

# STRUCTURE CAN CREATE FREEDOM

By: Ryan Addis June 5, 2007

Have you ever been at a company that had a “casual” work environment? And, I don’t mean one of those companies that allow employee’s dogs to come to work. I mean the free for all atmosphere that is opposed to the traditional hierarchy of Corporate America. No one likes a tyrant leader surrounded by “yes” men, confrontation on a daily basis, or to be micro-managed. However, can an environment that shuns formal roles and titles be truly effective?

I once worked for a CEO that held no formal management meetings. He once told me that he personally didn’t want to have to tell people what to do. In his opinion, the company was small (about 40 people) and a formal structure where he presided over regular meetings would seem too domineering for the small group. The management had their job titles and a conversation over a break seemed a nice informal way to discuss ideas and/or problems with the CEO. However, upon closer inspection, the liaison direction of the company had its flaws. Imagine being an Operations Manager, an expert in your field; you know the ins-and-outs of proper order fulfillment and pride yourself on it. Now imagine the CEO, rightfully worried about declining sales, telling the sales manager to be more aggressive. Carrying out his orders with the blessing of his boss, the sales manager hires more salespeople. Within weeks, orders pour in from the new salespeople. As the Operations Manager, you bear the brunt of this wave of business by taking in more orders than you can efficiently fill. Mistakes happen in fulfillment and the new salespeople clog the pipeline with business that shouldn’t be there. Next, the financial department is complaining that margins are being compressed and tells the CEO that the company needs more efficiency and that Operations would have to improve. As the Operations Manager, you’re just about pulling your hair out.

In reality, these situations happen all the time. And no, the answer to the CEO’s problem isn’t in fixing operations. In the case of this company, the economic model relied upon the ratio of qualified products sold per employee. The margins were compressed because the fulfillment staff was overburdened with orders that would never be delivered because of insufficient screening by the salespeople. Rather than have the company facing a bad reputation from all of its customers from overly aggressive expansion, it could have taken care of the clients it already had. A possible solution could have been to transition an operations person to sales, thus maintaining margins and supporting prospecting for new customers that the company could also satisfy. So how could this have been avoided? Well, perhaps a meeting of the minds would have helped.

The purpose of regular management meetings is ideally so a CEO can hear from his experts. If he could truly do everything best himself; he should. Having empowered management in Sales and Operations with direct control over resources and being able to weigh in at the same meeting would have given the CEO critical information to make smarter decisions. The CEO’s duty would ideally be to create an atmosphere where robust debate is encouraged and not disregarded as confrontation. And when operations and sales don’t agree, the structure of having a Chief Executive as decision maker that both sides respect prevents one another from stepping on each other’s territories and toes. Furthermore, the structure of having clearly defined roles combined with a carrot, a stick, and clearly articulated measuring device helps create happy employees that are willing and empowered to contribute their expertise. It is truly amazing just how much freedom can be found within a few well crafted boundaries vs. the obstacles people, left to their individual preferences, will put in each other’s way.