Organisational chart explainer

Your company's structure might seem straightforward to you, but is it easily understandable for your employees?

Trying to explain the hierarchical framework to new recruits can be more challenging than it seems. But it's important that this structure is clear, not only so people know who reports to whom, but also so that information can be effectively disseminated throughout the business.

Organisational charts – also known as org charts – arrange this information into a clear visual aid that can be used by the whole company. Here's everything you need to consider before creating your own.

Types of chart

There are four main styles of organisational chart – which one you choose will depend on the structure of your business. These styles are:

- **Hierarchical organisational chart**

  The traditional pyramid-shaped structure, arranged by seniority. One person or group sits at the top, beneath which comes the managers who report to them, then colleagues who report to those managers, and so on.

- **Divisional organisational chart**

  This type of company is made up of several separate teams working in parallel with each other but with autonomous projects or functions.

- **Matrix organisational chart**

  This style is for businesses which are divided into teams according to specialisation, and then split down again according to project. This can make for a complex chart, showing relationships across the business as opposed to just vertically.

- **Flat organisational chart**

  This is the most common style of chart used by small businesses. As the name suggests, it's more horizontal than vertical, with business leaders sitting right over staff as opposed to being separated by layers of middle managers.

The benefits of creating an org chart

Simplifying what may be a complex company framework into a visual aid can benefit everything from communication to company growth.

- **Improve communication and collaboration**

  When a member of staff has a niche question or issue, an organisational chart will clearly show them who works in which department, making it clear who they should talk to about it. This is especially valuable for new hires and is also good for mapping how information flows through a company.

- **Plan for growth**

  Mapping out hierarchies and departments can help you to ensure the right people are in the right place to facilitate the goals of the company.

- **Define roles and responsibilities**

  Sometimes, when people's roles evolve alongside the company, things can become muddied in terms of their responsibilities. Organisational charts clear up any ambiguity.

- **Establish paths for progression**

  When staff can clearly see the structure of their business, they have a clear map for their own progression and can plan how they want to advance through the company. This supports ambition and can help with staff retention.

Common pitfalls when creating org charts

Don't let all the work you put into your organisational chart go to waste by succumbing to these mistakes.

- **Not updating your chart**

  As your business grows and evolves, constant tweaks will need to be made to your chart. This isn't easy and requires considerable time and effort, but letting it become out of date will render it useless.

- **Not adding contextual information**

  An organisational chart is only so useful if it only includes where people sit hierarchically. Including information such as what their job role entails, their other skillsets and possibly how long they've worked at the business or particular pieces of work they've done makes it easier to use the chart to inform lines of communication or signpost the right person for a particular question.

- **Segregating departments**

  Your chart might mean that people can more efficiently find the department they need, but this can eliminate contact with other teams and dismiss existing informal channels of communication, resulting in fewer opportunities for collaboration.

- **Making people feel like there is no progression**

  As you assemble your organisational chart, there's a chance that it will end up making a few employees look either pretty isolated or without a clear path to progression. Make sure you don't ignore this and ensure you can explain what is being done to those impacted.