Relieving the overwhelmed organization
How measuring supervisory burden in your organization structure can boost performance

The phenomenon of overburdened employees is hitting organizations harder and faster than expected. Over the past two years, Deloitte’s Global Human Capital Trends dealing with “the overwhelmed employee” and “simplification of work” struck a chord, becoming two of the most popular articles Deloitte Consulting LLP has published. In this paper, we explore the stress of these issues on employees in managerial roles and how to measure their “supervisory burden” in an effort to set appropriate spans of control to operate effectively and boost organizational performance.

What’s driving the “overwhelmed” trend?
Survey research from our 2015 Global Human Capital Trends chapter “Simplification of work: The coming revolution” reveals that 74 percent of business and HR leaders (managers) rate their work environment as “complex” or “highly complex.” At the same time, 40 percent of American employees surveyed believe it is not possible to succeed at work, make a good living, and have enough time to contribute to family and community. For managers, the supervisory burden can be intense, straining them and potentially hampering their organization’s effectiveness.

Two factors in particular are contributing to this strain:

- **Overly complex business and decision processes:** Business processes and decision making have become too complex. A large manufacturer reported that more than 4,000 different tasks, rules, compliance processes, and procedures are used to build one of its major products.

- **Increasingly burdensome HR processes:** Today’s HR processes can be time consuming for managers. Adobe found that its performance management process took almost 1.8 million person-hours per year to complete. Deloitte itself found that its performance management process consumed close to 2 million hours a year.

Over time, these factors begin to multiply and become obstacles to performance, execution, and development for managers and their employees. Organizational leaders try to compensate for these challenges by creating new and different roles, reporting lines, and decision rules, however this only increases the management strain. The typical result: inconsistent organizational layers and a high degree of complexity. In turn, the organization starts to suffer, losing efficiency and chipping away at its overall performance. So, how can you design an organization to reduce the stress and excess time commitment on managers and improve organizational effectiveness? To start, we first need to understand what makes an effective supervisor and what elements create “supervisory burden.”

**Supervisory burden and effective span of control**

What does it mean to “manage” employees? Writer and consultant Peter Drucker identified five basic tasks of a manager: sets objectives, organizes, motivates and communicates, measures, and develops people.

We believe this definition still resonates with younger generations of managers. A manager’s ability to execute these tasks depends on a balanced span of control to supervise the appropriate number of direct reports to drive performance. A manager’s span of control that is too wide or too narrow can cause organizational inefficiencies. When the span of control is too wide, supervisors do not have the visibility to anticipate ground-level performance and cost issues. Wide spans can also lead to an excessive supervisory workload placed on the manager, which leads to a greater need for “assistant managers” or “chiefs of staff” to manage those duties. When the span of control is too narrow, supervisors can spend close to 100 percent of their time as a “player-coach” (working manager), micromanaging or performing their employees’ work. One of the situations we see frequently in an organization that has issues with overworked managers is that managers are not behaving as managers, they’re behaving as workers. Companies often rely on external benchmarks of comparative functions in other organizations to measure their own effectiveness. But how do you know if your span of control is the right one? If a benchmark shows the “optimal” span of control for a comparative function is 8 to 1 and your function is 7 to 1, which function is performing better, and what is the right number of supervisors to improve effectiveness and cost? Another question managers ask frequently is “what is the right span of control for my department?” Looking at the span of control for a function on its own provides little guidance at the department level within a function. This is where span of control analysis and supervisory burden analysis intersect. An appropriate span of control can be determined by the degree of supervisory burden a manager has. Assessing your organization’s supervisory burden can provide the context to help simplify and tailor your organization structure to meet performance and strategic goals.

In his book, *Structure in Fives: Designing Effective Organizations*, Henry Mintzberg describes the mechanisms of coordinating work and the implications of these methods on work group size. Based on our extensive work with numerous clients, we have confirmed that Mintzberg’s coordination mechanisms continue to hold true and are the primary drivers of supervisory burden.

**We define and measure supervisory burden across four components:**

1. **Nature of work**: How similar is the work that the manager’s direct reports perform? It is easier for a manager to oversee staff that has similar responsibilities rather than different ones. As the similarity of work decreases, the appropriate level of supervisory burden increases, negatively impacting appropriate span of control by decreasing the number of direct reports a supervisor is able to oversee effectively.

