Accountability Based Organization Design Principles

An accountability based organization design is based on a “hierarchy”, a vertical system for getting work done. It involves cascading accountability… from the top… down through successive layers… whereby leaders/managers are held accountable (can be called to account) for the outputs of roles who report directly to them.

Also referred to as Stratified System Theory or Requisite Design (requisite as opposed to arbitrary) that was developed from the research of Dr. Elliot Jaques. The design philosophy is predicated on establishing role clarity within an accountability hierarchy.

A core set of operating principles provide the framework for creating a clear and accountable organization structure.

**Functional Alignment -** *Optimize synergies between work groups by combining similar/like functions and eliminating duplication/waste.*

- Functional alignment is about ensuring that synergies in work are maximized and duplication is minimized across the organization.

- In applying this principle, “similar-work” should be aligned in the organization.

- Similar work means similar in terms of skill-sets required to do the work, similar clients or similar functions being performed by people in an organization unit.

**Levels of Work –** *Roles are differentiated vertically through the organization based on degree of work complexity. Each organization level represents a discreet increase in complexity.*

- This principle is focused on establishing the appropriate number of layers in the organization. (i.e. how tall or flat an organization is)

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1 Requisite Organization, Dr. E. Jaques, revised 1996; 1989
• Complexity increases as:
  o The number of variables to take into account for work completion increases
  o The rate of change of the variables increases
  o The further out results are into the future

• Complexity is measured by the “time span” required to complete the longest task. The longer the time span the greater the work complexity and the higher the level of work.

• Each level in the organization corresponds to an increased level of complexity, as such, each successive level of work adds value to the level below.

• There are a maximum 7 levels of complexity from enterprise head to front line each with a distinct and separate level of complexity and business focus.

• Cascaded, or “nested”, accountabilities ensure the right work is completed at the right levels within the organization.

**Employee/Manager & Manager Once Removed (MoR) Relationships – defines the rights and obligations between an employee, their immediate manager and manager once removed.**

• Each employee should be accountable to one manager (and only one), who is positioned one layer higher, for any specific outcome.

• Each employee is accountabilities to: support company values and goals, work cooperatively with others, continuously improve personal effectiveness, carry out assigned tasks, inform manager of progress on work assigned, clarify expectations and personal effectiveness. Each employee should expect: clear expectations from Manager, discuss resources required to meet goals, appeal to the MoR when necessary.

• Each Manager is accountable for: the outputs of direct reports, result or impact of direct reports’ behaviour, building and sustaining an effective team capable of producing required outputs and continuous improvement of processes or process segments they oversee. Each Manager should expect to: veto unacceptable team members, determine work and assign tasks, deliver personal effectiveness appraisal and merit reviews and initiate removal of direct reports from role (within due process).

• The implication for managers is that their effectiveness is determined by the effectiveness of their teams (not just themselves). To be judged effective, managers must add value to their teams by: setting context, removing barriers, providing resources necessary and coaching. It’s not about power, it’s about what’s needed to add value and enhance trust. This relationship also leverages the Manager’s role as the point of leadership, coordination and control.

• MoRs are accountable to: ensure direct reports are exercising sound managerial practices, establish employee once removed (EoR) work levels and placement in compensation bands, plan succession for roles one level down, assess and develop talent pool, ensure effective cross-boundary working relationships. MoRs should expect to: veto appointment of unacceptable EoRs, approve removal of EoR from role (with due process), access to and knowledge of EoRs, and approve key cross-boundary relationships.
• The implication for MoRs is that they are accountable for the quality, effectiveness, and viability of entire three-tier system.

• This relationship ensures resources are well controlled and expectations are more likely to be met for both the Manager and the Employee

Managerial Span of Control - *Determines the appropriate number of employees a manager can manage based on the nature of the work, and the time required to effectively manage them.*

• The span of control for different managerial roles in the organization structure varies by industry, size of company, type of work and degree of similarity among roles being managed.

Accountability & Authority - *This principle is also about legitimizing a role by providing proper authority to expend the resources required to be successful in performing the role. Roles exist to achieve outcomes and business results.*

In addition to the accountabilities and authorities outlined above in the three-tier hierarchy the following considerations ensure clarity throughout the whole organization.

• Each role requires a clearly articulated mandate and expected outcomes.

• Accountabilities are expressed as outcomes rather than an activity list.

• Identify cross-functional role relationships (where roles need to co-ordinate and co-operate in order to get work done) and determine associated accountabilities & authorities

• Role profiles should explain both the accountabilities for that particular role AND the role’s accountabilities in cross-functional relationships

• Match accountability with the authority required to legitimize the role.

**Obscured accountability is often the root cause of recurring organization dysfunction.** Designing an organization structure based on accountability based organization principles will create an optimal framework that drives alignment and individual role clarity thereby supporting role accountability both vertically and horizontally throughout the organization.