

Employee/Management Ratio

Span of control, or the management ratio, refers to the number of subordinates overseen directly by a superior. People often ask, “Is there an optimal number?” That’s a question that industries and various others have studied in an effort to benchmark, compare, and establish a best organizational model. Typical ratios of management to staff range from 4:1 for direct reports at a senior level of an organization to 20:1 for administrative areas. For most areas, the average number of direct reports is 10 employees per supervisor or manager.ⁱ

Louisville Metro Government (LMG) currently has 5,562 positions. An estimated 2 percent of the positions are at the Executive Administrator or above level and an estimated 18 percent are at the Supervisor or Manager level. An estimated 70 percent of the employees are represented by a collective bargaining agreement (union), and 30 percent are non-union. LMG has been holding the number of employees flat, outside of Louisville Metro Police Department, from 4,017 to 4,015 employees. And the overall number of employees is down from pre-merger, when there were 2,612 county employees and 3,500 city employees, for a total of 6,112 employees.

Also, many of our managers are “working managers,” who have separate duties beyond supervising. It’s also important to remember that many of our city operations are 24/7, and we cover a 400-square-mile area.

LMG has reduced personnel costs by eliminating 49 positions in FY19. LMG has the fourth fewest governmental employees per capita amongst 19 peer cities, based upon a review of each city’s Comprehensive Annual Financial Report (CAFR). And a review of a few specific departments shows that LMG is within the typical ratios described above. For example, Metro Parks shows the average direct reports to a supervisor to be 7:1.ⁱⁱ The Facilities department has an average of 7:1, Fleet 12:1, Public Works Streets and Roads has an average of 12:1 and Solid Waste Management has an average of 7:1 direct reports to every supervisor. The Zoo has an average of 10:1 and Youth Detention Services has an average of 10:1 direct reports per supervisor.

When examining a budget during challenging times, a management ratio review is often viewed as a convenient measure in seeking to reduce personnel costs by eliminating supervisory positions. But evidence and experience has shown that such a simple peer comparison can be problematic. The top-down measurement of span of control does not allow for an organizational structure that is based on the strategy of the organization as a whole. It has been recommended that a new way to measure span of control is to fit for purpose to the organization’s context strategy.ⁱⁱⁱ To do so, there must be an understanding of the operations and type of work being done.

Lessons from our peers show that reductions should not be based on some arbitrary target number or a ratio. Instead, any reduction in supervisory control should be a part of an organization’s overall strategic approach to shaping the work, and should include a workload analysis, program performance and skills (as in our LouieStat meetings for each department) and attrition and separation analyses.

The goal should be to achieve efficiency, based upon the type of work supervised.

ⁱ <https://yourbusiness.azcentral.com/ideal-ratio-managers-staff-24643.html>

ⁱⁱ Excluding golf course personnel

ⁱⁱⁱ <https://www.mckinsey.com/business-functions/organization/our-insights/how-to-identify-the-right-spans-of-control-for-your-organization>