

THE PSYCHOLOGICAL FOUNDATIONS OF MANAGERIAL SYSTEMS¹

A General Systems Approach to Consulting Psychology

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It is suggested that the root causes of difficulties in the management of managerial organizations, including dysfunctional or ineffective behaviors of employees at all levels, are to be found in unrecognized encompassing pathology in all the parts and the relationships between the parts of these systems, and not in the people. An approach is described that focuses upon diagnosis and treatment of systematic organizational problems rather than upon individuals. Training in consulting psychology is the natural foundation for such work.

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INTRODUCTION

Nothing could have given me greater pleasure than to have been invited to present this keynote address to this particular conference, among whose members I feel so much at home. As I shall be raising some fundamental questions about the role of consulting psychology, and making some sweeping criticisms of the art of management as it has been carried out for countless generations, I must make it unequivocally clear from the outset that no criticism whatever of any person or persons is intended or implied. Consulting psychologists are one of the very few groups whose education and experience should make it possible, if not to agree, at least to understand what I have to say.

I shall limit myself to consulting psychology in relation to managerial systems, and not to partnerships, doctors, Universities, church clergy and professional athletes. The central issue of consulting psychology in management, is that of how to overcome the chronic and widespread problems that have persistently plagued our managerial systems—problems of compensation, layering, career development, interpersonal stresses, inadequate leadership, performance appraisal, planning, discipline, dysfunctional behaviors, the list is long. During the last century these systems have come to absorb and to affect 70% to 90% of all those who work for a living in our economically advanced nations. The shortcomings in the systems have become a threat to the well being of the employees and their families and the nations in which they work—in the USA some 250 million people.

The problems resemble back pain. Muscles get knotted up and may hurt and create discomfort, they may de-energize and cut down creativity, but people can still get on with their work, even though not as well as they might have done. So it is with management. People get tied up in psychological knots, and may get hurt and de-energized, but it does not preclude them from getting on with work. The fact that the managerial organizations have been as successful as they have, is due to the constructiveness and spirit of their people, who enjoy working, enjoy working together,

and enjoy work opportunities however limited, and who rise above the shortcomings of organizational structure and managerial processes to makes things work. At the same time, the cost has been that there are many kinds of psychopathological behaviors that are necessary if employees are to survive in their roles. Even the best of our companies are at most 50 to 60% as effective as they could be, and our public sector organizations less so. The cost to our companies, to the welfare of their people, and to society, is great.

It is frequently considered by consulting psychologists that the sources of these difficulties lie in the personal problems of people, and in pathology in group dynamics. That is where I began, as a founder member of the Tavistock Institute, and fresh from a fulsome education in personality theory, psychoanalysis and group dynamics. My experience, however, was that the personal and group behavior problems are caused by the managerial systems, and not the other way round. The most extraordinary and dramatic changes in behavior can be achieved by developing healthy systems within which people work and relate. And such changes can be achieved overnight, and with welcome acceptance rather than with resistance and feelings of loss. I will therefore suggest that a constructive role for consulting psychology in management is that of working with management to develop requisite managerial systems, rather than by working with individuals to help them develop so that they can help their companies to function better. If individuals need personal help beyond the mentoring and coaching requisitely provided by the system, they should get such help as a private matter with an outside therapist/consultant.

What then, it might be asked does psychology have to do with requisite effective management systems. The answer is “Everything”. I have used the term “requisite” to refer to requisite systems, because it means “as required by the nature of things”. In the case of managerial systems, as with all organizations, the nature of things refers to human nature. Organizations, regardless of their goals, are social systems in which people are required to work together. They must therefore be organized in relation to a sound understanding of human nature, so that the systems may enable the

full expression of human endeavor and cooperation; and above all, make it possible to work together with mutual trust between all parties, in contrast to the paranoiagenesis of our present systems. There is a worthy role for consulting psychologists in management, for taking the lead in designing psycho-socially healthy managerial systems. It is the failure to take such a psychologically orientated approach that makes what is written by the management gurus so dull and uninspiring.

SOME CONCLUSIONS FROM 55 YEARS OF CONTINUOUS CONSULTANCY RESEARCH

I shall use the construct of management and managerial systems to refer solely to managerial hierarchical systems concerned with the managerial leadership of employees by managers in getting work done and not, for example, to “managing change” or “managing resources” or managing anything else.

Management organizations are not systems of individual people working together in amorphous groups or teams, whose relationships are dominated by personality differences and problems of group dynamics. Management organizations are systems of specified roles in which people are employed, and of role relationships which call for specified requisite behaviors between role incumbents, behaviors which need to be established and contractually required, regardless of the personality makeup and values of the individual.

Current managerial procedures and management teaching are on balance in a dysfunctional mess, and are at best alienating and generate suspicion rather than mutual trust, and at worst, corrupting.

The major root causes of difficulty in managerial systems, I have found to lie in the following areas:

1. There has not been one scientifically based system construct in the whole field. Therefore, no propositions about root causes and effects could ever have been formulated or tested.
2. Many people talk about a systems approach—i.e. understanding systems by analysis of the parts and the interactions between its parts—but no one has ever identified what are the parts of a managerial system, never mind how they interact.

3. There exist no diagnostic instruments for getting at the systemic root causes of difficulty, only surveys and interviews that reveal symptoms rather than causes, and put blame on people rather than on systems, and lead to endless symptomatic treatments by fads, fancies and panaceas.
4. There are no norms of what constitutes “normal” (or requisite) processes against which to assess what might be going wrong. (It is like medicine without concepts of “normal” temperature, blood pressure, pulse rate, blood count, blood and urine analysis, X-ray, etc.)
5. Indeed,, many of the essential parts and interactions are commonly missing altogether, and no one even notices it; for example, I would suggest that the only reason why executive counseling and executive coaching by consultants are possible, is that there is an unnoticed missing requirement within companies for managers-once-removed to mentor each of their subordinates-once-removed, and for all managers to coach their immediate subordinates.
6. The field is replete with what I can only describe as unicorns. That is to say, notions that can be described, illustrated and drawn, but which nevertheless can have no existence in reality. Among these are: self-managed or self-directed teams, leadership personality habits and competencies, emotional quotient (EQ), learning organization, knowledge organization, networking organization. Use of these unicorns, leads to fads and panaceas, that eventually fade out and disappear.

