
support
accountability
Influence
CONTROL

Improving the performance of key people is often as simple – and as profound – as changing the resources they control and the results for which they are accountable.

by Robert Simons

DESIGNING HIGH-PERFORMANCE JOBS

You have a compelling product, an exciting vision, and a clear strategy for your new business. You've hired good people and forged relationships with critical suppliers and distributors. You've launched a marketing campaign targeting high-value customers. All that remains is to build an organization that can deliver on the promise.

But implementation goes badly. Managers in the regional offices don't show enough entrepreneurial spirit. They are too complacent and far too slow in responding to customers. Moreover, it's proving very difficult to coordinate activities across units to serve large, multisite customers. Decision making is fragmented, and time to market is much longer than expected. Excessive costs are eating away at profit margins. You begin to wonder: "Have I put the wrong people in critical jobs?" But the problems are more widespread than that – in fact, they're systemic across the organization.

GERARD DUBOIS

This tale of a great strategy derailed by poor execution is all too common. Of course, there are many possible reasons for such a failure and many people who might be to blame. But if this story reminds you of your own experience, have you considered the possibility that your organization is designed to fail? Specifically, are key jobs structured to achieve the business's performance potential? If not, unhappy consequences are all but inevitable.

In this article, I present an action-oriented framework that will show you how to design jobs for high performance. My basic point is straightforward: For your business to achieve its potential, each employee's supply of organizational resources should equal his or her demand for them, and the same supply-and-demand balance must apply to every function, every business unit, and the entire company. Sounds simple, and it is. But only if you understand what determines this balance and how you can influence it.

The Four Spans of Job Design

To understand what determines whether a job is designed for high performance, you must put yourself in the shoes of your organization's managers. To carry out his or her job, each employee has to know the answer to four basic questions:

- "What resources do I control to accomplish my tasks?"
- "What measures will be used to evaluate my performance?"
- "Who do I need to interact with and influence to achieve my goals?"
- "How much support can I expect when I reach out to others for help?"

The questions correspond to what I call the four basic *spans* of a job: control, accountability, influence, and support. Each span can be adjusted so that it is narrow or wide or somewhere in between. I think of the adjustments as being made on sliders, like those found on music amplifiers. If you get the settings right, you can design a job in which a talented individual can successfully execute your company's strategy. But if you get the settings wrong, it will be difficult for any employee to be effective. I'll look at each span in detail and discuss how managers can adjust the settings. (The exhibit "The Four Spans" provides a summary.)

The Span of Control. The first span defines the range of resources–not only people but also assets and infrastructure–for which a manager is given decision rights. These are also the resources whose performance the manager is held accountable for. Executives must adjust the span of control for each key position and unit on the basis of how the company delivers value to customers.

Consider Wal-Mart, which has configured its entire organization to deliver low prices. Wal-Mart's strategy depends on standardization of store operations coupled with economies of scale in merchandising, marketing, and distribution. To ensure standardization, Wal-Mart sets the span of control for store managers at the "narrow" end of the scale. Although they nominally control their stores, Wal-Mart site managers have limited decision rights regarding hours of operation, merchandising displays, and pricing. By contrast, the span of control for managers at corporate headquarters who oversee merchandising and other core operations is set at "wide." They are responsible for implementing best practices and consolidating operations to capture economies of scale. In addition to controlling purchasing, merchandising, and distribution, these managers even control the lighting and temperature at Wal-Mart's 3,500 stores by remote computer. (The settings for the two jobs are compared in the exhibit "Spans of Control at Wal-Mart.")

Of course, the spans of control will be set very differently in companies that follow different strategies. Consider Nestlé, a food company that reformulates its products in response to regional tastes for spices and sweets. In this "local value creation" configuration, the span of control for regional business managers is set very wide so that they have all the resources they need to customize products and respond to customers. Regional managers take responsibility for sales, product development, distribution, and manufacturing. As a consequence, the spans of control for managers back at the head office are relatively narrow, covering only logistics, the supply chain, global contracts, and accounting and finance.

