Maintained optimal spans and layers

Maintained total population of managers at 15% (down from 30%) over three years

Increase in new clients and new loans granted to existing clients
**Challenge**

Acting on the recommendations of a third party consulting firm, a financial services company brought the percentage of its manager population down from 30% to 15%, reduced the layers of the organization from 10 to 7 and reduced the number of administrative employees per manager. Maintaining this more optimized structure and avoiding costly organizational bloat requires continuous monitoring.

**Analysis Conducted**

Using a people analytics platform, the company tracks a number of measures called “organizational health metrics.” Metrics in this group include span of control (the number of employees reporting to a single manager), layers (the number of reporting levels from top to bottom), and player coach (the percentage of managers who manage three or fewer employees). The company also monitors contingent labor usage, its admin-to-manager ratio, as well as employee headcount and movement.

**Insights**

The HR team delivers the organizational health metrics to business leaders as a slideshow on a monthly basis. The data is also available on-demand. Managers can look at their individual span of control number, comparing how it stacks up against the goal of 6.5 employees per manager and 10 managers per admin worker. Managers also review the data to determine how contingent labor decisions will affect their individual numbers compared to the overall metrics.

**Actions Taken**

Following the initial organizational review—which revealed that the company was performing below the industry benchmark for organizational efficiency—the company eliminated 400 positions through headcount reductions.

The company continues to maintain the optimized structure by fostering accountability through data. If leaders see that staff augmentation is creeping up, they have conversations to determine if the managers can bring it down. They can also follow up if a manager’s span of control is smaller than the target of 6.5 employees per manager or if a group has more administrative workers than the average.

**Results**

The company has experienced no loss in optimization of spans and layers three years after the initial reorganization, maintaining a 15% manager population, and a 10:1 admin-to-manager ratio, as well as eliminating an additional layer in the organization. The rate of voluntary resignations has also decreased over time. As a result of the organizational efficiency program, the company has experienced a significant increase in new clients and new loans granted to existing clients. From a financial perspective they are also maintaining one of the highest efficiency ratios in their peer group.

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*Fictional data used in visuals for customer privacy*