Given these problems, it might be considered that a full-scale psychological science based systems approach needs to be adopted, in which:

- All the parts that make up managerial systems are identified, with specification of what should be the nature of psychologically healthy parts.
- The psychologically requisite relationships between and among the parts are established, including accountabilities and authorities.

The failure to have requisite norms for the healthy state of parts and interactions between the parts of the managerial system, has been the Achilles heel of all management consultancy. As for any voyage, if you do know where you want to go, there is no chance whatever of getting there.

TWO KEY INSTRUMENTS, AND A THEORY

I must describe two key objective measuring instruments, and a theory of managerial hierarchy, that I shall be using. The two key measures are: a measure of size of role, and a measure of size of a person. These two instruments may have the same potential importance for management as the discovery of how to measure velocity and acceleration had for the emergence of modern physics, and the discovery of the thermometer had for the emergence of scientific chemistry.

Size of role in terms of its time-span: The size of any employment role can be objectively measured readily in a few minutes by determining from the manager what are the assignments or sequences of assignments in the role that have the longest targeted completion times. The longest of these targeted completion times is the time-span. The longer the time-span the bigger the role. All roles with the same time-span are the same size. Time-span objectively measures role complexity.

Size of the person in terms of time-horizon: The size of the maximum current working capability of any employee can be measured by what I have called a gearing process to establish the role with the longest time-span he/she could carry if he or she had the necessary skilled knowledge, commitment and experience for the work. Time-horizon can be readily and reliably evaluated by the individual, his/her manager, and his/her manager-once-removed, by what I have called a gearing process. It measures complexity of individual information processing and maximum problem solving capability—what IQ has sought to measure, but never did.

This innate capability can be shown to mature predictably throughout the whole of life, in contradiction to the general assumption that maturation ends around 18 years of age and learning takes over. The empirically determined maturation bands are shown in chart 1. It has been the

lack of this measure that has led to the proliferation of “competencies”, which become unnecessary once innate capability is known.

Chart 1 goes about here

My theoretical proposition stems from two key discoveries that were made through the use of the two measures. The first was that there is one, and only one system of requisite layers for all managerial hierarchies, with boundaries between layers identifiable by time-span measurement (see chart 2). When managers and immediate subordinates are in roles in adjacent layers, things can work well; if within same layer, the manager is “breathing down the necks” of the subordinates; if more than one layer apart, the manager is “pulled down in the weeds”.

Chart 2 goes about here

The second finding was that there are only four ways in which individuals process information in problem solving work, as shown in chart 3. In work done in the 1980s, for the US Army Research

Chart 3 goes about here

Institute (ARI) Kathryn Cason and I discovered a 0.97 correlation between judged potential in individuals to work at a given stratum, and the most complex method they could use in processing information as shown in chart 4. This finding is holding up in further studies. *I would conclude that the existence of managerial systems and of the universal underlying system of strata that we have found, is the organization expression of the four steps in complexity of information processing, at two different orders of complexity of the information itself. This is a psychological explanation of an organizational fact.*

Chart 4 goes about here

Let me outline my current construction of the *parts* of all managerial hierarchies, and of the *relations* between and among these parts.

IMPLEMENTING A REQUISITE MANAGERIAL ORGANIZATION

The following tables detail what I have concluded are the requisite norms for each of the above parts and relationships between the parts of managerial systems; i.e. what they should be like.

These norms are all based upon extensive findings which have been reported (Jaques, 1989, 1994 1996 and 2002). The second column lists the many common faults and pathology—including parts and relationships that are usually missing. Then some of the common symptoms of the pathology are listed, and finally the treatment for the root causes of symptoms is indicated.

These charts are based on a number of key principles that differ from well entrenched ideas about management, and need therefore to be understood.

1. Accountabilities:

- The results achieved by any managerial hierarchy are determined by their managers: it is managers who have the physical, financial and human resources to deploy, and the accountability and authority to decide the results to be worked towards. It is managers who must be held accountable for the results of the work of their subordinates; and not the individual subordinate.

- Each individual should be held contractually accountable only for doing his/her best, and not for the results of what they do. There is nothing more that a subordinate who is doing his/her best can do to affect his/her results.

2. It is no function of managerial leadership to “motivate” subordinates. Employees are adults, and should be contractually accountable for doing their best.

3. Compensation must be based upon measured level of work, and not upon results, nor upon market bargaining that treats employees like commodities. There should be no incentive pay, commission selling, or bonuses or stock options.

4. Managers must have the authority to decide the judgment of the level of effectiveness of subordinates, their level of pay within pay bands, and to de-select subordinates (after due process) whose best is not good enough.
5. Every MoR should be mentor of each SoR; every manager should be coach of every immediate subordinate. Outside mentoring and coaching undermine management.
6. All employees must be held accountable for behaving in line with specified role requirements and specified role relationships. Individuals who suffer from personal psychopathology that disrupts their work, cannot hold their positions unless they are recognized for special employment as disabled.
7. Criteria for selection for vacant positions should be limited to current innate potential (time-horizon), skilled knowledge and experience, and commitment to type of work. No personality “competencies” should be considered.
8. There is one universal requisite pattern of organizational layers for all management organizations.
9. Management leadership is not a personality issue: nor is there such a person as a “leader”. Leadership is a set of requisite managerial procedures that all managers must carry out.
10. And finally, there is one single over-riding value that encompasses all management values issues: all managerial structures and procedures shall ensure mutual trust between and among employees, between employees and managers, and between employees and the company.