The Span of Accountability. The second span refers to the range of trade-offs affecting the measures used to evaluate a manager's achievements. For example, a person who is accountable for head count or specific expenses in an operating budget can make few trade-offs in trying to improve the measured dimensions of performance and so has a narrow span of accountability. By contrast, a manager responsible for market share or business profit can make many trade-offs and thus has a relatively wide span of accountability.

Your setting for this span is determined by the kind of behavior you want to see. To ensure compliance with detailed directives, hold managers to narrow measures. To encourage creative thinking, make them responsible for broad metrics such as market share, customer satisfaction, and return on capital employed, which allow them greater freedom.

The span of control and the span of accountability are not independent. They must be considered together. The

Robert Simons (rsimons@hbs.edu) is the Charles M. Williams Professor of Business Administration at Harvard Business School in Boston. He is the author of Levers of Organization Design: How Managers Use Accountability Systems for Greater Performance and Commitment *(Harvard Business School Press, 2005).*

THE FOUR SPANS

Managers can adjust the spans of job design to create positions that are tuned for optimum performance.

SPAN	TO NARROW THE SPAN	TO WIDEN THE SPAN
	Narrow	Wide
1 Span of control	Reduce resources allocated to specific positions or units.	Allocate more people, assets, and infrastructure.
2 Span of accountability	Standardize work by using measures (either financial, such as line-item budget expenses, or nonfinancial, such as head count) that allow few trade-offs.	Use nonfinancial measures (such as customer satisfaction) or broad financial measures (such as profit) that allow many trade-offs.
3 Span of influence	Require people to pay attention only to their own jobs; do not allocate costs across units; use single reporting lines; and reward individual performance.	Inject creative tension through structures, systems, and goals–for example, cross-unit teams, dotted lines, matrix structures, stretch goals, cross-unit cost allocations, and transfer prices.
4 Span of support	Use leveraged, highly individualized rewards, and clearly single out winners and losers.	Build shared responsibilities through purpose and mission, group identification, trust, and equity-based incentive plans.

first defines the resources available to a manager; the second defines the goals the manager is expected to achieve. You might conclude, therefore, that the two spans should be equally wide or narrow. As the adage goes, authority should match responsibility. But in high-performing organizations, many people are held to broad performance measures such as brand profit and customer satisfaction, even though they do not control all the resources – manufacturing and service, for example – needed to achieve the desired results.

There is a good reason for this discrepancy. By explicitly setting the span of accountability wider than the span of control, executives can force their managerial subordinates to become entrepreneurs. In fact, entrepreneurship has been defined (by Howard H. Stevenson and J. Carlos Jarillo) as "the process by which individuals – either on their own or inside organizations – pursue opportunities without regard to the resources they currently control." What happens when employees are faced with this *entrepreneurial gap?* They must use their energy and creativity to figure out how to succeed without direct control of the resources they need. (See the exhibit "Creating the Entrepreneurial Gap.") Thus, managers can adjust these two spans to stimulate creativity and entrepreneurial behavior.

Of course, spans of accountability vary by level in most organizations – in general, they are wider at the top of a company and narrower at the bottom. The CEO of McDonald's has a wide span of accountability that encompasses stock price, earnings per share, and competitive market position. A McDonald's store manager has a much narrower span. She must focus on compliance with standard operating procedures, and she is monitored through detailed input and process measures.

The Span of Influence. The third span corresponds to the width of the net that an individual needs to cast in collecting data, probing for new information, and attempting to influence the work of others. An employee with a narrow span of influence does not need to pay much attention to people outside his small area to do his job effectively. An individual with a wide span must interact extensively with, and influence, people in other units.

