



GO Global Organization
Design



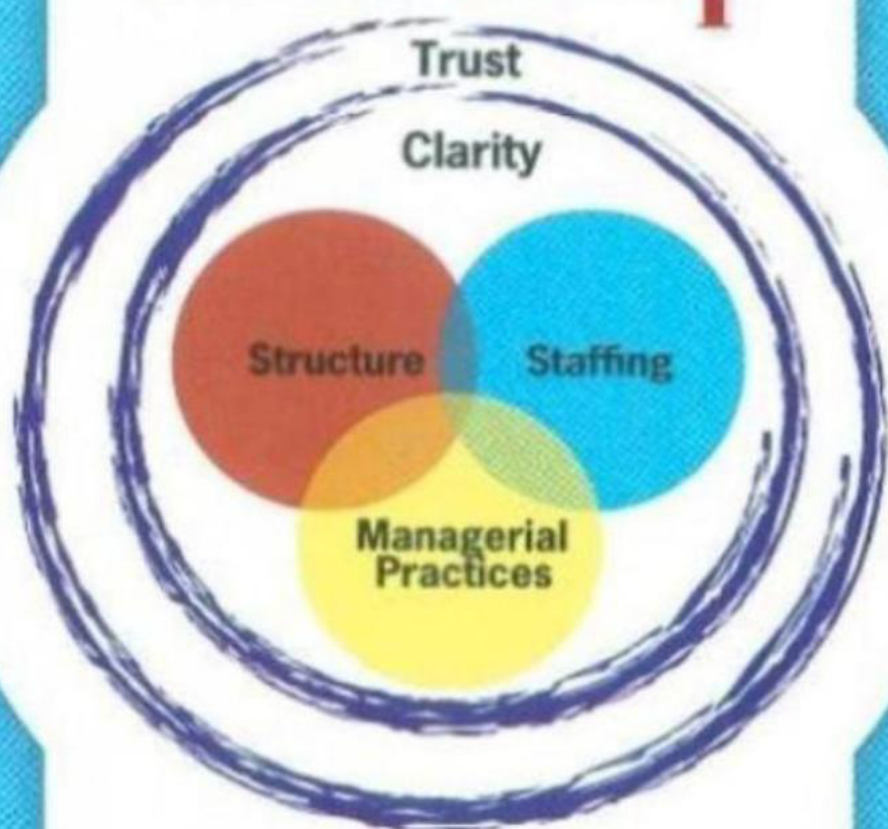
Readings in Global Organization Design
Book excerpts

[The Practice of Managerial Leadership](#)

By Nancy R. Lee

Article #10-09-15-1

The Practice of Managerial Leadership



Nancy R. Lee

The Practice of Managerial Leadership

Nancy R. Lee

Lee, Nancy R.

The practice of managerial leadership. - 1a ed. - Buenos Aires : El Escriba, 2009.

226 p. ; 15x23 cm.

ISBN 978-987-605-241-2

1. Organizaciones. 2. Liderazgo. I. Título

CDD 658.409 2

Fecha de catalogación: 22/10/2009

©2009 Nancy R.Lee

©2009 Editorial El Escriba

Sunchales 721 - Ciudad Aut. de Buenos Aires. Argentina.

Tel: 4582-5315 – editorial@edicionesescriba.com.ar

www.edicionesescriba.com.ar

ISBN 978-987-605-241-2

Queda hecho el depósito que marca la ley 11.723.

Impreso en Argentina en el mes de octubre de 2009

Índice

Acknowledgments	19
Preface	21
Introduction to “The practice of managerial leadership”	25
Chapter 1: Basic concepts	29
Associations and Managerial Hierarchies.....	30
Associations.....	30
Employment Organizations.....	30
The Managerial Hierarchy.....	31
Definitions of Manager, Accountability and Strata.....	31
Manager.....	32
Accountability.....	32
Strata.....	33
Other Types of Associations.....	33
Partnerships.....	33
Churches.....	34
Colleges and Universities.....	34
Doctors and Hospitals.....	34
Government Organizations.....	34
Family-owned Companies.....	34
Understanding the Differences.....	35
Purpose of Requisite Organization Theory.....	35
Organizations are Systems with Process and Structure	36
Organization Structure	
(Roles and Role Relationships)	36
Organization Processes (Practices and Procedures).....	37
The Manager-Subordinate Working Relationship.....	38
Managerial Authority.....	38
Veto Appointment.....	38
Decide on Removal from Role.....	39
Assign Tasks 38.....	39
Appraisal and Merit Increase.....	40
Leadership.....	40