PARTS OF MANAGERIAL SYSTEMS

| Parts | Requisite | Common faults and pathology | Symptoms | Treatment |
|--|---|---|---|--|
| Managerial layering (strata) | Universal pattern of time-span determined layers (See Chart 2) | Too many or too few layers Failure to distinguish between managerial layers and pay grades | Manager “breathing down subordinates’ necks” Manager “pulled down into the weeds” Poor communications “Bureaucracy” | Establish and maintain correct number of strata |
| Business Units | Correct number of layers (determined by time-span of CEO role) All mainstream functions positioned at optimum Specialist staff roles deployed as required | Too many layers in parts Too few layers in parts Missing mainstream roles Functions at wrong levels (See Chart 5) | Poor decision making Poor planning Poor communications Inadequate top management meetings Lack of innovation | Re-structure Match individuals to new roles Create correct number of levels Add missing roles |
| CEO role | Establish correct time-span of role for work the owner or Board wants done | Role established at lower level than work requires | Weak leadership Indecisiveness Poor communications No innovation | Establish and fill CEO role at correct level |
| Managerial roles | Managerial leadership roles carry accountability for deploying physical, financial and human resources on a 24 hour basis in a specified region (geographic, market or function), so as to achieve optimum results under prevailing conditions Minimum managerial authority Managerial leadership does not carry accountability for motivating subordinates | Individual employee held accountable for his/her results At shop and office floor levels on 2 or 3-shift working, “supervisors” held accountable for each shift and no one held accountable for the 24-hour operation Managerial authority not specified (missing) Excessive reliance upon consultants | Managers blame subordinates for poor results Corrupt practices to avoid blame Alienation Poor communications Poor innovation or improvement Lack of sense of accountability Managers feel helpless and do not exercise effective leadership | Establish requisite managerial accountability and authority |
| Subordinate roles | Accountability for doing one’s best at all times to achieve assignments (All roles carry accountability for self-motivation) | Subordinates are held accountable for results of work (if doing their best they cannot determine what results are achieved) Managers accountable for motivating subordinates | Resentment for blame at not achieving results Alienation Loss of self-esteem Poor assignment communication | Clarify and articulate accountability |
| Mainstream operational functions and roles | Product development Marketing Sales Procurement Production Delivery | One or more functions <u>missing</u> Functions deployed at wrong levels | Poor decision making Poor planning Poor communications Inadequate top mgt. meetings Lack of innovation | Re-structure Match individuals to new roles Add missing roles |
| Specialist staff roles | Finance Process engineering Information engineering Organization engineering (HR) Legal | Required roles <u>missing</u> or incorrectly deployed | Poor decision making Poor planning Poor communications Inadequate top mgt. meetings Lack of innovation | Re-structure |
| Compensation | Work and task defined Universal pattern of felt-fair pay differentials (See Chart 6) each with pay grades per stratum determined by the time-span range of the grade Premium supplement for true scarcity, not included as salary | Results based incentive payments, bonuses and commissions No objective method for measuring level of work of role (<u>missing</u>) No scientific constructs for work or task Employees regarded as commodities to be bargained over in relation to supply and demand | Militant trade unionism People said to be endlessly greedy over pay Employers said to be out to exploit workers Suspicion and mistrust between “management” and “workers” | Full implementation of requisite compensation system, with time-span measurement for job evaluation |

| Parts | Requisite | Common Faults & Pathology | Symptoms | Treatment |
|-------------|--|--|---|---|
| People | Consider only three qualities 1. Current potential capability 2. Skilled knowledge 3. Types of work for which committed All other personal characteristics within normal behavioral range (See Chart 7) Dysfunctional behaviors and psychopathology are cause for dismissal, and must be left at home—or got rid of | In absence of a measure of current potential, all kinds of so-called competencies taken to be relevant. Skilled knowledge rarely clearly specified because role requirements not clearly specified | Complaints about being under-employed and under-recognized Alienation Politicking for promotion Poor leadership (Given requisite conditions, all managers can exercise effective leadership—no special personality traits are required) | Measure everyone's time-horizon Assess skilled knowledge and commitment in selection |
| Assignments | State (QQT/R) Quality/Quantity/Target Completion Time/Resources | Assignments incompletely set out. Target completion times often not stated (<u>missing</u>) | Unclarity about assignments and about priorities Arguments about results Arguments about priorities Poor communications | State QQT/R |
| Talent pool | Talent pool comprises current potential capability of every employee, organized in sets composed of SoRs of each and every MoR (See Chart 8) | Immediate managers held accountable for talent pool development of immediate subordinates In the absence of a measure either of current or future potential capability, MoRs and Managers do the best they can by intuition disturbed by false personality criteria. Sound mentoring is impossible | No sense of state of talent pool Mistrust of personal evaluation development processes Complaints about lack of opportunity for personal progress Disregard of shop and office floor employees as “having no future potential” | Apply gearing process for evaluating potential in time-horizon of all employees at all levels |