As is the case with the other spans, senior managers can adjust the span of influence to promote desired behaviors. They can widen the span when they want to stimulate people to think outside the box to develop new ways of serving customers, increasing internal efficiencies, or adapting to changes in external markets. In many companies, widening the span of influence counteracts the rigidity of organizational structures based on boxes and silos. For example, although global companies like Procter & Gamble need to be responsive to local customers' needs, they must also create pressure for people in different operations to look beyond their silos to consolidate operations and share best practices to lower costs. Similarly, firms such as big-box retailers that centralize merchandising and distribution to deliver low prices must ensure that they continue to monitor changing competitive dynamics. Operations managers who are insulated from the marketplace must be forced to interact with people in units that are closest to customers. In all of these cases, it's up to senior managers to ensure that individuals work across organizational boundaries to test new ideas, share information, and learn.

Executives can widen a manager's span of influence by redesigning her job – placing her on a cross-functional team, for example, or giving her an assignment that requires her to report to two bosses. They can also adjust a job's span of influence through the level of goals they set. Although the *nature* of a manager's goals drives her span of accountability (by determining the trade-offs she can make), the *level,* or difficulty, drives her sphere of influence. Someone given a stretch goal will often be forced to seek out and interact with more people than someone whose goal is set at a much lower level. Finally, executives can use accounting and control systems to adjust the span of influence. For example, the span will be wider for managers who are forced to bear the burden of indirect cost allocations generated by other units, because they will attempt to influence the decisions of the units responsible for the costs.

The more complex and interdependent the job, the more important a wide span of influence becomes. In fact, a wide influence span is often an indication of both the power and effectiveness of an executive. In describing eBay's Meg Whitman, for example, A.G. Lafley, the CEO of Procter & Gamble, said, "The measure of a powerful person is that their circle of influence is greater than their circle of control."

The Span of Support. This final span refers to the amount of help an individual can expect from people in other organizational units. Again, the slider can be set anywhere from narrow to wide depending on how much commitment from others the person needs in order to implement strategy.

Jobs in some organizations–particularly positions such as commission-based sales in efficient and liquid markets–do not need wide spans of support. In fact, such organizations generally operate more efficiently with narrow spans, since each job is independent and individual contributions can be calculated easily at day's end. Traders in financial institutions, for example, need little support from their fellow traders, and their colleagues can and should stay focused on their own work (and should be compensated solely for their success in generating profit).

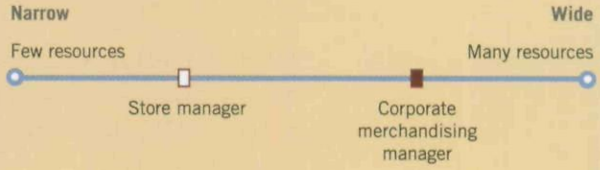
But wide spans of support become critically important when customer loyalty is vital to strategy implementation (for example, at exclusive hotel chains) or when the organizational design is highly complex because of sophisticated technologies and a complex value chain (in aerospace or computers, for instance). In these cases, individuals throughout the company must move beyond their job descriptions to respond to requests for help from others who are attempting to satisfy customers or navigate organizational processes.

Managers cannot adjust a job's span of support in isolation. That's because the span is largely determined by people's sense of shared responsibilities, which in turn stems from a company's culture and values. In many cases, therefore, all or most of a company's jobs will have a wide span of support, or none will. But even within a given company culture, there are often circumstances in which managers need to widen the span of support separately for key business units (for example, to support a new division created to bundle and cross sell products from other units) or for key positions (for example, to facilitate the work of cross-functional task forces).

