

## PRACTICE POINTS

# Organizational Structure and Job Descriptions

Whether you're an advisory firm of two or 20, having an organizational structure with corresponding job descriptions is an important step in positioning for scalability and growth, which can make the difference between managing a practice and having a true ensemble. According to Dimensional's 2018 Advisor Benchmarks Study, 67% of firms have a formalized organizational chart.<sup>1</sup>

## Five reasons to have an organizational chart and job descriptions

1. A current organizational chart, and one that looks three to five years down the road, will help you plan for future growth and hires.
2. Organizational charts and job descriptions help define workflows and how decisions are made.
3. Having well-composed job descriptions, even in a small firm, can encourage role clarity while helping set expectations and support opportunities for role expansion.
4. A well-constructed description can double as a job posting.
5. As a firm grows, organizational charts can illustrate both the working structure and ownership structure of a firm.

## Getting started

Implementing or simply reviewing existing job descriptions provide an opportunity to assess organizational structure, functionality, and efficiencies.

A key, often-overlooked step is to look past the person who is occupying the role and consider the needs of the organization. What purpose does this role serve? How does it interact with other roles in the firm? What skills are necessary for this role to operate at its optimal level?

After answering these questions and drafting a concise description of the role, add the person back into the equation, considering skills, character, and other traits.

This exercise will drive effective job descriptions and encourage meaningful discussions around goal setting, career pathing, and the impact of the specific role on the firm's future growth.

## Top practices

Job descriptions often contain the following elements:

- Statement of objective or purpose (for the organization and specific role).
- Cultural creed and firm values.
- Primary and secondary responsibilities.
- Client experience or organization results when the job is executed well (e.g., client calls are returned in a timely manner, strong responses on client survey, revenue growth).
- Required skill sets (soft and hard) and experience you seek.
- Adherence to compliance, privacy, and firm policies.

## Organizational charts

Design the organizational chart around a reporting and decision-making hierarchy rather than ownership structure. In many organizations these frameworks are the same, but as firms become larger and more complex, the effort to account for both function and ownership in a single organizational chart can be challenging. At some point, a growing advisory business may want to develop two charts.

Consider how daily activities align with the organizational chart. Are there bottlenecks, overlaps, or capacity challenges? Does the chart clearly reflect who makes decisions within the organization?

## Additional resources

Please contact a member of your service team for additional resources.

<sup>1</sup>. Dimensional 2018 Advisor Benchmarks Study. Reflects participants with greater than \$1 million in revenue.

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