RELATIONSHIPS BETWEEN PARTS

| Relationships | Requisite | Common Faults & Pathology | Symptoms | Treatment |
|--|--|---|---|--|
| <u>Manager-subordinate role relationships:</u> Basic accountability and authority | Manager is accountable for the results of work and working behavior of immediate subordinates Manager must therefore have minimum authority to decide: <ul style="list-style-type: none"> ▪ Veto on appointment ▪ Task assignments ▪ Personal effectiveness appraisal and merit review ▪ De-selection Subordinates contractually accountable for doing their best | Accountability for results not clearly specified, but subordinate implicitly held accountable Managerial accountability rarely specified in any way (<u>missing</u>) | Managers unfairly blame subordinates when things go wrong Subordinates alienated Suspicion and mistrust are generated Autocratic behaviors by managers Weak managerial leadership | Clear specification of accountability and authority of managers and subordinates |
| Veto on appointment | If manager decides that no short-listed candidates can do the necessary work, he/she can decide to reject all | In order to avoid facing letting someone go, higher management uses “arm twist” to persuade a manager to appoint that person to an available vacancy (veto <u>missing</u>) | Resentful complaining by the manager Anxiety in the subordinate Undermining of confidence in higher management | Implement veto on appointment |
| Decide task assignment | Early warning assignment process: subordinates must do their best; if conditions prevent satisfactory completion, subordinate is accountable for informing manager in time | Subordinates held accountable unfairly for results of their work and results of their working behavior | Subordinates get up to tricks and cut corners in order to get results Alienation Corruption Distorted communications | Implement requisite policies |
| De-selection | Manager does not have authority to fire a subordinate but does have authority to decide that an inadequate subordinate is no longer working for him/her | De-selection process does not exist (<u>missing</u>) Managers put up with inadequate subordinates because seeking dismissal is “too difficult” | Work effectiveness suffers People are given “make work” until a recession occurs when they are off-loaded | Implement de-selection procedures |

| Relationships | Requisite | Common Faults & Pathology | Symptoms | Treatment |
|--|---|---|---|--|
| Subordinate to manager | Subordinate contractually accountable for doing his/her best, and if conditions are such as to preclude successful achievement, must give early warning to manager | Subordinate accountable for results, and will get up to all sorts of tricks to avoid blame for any failure | Alienation of subordinates Undermining of confidence in manager Complaints of lack of sound leadership and poor communications | Clarify and establish special policies on accountability |
| Manager-subordinate team working | Each manager holds regular two-way meetings with subordinates | Managerial accountability not clarified, and team meetings become blame sessions | Managerial leadership experienced as weak Poor collateral team working among subordinates | Establish clear accountabilities and authorities |
| Context setting | Immediate manager regularly updates context by informing subordinates of changes in his/her situation, and in his/her manager's situation (the big picture), and the implications for subordinates' collateral working relationships | Managers do not hold regular two-way meetings They do not set or update context (<u>missing</u>) | Subordinates feel "lost" Do not understand the bigger picture Complaints of lack of sound leadership, and poor communications | Hold managers accountable for setting context |
| Personal effectiveness appraisal | Manager must assume that each subordinate is doing his/her best Manager keeps each subordinate informed about manager's judgment of level of effectiveness that manager judges subordinate to be working Evaluation stated in terms of whether subordinate is judged to be working like someone in the top, mid, or bottom of the top or bottom half of the role (<u>See Chart 9</u>) | No ranges of work in time-span provided Personal effectiveness evaluated in terms of results, and of behaviors rather than in terms of managerial judgment of level of effectiveness | Subordinates resent being judged in terms of results, and "know" that it is not fair Use subterfuge to appear to achieve good results Resentment about poor evaluations Frequent changes made in performance appraisal systems | Clarify and establish sound policies on accountability Rely upon managerial judgment Equilibration of standards by MoR |
| Merit review | At formal review time, MoR equilibrates pattern of subordinates judgments of personal effectiveness appraisals of their subordinates Each manager then goes over his/her judgment with each subordinate, and sets salary level if change is required | Managers recommend any changes in merit pay level to someone above or to HR No merit review process: results based incentive or bonus payments, or commission are used instead | Managerial leadership seriously weakened Complaints that pay system is unfair Change "performance appraisal" system every few years | Clarify and establish sound policies on accountability Rely upon managerial judgment |
| Coaching | Every manager accountable for coaching his/her immediate subordinates, to ensure that they understand and are able to carry out his/her requirements, and to ensure their maximum effectiveness in current role | Managers not held accountable for results of work of their subordinates, and do not spontaneously feel the need to coach them Provision of unrelated coaches in place of managers | Managers have to be exhorted to coach, and do not do so effectively | Clarify and establish sound policies on accountability Rely upon managerial judgment |
| <u>MoR-SoR relationships</u> Evaluation of CPC (time-horizon) | MoR conducts gearing process with immediate subordinates to evaluate CPC of SoRs and S ₂ Rs | Notion of potential capability not understood No effective evaluation of "size of person" (<u>missing</u>) | Weaknesses in selecting individuals to match roles Employees under-employed and feel not understood Talent pool does not provide for changing needs | Introduce gearing process |
| Mentoring and individual development | MoRs mentor for all SoRs on career development opportunities | The manager or an outside counselor does whatever mentoring is done Mentoring not often carried out (<u>usually missing</u>) | Employees feel under-recognized Individual development unplanned | Introduce MoR mentoring accountability |