There are various policies that managers can employ to widen spans of support. For example, a focus on a customer based mission typically creates a sense of shared purpose. In addition, broad-based stock ownership plans

SPANS OF CONTROL AT WAL-MART

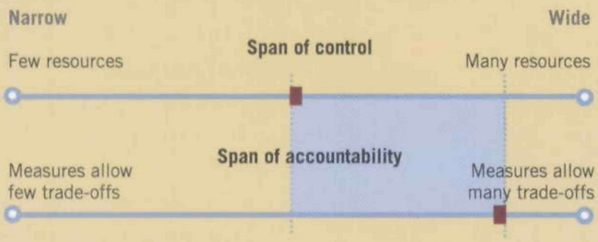
The spans of control for a store manager and a merchandising manager at Wal-Mart are quite different. To ensure standardization in operations, Wal-Mart gives the store manager relatively little control. To promote the implementation of best practices, the company gives the merchandising manager a "wide" setting.



YOU CAN DIAL IN DIFFERENT LEVELS OF ENTREPRENEURIAL BEHAVIOR BY WIDENING OR NARROWING SPANS OF ACCOUNTABILITY AND INFLUENCE.

CREATING THE ENTREPRENEURIAL GAP

By holding managers accountable for more than they control, a company can encourage entrepreneurial behavior.



and team- and group-centered incentive programs often foster a sense of equity and belonging and encourage people to help others achieve shared goals. Firms that are characterized by wide spans of support also frown on letting top executives flaunt the trappings of privilege and generally follow a policy of promoting people internally to senior positions.

The slider settings for the four spans in any job or business unit are a function of the business's strategy and the role of that job or unit in implementing it. When you are adjusting job or unit design, the first step is to set the span of control to reflect the resources allocated to each position and unit that plays an important role in delivering customer value. This setting, like the others, is determined by how the business creates value for customers and differentiates its products and services from competitors'. Next, you can dial in different levels of entrepreneurial behavior and creative tension for specific jobs and units by widening or narrowing spans of accountability and influence. Finally, you must adjust the span of support to ensure that the job or unit will get the informal help it needs.

The exhibit "Four Spans at a Software Company" displays the settings of the spans for a marketing and sales manager at a well-known company that develops and sells complex software for large corporate clients. The span of control for this job is quite narrow. As the manager stated, "To do my day-to-day job, I depend on sales, sales consulting, competency groups, alliances, technical support, corporate marketing, field marketing, and integrated marketing communications. None of these functions reports to me, and most do not even report to my group." The span of accountability, by contrast, is wide. The manager is accountable, along with others throughout the business, for revenue growth, profit, and customer satisfaction – measures that require responsiveness and a willingness to make many trade-offs.

Note that the span of influence is set somewhat wider than the span of control. To get things done, the manager has to cross boundaries and convince people in other units (whom he cannot command) to help him. So that the manager receives the help he needs, the CEO works hard to ensure that the job's span of support is wide. An ethos of mutual responsibilities has been created through shared goals, strong group identification, trust, and an equity component in compensation. As the manager noted, "Coordination happens because we all have customer satisfaction as our first priority. We are in constant communication, and we all are given consistent customer-satisfaction objectives."

Achieving Equilibrium

At this point, you're probably wondering how to determine whether specific jobs or business units in your organization are properly designed. Jobs vary within any business, and firms operate in different markets with unique strategies. How exactly should the spans be set in these many circumstances?

After the spans have been adjusted to implement your strategy, there's an easy way to find out whether a specific job is designed for high performance. It's a test that can (and should) be applied to every key job, function, and unit in your business. I'll get to the details shortly, but first, it's important to recognize the underlying nature of the four spans. Two of the spans measure the *supply* of organizational resources the company provides to individuals. The span of control relates to the level of direct control a person has over people, assets, and information. The span of support is its "softer" counterpart, reflecting the supply of resources in the form of help from people in the organization.

The other two spans – the span of accountability (hard) and the span of influence (soft) – determine the individual's *demand* for organizational resources. The level of an employee's accountability, as defined by the company, directly affects the level of pressure on him to make trade-offs; that pressure in turn drives his need for organizational resources. His level of influence, as determined by the structure of his job and the broader system in which his job is embedded, also reflects the extent to which he needs resources. As I pointed out earlier, when an employee joins a multidisciplinary initiative, or works for two bosses, or gets a stretch goal, he begins reaching out across units more frequently.

