

Scale Your Business, Not Your Hierarchy. Here Are 3 Ways You Can Harness The Benefits of a Flat Organizational Structure As You Grow.



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Organizational structures have been a hot topic of debate in the business world recently, due in no small part to the events of the last few years. Many companies simply lacked the agility to respond to all the disruption. However, others were stuck in place as conflicting leadership decisions pulled them in different directions.

These companies' chains of command got so bogged down that

decisions began to slow and communication experienced delays. According to MIT Sloan Management Review, almost 40% of workers felt that the level of bureaucracy at their companies was especially problematic during the first six months of the pandemic. Employees also noted the stability of priorities (36%) and amount of red tape (34%) as hindrances to employers' abilities to respond to pandemic-related changes. Ironically, these impediments are the unintended consequence of successful growth.

If you think about it, a company's organizational structure is akin to a building without elevators. A tall structure has many floors. Information, decisions and transactions flow from one floor to the next, moving through each level until they reach the front line. Should a customer-facing employee have a suggestion or resource request or require approval, the flow must then move in the opposite direction.

Conversely, a flat organization has very few floors – in some cases, it has only one. It doesn't take much effort to get information from one end of the building to another. That is, a flat organizational structure simply means an organization that has few – if any – levels of management. Many startups fall under this model, relying heavily on their founders but maintaining open communication. The challenge is to be intentional about the organization's structure as it grows.

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Preserving the benefits of a flat organizational structure as you grow

Successful entrepreneurs focus on business, product or service development, sales and marketing. Most often, a founder has a

clear vision and personal values. Yet, as the company grows, the organization's structure tends to develop independently from the vision and values. Here's how to be intentional in maintaining the culture that made the enterprise successful as it grows – without building in costly bureaucracy:

1. Take stock of your personal trust orientation

Many companies throw around the buzzword “flexibility” in reference to employee benefits, but few understand what team members want. Research from Harvard Business Review reveals that what employees *really* need is flexibility by way of autonomy. However, the study found that the flexibility they want is contingent on their ability to exercise it how they see fit. In other words, employees *need* to feel trusted.

Entrepreneurs often have tunnel vision. They accurately see themselves as the brains behind the success, and the business becomes their “baby.” I've seen this firsthand as a consultant. It can be hard to trust others with your creation. Yet, it is absolutely essential for successful growth. So, as you build your organizational structure, assess your personal trust orientation as it relates to your leadership role. If your belief in employees' capabilities is low, then you might encounter the cultural struggles of a large company with a tall structure. On the other hand, high trust levels result in flatter organizations.

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2. Clearly understand and avoid

bureaucracy

Maintaining quick, clear and effective communication is key to nurturing a flat organizational structure. Airbnb executives had this same realization when it revamped its hiring process and general core values over the last few years. Its leadership team found that investing in trustworthy employees and removing rules instead of adding them allowed for more communication and more freedom to move inside the organization.

The main takeaway from Airbnb's transformation? Replace policies with principles. You have to remember that the rules and policies you create do not exist in a vacuum. New company rules interact with every other system in the organization. By replacing rule-making with principle-founding, you can move from a restrictive, bureaucratic space to one that's open, honest and straightforward.

3. Distribute power as the company grows

In the post-coronavirus landscape, companies must realize the need to adapt and broaden their hierarchical structures. Imagine a multimillion-dollar organization with checks that all must be signed by the same person. That structure would lead to delays and frustrations. Hierarchical models worked well back in the Industrial Revolution, but in today's corporate landscape, it's vital to nurture self-management.

This means making an intentional and purposeful shift to elevate your employees to a position where they have power and where you invite them to actively voice their ideas. In self-managing organizations, power is distributed instead of delegated. Post-pandemic, there's no room for delays due to hierarchies. Most leaders think that they have to have all the

answers, but your employees want to help with solutions. This new era calls for leveraging your entire team's collective strengths instead of leaning solely on your own.

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One of the main drivers of any organizational structure is your people. Even if the business is your baby, you must keep people at the forefront of your mind as you progress. Today, success relies more on the collective intelligence of the whole. Recognize this fact before making any organizational decisions.

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