   **Example**: A marketing manager overseeing multiple product campaign managers and their respective projects.

2. **Degree of standardization possible**: To what degree can work be standardized? The more routine, rules-based, and similar the work, the more it lends itself to being coordinated through standardization. Therefore, as standardization increases, the appropriate level of supervisory burden decreases, positively impacting appropriate span of control by increasing the number of direct reports a supervisor can oversee effectively.

   **Example**: An HR manager leading a team of recruiters for a specific business function.

3. **Complexity of work**: How complex are the activities the direct reports perform? It is easier for a manager to oversee staff who perform simple and repetitive tasks than those who perform more complex activities. As activities become increasingly complex and varied, the appropriate level of supervisory burden increases, decreasing the appropriate span of control.

   **Example**: A life sciences research & development manager leading a team conducting various research trials.

4. **Interdependency of work**: To what degree must the manager coordinate activities with members of the work group? Interdependent tasks require workers to communicate closely to coordinate their work. These tasks are more effectively performed in small enough work groups to encourage convenient and frequent interaction. It is easier for a manager to oversee a higher number of staff when minimal interdependence is required within the work group than when extensive interdependence is required. As the coordination effort increases, the supervisory burden increases, decreasing the appropriate span of control.

   **Example**: An automotive supply chain manager leading a team responsible for sourcing, pre-production, manufacturing, and shipping activities.
Many other factors could be influencing your managers’ supervisory burden and span of control. Some examples include:

- The degree of geographic dispersion of direct reports
- The degree of policy or compliance restrictions
- The depth of logistical coordination required
- The level of consensus required for decision making
- Any complexities within your operating model that may require employee education.

While these factors may be important to your business, they should either be captured in the four components above or should be addressed as a means of reducing supervisory burden. They should not be considered a “strategic choice” or rationale for a low span of control.

An appropriate supervisory burden can be calculated by assigning a score to each role in a department based on these four criteria. Scores are then aggregated based on the role composition of the department. This determination applies most appropriately to managers managing primarily individual contributors. Let’s look at two examples.

First, consider a call center customer service agent. From a nature of work perspective, customer service agents essentially perform identical tasks. The work is standardized—low in complexity and generally not requiring interaction with management unless there is a customer escalation. Therefore, a call center customer service work group would have a low supervisory burden and a wider span of control.

Alternatively, let’s look at an internal audit department. From a nature of work perspective, internal auditors may each be working on separate audits, making their work fundamentally distinct. Their work is somewhat rules based, providing limited standardization around the audit approach. The work is often complex, varied, and requiring frequent interaction across the department and with the manager. Therefore, an internal audit department would have a higher appropriate supervisory burden and thus a narrower span of control. Based on our experience, these groups typically have a span of control of 4–6 to 1.

Now let’s consider the next layer up—the manager of these internal audit managers, the internal audit director. In this case, the supervisory burden of the director is not dependent on the supervisory burden his or her managers are facing in their internal audit work groups. The director is responsible for managing other managers, not the detailed work of the groups for which those managers are responsible. In our experience, leading practice for managers of other managers is to have an average span of control of 6–8 to 1 regardless of the work groups contained in their organization.

### Potential benefits of supervisory burden analysis

- Provides leaders with the strategic and operational context of their organization’s span of control vs. justifying the current state
- Deconstructs span of control into four measurable supervisory burden criteria that leaders, managers, and employees can understand and translate to their daily activities
- Allows the calculation of appropriate spans of control at the function, department, or work group level, as opposed to benchmarks that are only at the functional level
- Provides a fact-based, bottom-up approach to developing and implementing span of control targets

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### Case in point: Commercial Banking

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<thead>
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<th>Issue</th>
<th>A leading regional bank with a large geographic footprint was looking to identify workforce optimization opportunities that would enable it to make strategic organizational changes, reduce cost, and increase efficiency and overall effectiveness.</th>
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<tr>
<td>Solution</td>
<td>Diagnosis of the organization’s current spans and layers revealed widespread use of player-coach roles. While many were appropriate to support the bank’s operating model, a supervisory burden analysis identified a significant number of player-coaches that were not justified. It also highlighted gaps with the current state and formed the basis for departmental targets. This resulted in the identification of cost improvement opportunities across the enterprise and all lines of business based on leadership priorities, benchmarks, and industry leading practices.</td>
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<td>Impact delivered</td>
<td>The effort identified $30 to $60 million in labor cost savings by creating appropriate spans and layers. The bank now also has a playbook and a supervisory burden analysis and tool to develop organization-specific span of control targets, thus helping to manage future changes to the organization due to growth, consolidation, restructuring, or the like, accordingly.</td>
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The player-coach model: Adding to the burden?
A player-coach is a manager who leads smaller teams and spends his or her remaining time performing work alongside direct reports. The results can be promising, allowing managers to both lead others and perform a vital role in getting the job done. However, player-coaches can become a bottleneck in their employees’ daily workflow, serving as the primary approver for every step in a department process. In extreme cases, all workflow can stop when that manager is out of the office because all workflow approvals stop. This is in contrast to a typical supervisory model, where managers serve in an issue resolution or threshold approver role and employees leverage their peers to keep work moving during personal time off.