Managerial Leadership.....	39
Misconceptions about Managerial Work.....	40
Subordinate Accountability and Authority.....	40
Individual Contributors.....	41
Time Span and Organizational Layers (Strata).....	42
Definitions of Work, Task and Role	43
Work.....	44
Task.....	44
Quantity (Q).....	45
Quality (Q).....	45
Resources (R).....	45
Time (T).....	45
Policies and Procedures	47
QQT/R.....	47
Context Setting.....	47
Level of Work and Time Span of Discretion.....	48
Level of Work.....	49
Time Span of Discretion.....	50
Time Span in Multiple-Task Roles.....	50
Time Span in Single-Task Roles.....	51
Origins of Time-Span Measurement.....	52
The Requisite Pattern of Organizational Structure.....	54
The Requisite Strata Required.....	55
Role Complexity and Task Complexity.....	56
Role Complexity.....	56
Task Complexity.....	56
Stratum I Complexity.....	57
Stratum II Complexity.....	58
Stratum III Complexity.....	58
Stratum IV Complexity.....	59
Stratum V Complexity.....	60
Stratum VI Complexity.....	60
Stratum VII Complexity.....	60
Stratum VIII Complexity.....	61
Orders of Complexity.....	61
Chapter 2:Human capability.....	62
The Nature of Human Capability Applied to Work.....	62
Potential Capability and Applied Capability.....	63

Potential Capability	63
Applied Capability.....	65
Values.....	65
Skilled Knowledge	66
Complexity of Information Processing.....	67
Suitability for a Role.....	67
Decision Making.....	68
Other Measures of Ability	69
Personality Characteristics.....	70
Negative Temperament	70
The Maturation of the Complexity of Information Processing	72
Development and Maturation.....	72
Fairness in Employment.....	73
Complexity of Information Processing and Organization Strata.....	74
Declarative Processing.....	75
Cumulative Processing.....	75
Serial Processing.....	75
Parallel Processing.....	76
Orders of Complexity of Information Processing.....	76
Childhood Order of Information Complexity – Tangibles.....	77
Symbolic Verbal Order of Information Complexity.....	78
Abstract Conceptual Order of Information Complexity.....	78
Universal Order of Information Complexity.....	78
Research in the Complexity of Information Processing.....	79
Chapter 3: Working relation ships	80
The Task Assigning Role Relationship Between Manager and Subordinateo.....	80
Managerial Planning.....	81
Setting Context.....	81
The Context Trio.....	82

Task, Work and Role.....	83
Specifying Tasks.....	83
Outputs have Valve.....	84
How Far Down to Delegate.....	84
Manager’s Integration of the Unit’s Functions.....	85
Types of Delegated Tasks.....	85
Direct Output.....	85
Delegated Direct Output.....	86
Direct Output Support and Aided Direct Output.....	86
Individual Contributors and ADO/DOS.....	87
Teams and Team Working	88
Project Teams.....	88
Project Team Leaders.....	88
Project Team Members.....	89
Project Team Output	90
Coordinative Teams.....	90
Managerial Teams.....	90
No Team Decisions.....	91
Cross-Functional Working Relationships	91
Cross-Functional Relationships Exist Between Roles.....	91
Establishing Cross-Functional Working Relationships.....	92
Exploring CFWRs.....	92
The Seven Cross-Functional Working Relationships.....	93
Collateral Relationship.....	93.
Advisory Relationship.....	94
Monitoring Relationship	94
Auditing Relationship.....	94
Prescribing Relationship.....	95
Service Relationship.....	95
Coordinative Relationship.....	95
Collateral Accountability and Authority.....	96
Advisory Accountability and Authority.....	97
Monitoring Accountability and Authority.....	98
Auditing Accountability and Authority.....	100
Prescribing Accountability and Authority.....	102
Service Accountability and Authority.....	103
Coordinative Accountability and Authority.....	104
Summary of Cross-Functional Working Relationships.....	104

The Role of the Manager-once-Removed.....	105
Assign SoR Roles.....	105
Decide SoR Cross-Functional Working Relationships.....	106
Talent Pool Development and Succession Planning.....	106
Individual Development	106
Transfer Decisions.....	107
Deselection and Dismissal with Cause.....	107
Provision for Appeal	107
Equilibration.....	108
Ensure Effective Managerial Leadership.....	108
Three-Level Managerial Team Working.....	108
Chapter 4: Organization Structure & Functional alignment.....	109
Functions in an Organization.....	109
Business Units.....	110
Stratum VII Corporations.....	111
Corporate Operations Vice Presidents.....	112
Corporate Development Officers.....	113
New Ventures.....	114
Corporate Services.....	114
Headquarter Strategic Staff Functions.....	115
Corporate Chief Financial Officer.....	116
Human Resources Specialist.....	116
Technology Advisor.....	116
Public Affairs.....	117
Asesoría legal general.....	117
Stratum V Business Units & Roles.....	118
Stratum V Mainstream Business Functions.....	118
Producción y compras.....	121
Marketing and Selling.....	119
Product/Service Development.....	120
Business Unit Services	122
Resource Sustainment Services	122
Financial Auditing and Services.....	122
General Services.....	123
Repair and Maintenance Services.....	123
Stratum V Staff Specialist Functions.....	123
Business Programming Specialist.....	123

