15 Guidelines for Developing an Organizational Chart

1. Instead of chairman of the board, make it chairperson of the board.
2. Make sure the board of directors reveals diversity in race, ethnicity, gender, and age.
3. Make sure the chair of the board is not also the CEO or president of the company.
4. Make sure the CEO of the firm does not also carry the title president.
5. Reserve the title president for the division heads of the firm.
6. Include a COO if divisions are large or geographically dispersed.
7. Make sure only presidents of divisions report to the COO.
8. Make sure functional executives such as CFO, CIO, CMO, CSO, R&D, CLO, CTO, and HRM report to the CEO, not the COO.
9. Make sure every executive has one boss, so lines in the chart should be drawn accordingly, assuring unity of command.
10. Make sure span of control is reasonable, probably no more than 10 persons reporting to any other person.
11. Make sure diversity in race, ethnicity, gender, and age is well represented among corporate executives.
12. Avoid a functional type structure for all but the smallest firms.
13. Decentralize, using some form of divisional structure, whenever possible.
14. Use a SBU type structure for large firms with more than 10 divisions.
15. Make sure executive titles match product names as best possible in division-by-product and SBU-designated firms.