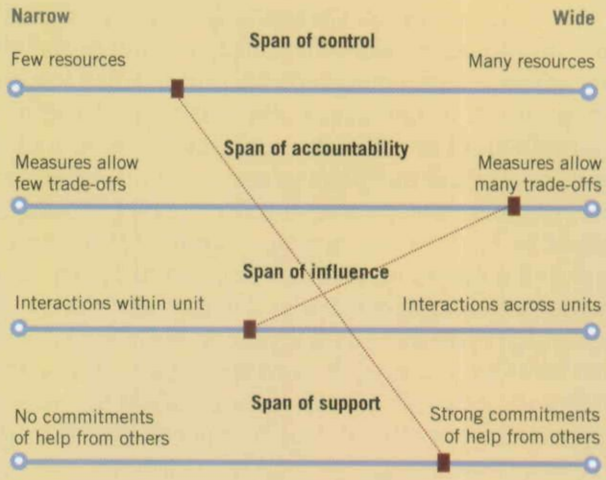
For any organization to operate at maximum efficiency and effectiveness, the supply of resources for each job and each unit must equal the demand. In other words, span of control plus span of support must equal span of accountability plus span of influence. You can determine whether any job in your organization is poised for sustained high performance – or is designed to fail – by applying this simple test: Using "Four Spans at a Software Company" as an example, draw two lines, one connecting span of control and span of support (the supply of resources) and the other connecting span of accountability and span of influence (the demand for resources).

If these two lines intersect, forming an X, as they do in the exhibit, then demand equals supply (at least roughly) and the job is properly designed for sustained performance. If the lines do not cross, then the spans are misaligned – with predictable consequences. If resources (span of control plus span of support) are insufficient for the task at hand, strategy implementation will fail; if resources are excessive, underutilization of assets and poor economic performance can be predicted.

Depending on the desired unit of analysis, this test can be applied to an individual job, a function, a business unit, and even an entire company.

FOUR SPANS AT A SOFTWARE COMPANY

The settings for a marketing and sales manager show a relatively narrow span of control and a relatively wide span of accountability. The discrepancy indicates that the company wants the manager to be entrepreneurial. A reasonable span of influence ensures that he has a respectable level of collaboration with colleagues outside his unit to compensate for his low span of control. Company policies designed to provide a wide span of support ensure that his entrepreneurial initiatives will get a favorable response. The dotted line connecting the two spans that describe the resources available to the job (span of control and span of support) intersects with the line connecting the two spans that describe the job's demand for resources (span of accountability and span of influence). This shows that the supply of, and demand for, resources that apply to this job are in rough balance; the job has been designed to enable the manager to succeed.



When Spans Are Misaligned

Consider the case of a struggling high-tech company that makes medical devices. One division was rapidly losing revenue and market share to new competitors because of insufficient sales-force coverage and a lack of new-product development. In another division, created to bundle and cross sell products, managers were unable to get the collaboration they needed to provide a unified solution for a large potential customer. In a third, local managers were making decisions that did not support or build on the company's overall direction and strategy.

These situations arose because senior managers had failed to align the four spans for key jobs and for the divisions overall. In particular, the problems this company encountered reflect three common situations that can limit performance potential.

The Crisis of Resources. In some cases, the supply of resources is simply inadequate for the job at hand, leading to a failure of strategy implementation. In the medical devices company, the sales staff had neither enough people to cover the competition (a narrow span of control) nor support from R&D to bring new products to market rapidly (a narrow span of support). A crisis of resources is most likely to occur when executives spend too much time thinking about control, influence, and accountability and not enough time thinking about support. They may, for instance, set the span of accountability wider than the span of control to encourage entrepreneurial behavior. And they may set the span of influence wider than the span of control to stimulate people to interact and work across units. But if the span of support is not widened to compensate for the relatively narrow span of control, people in other units will be unwilling to help when asked.

