# Are organization charts still useful?

Has 'agile' killed the organization chart?

The concept of *business management* evolved with the development of factories during the early days of the industrial revolution. Initially, factories followed the same management system as pre-industrialised enterprises where the 'Lord of the Manor' (ie, owner) made all of the significant decisions and told others what to do. But this straightforward command and control process was limited by the capacity of the owner to stay on top of the flow of information and decisions needed.

As organizations grew larger and more complex, the delegation of authority to various assistants became necessary. Initially this appears to have been very ad hoc and dependent on personalities[1]. As the concept of an organization evolved in the 19th century, management structures became more formalized, and one of the early tools used to demonstrate the management hierarchy, and the division of labour, was an organization chart, the example below is from 1917[2]:
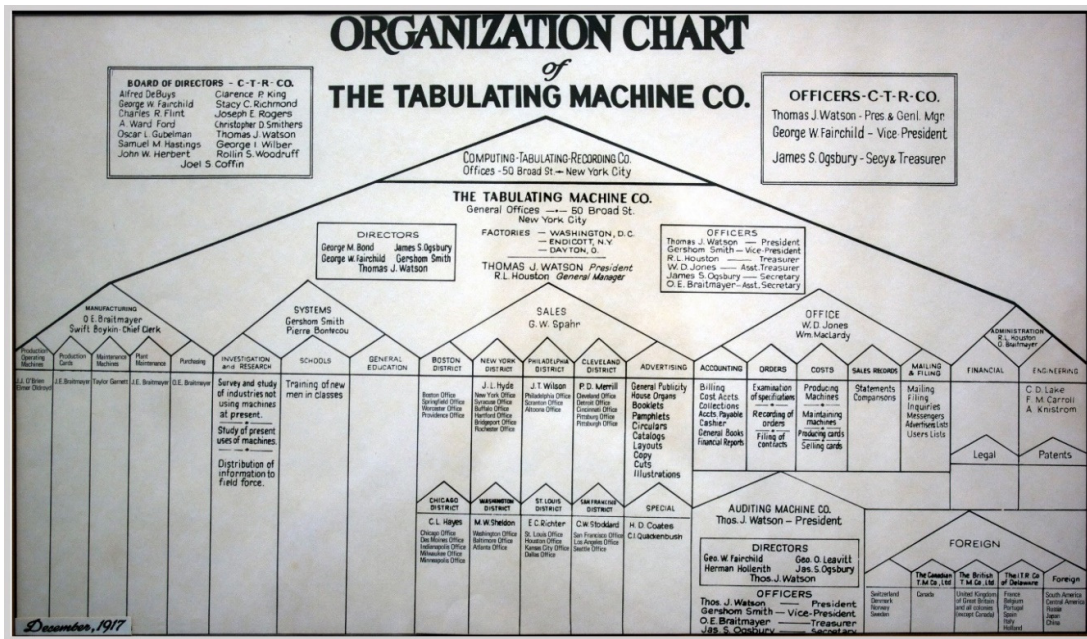
This view of an organization give rise to concepts such as departmentalization, chain of command, span of control, centralization, work specialization, and formalization[3]. The business appears well organized (at least on paper), but is not very adaptive.

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[1]   For more on the **evolution and origins of modern management** see:
      https://mosaicprojects.com.au/PDF_Papers/P050_Origins_of_Modern_Management.pdf

[2]   For more on the **origins of management charts (including the WBS)** and a large reproduction of this chart see:
   https://mosaicprojects.com.au/PMKI-ZSY-020.php#WBS

[3]   These concepts arise in Scientific Management, Bureaucratic Management (Weber), and the work of Henri Fayol discussed in **The Origins of Modern Management** see:
      https://mosaicprojects.com.au/PDF_Papers/P050_Origins_of_Modern_Management.pdf

Organizational Management

Traditional project management grew out of business management and uses the organization breakdown structure (OBS) linked to the work breakdown structure (WBS) to define the person responsible for each element of the work. The OBS fulfils the same function as an organization chart in general business, defining the management hierarchy and reporting lines within the project or program.
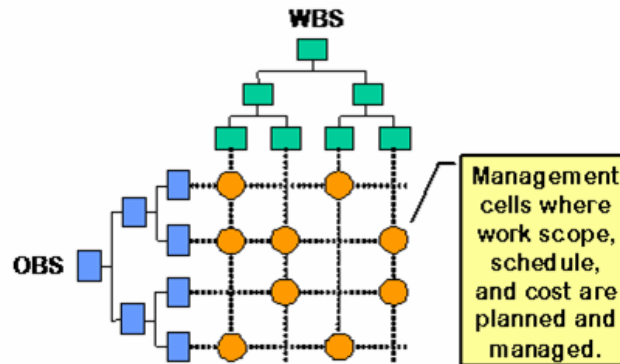
But is this type of thinking useful in today's flexible working environment?

In one respect, knowing who is going to be responsible for delivering each element of the project and ensuring their work integrates with the other parts of the project is important, as is the need to balance the delegated levels of authority and responsibility with the capability of the assigned person. The OBS is also useful for informing the people doing work who they need to keep informed of progress, issues, and the completion of the task. These concepts are central to the way Earned Value Management[4] is designed with the *management cells* above becoming control accounts.

But does the effective management of human resources need a hierarchy or can distributed responsibility work as effectively and more dynamically? There are many success stories built around self-organising teams, cross-functional teams, and agile ways of working. And in business, matrix structures are probably more common than the hierarchic structure depicted by an organization Chart.

The organisation chart has been around for a very long time, but does the type of structure and the theories built around the concept of a management hierarchy really help at the project and program level when confronted with 'alien' concepts such as self-organising teams and agile?

The current state of play seems to be:

- Projects implementing Earned Value based on any of the current standards are required to assign responsibilities and an organisation chart helps document this.

- From observation it seems most traditional projects rarely have an organization chart. The two exceptions are:

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[4]   For more on *Earned Value Management* see: https://mosaicprojects.com.au/PMKI-SCH-040.php#Overview

- o   Very large projects and programs, and
- o   Where and organisation chart is required as part of a tender submission.

- Agile environments may have some form of resource list with contact details and there are a few defined roles (eg, Sprint Master), but this type of flexible work environment is the antithesis of hierarchal charts.

To revert to the opening question *'Are organization charts still useful?'*, my suggestion is they are of very limited value in a modern organization, and of less value in a project or program. There are less restrictive ways to document seniority, responsibility, pay-grade, etc. Some of the reasons for forming this view are:

1. The visual language used by an organization's management to describe the way it sees itself influences both the perception, and the reality. A static hierarchal chart is the antithesis of a flexible, dynamic, adaptive, organization; most organizations claim to be flexible, adaptive, etc.

2. A single hierarchy cannot represent the authority and/or reporting lines in a matrix organisation.

3. An OBS is not needed for the assignment of authority in a project (or organisation) using EVM. What's needed is a process to ensure the right person is assigned responsibility for each control account.

4. Agile project management has the concept of small, self-organising, self-managed teams with limited authority or hierarchy.

5. There are better ways to map stakeholder interactions and influences[5].

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[5]   For more on *managing stakeholders* see: https://mosaicprojects.com.au/PMKI-SHM-005.php#Overview