| Relationships | Requisite | Common Faults & Pathology | Symptoms | Treatment |
|---|---|---|---|---|
| Hearing appeals | MoR must hear appeals from SoRs who feel they are being unfairly or unjustly judged or treated by their immediate manager | No recognized appeals system An Ombudsman sometimes provided The difference between individual felt injustice and treatment and bad policies is not understood | Feelings of injustice Unjust treatment cannot be corrected Recourse to militant unionism | Establish MoR appeals system |
| Cross-functional role relationships | Establish: Collateral relationships between subordinates of same manager Any of six cross-functional relationships between all other related roles (advisory, service giving, monitoring, audit, prescribing coordinative) (See Chart 10) | Cross-functional role relationships rarely, if ever, articulated anywhere (missing) "Facilitation" of "good" relationships | Severe interpersonal stresses Manipulation Politicking Back-biting criticisms | Establish specific required cross-functional role relationships |
| Person and role in selection | Size of person (time-horizon) matches size of role (time-span) Skilled knowledge of person matches work requirements of role Person committed to type of work in role | There has been no way to match size of person and size of role (missing) Role requirements not well specified | Individuals appointed to roles for which they are unsuited Individuals fail in role because of "personality" difficulties or lack of "personal leadership" qualities | Implement simple 3-factor system for selection |
| Role relationships within project teams and within coordinative teams | Clearly specify managerial components of project team leader role, as compared with the coordinative accountabilities and authorities of the coordinative team leader | Failure to distinguish between two different types of team working Failure to clarify and specify accountabilities and authorities in either type of team Establishment of unicorns such as "self-directed" or "networking" teams | Poor "team-working" among members of teams Attempts to improve "team-work" by teaching people "how to work together" | Establish only the 3 types of requisite team work |
| Level of work in role related to level of compensation | Identify and assign local felt-fair (equitable) pay differentials to strata and grades within strata Establish level of work range (grade) of role by time-span measurement, and assign equitable pay range (See Chart 6) | There has been no method for accurate measurement of level of work of role (missing) Failure to distinguish between managerial layers (strata) and pay grades (missing) Failure to recognize existence of equitable pay differentials | Confusion about pay injustice Bitter conflict over pay Employees must fight greedily to take care of their own pay Dehumanization of people into commodities | Equitable differential compensation system based upon time-pan measurement and universal pattern of managerial strata |
| Business strategy related to talent pool | Maintain talent pool with future potential in line with strategic goals Establish strategic planning horizons in line with time-span of work | Strategic goals not formulated in long enough forward terms No method of assessing talent pool in present and future terms (missing) | Strategic thrust not well formulated State of talent pool largely undetermined Inadequate preparation for change | Well-aligned strategic planning Gearing method for evaluating talent pool |
| Specification of functions related to organization layers | Ensure correct functions are established in separate roles at each stratum | No system for understanding which functions need to be precipitated out at which strata (missing) | Missing roles at different strata Necessary work does not get done | Requisite structure of roles with strata |
| Policies and values | Establish all policies, rules and regulations, and procedures in line with general value that employees must be able to trust each other and the managerial system, not to be able, or required, to do anything to harm each other physically, economically, or psychologically | Company values rarely formulated, never mind well-formulated, to achieve mutual trust throughout the organization | Absence of consistent and coherent values Mutual suspicion rather than mutual trust underlies working relationships | Articulate and implement requisite values system |

Insert charts 5, 6, 7, 8, 9 and 10 here

SOME RESULTS

Results of working in such a manner have not been extensive in quantity. My work has been developmental work in progress, and it is only in the last few years that there has begun to emerge anything like a total system to be implemented, by myself and some few consultant colleagues. Nevertheless, results that have been achieved are dramatic in two respects: not only have the changes been deep running in content and quality; they have also proven to be sustainable for periods of many years, without disappearing as so many fads are wont to do. Let me offer a few illustrations.

A CEO and his immediate subordinates were using “group decision making” in order to be democratic. Their work was spoiled by what they complained was the autocratic personality and behavior of the CEO, who always seemed to be trying to control discussions in his direction, because after all, as he put it, the Board held him accountable for the decisions. Special discussion to “remove the group dynamics” problems, led instead to the important conclusion that you cannot have group decisions in managerial systems, because there must always be an accountable manager in charge. They eliminated group decision making. Their behavior changed overnight, to a supportive two-way collaboration with the CEO to help him to arrive at his best decisions: all so-called autocratic behaviors ceased.

Managers in an R&D Department, who “could never manage anyone, because they were interested in things, not people” became among the best and most dedicated coaches of immediate subordinates, and mentors to SoRs, from the moment their managerial accountabilities and authorities were clarified.

Three warehouses, employing 150 to 300 people, and working a 3-shift, 168 hour week, reduced costs by 35% and absenteeism and accidents to practically zero, improved quality and timeliness of deliveries to best in market, markedly increased morale, within 3 months of the introduction of full-

scale accountable 24x7 stratum II First-Line Managers with full accountability for operators' results.

A Bauxite mine in Australia has remained one of the most competitively managed in the world for fifteen years since its introduction of requisite structures and practices, and its new manager and executives have just sent me a small token award in recognition of the organization that had been achieved, and that they inherited.

An aluminum rolling company in the mid-west, which has fully implemented a requisite organization beginning in 1988, has grown in output from 1300 people running one mill, to 1800 people running twelve mills (11 purchased), and equivalent gains in safety, customer satisfaction, market share, inventory costs, and profitability.

These results are intended only to be illustrative. Along with them, first hand contact with some of the so-called "best-managed companies in the world" has led me to the conclusion that although modern capitalist democracy has proven to be economically very successful, it is realizing only 50-60% of what could be realized, if its managerial systems were requisitely organized. And the potential gains in social good could not only be spectacular, but are urgently necessary, if we are going to sustain a healthy free enterprise democratic society.

DISCUSSION

Is it to be taken, therefore, that consulting psychology in management might be based upon a total system of organizational engineering, and that all parts and relationships between parts might be examined, and if necessary, treated? Yes, it is to be taken that way. What less? That is precisely what we would expect if we had a plethora of unexplained medical symptoms, and we went to a hospital to find out what was wrong and what needed to be done. Indeed, even when we take our car in for a periodic check-over and tune-up, we expect that all parts and the working relationships between parts will be checked for adequate functioning or repair.

I hope that the above 5-column charts will illustrate my general theme. As far as I can make out, a full analysis of root causes of symptoms is rarely if ever carried out in management consultancy. Just as in clinical medicine, most symptoms can be caused by many different flaws and faults, both in parts and in the relations between parts. However, unlike in clinical medicine, *all* managerial systems are suffering from flaws and pathology, ranging from mild to severe, in all their parts and their relations between their parts. Symptoms are chronic, and multiple. Indeed, there are even some missing parts and missing relationships, to make matters worse. A person in such a condition would be dead. Managerial systems are kept alive by their people.