Human Resource Specialist.....	124
Technology Specialist.....	125
Resource Enhancement.....	125
Stratum IV General Managers	125
Stratum III Mutual Recognition Units (MRUs).....	126
MRU Specialist Staff.....	127
First Line Units.....	127
Three Common Problems Found in First Line Units.....	128
Addressing These Problems Requisitely.....	129
Institute Requisite Management Practices.....	130
The First Line Manager Role.....	130
Examine the Current Situation.....	131
Multiple Layers between the Manager and the First Line Worker.....	132
Clarifying the First Line Manager Role.....	132
Span of Control.....	133
Providing Assistance to the First Line Manager.....	134
First Line Manager Assistants.....	134
Specialist Operators in Part-time Support Roles.....	135
Involvement of Stratum III Managers.....	135
The Stratum III Mutual Recognition Unit.....	136
Stratum IV General or Functional Manager.....	136
Selecting First Line Managers.....	138
Special Circumstances in First Line Units.....	138
Trade Unions.....	138
Multiple Shifts.....	139
First Line Shifts.....	139
One First Line Manager Accountable for all Shifts in an Area.....	140
Managing Multiple Shifts.....	140
Subordinates Can Often Direct Their Own Work on Shifts.....	141
Handling Serious Problems on Shifts.....	142
Self-Managed Teams are not Appropriate.....	143
Determining the Requisite Structure for Shifts.....	144
Benefits of Establishing Requisite First line Units.....	145

Chapter 5: Management Practices	146
Organizational Leadership Practices.....	146
Communicating the Vision.....	147
Corporate Culture.....	147
Corporate Values.....	148
Society’s Values.....	148
Private Values	149
Management Leadership.....	149
Practices for Immediate Subordinates.....	149
Managerial Accountability.....	150
Minimum Managerial Authority.....	151
Essential Management Practices.....	151
Coaching.....	152
Purposes of Coaching.....	152
Counseling.....	153
Coaching Triggers.....	153
Person New to the Role.....	154
Progress Toward Achieving Assigned Tasks.....	154
The Need to Strengthen Existing Skills and Knowledge.....	154
Readiness for Development within Current Role.....	154
Specific Difficulties.....	155
Effective Managerial Coaching	155
MoR’s Role in the Coaching Process.....	156
Personal Effectiveness Appraisal.....	157
Performance Appraisal and Personal Effectiveness.....	157
Purposes of the Personal Effectiveness Appraisal System....	158
Applied Capability.....	158
Appraisal as a Continuing Process	159
Employees’ Personal Effectiveness Accountabilities.....	159
Equilibration, the MoR’s Role in Appraisal.....	160
Merit Review.....	160
Selection.....	161
The Selection Process.....	162
Specifying the Role.....	162
Human Resources Recommends a Full Slate to the MoR.....	162
Internal and External Candidates.....	163

MoR Develops Short List.....	163
The Immediate Manager Chooses from Short List.....	164
Induction	164
Deselection and Dismissal with Cause.....	165
Deselection.....	165
Dismissal with Cause	166
Managerial Meetings.....	166
Information Sharing Meetings.....	167
Idea Generation Meetings.....	168
Managerial Decision Making.....	168
Continual Improvement	168
Steps in Continual Improvement.....	169
Hold Managers Accountable for Continual Improvement	169
Maintain an Ongoing Analysis.....	170
Continual Improvement Priority List.....	170
Staff Specialists Provide Assistance.....	170
Continual Improvement Project Teams.....	171
Continual Improvement on the Shop Floor.....	171
Continuous Systems Improvement.....	172
Continual Improvement at Every Level.....	173
Chapter 6: The Novus Story.....	174
Background on Monsanto and Novus.....	175
A New Beginning using Requisite Principles and Practices...	176
Educating Senior Management.....	176
Analyzing the Extant Organization.....	177
Stratum VI Organizations.....	177
Initial Judgments of Employees' Complexity of Information Processing.....	178
Addressing Issues of Temperament.....	178
Examining Cross-Functional Working Relationships.....	179
Developing Requisite Processes for Novus.....	179
Key Accountabilities Document (KAD).....	180
Personal Effectiveness Appraisal (PEA).....	180
Educating Employees about the Novus Management System.....	181
Other Requisite Practices.....	181
Level of Work and Organization Structure.....	181

