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## The rise of functional managers

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### SUMMARY

*In recent years, the market globalization is fuelling greater competition among corporates.*

In recent years, the market globalization is fuelling greater competition among corporates. Now large institutional shareholders are becoming new source of external governance. In response to these massive shifts in environment, firms are spinning off their peripheral businesses, focusing on core areas and outsourcing selected activities. One of the recent transformation in the corporate world is the skyrocketing numbers of executive team.

According to a survey of some 300 Fortune 500 companies, the number of functional managers reporting directly to the CEO has doubled, from an average of 5 direct reports in 1986 to an average of 10 today. A power shift is occurring in modern businesses as the functional managers who report directly to the CEO – are taking greater control in business management. CEOs are eliminating layers in management ranks, broadening their spans of control, and changing pay structures by increasing incentives. This has given a rise of Functional Managers in the organization. This rise of functional Managers is working in favour of organization as these executive team of chief officers are advising best decisions related to their function and involving the function in strategic decision making with the CEO– realizing synergies and improving overall organization efficiency. With de-layering of corporations and flattening of the corporate hierarchy, firms are moving decisions down the corporate ladder faster than ever by making it easier to respond directly to their customers.

This even helps the CEOs to focus more on overall profitability of the organization, as they are under constant pressure from both, Investors and the Board for the development and execution of long term strategies for the company.

Functional managers can keep informed and guide his team members on what is expected from management and the way to achieve the organization goal. Once the team have better understanding of the goals and requirements, they can work together to achieve the goals by implementing the strategies. The Functional managers can also help their team members in reaching their own career goals.

When the alignment of all such cross-functional team happens, it exponentially increases organizational alignment. Apart from firm diversification, other factor which has driven the C-suite change is an overall increase in IT investments. Cost effective and advance information technology is creating opportunities for the rise of functional managers. With advances in information technology, one can manage the increased number of people since it makes easier to communicate with many people at single point of time.

Now it's no more lonely at the top ....

*By Pankaj Minglani, Principal Consultant and Director, Career Shapers HR Consulting Pvt. Ltd.*

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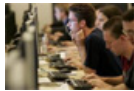


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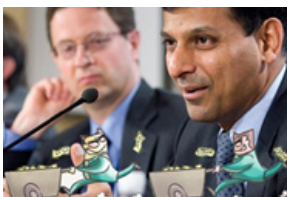


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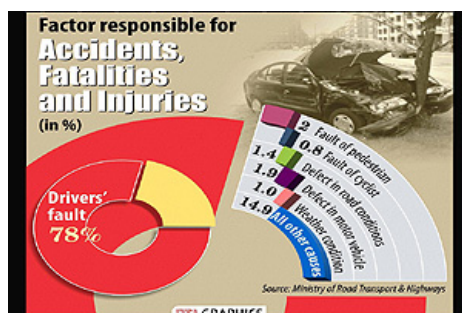
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