In short our managerial systems world-wide are in a much bigger mess than is generally recognized. There is a role for consulting psychology to ameliorate this situation by a total organizational system approach to overcoming these managerial problems, in place of approaches that focus upon helping individual employees or groups or teams of employees to deal more effectively with the problems they encounter, and to plan better careers.

Problems of managerial systems arise from a combination of varying degrees of two problems; namely, shortcomings and behavior problems of individuals, and dysfunctional organization systems. The greatest advantage of an approach that focuses upon eliminating organizational system shortcomings and achieving a requisite organization is that it deals equally well with both sources of trouble. The achievement of a requisite organization provides for great gains in working effectiveness and productivity. It also automatically removes the many dysfunctional behaviors that occur as a paranoiogenic response to organizational pathologies. Given requisite conditions, any dysfunctional behaviors will be the result of personal psychopathology brought into the workplace. The foisting of such behaviors on others should be unacceptable: employees who cannot control such behaviors, or leave them at home, or get successful treatment for them, should be removed unless they can be employed as disabled on a quota list.

I am aware that many if not most requests to consulting psychologists come from CEOs or senior executives as requests to help them sort out their “people problems”. While accepting such commissions, occasions will arise where it is possible to help a CEO or senior executive to understand what by and large they have not understood, that these problems arise mainly from system organizational roots, and to get the chance for a deeper systematic approach. The fact that so many members of the Society do have outstanding contracts with CEOs might make such opportunities more available than for most consultants.

My experience has consistently been that it does not take a long time to change individual behavior, and to overcome resistance to change, in social institutions. It does require such conditions when we are trying to help individuals overcome difficulties in themselves, as part of individual clinical practices. But social behaviors in social institutions in which individuals find themselves in accountable interactions, are most heavily determined by the institutional policies and practices, and the institutional constraints. Given what I have called requisite social constraints in our institutions, gross changes in individual behavior can be warmly accepted, and not resisted, and can occur overnight if systematically worked out and well-formulated. I would emphasize: not changes in the individuals themselves, but changes in behavior due to a release of constructive behaviors that had been suppressed by anti-requisite systems.

The qualities required for effective work as a Consulting Psychologist in managerial systems, are the same three factors as for selection to any role in a managerial hierarchy. No fancy “competency” list, just the following three qualities.

1. Innate potential at least at mid-to high stratum III, serial processing, time-horizon 1½ to 2 year, and mode (late adult maturation level) at least mid-stratum V, time-horizon 7 to 10 years.
2. Skilled knowledge required for managerial consultancy work (including knowledge of requisite forms for all the parts and all the relationships between the parts in managerial systems).
3. Commitment to doing consultancy work.

4. Plus, absence, or control of, any personal dysfunctional psychopathological behaviors.

The following “competencies” which are frequently cited, are not required in any special amounts beyond ordinary range.

- Flexibility: covered by innate capability and commitment.
- Creative imagination: determined by innate potential capability.
- Initiative: select young high potential staff for special enthusiasm.
- Self-awareness: innate potential capability.
- Motivation: commitment.
- Empathy: innate potential capability.
- Social skills: skilled knowledge and commitment.
- Emotional literacy: innate potential capability.
- Vision: time-horizon.
- Spirituality: values in the behaviors embedded in the requisite managerial and consultancy practices, and not dependent upon individual value spirituality.
- In-depth psychological profile: irrelevant.
- Etc.

I am quite aware that this organizational approach may seem outdated to modern enthusiasts of the electronic age. Surely, they argue, managerial systems will be disappearing with the full arrival of the information age and its knowledge organizations, that will eliminate the managerial hierarchies which were needed for smokestack industry during the now past 20th century. And electronic technology will demand great changes in the nature of consulting psychology, and in the training and preparation necessary for it.

I believe that such views, however widely held they might be, are the understandable hype that characterizes our times. They fail to take into account that managerial systems are organizational systems brought into existence because they enable people to come together to get work done

effectively whatever the work technology might be. They are the post-tribal successor to extended family work in tribal societies, and have been in existence for 3000 years. They are likely to be around for another 3000 years, with their same properties (hopefully, without their current substantial problems). Unless people undergo some very unlikely electronic change, the problems of working together will continue to require consulting psychologists to use the same old face-to-face human methods to help—however much they might be assisted peripherally by electronic methods of recording and communicating information.

A final observation: Mutual obligation and mutual authority are at the heart of all relationships between human beings. The clear specification of requisite accountability and authority in managerial systems not only increases their economic effectiveness but also makes them trustworthy and socially healthy places in which people can work together. Moreover, the opportunity to work with people engaged in work, has led me to realize what a great gap there has been in psychology through the absence of a psychology of work. It is work as intentional goal-directed behavior that holds the key to a true dynamic base for the behavioral sciences. Moreover, I have found that the understanding of work leads to a substantial clarification of the nature of unconscious processes, and of life itself, a theme I have pursued elsewhere. (Jaques, 2002)

FURTHER READING

Jaques, Elliott (1996) *Requisite Organization*, Cason Hall, Gloucester, MA.

(2001) “Diagnosing Sources of Managerial Leadership Problems for Research and Treatment, *Consulting Psychology Journal: Practice and Research*, Vol. 53, No. 2, 67-75.

