

HOW TO DELEGATE EFFECTIVELY

Delegating effectively is one of the most important things a manager does. The best managers in the world excel at knowing when to delegate, how to delegate, and to whom to delegate. Delegating effectively is what enables managers to shift from managing to leading. A key to their success – perhaps the most important key – is that they've learned how to hire effective people and then delegate specific decision authority to them. But it's harder than it sounds, and it's certainly not easy unless you fully understand certain tricks of the trade. This invaluable tool takes a look at the “dos” and “don'ts” of delegation, and highlights three levels of delegated decisions to help you build your management skills.

What does it mean to “delegate?” It means you've ascertained that someone has good judgment and that you trust him or her to make good decisions consistently. As a result, you delegate responsibility to make certain, specific decisions on a regular basis. And, as part of the delegation, you acknowledge openly that you are prepared to accept (and support) the decisions that he or she makes. Delegation is the key to building the management capacity of the organization. It's what enables senior management to focus on longer-range issues while assuring that shorter-term, more tactical decisions are being made well.

Is that all there is to it? The short answer is: no. Delegation is a subtle art. There are different levels of delegated decisions – and each level carries its own set of expectations and protocols. It is very helpful to distinguish between different levels and to gain a vocabulary to help you communicate clearly to others.

Consultative Decision: You take the initiative and make decisions. For example, you take initiative and decide the size and scope of the organization's annual budget. You most likely consult with many different people in the process. But ultimately, you are the driver of the process and the maker of the decision.

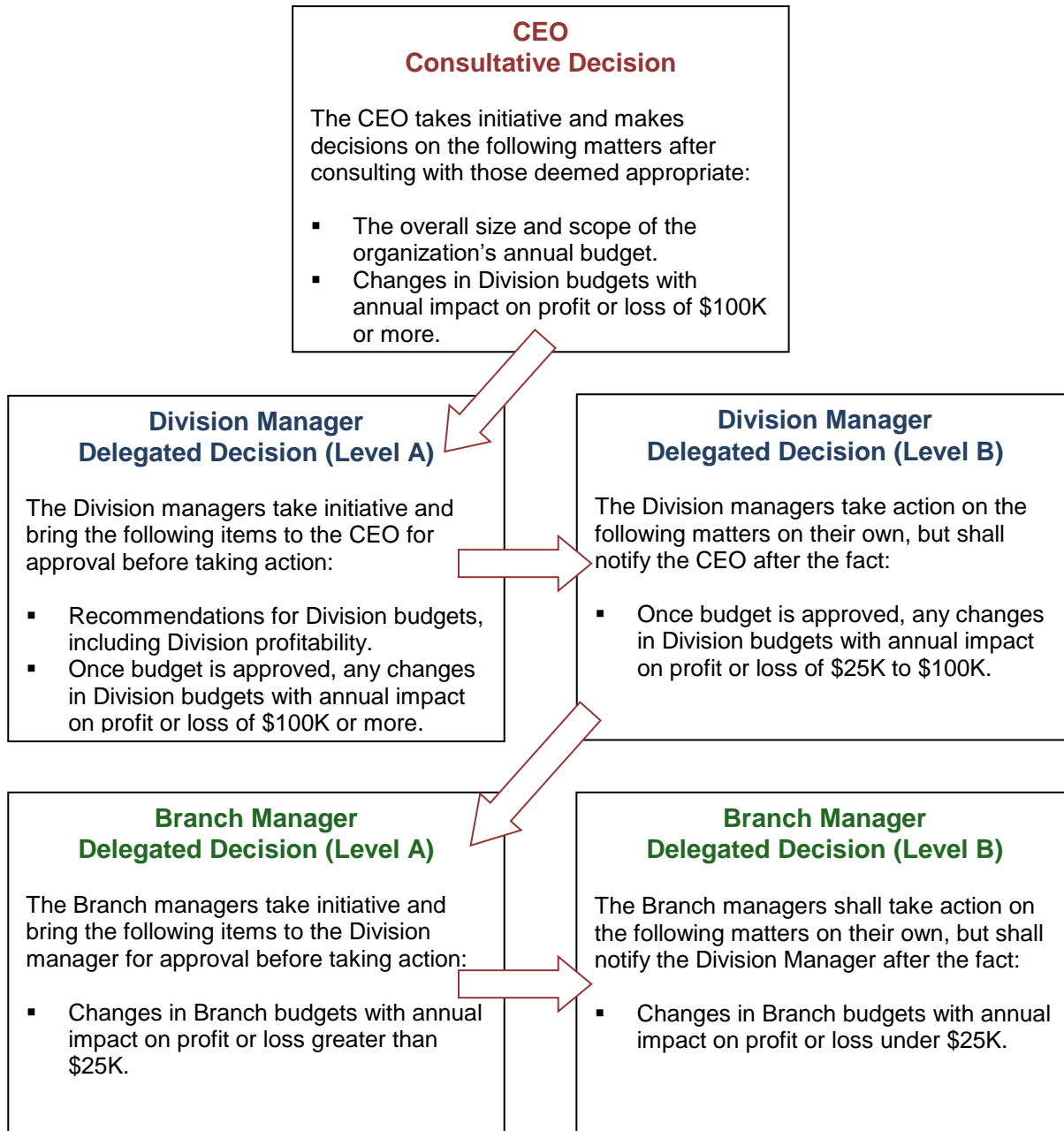
Level A Delegated Decision: This is the first level of delegation. You have the authority to make a given decision, but you choose to delegate the responsibility and ask someone else to take the initiative and bring recommendations to you for approval. Using the budget example, you might delegate the responsibility to the Division heads to recommend their Division budgets.