Compensation.....	182
Talent Pool Development.....	183
Embedding the Novus Management System.....	184
Thoughts about the Novus Project.....	185
Novus in the 21 st Century.....	187
Chapter 7: The Roche Canada Story.....	189
Background.....	189
Roche Canada Prepares for the 21 st Century.....	190
Organizing To Deliver Roche Strategy.....	192
Vertical Organization Alignment.....	192
Functional Organization Alignment.....	194
Establishing Better Cross-Functional Working Relationships...	194
Establishing High- Performance Product Development	
and Launch Teams.....	196
Assessing the Talent Pool and Communicating the Results....	199
Managerial Leadership Training.....	201
Requisite Rewards and Recognition.....	203
The Requisite Principles and Roche Strategic Planning.....	205
Lessons Learned at Roche Canada.....	207
Summary.....	210
Glossary.....	211

*This book is dedicated to
Elliott Jaques,
friend, mentor, visionary*

Acknowledgments

I appreciate the time Elliott Jaques spent editing this material so that it accurately represents his ideas in a linear, simplified form.

I also want to thank my many colleagues and clients who have helped me to understand, explain and utilize Elliott's concepts, especially Charlotte Bygrave, Sandi Cardillo, Kathryn Cason, Rod Carnegie, Ken Hamilton, Tim Hart, Janet Kelly, Fred Mackenzie, Fran Marshall, Joe Privott, Susan Schmitt, Terry Seigel, Thad Simons, Betsy Watson, Tova White and Ken Wright.

Nancy Lee
Longboat Key, Florida
2006
Email: NMRLEE@aol.com

Preface

Shortly after he returned from his service as a psychiatrist in the Canadian Army in World War II, Elliott Jaques became one of a pioneering group of psychiatrists and psychologists at the Tavistock Institute in London. Their military experience led them into innovations in organizations.

Jaques was consulting in the Glacier Metals Company when an employee asked him why it was that workers like him were paid by the hour while the executives drew an annual salary. That question aroused Jaques' curiosity and led him to start investigating the possible replies. His search led to a 50-year creative quest that became a major rethinking of human capability and organizational structure.

Jaques' investigation took him into many parts of the world. A major learning experience was his consultation with Rio Tinto Zinc, a mining company in Australia. The chief executive of that company, Rod Carnegie, quickly grasped the import of Jaques' inquiry. Together they fostered extensive consultation in that company which resulted in a systematic refinement of Jaques' thinking and the profitable reorganization of that minerals giant.

Meanwhile he was also consulting with private and governmental organizations in Great Britain and did extensive work with the United States Army. Together these efforts, his writings, and the stimulation of working with companies in different countries fostered his conceptualization of human effort in organizations.

His thinking was a monumental reformulation of the basis of human capacity and organizational structure, reflected in twenty books and scores of articles.

Jaques not only posited eight different levels of conceptual thinking among human beings but also elaborated the curves of that thinking over an adult lifetime. In turn, his conceptualization gave rise to a new logic for organizational structure, an area that had previously had no logic for organizational leadership and accountability.

His work early on aroused my own curiosity and I invited him to join me in weeklong seminars I was conducting for the Levinson Institute. I also introduced him to several of the companies I was working with in the United States and South America. Executives quickly discovered his sophistication about their organizational lives. However, it soon became apparent that their re-thinking would have to go beyond slogans, clichés and traditional practices to become familiar with Jaques' formulations. Once they grasped his creative logic, they recognized that his thinking was far beyond what was in the management textbooks.

Jaques, with the help of his wife, Kathryn Cason, and the author of this book, Nancy Lee, continued to refine his thinking about levels of conceptual ability and even began to extend his thinking to understanding how animals differed in their capacity to grasp complexity.

Because his work required his audiences and his readers to make a radical change in their customary thinking about organizations and managers, many were reluctant to undertake that change for themselves and others and gave up on the possibility of introducing his concepts into their organizations.

In short, Jaques' work requires readers to take the necessary time to grasp his innovation. It also requires radical change in how executives are chosen and companies are organized. Like all new thinking his work necessitates testing the applications in one's own organization.

But grasping complexity need not be an overwhelming task. In this book Nancy Lee, herself an organizational consultant long immersed in Jaques' conceptualization efforts, has made his thinking much easier to grasp. That, in turn, should make this volume highly useful to executives, consultants and graduate students who seek to make organizations more effective.