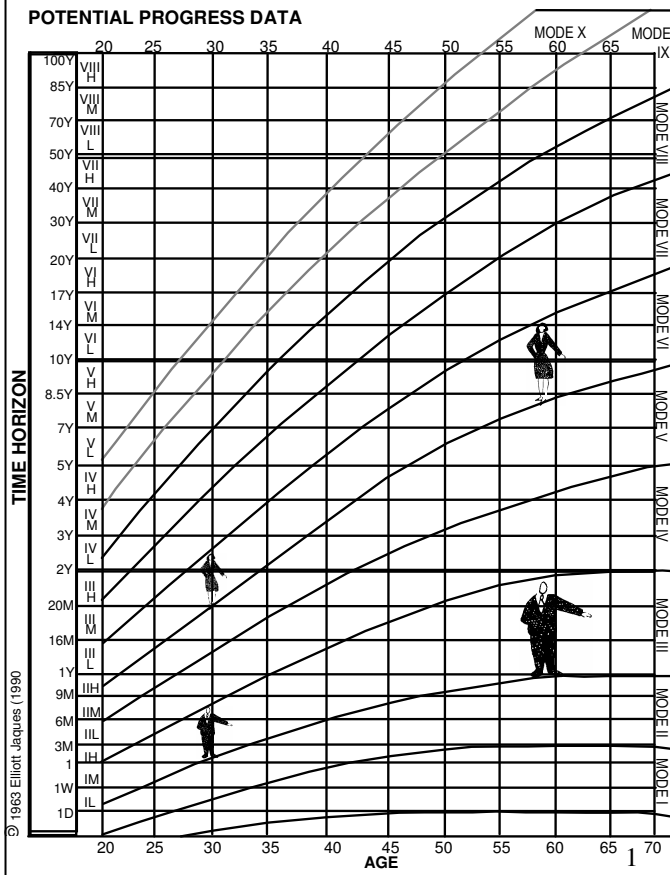
(2002) *The Life and Living Behavior of Living Organisms*, Praeger, Westport, CT.

(2002) *Social Power and the CEO*, Quorum Books, Westport, CT.

Jaques, Elliott with Stephen Clement (1991) *Executive Leadership*, Cason Hall, Gloucester, MA.

Jaques, Elliott with Kathryn Cason (1994) *Human Capability*, Cason Hall, Gloucester, MA.

Potential Progress Data Sheet



Basic Structure of Managerial Layers

| Stratum | Time Span | Role |
|---------|-----------|--------------|
| VII | 20 Y | Corp. CEO |
| VI | 10 Y | EVP |
| V | 5 Y | VP |
| IV | 2 Y | Dept. Mgr. |
| III | 1 Y | Unit Mgr. |
| II | 3 M | Section Mgr. |
| I | 1 D | Operator |

2

The Four Mental Processes

Declarative Reasoning by one or more unconnected arguments.

Cumulative Reasoning by two or more linked arguments.

Serial Reasoning by chains of two or more cause and effect sequences.

Parallel Reasoning by two or more serial chains that are linked and interwoven.

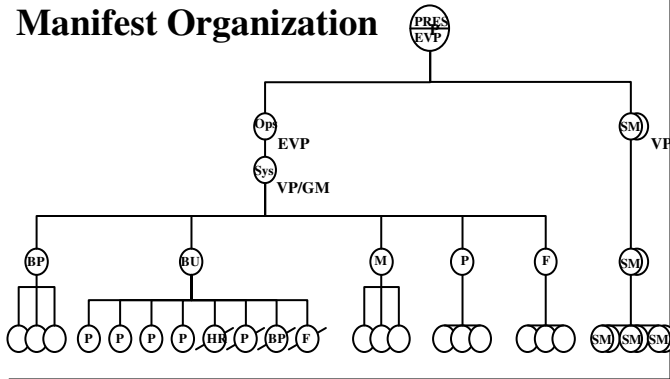
3

Organizational Strata and Mental Processing

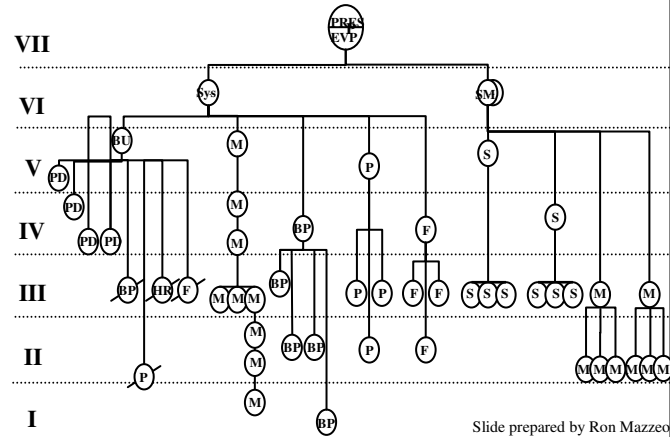
| | Time-Span | Mental Process | | | |
|-----------|-----------|----------------|-------------|-----------------------|----------------------------|
| | | Stratum | Industry | Army | |
| 4th Order | 50 YRS | Str-VIII | Parallel | Super Corporation CEO | 5-Star General |
| | 20 YRS | Str-VII | Serial | Corporate CEO | Army (4-Star General) |
| | | Str-VI | Cumulative | Corporate EVP | Corps (3-Star LTG) |
| | 10 YRS | Str-V | Declarative | VP | Division (2-Star MG) |
| 3rd Order | 5 YRS | Str-IV | Parallel | Dept. Manager | Brigade (1-Star BG Col.) |
| | 2 YRS | | | | |
| | 1 YR | Str-III | Serial | Unit Manager | Battalion (Lt. Col. Major) |
| | | Str-II | Cumulative | Section Manager | Company (Cpt./Lt.) |
| | 3 MTHS | Str-I | Declarative | Operator | Pvt & NCO (E7-E1) |

4

Manifest Organization



Extant Organization



Slide prepared by Ron Mazzeo

5

Equitable Differential Pay

(Example: Urban US—2001)

| | | |
|-------|------|-------------|
| 3 Gen | 32 X | \$2,600,000 |
| VII | | |
| 20 Y | 16 X | \$1,280,000 |
| VI | | |
| 10 Y | 8 X | \$640,000 |
| V | | |
| 5 Y | 4 X | \$320,000 |
| IV | | |
| 2 Y | 2 X | \$160,000 |
| III | | |
| 1 Y | X | \$ 80,000 |
| II | | |
| 3 M | 55% | \$ 41,000 |
| I | | |
| 1 D | 31% | \$ 22,000 |