Multiple player-coach work groups within functions can increase operational complexity, create unnecessary organization layers, and drive up costs. When the employees’ work is embedded into the manager’s role at a task-by-task level, it can be difficult to migrate away from the player-coach model, even to better manage organizational performance and efficiency.

Frequently, we see a culture of player-coaches within decentralized organizations. Recently we worked with a decentralized global company with more than 40 business units across the world. Many of these business units were further decentralized into business segments with general managers who ran everything from sales to manufacturing operations. While the intent to empower these managers to be entrepreneurs was clear, the result was an environment creating a lack of entrepreneurial focus due to the preponderance of small departments managed by player-coaches. Another company was executing a regional operating model that required coverage in many small-town offices across its footprint. When coupled with a requirement that a manager be in each of these locations, it yielded a similar result, with a proliferation of player-coaches.

In both of these examples, operating in an organic and decentralized manner over time drove organizational complexity and dramatically increased cost to manage.

If you have made a strategic choice to operate in a decentralized model, you will likely create a culture of player-coach managers. Even without a strategic choice, there may be situations where a structurally small work group is required. This would suggest a player-coach model as the appropriate management approach. For example, where the work group must be small due to complex and interdependent work (e.g., engineering or corporate strategy), or where the work group requires a subject matter expert and an apprenticeship model (e.g., internal audit), the player-coach model may be appropriate.

Analyzing supervisory burden against the four components (nature of the work, complexity, standardization, interdependency) gives insight into where the player-coach model is and is not appropriate. It also adds rigor and research-based insight to guide organizational design decisions. If, in the future, changes in objectives or the market seem to warrant changes in the organization, the data about manager activities and the true nature of their work gleaned from the supervisory burden analysis can provide valuable input to inform potential redesigns. Beyond organizational design, analyzing supervisory burden also gives managers insight into their teams and how they might structure them and interact with them for greater efficiency and effectiveness.

Key considerations for the player-coach model

- Understand and address structural impediments (e.g., ERP workflow, management development programs, distributed decision rights) that facilitate unnecessary player-coach models.
- Have a clear understanding of your operating model and roles needed to meet your performance objectives. Doing so will identify which functions require player-coaches and which do not.
- Develop generalist, not specialist, managerial capabilities in your manager talent pools by frequently moving high-potential managers across the organization.

Two sides of the player-coach model

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<th>Appropriate in specialized situations</th>
<th>Challenging when broadly implemented</th>
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<td>• Domain expertise: The player-coach has a high degree of expertise that can be used to build other specialists and perform a portion of the work. This domain expertise is especially important in complex teams, which are typically small and frequently require the skill and years of experience of the manager.</td>
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<td>• Apprenticeship: In work groups that require on-the-job training, the player-coach may be a more effective trainer, operating as the “master” to his “apprentice” employees.</td>
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<td>• Interdependency of work: In work groups that demand a high degree of interdependency across the group, the manager acts as a player-coach to facilitate the interactions needed to for the team to meet its objectives.</td>
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<td>• Strategic choices: The player-coach model may be the only means of effectively managing structurally small work groups dictated by strategic choices the organization makes.</td>
<td>• Employees not appropriately managed: If the amount of individual work performed by the player-coach does not allow time to exercise appropriate supervision, the group is not likely to be managed well.</td>
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<td>• Different skill requirements: The roles of manager and employee require different skills. In order to be effective, the player-coach must be as good a manager as he or she is an individual contributor.</td>
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<td>• Specialist vs. generalist: The player-coach model tends to develop specialist managers, working in one department or function. As managers advance through an organization and career, broad management skills become more necessary, but may not have been sufficiently developed across the manager pool.</td>
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<td>• Inefficiency: Work groups managed by a player-coach are typically smaller than they could be with a true manager. Work group size should be determined by what is appropriate based on criteria defining supervisory burden, not the fact that a manager is limited to how many employees he or she can manage as a player-coach.</td>
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<td>• Manager stagnation: Player-coaches with significant domain expertise tend to remain not only in the same department or function but also in the same job for long periods—creating a risk for retaining top talent.</td>
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<td>• Perception of fairness: As a manager, the player-coach must assign work to themselves. If that work is perceived as being of higher value, easier, or more fulfilling, the work group could perceive the player-coach as not acting fairly.</td>
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**Relief in sight: Getting started**