Level B Delegated Decision: This means you delegate the responsibility to take action on certain specified matters, but require that you be notified after the fact. The example you might delegate the responsibility to make changes in Division budgets once they are approved, for example within the range of \$50K to \$100K. (Any change over \$100K you might decide to make a Level A delegation.)

Level C Delegated Decision: You delegate responsibility to take action on certain matters, without the need to notify you. You might make this kind of delegation with regard to changes in Division budgets under \$50K.

The Flow of Delegations

The flow of a delegated decision can cascade several levels down. The following example diagrams the flow of delegations related to financial authority. For example, the CEO retains responsibility for the overall budget and delegates other decisions to the Division managers, who in turn make certain delegations to the next level of Branch managers. The important thing is to spell out and define this flow in writing, so that people can use a well-understood process to consistently make sound decisions.



Two notes:

- First, in any type of delegated decision, it's a good idea to consult with your boss if he or she will be affected by the decision or has valuable knowledge to impart. This doesn't change the delegation. It is simply the smart way to manage "up." Of course, if your boss tries to overrule your decision, then it's not a real delegation, but a "faux" delegation.
- Second, the level of delegation can change. Let's say you are delegated Level B responsibility to hire for a certain job. Then you learn that the owner's son has decided to apply. That may render it a Level A delegation. It's up to you to bring these changes in circumstance to your boss so he or she can decide whether to change the level of delegation.

When we help organizations develop a detailed list of delegations, we typically use a table, such as in the following example.

<p>CEO Consultative Decision Shall take initiative and make decisions on the following matters after consulting with those deemed appropriate:</p> <ul style="list-style-type: none"> ▪ The overall size and scope of the organization's annual budget. ▪ Changes in Division budgets with annual impact on profit or loss of \$100K or more.
<p>Division managers Delegated Decision (Level A) Shall take initiative and bring the following items to the CEO for approval before taking action:</p> <ul style="list-style-type: none"> ▪ Recommendations for Division budgets, including Division profitability. ▪ Once budget is approved, any changes in Division budget with annual impact on profit or loss of \$100K or more.
<p>Division managers Delegated Decision (Level B) Shall take action on the following matters on their own, but shall be responsible for notifying the CEO after the fact:</p> <ul style="list-style-type: none"> ▪ Once budget is approved, any changes in Division budgets with annual impact on profit or loss \$25K to \$100K.
<p>Division managers Delegated Decision (Level C) Are delegated responsibility to deal with the following without notifying the CEO:</p> <ul style="list-style-type: none"> ▪ Once budget is approved, any changes with annual impact on profit or loss under \$25K.

Branch managers**Delegated Decision (Level A)**

Shall take initiative and bring the following items to the Division manager for approval before taking action:

- Changes in Branch budgets with annual impact on profit or loss greater than \$25K.

Branch managers**Delegated Decision (Level B)**

Shall take action on the following matters on their own, but shall be responsible for notifying the Division manager after the fact:

- Changes in Branch budgets with annual impact on profit or loss under \$25K.

Branch managers**Delegated Decision (Level C)**

Are delegated responsibility to deal with the following without notifying the Division manager:

- Movements of money between budget categories under \$50K (that have no annual impact on profit or loss).

Program managers**Delegated Decision (Level A)**

Shall take initiative and bring the following items to the Branch manager for approval before taking action:

- Changes in Program budgets with any annual impact on profit or loss.
- Movements of money between budget categories under \$50K (that have no annual impact on profit or loss).

Program managers**Delegated Decision (Level B)**

Shall take action on the following matters on their own, but shall be responsible for notifying the Branch manager after the fact:

- Single movements of money between budget categories under \$50K (that have no annual impact on profit or loss).

Program managers**Delegated Decision (Level C)**

Are delegated responsibility to deal with the following without notifying the Branch manager:

- Single movements of money between budget categories under \$10K (that have no annual impact on profit or loss).

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