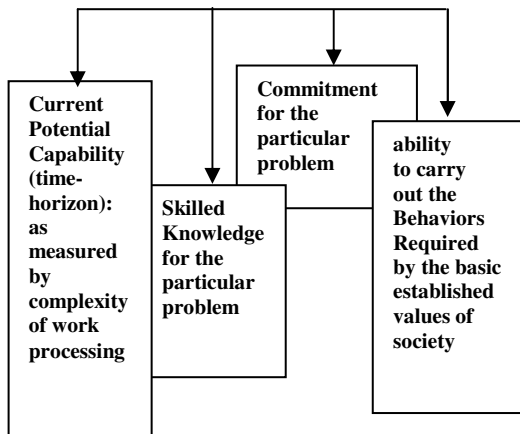
6

The Four Components of Applicable Capability

$$AC = f \text{ CPC} \cdot \text{K/S} \cdot \text{C} \cdot \text{RB}$$

Applicable Capability

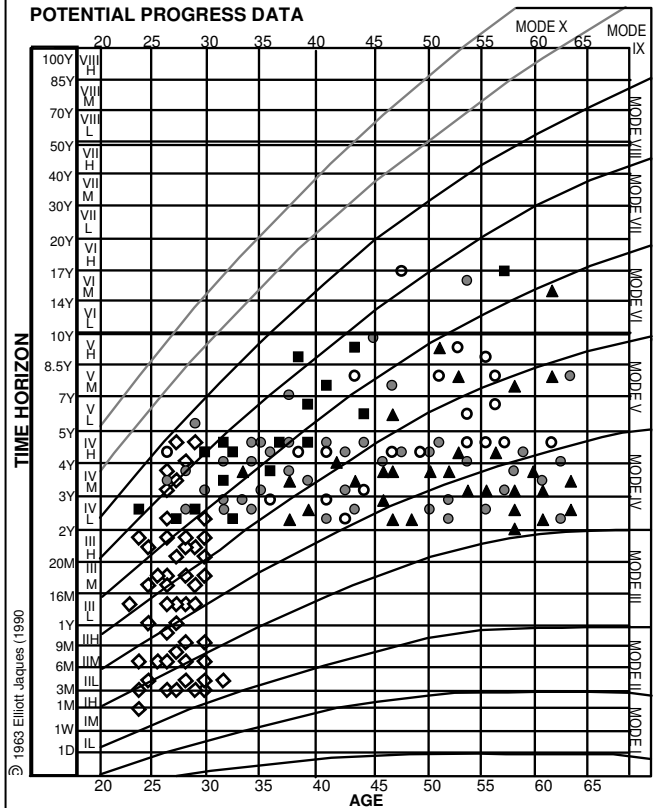
is a function of



7

Talent Pool Chart

POTENTIAL PROGRESS DATA



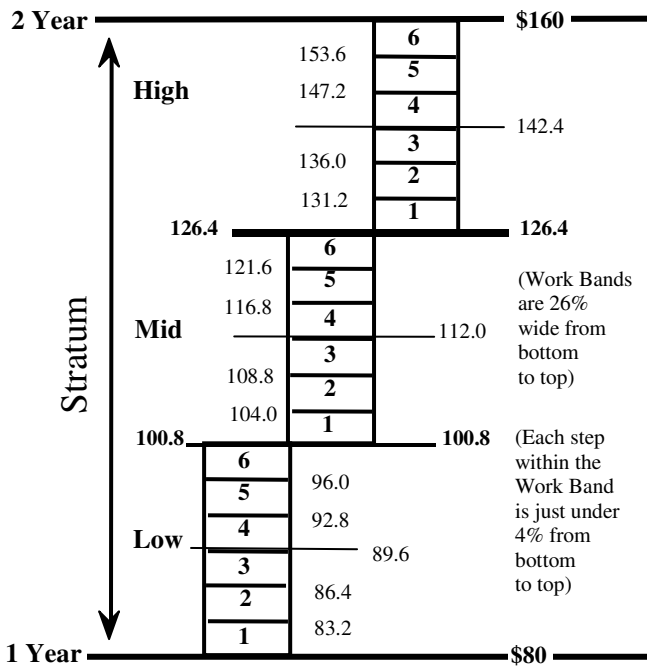
© 1968 Elliott Jaques (1990)

KEY

○ Operating division ▼ Treasurer's division
 ○ Engineering ◇ Graduate Intern λ Manufacturing

8

Work Bands and Pay Bands Stratum III Example (Equitable Differentials)



9

Authorities and Accountabilities Cross-Functional (Horizontal) Working Relationships

Subordinates of different managers

| Subordinates of different managers | | | | | Subordinates of the same manager |
|------------------------------------|---|---|---|--|----------------------------------|
| Prescribing | | | | | |
| Auditing | | | | | |
| Monitoring | | | | | |
| Coordinative | | | | | |
| Service | | | | | |
| Advisory | | | | | |
| 4 | | | 4 | A can instruct B to do something | |
| | 4 | | | A can instruct B to stop and B stops | |
| | | 4 | | A can instruct B to delay and B delays | |
| 4 | 4 | | | A and B disagree—A decides | |
| 4 | 4 | 4 | 4 | A can be informed about B's work | |
| | | 4 | | A can have access to persuade B | 4 |
| | | | 4 | A can have access to explain to B | 4 |
| | | | 4 | A can call coordinative meeting with B | |
| 4 | 4 | 4 | 4 | A can report higher about B | |

Subordinates of the same manager

10