Determining the appropriate span of control during any organization design is a decision that directly impacts how your managers run the business as well as employee-related costs. Functional and industry benchmarks can be helpful guides, but they may not provide additional insight beyond a face-value comparison. In contrast, understanding your supervisory burden:

- Tests leaders’ intuitions or perceptions that “we’re too hierarchical” or “everyone is stretched too thin.”
- Provides the strategic and operational context to justify why your spans of control are appropriate (or why they should be adjusted), even if they run counter to benchmarks.
- Drives shared insights between the business, to make better decisions about how to organize more effectively, and managers, to gain an understanding of the factors driving their jobs so they can better manage their role and their teams accordingly.
- Leads to targeted organizational adjustments to help relieve managerial burdens contributing to the overwhelmed employee phenomenon that has become so prevalent.

Here are some starting points your organization can use to lay the groundwork to better understand your managers’ supervisory burden:

- **Articulate the end goal—is organization design the solution?** Before you dive into analyzing the organization, what hypothesis or organizational issues are you trying to better understand or solve? Do you think it’s too bureaucratic? Do you want to free managers to do more strategic work? Are you trying to optimize your workforce and use talent more effectively? Having a goal or hypothesis in mind will help you better view the data you gather through the appropriate lens.

- **Assess the current state.** Use organization charts or employee census data to form a view of the current organizational landscape. Identify functions or departments with low spans of control or excessive layers and try to identify the small work groups with player-coaches. Also identify structural barriers to improving span of control.

- **Identify improvement opportunities.** Using the four components of supervisory burden, develop span of control targets for each department. Separately, develop a set of guiding principles to drive the future state design. Then, review available spans and layers benchmarks to develop a set of improvement opportunities based on closing gaps and supporting strategic priorities for growth. Determine whether structural constraints can be resolved on their own or whether there are barriers to improvement that should be addressed.

- **Determine your appetite and pace for change.** As we mention in our publication, “Realizing the impact of organization design: Ten questions for business leaders,” these undertakings can be long and challenging. They demand significant energy from key people. And they can test longstanding relationships. Leading an organization through the process of becoming something else takes capability, stamina, and a willingness to stay the course.

- **Develop a plan for designing your new organization.** Develop a targeted set of transition activities and timing, based on your identified opportunities, that is consistent with the speed of change needed and the desired impact on your performance goals.

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**Case in point: Food and Agriculture**

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<th>Issue</th>
<th>A food and agriculture company operating across more than 40 business units was looking for ways to improve profitability, reduce the cost to manage, and improve the speed of its decision making.</th>
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<td>Solution</td>
<td>The current-state span of control in several business units revealed consistent organizational issues. Many business units were overly decentralized into business segments, complete with a general manager and support staff. This decentralized structure led to a preponderance of small work groups with low spans of control and a large number of player-coaches. This organic player-coach model had become so ingrained in the culture that player-coaches were duplicating the efforts of their employees and hindering performance. These contributed to a set of organizational effectiveness opportunities across the business units focused on achieving optimal supervisory burden targets. The company also established a set of organizational guiding principles to drive subsequent optimization initiatives across the remaining business units.</td>
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<td>Impact delivered</td>
<td>Through this organizational effectiveness initiative, 13 business units identified $20 to $30 million of labor cost savings by eliminating unnecessary small teams driving low spans of control. Given the cultural challenges to changing the current situation, the company took a measured approach to optimizing its organization over a period of years, evolving away from the player-coach model to a more efficient management model tailored to each function and business unit.</td>
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Endnotes
3. Ibid.
5. “Simplification of work: The coming revolution.”
6. Ibid.
10. Ibid.