Consider the local subsidiary of a regional investment bank. The managers had few direct resources (a narrow span of control) and relied on specialists from corporate headquarters to fly in to manage deals. Yet their span of accountability was relatively wide, with performance measures focusing on successful deals and revenue generation. Evaluations of the local managers failed to recognize or reward people's commitment to help others in the organization. As a result, the span of support was too low to support the strategy of the business, which eventually failed.

The Crisis of Control. Sometimes the supply of resources exceeds demand, leading to suboptimal economic performance. In highly decentralized organizations where separate business units are created to be close to customers, a crisis of control can occur when the supply of resources (the span of control plus the span of support) exceeds corporate management's ability to effectively monitor trade-offs (the span of accountability) and to ensure coordination of knowledge sharing with other units (the span of influence). The result is uncoordinated activities across units, missed opportunities, and wasted resources.

Consider a large telecommunications company in which regions were organized as independent business units. Because of rapid growth, division managers were able to create fiefdoms in which resources were plentiful. And because of the company's success, commitment to the business mission was strong. But before long, the lack of effective performance monitoring by corporate superiors caught up with the business. The strategies of the divisions often worked at cross-purposes; there was waste and redundancy. Competitors that were more focused began overtaking the units.

The Crisis of Red Tape. This can occur in any organization where powerful staff groups, overseeing key internal processes such as strategic planning and resource allocation, design performance management systems that are too complex for the organization. In such circumstances, spans of accountability and influence are very high, but resources are insufficient and misdirected. Endless time spent in staff meetings wastes resources, slows decision making, and makes the organization unable to respond rapidly to changing customer needs and competitive actions. The demand for resources exceeds supply, and strategy execution fails as more nimble competitors move in.

Adjusting the Spans over Time

Of course, organizations and job designs must change with shifting circumstances and strategies. To see how this plays out in practice, let's look at how the job spans for a typical market-facing sales unit at IBM evolved as a result of the strategic choices made by successive CEOs.

We pick up the story in 1981, when John Opel became IBM's chief executive. IBM had been organized into stand-alone product groups that were run as profit centers. Reacting to threats from Japanese companies, Opel wanted to reposition the business as a low-cost competitor. For purposes of increasing cost efficiency, the business was reorganized on a functional basis. The span of control for operating-core units such as manufacturing was widened dramatically, and there was a corresponding reduction in the spans of control and accountability for market-facing sales units (illustrated in the top panel of the exhibit "Three Eras at IBM"). The company also enlarged its definition of "customer." Rather than focus narrowly on professional IT managers in governments and large companies, IBM began marketing to small companies, resellers, and distributors. It created experimental independent business units and gave resources for experimentation without imposing any accountability for performance.

By the end of Opel's tenure, IBM was criticized for confusion about strategy and priorities. As one writer noted, "IBM settled into a feeling that it could be all things to all customers." However, the effects of these problems were masked by the dramatic and unrelenting growth of the computer industry during this period.

In 1985, John Akers took over as CEO. The organization he inherited was configured to develop, manufacture, and market computing hardware in independent silos. Not only were products incompatible across categories, they failed to meet customer needs in a world that was moving quickly from hardware to software and customer solutions. To get closer to customers, Akers created a unified marketing and services group, organized by region. The mission of this new market-facing unit was to translate customer needs into integrated product solutions and coordinate internal resources to deliver the right products to customers. Business units and divisions were consolidated into six lines of business. The span of control for the market-facing sales units widened dramatically.

The new marketing and services group was made accountable for profit, and, as a result, many new profit centers were created. Unfortunately, the existing accounting system was not capable of calculating profit at the branch level or for individual customers and product lines. Instead, a top-down planning system run by centralized staff groups set sales quotas for individual product categories. Customer sales representatives thus had few choices or trade-offs; their span of accountability was not wide enough to support the company's new strategy. To make matters worse, the new profit centers made the company extremely complex and fragmented, a situation reflected in the unit's relatively narrow spans of influence and support. As the strategy's failure became evident and losses mounted, Akers considered breaking the corporation into separate entities.

