

3.2 Management Team

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As a company grows, the Managing Director/ Chief Executive may allocate specific areas of responsibility such as finance, human resources, etc. to individuals in the company. As these responsibilities become increasingly important, it is good practice to formalise the roles in writing.

Eventually, putting in place a Management Team may be justified if the size of the company warrants it. Once established, the team provides clarity in relation to who does what and ensures accountability for each individual's responsibilities.

The functions typically assigned to individuals on the Management Team are:

- Sales
- Marketing
- Operations/Production/Business Units
- Finance
- Human Resources
- Information Technology (IT)

Some individuals may have responsibility for more than one area, depending on the size of the company.

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Role of the Management Team

- Manage the resources of the business to achieve the company's strategic and annual business goals
- Manage the day-to-day operations of the business

Responsibilities of the Management Team

- Develop and manage the implementation of the strategic and annual business plans
- Address key strategic and business issues
- Manage the annual budgeting process
- Monitor and report on performance against the annual business plan and strategic targets
- Develop a risk management strategy and manage key risks on a day-to-day basis
- Play a key role in leadership and motivation of staff in the organisation
- Implement recommendations by the Internal Audit function which have been approved by the Audit Committee/ Board of Directors, as appropriate
- Meet as a Management Team on a monthly basis, or more frequently as required
- Meet with the Board at least once a year to review the strategic direction of the company
- Communicate annual and strategic plans and company policy to ensure that everyone involved is working towards the same goals
- Manage the operation and development of the function(s) for which the Management Team have individual responsibility
- Provide appropriate and timely information to the Board

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Insights and practical suggestions

- The number of members on a Management Team is dependent on the size of the company. Generally, to be effective, it should not exceed six to eight people
- The Management Team is typically made up of:
 - Managing Director/ Chief Executive
 - Heads of operations, production, business units, etc
 - Heads of Support Functions, e.g. IT, Finance, HR
- Members of the Management Team who are not on the Board may attend Board meetings, when requested, to discuss specific issues
- When a Management Team makes a decision it is a collective decision regardless of whether everyone supports it or not
- The Management Team and the Board should participate in an 'Away Day' to discuss the strategic direction of the company and to build relationships

Key legal considerations

- Members of the Management Team may also be Directors on the Board. The legal considerations identified in Section 3.6 then apply

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10 Questions a Managing Director/ Chief Executive should ask the Management Team:

- 1 Is the role of the Management Team and that of each of its members clear to everyone on the Management Team?
- 2 Is the existing management process effective and efficient, and if not, how could it be improved?
- 3 Do we spend enough time on the issues that are critical to the company's success, e.g. profitability, cost control, people, customer service, funding?
- 4 Are we using the right information to manage the business?
- 5 Am I, as the Managing Director/ Chief Executive, making the best use of the talent around the table?
- 6 Are we providing the appropriate leadership to the rest of the company?
- 7 Are the goals we are setting ourselves as a team ambitious enough, but yet realistic?
- 8 How can we get better value from the talent around the Boardroom table?
- 9 What is the most critical risk we have to manage to achieve our objectives for the year?
- 10 Do I give the members of the Management Team enough individual feedback on their performance?