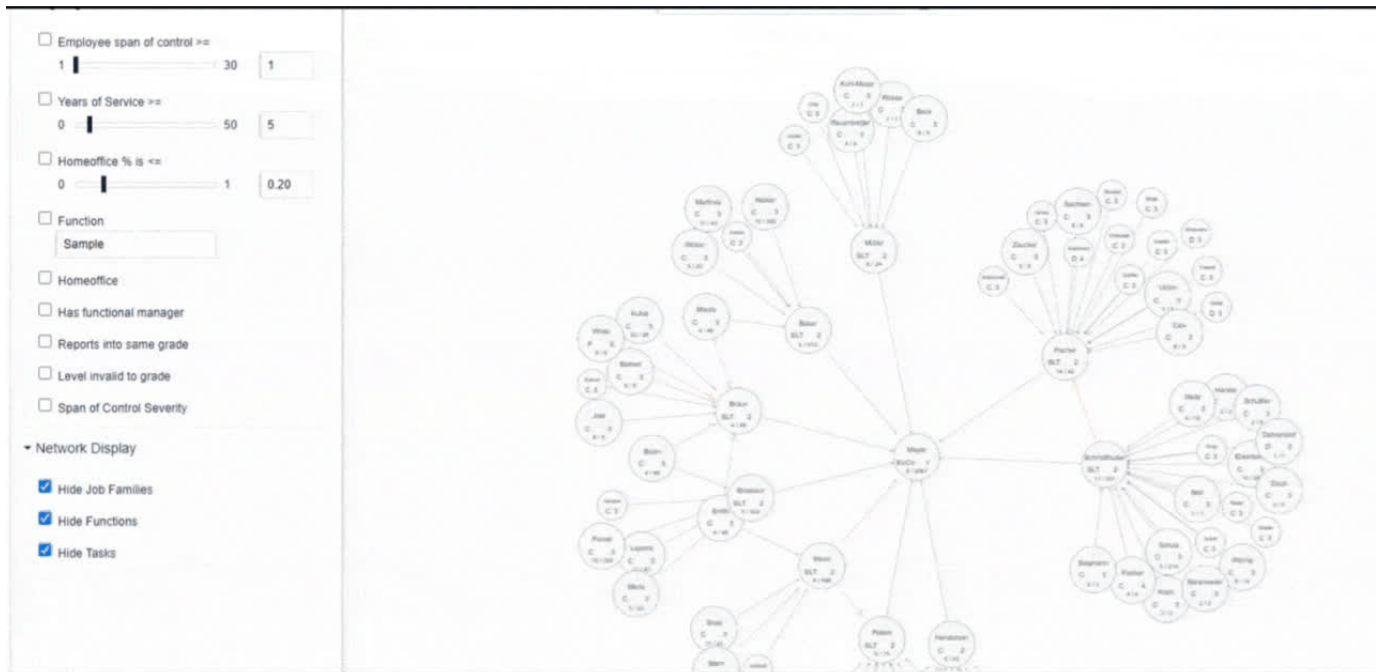
Org design tools like org.manager can run a spans and layers analysis report for you based on your existing data. It does the heavy lifting in visualising the results and easily identifying where key span of control KPIs are not being met, so you can act accordingly.

Here are a few examples of how an org design tool can help:

- Dashboard with span of control overview and levels analysis** – Our dashboards are fully customisable and can include any metric that your organisation likes to track. If you want to drill down further into spans and layers, the dashboard can include graphs like the one shown in the dashboard below along with other key HR metrics.



- **Network chart with span of control slider** – org.manager includes a variety of different chart types including the network chart which helps to visualise your entire organisation in clusters. You can also highlight metrics such as span of control, vacancies, etc, and see the changes in real-time for faster decision making as shown below:



Adopting the right organisational structure can help with faster decision making process, improved communication and more empowerment for your employees. We understand that your structure is just a tiny piece of the organisation design puzzle but the long term impact of selecting the right structure will position your organisation well to achieve future goals.

If you'd like to create your own spans and layers report using an org design tool, book in a quick demo – we've got plenty more to show you.

[Book a demo](#)