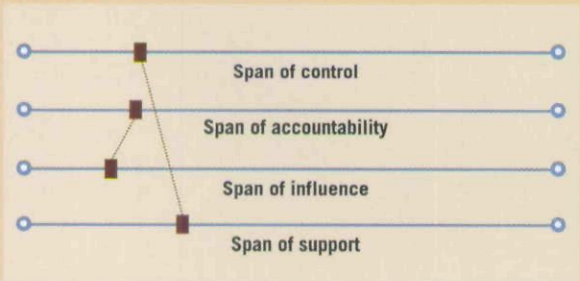
Lou Gerstner took charge in 1993. He restructured the business around specific industry groups, narrowing the spans of control and widening the spans of accountability for marketing and sales units. At the same time, he widened the spans of influence by formally pairing product specialists with global industry teams, which worked closely with customers. To widen the spans of support, the company reconfigured bonuses to give more weight to corporate results than to business-unit performance.

Sam Palmisano took over as CEO in 2002 and reinforced the positive changes wrought by Gerstner. The new CEO's strategy emphasized "on-demand" computing solutions delivered through seamless integration of hardware, software, and services. This involved adopting a team-based, "dedicated service relationship" configuration at the sales units. To ensure that all employees in such a complex organization would be willing to work across units to build customer loyalty, Palmisano worked to widen spans of support further. In a well-publicized initiative, he returned the company to its roots by reemphasizing the importance of IBM values such as dedication to client success, innovation, and trust and personal responsibility in all relationships. To increase trust within the company and heighten the perception of fairness – necessary actions before people will assume responsibility for helping others – Palmisano asked the board to allocate half of his 2003 bonus to other IBM executives who would be critical leaders of the new team-based strategy.

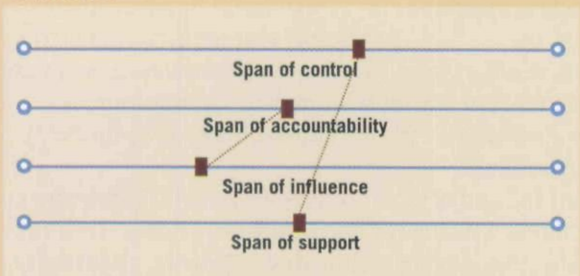
THREE ERAS AT IBM

The settings for the four spans for a typical sales unit at IBM evolved as a result of the strategic choices made by successive CEOs.

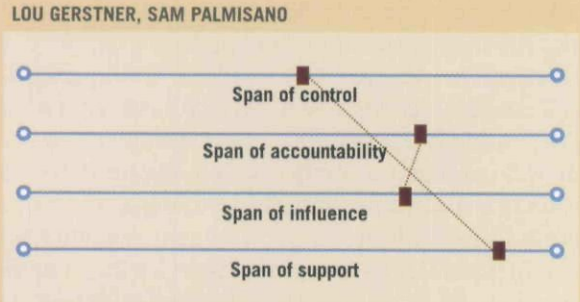
JOHN OPEL



JOHN AKERS



LOU GERSTNER, SAM PALMISANO



A Precarious Balance

As IBM illustrates, complex strategies for large firms usually require that all the spans of key jobs widen, indicating high levels of both demand for, and supply of, organizational resources. But the potential for problems is great in any organization where all four spans are wide and tightly aligned. A relatively small change in any one of them will disrupt the balance of supply and demand and tip the organization toward disequilibrium. In the short run, of course, the dedication and hard work of good people can often compensate for a misalignment. But the more dynamic your markets and the more demanding your customers, the more critical and difficult it becomes to ensure that all four spans of organization design are aligned to allow your business to reach its performance potential.

Reprint R0507D; HBR OnPoint 1517
To order, see page 195.