*Harry Levinson, Ph.D.
Chairman Emeritus, The Levinson Institute
Emeritus Harvard Medical School, Clinical Professor of Psychology*

Introduction to “The practice of managerial leadership”

The material in this book describes the comprehensive set of concepts, principles, practices and procedures for the practice of managerial leadership called Requisite Organization. These ideas are logical and consistent and have been developed over more than 55 years by Dr. Elliott Jaques and his colleagues in 15 countries. The ideas have been tested and put into practice throughout the world through continuing consulting research work.

Dr. Jaques chose the term ‘requisite’ to describe this integrated theory of how organizations work best because requisite means ‘as required by the nature of things’. The ideas contained in Requisite Organization theory and practice flow from the nature of things—the nature of people, the nature of work and the nature of the relationship between the two.

Organizations exist to get work done in order to achieve their goals. Achieving organizational goals requires an organization that is appropriately structured, competent individuals at each organizational level, and procedures and practices that facilitate the work. This book deals with

organizations that employ people—managerial hierarchies where accountability is delegated down through the organization from the owners/board members. People are employed within these managerial hierarchies as individuals (not as teams or as partners) to do the work required.

The material that follows is largely focused on the role of the manager because that is where most of the guidelines are needed in order to accomplish the work of the organization. It is the work of managers that determines the results achieved with the available resources. Requisite practices enable decisive, accountable, value-adding managerial leadership throughout the organization. There is also information on the roles and accountabilities of non-managerial subordinates. Each employee needs to understand fully his or her own role and the organization's structure and practices. All of the principles in *Requisite Organization* are intended to enhance trust between employees in the organization and between employees and the organization.

Trust and understanding are further enhanced in *Requisite Organization* by the explicit definition of commonly used business terms. These terms are generally ill-defined and ambiguous. Clearly describing requisite practices and procedures in a consistent language that everyone understands provides clarity about what should be done and how to do it.

This book is written for managers at all levels in organizations. It is meant to introduce the material contained in Dr. Jaques' books, *Social Power and the CEO* and *Requisite Organization: A Total System for Effective Managerial Organization and Managerial Leadership for the 21st Century*, as well as his series of seven video tapes about *Requisite Organization*. The chapters in the book are organized in a manner similar to the videotapes so that they can be used together, if desired.

Chapter One describes the Basic Concepts. Chapter Two deals with Human Capability, Chapter Three describes Working Relationships and Chapter Four discusses the Organization Structure required to establish work and functions at the right level in the organization. Chapter Five

explains Management Practices and Chapters Six and Seven are case studies that illustrate the process of implementing requisite managerial leadership in two different organizations. Dr. Jaques edited the first five chapters of this book for accuracy in explaining his ideas.

The theory and concepts in this book are set out as a series of propositions to be considered. The use of these Requisite Organization principles in the practice of managerial leadership results in increased productivity and profitability and provides employees with the opportunity to use their capabilities as fully as possible in a healthy environment conducive to personal growth.



OUR PURPOSE

The Global Organization Design Society is a not-for-profit corporation registered in Ontario, Canada to promote the following objective:

The establishment and operation of a world-wide society of academics, business users and consultants interested in science-based management to improve organizational effectiveness for the purposes of:

Promoting among existing users increased awareness, understanding and skilled knowledge in applying concepts of Levels of Work Complexity, Levels of Human Capability, Accountability, and other concepts included in Requisite Organization and/or Stratified Systems Theory.

Promoting among potential users of the methods, appreciation of the variety of uses and benefits of science-based management, and access to resources.

OUR BOARD

Barry Deane, Australia
 Jack Fallow, United Kingdom
 Don Fowke, Canada
 Azucena Gorbaran, Argentina
 Jerry Gray, Canada, GO Treasurer
 Judy Hobrough, United Kingdom
 Nancy Lee, USA
 Ken Shepard, Canada, GO President
 George Weber, Canada

EDITORIAL BOARD

Jerry Gray, Ph.D.
 Owen Jacobs, Ph.D.
 Larry G. Tapp, LLD
 Ken Craddock, M. A.,
 Harald Solaas

CONTACT US

Global Organization Design Society
 32 Victor Avenue
 Toronto, Ontario, Canada M4K 1A8
 Phone: +1 (416) 463-0423
 Fax: +1 (416) 463-7827
 E-mail: Info@GlobalRO.org
 URL: www.GlobalRO.org



GO Global Organization Design Society

Sponsorship is provided in part by the generous support of the following organizations:

