An Innovative Approach to The Theory and Practice of Organizational Analysis: My Journey with Elliott Jaques

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ABSTRACT

This article highlights the author’s experience working with Elliott Jaques and his theory for over 35 years in Argentina. It examines the development of Jaques’ theoretical approach to organizational theory over two decades, transforming from a psychological to a social theoretical framework. Emphasis is put in the notions of the organizational structure, the hierarchical managerial system, stratification, and the managerial accountability in a manner that allows for a systematic analysis. The “time-span of discretion” instrument is the means for evaluating jobs and for having access to extant organization. This approach allows a process of change combining effectiveness with a humanistic democratization of the workplace and ethics. This article provides examples of projects implemented in the public administration area, verifying the consistency of the theory and its practical applications, in particular concerning individual capabilities, the talent pool, and their evaluation. It contains a Foreword by Dr Carlos Silvani, International Monetary Fund, Washington, D.C. Copyright © 2005 John Wiley & Sons, Ltd.

Key words: Buenos Aires, Elliott Jaques, applied psychoanalysis, requisite organization, talent pool, organizational analysis and change

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I would like to give testimony and express my gratitude to Professor Elliott Jaques, who, through his contributions, has enabled me to put into practice major advances in the tax administrations of various Latin American, Asian, and European countries. I must admit that I approached Jaques's theories with curiosity, but filled with prejudices. My training as an economist, strongly influenced by the logical rigor of mathematical models, negatively predisposed me toward the social disciplines. The further I explored Jaques's theory, the more I came to appreciate his scientific rigor. Three fundamental qualities of Jaques's theories captured my attention: their consistency; their simplicity; and their utility.

- **Consistency:** Jaques' ideas constitute an integral set of consistent concepts. I was always able to find a precise answer to specific organizational problems. I recognize Jaques as a real architect and builder of a solid theoretical structure.
- **Simplicity and precision:** Jaques' theoretical statements are easy to understand and easy to apply. His capacity to sum up complex organizational problems in a simple fashion is surprising. The development of any organizational change to increase effectiveness is an extremely complex task. Despite the complexity, Jaques was able to develop a real taxonomy of the various factors that affect an organization's effectiveness. The simplicity and precision of his theoretical architecture makes it possible to assert that his ideas, apart from their scientific value, have a strong esthetic component as well.
- **Practical utility:** the practicality makes it possible to apply the theory at a relatively low cost and to obtain concrete results in the short term.

My first experience of the practical application of Jaques' theories was in the early 1970s, in the form of an organizational development project led by Dr Schlemenson in the Argentine tax administration which, at the time, employed about 10 000 people. Despite my initial skepticism, the project resulted in significant organizational improvements which have lasted until this day and provided the basis for subsequent in-depth changes. Since that time, I have undertaken successful tax administration modernization projects in many Latin American countries, namely, Panama, Chile, Peru, Colombia, Uruguay, Venezuela, and Guatemala.

Subsequently, I put many of Jaques's ideas into practice in Asian tax administrations which undertook significant organizational reforms. It is worth noting that when I started my work in the People's Republic of China, the central government tax administration had only about 400 employees, because the provincial governments were in charge of collecting taxes. Today, as part of the organizational development project started in the mid-1990s,
the central government’s tax administration has more than one million employees.

I should also mention the valuable contribution of Jaques’s theories as applied to the modernization of the tax administrations of Russia, Ukraine, Poland, and Hungary, since the break up of the Soviet Union. All these countries implemented deep economic and organizational changes in the 1990s. In the case of organizational reforms, whenever I provided assistance to these countries for the purpose of analyzing the organizational problems of their tax administrations, and to design the requisite reforms, I always used Jaques’s theories as my conceptual framework.

Lastly, by the end of 1996, I was put in charge of the Argentine tax administration to design and implement an ambitious modernization project. The project included integrating various organizations which individually collected domestic taxes, social security taxes, and customs activities, with a total of some 25 000 employees. This was an extremely interesting and complex project, developed in a context of serious political disturbances. Despite the difficulties, the project was roundly successful thanks to the advise provided by Professor Jaques and Dr Aldo Schlemenson, who teamed up to contribute their theoretical expertise and practical experience.

I would also like to stress the importance of Professor Jaques’ and Dr Schlemenson’s ideas in combating corruption, because this is not perhaps a sufficiently known aspect of the contributions. In particular, the methodology for assessing and clearly defining each of the organizational roles and the determination of accountabilities is a very effective tool for that purpose. Defining the immediate manager as being fully accountable for his or her subordinates’ behavior, which also meant that managers (jefes in Spanish) had to take responsibility for unlawful acts committed by subordinates while performing their duties, is a fundamental factor in the fight against corruption. That is to say, tasks can be delegated but the managers are always accountable for their subordinates’ actions. In Indonesia, where I recently provided assistance to the tax administration which was heavily suspected of corruption, the application of this principle together with other major organizational reforms had a very positive impact which was publicly acknowledged by the largest taxpayers.

I would like to say that Jaques’s contributions to the Argentine tax administration’s organizational development and modernization project, in which he was personally deeply involved, were much more than simply an effective aid in combating corruption. His ideas made it possible, to identify clearly the inconsistencies between the formal organizational structure, the extant structure, which in turn made it possible to identify the redundant roles and other organizational dysfunctions and to formulate a new requisite structure.

Over these decades of direct and indirect relations with Professor Jaques, I have had an opportunity to see much further and this was only possible because I was able to stand on the shoulders of a giant.
INTRODUCTION

My connection with the works, and with Elliott Jaques himself, has lasted for more than 35 years. It began with my role as disciple, to become, in time, a relationship between colleagues. Over the past 10 years this journey has allowed me to share work projects in Argentina, where Jaques’ works have reached a considerable audience in both professional and scientific arenas. (This is also true of other Latin American countries.) The experiences and projects completed in these years gave me the chance to test the theoretical and practical consistency of the approach in a context where the social, cultural, and economic characteristics are very different from those in which it was conceived. This adds to the universal appeal of his proposals. I had the opportunity to apply requisite organization to numerous cases (partnerships, co-ops, schools, entrepreneurial business, family business, multinational corporations, public administrations, hospitals, etc.). The cases are the product of my practice as an independent consultant and researcher. I was also able to introduce this approach at numerous scientific meetings and in my academic teaching at Argentinean universities at the postgraduate level. The last project Jaques and I were able to collaborate on was with the National Public Administration in Argentina. I hope that this paper will be a testimony to the development of a theory and a practice that is becoming more widely accepted and recognized. I will illustrate this development with a narrative of anecdotes that add to significant aspects of Jaques’ persona and work in the hope that they will enrich the comprehension of both the work and its author.

INITIAL CONTRIBUTIONS: THE QUESTION OF APPLIED PSYCHOANALYSIS

My first contact with the work of Elliott Jaques took place in a postgraduate seminar that José Bleger, an Argentine psychoanalyst, conducted at the Psychology School at the Buenos Aires University in 1962 on “The Changing Culture of a Factory.” In the same seminar Jaques’ paper, “Social Systems as a Defence Against Persecutory and Depressive Anxiety,” was also considered. The following year Fernando Ulloa, also a psychoanalyst, introduced a methodological approach directed to institutions for a course he was teaching at the same college, thus starting what was to be known as “Institutional Psychology” as a discipline based on the works of Elliott Jaques in the Glacier Metal Company and in the Tavistock Institute and on Enrique Pichon Riviere’s contributions in Argentina. Bleger and Ulloa developed a professional associ-
ation that ended up contributing to the aforementioned approach, focusing on
the applications of psychoanalysis to the social sphere (Bleger, 1965; Ulloa,
1995).

During the 1960s there was a particular interest among Argentine and Latin
American psychoanalysts about issues pertaining to applied psychoanalysis.
Their interest was focused on applying models of psychoanalysis to the social
sphere, hoping thus to deal with a series of social conflicts and problems which
involved a wide variety of social situations and institutions.

Jaques was already a well-known figure for this group. Interest in his work
was increased by his close links with the English School of psychoanalysis,
which included the works of Melanie Klein and Wilfred Bion, and with his
work at the Tavistock Institute of Human Relations.

The methodology and the research design for applications of a clinical
approach to complex social systems began to circulate with increased frequency
in professional and academic circles in the 1960s and 1970s, both in Argentina
and other Latin American countries. Jaques’ approach in the Glacier Project
offered a theoretical and methodological framework for the analysis of the total
organizational behavior. At an early stage in his work, on the basis of a Kleinian
psychoanalytical hypothesis, Jaques maintained that individuals unconsciously
use their social institutions as a projection screen for their universal psychotic
anxieties, in particular, paranoid and depressive ones. Through mechanisms of
projective and introjective identification, individuals establish certain transec-
tional balances, thus making institutions the depositories of inner impulses and
objects. Such mechanisms often explain much of the suspicion and mistrust
predominating in interpersonal and intergroup relations, and contribute to a
non-manifest dimension of facts affected in form and content by the inner
world of fantasies, anxieties, and defenses of individuals. They become a source
of resistance to the effective change and resolution of manifestly concerted
decisions.

Apart from being an exemplar of pioneer experience in the field, The
Changing Culture of a Factory (Jaques, 1951) remains one of the very few real
cases of a long-term project of fully reported organizational change. It is also the
first time in the literature that the word and concept of culture is used to refer to
an organizational object (Jaques, 1955).

Upon deepening his research at Glacier and establishing closer collabora-
tion with Wilfred Brown, the Managing Director, as well as with other groups
and members of the company, Jaques moved to what may be defined as a new
stage. Putting aside the individual’s internal world and individuals’ attitudes as
primary objects of observation and change, he moved on to those aspects of the
organizational social structure and other internal processes which configured
the organization as a discrete, real, and concrete object with special laws, rules,
and regulations to be known and established in order to be transformed. With
this new approach, Jaques altered the previous perspective by looking at organi-
izational strains from a different angle. Issues of anxiety were still present but
they were now a component of the behavior affected directly by conditions of the organizational object. A “good” organization was one that constituted an adequate containment for individual anxieties, helping to develop trust, cooperation, and favor feelings of membership. This new perspective placed the emphasis on the design of desirable characteristics of an object so that it would acquire the conditions of a proper containment of individual behavior (Jaques, 1976).

“Bad organization is paranoigenic. It stirs suspicion and mistrust, and it is certainly the case that we all have substantial stores of paranoid anxiety ready and wanting to be aroused and spread into our personal working relationships.” (Jaques, 1976).

Emphasis was placed on the requirements of good organizational structure as well as the definition of a principle of accountability, and the discovery and application of a time-span of discretion instrument for the evaluation of roles and determination of requisite organizational strata.

My first personal encounter with Jaques took place in 1970, as a result of my first postgraduate course at the School of Social Sciences at Brunel University in London, where he was also Head of School. I had the chance to talk with him about applied psychoanalysis. This was one of those memorable events I experienced as a postgraduate. While taking a walk with Jaques on campus, I asked him about his current ideas on applied psychoanalysis. He replied with the typical enthusiasm he put into every subject that he regarded both as basic and polemical: “I do not believe in the existence of applied psychoanalysis. I am still very much interested in psychoanalysis, but the object of psychoanalysis is the unconscious behavior of the individual, and organizations are neither individuals nor do they possess an unconscious. Therefore, to be approached, one must build conceptual and theoretical specific frameworks starting with the correct definitions of their entities, properties, and attributes. I am a psychoanalyst when I work with my patients in the morning and I am a sociologist when I work at Glacier.”

I understood Jaques’ spontaneous and visceral reaction as a warning of the risks of using transposition of levels of analysis for two different epistemological objects, with specific characteristics and laws. The lack of epistemic discrimination between both objects to be approached through analysis can lead to a frequent confusion. The widening of the social space’s limits and the complexity of the object of study requires, always, the elaboration of theoretical and methodological specific frame of reference. Jaques dedicated a great part of his life to this work, developing an integral theoretical system to account for “organization.”

To help understand the intensity Jaques put into his endeavors, let me share with you an encounter during one of his visits to Buenos Aires around 1990. He was in town to give a series of seminars for managers, businessmen, and consultant professionals, which I had organized. Taking advantage of his availability, the Buenos Aires Psychoanalytical Association invited Jaques to give a
seminar. Given time constraints, the seminar was announced to the institution's membership only three days before it took place. The news of the chance to hear him personally was passed by word of mouth. It was an open seminar with about 400 psychoanalysts in the packed auditorium. When the question and answer section began, a psychoanalyst with clinical experience who also took on cases of family businesses, expressed his interest in Jaques' work and shared his own success working with such businesses, thanks to the use of the basic hypothesis aforementioned in “Social Institutions as a Defence Against Persecutory and Defensive Anxiety” (Jaques, 1955). Seizing the opportunity, and given his penchant for polemics, Jaques replied: “I'm truly sorry, but I must tell you that regardless of your success, I abandoned that hypothesis around 1952 and do not subscribe to a single word of the work you're quoting.” To which he added: “Wilfred Bion around that time did the same thing. He lost interest in group dynamics and the theory of basic assumptions he had promoted and that had made him so famous, and dedicated himself to deepening his comprehension of the underlying sources of behavior in individuals. I took a different path and dedicated myself to examining the organizational problems which required a specific comprehension and theory development.”

This assessment left an audience that had been expecting to hear him present his approach to institutions through means of applied psychoanalysis, perplexed. Nonetheless, they gave him a standing ovation, celebrating the lucidity, originality, and honesty of his approach. Jaques made clear that he was going beyond the obvious success and what his audiences expected to hear, and that he did not compromise his original theoretical convictions. And he did it through a personal characteristic that he came to be remembered for: his pleasure at scandalizing audiences. A juvenile streak of rebelliousness that accompanied him until the end, and that can be summarized with the expression “Epater le bourgeois.”

Elliott Jaques' theories are now part of the course requirements in many psychology and business schools in Argentina and other Latin American countries, such as Brazil. They make use of the most up-to-date version, as presented in Requisite Organization (Jaques, 1996). There are at least two courses under his name or his theory in Argentine universities, and Jaques was made Emeritus Professor at Buenos Aires University.

CONCEPTUAL DEFINITIONS FOR THE CONSTRUCTION OF A THEORY: THE TOWER OF BABEL ON THE FIELD OF ORGANIZATION AND MANAGEMENT

Jaques was concerned about the conceptual imprecision in the field of organization and management. He was also concerned about the trends that imposed certain practices and recipes as magic solutions pontificated by gurus who offered them without empirically contrasting them with a rigorous and systematic methodological treatment guided by the scientific method. As a
consequence of his scientific vocation, Jaques' efforts were directed towards the
construction of a coherent theoretical framework based on foundational
concepts that would constitute the building blocks of his theoretical structure.
A new discipline claiming to be scientific must base its development on a group
of propositions and hypotheses built around precisely defined concepts of
univocal meaning. These are concepts that require boundary definitions differ-
entiating each one of them, and which made them susceptible to operational
demonstration or validation.

The implications of a lack of sound theoretical framework based on rigorous
scientific concepts were evidenced during a visit to Argentina in 1984, when
Jaques was invited by the Boston Bank Argentina Foundation to teach a series
of seminars and to supervise a consulting project of continuous improvement
that I was implementing at that bank.

This anecdote arises from one of the seminars composed of about 15 profes-
sionals and consultants specializing in organization and management, with
postgraduate academic training in some of the best universities of the USA. At
the opening of the seminar, Jaques asked the audience: “Please, tell me, what is
work?” The audience remained silent. “Please, give me a simple definition of
work. Any that you make use of in the projects you direct.” The audience was
still silent. There was a certain tension due to the unusual nature of the
situation. After a few seconds Jaques said: “See, because you are unable to
provide an answer representing a univocal definition about a concept so basic
for approaching business organizations, the social sciences and management
disciplines have done nothing but contribute to the confusion and chaos of the
organizational field.” His audience sat frozen.

At the end of the seminar, I mentioned the incident, looking for a friendly
explanation for the initial confrontation, something coherent with my role of
host. I told him: “Elliott, the reaction of the audience to your initial comments
was because in Spanish, the concepts of assertiveness and discussion are not
understood in a similar way. Both terms have an aggressive connotation. When
someone in an authority position promotes a confrontational discussion or is
assertive, he is considered to be aggressive.”

Jaques' reply was, once again, surprising and not condescending, not even
for Elliott. “Aldo, I understand what you want to say, but I was not assertive. I
was aggressive, but it is too late to change now.” And I was left wondering if he
was referring to the opening of the seminar or to his personality.

Beyond stylistic considerations, this anecdote illustrates the lack of
conceptual clarity upon which many projects of organizational change are
frequently based. It is precisely that impreciseness in the concepts and the
definition of basic units of analysis that is one of the biggest obstacles to devel-
opment of the field. Semantic confusion and arbitrary usage of language turn
this field into a conceptual Tower of Babel that places us, in our scientific
development, according to Jaques, close to the alchemists of the fifteenth and
sixteenth centuries.
When working with organizations, it is necessary to begin by delimiting the concrete and real object that makes it different from others in its specificity, singularity, and meaning. Definitions carry an implicit notion of limits, and it is in that way that they frame a reality, a space, a time, and a series of internal conditions that differentiate the object from its context and contribute to give it meaning. The organization constitutes a complex structural system, a set of interrelated roles, and internal processes guided by the exercise of managerial leadership in order to fulfill established goals and regulations. Jaques occupied himself primarily with executive organizations. This model presupposes the existence of an hierarchically organized structure consisting of managerial roles ruled by the accountability principle. He underlines for this system the importance of a properly defined organizational structure. Lack of clear definitions in roles and the relationships between them become obvious in structures that are not designed for: (a) answering to the nature of real and concrete working processes; (b) answering to the present complexity; and (c) the nature of individuals working within the system.

The lack of a clear-cut organizational design provokes dysfunctions, tensions, and conflicts among those who occupy organizational roles. The complexity is hierarchically organized in large organizations that employ a large number of individuals. The existence of managerial strata responds to increasing levels of difficulty in the problems considered. A basic property of this system is the existence of a structure possessing formal characteristics that must relate in a “containing–contained” manner with the human qualities of members that constitute them. Because of the conceptual clarity required when approaching the object of our work, it is imperative to consider that not all organizations are identical. A business run by its founder, a family business, a partnership, a school co-op, a university, or a church are not the same thing. Each of these organizations requires a different approach and a specially constructed theory to acknowledge their specificity.

Size tends to be a factor in establishing significant qualitative differences between different organizational types, as does the existence of a managerial hierarchy based on the accountability principle. Size usually conditions or requires a particular structure. Like Jaques, Gregory Bateson clearly presents the notion of structure in biological systems. In all living systems, states Bateson: “. perhaps no variable brings the problems of being alive so vividly and clearly before the analyst’s eye as does size. The elephant is afflicted with the problems of bigness; the shrew, with those of smallness. But for each, there is an optimum size. The elephant would not be better off if he were much smaller, nor would the shrew be relieved by being much bigger. We may say that each is addicted to the size that is.” (Bateson, 1979).

The concept of structure associated to size is a central variable in characterizing an organization. Nonetheless, in systems theory applied to social sciences, the notion of structure and managerial hierarchical organization are omitted as if they were homologated with authoritarianism. Although, as I have stated, the
organization does not constitute the object of psychoanalysis, in understanding and approaching it, it is not possible to leave it aside. Jaques explicitly made use of the medical model on which the psychoanalytical model is also based. Jaques established the need to approach organizations first by means of a precise diagnosis, trying to discriminate between: (a) symptoms dealing with a specific dysfunction and (b) signs, which are read and evaluated by the clinical specialist to determine the illness or dysfunction. The professional clinician also makes use of (c) a theory to interpret the interrelations between symptoms and signs.

A careful examination needs to refer the diagnostic conclusions to a theoretical body resulting from a well-selected and abundant casuistry that in time builds up a nosology. The clinical data and the empirical experience enriched by research are essential. As Kurt Lewin's apothegm states: “There's nothing so practical as a good theory.” (Lewin, 1952). Nevertheless, many times, when working with organizations, an integral and coherent theory accounting for the global complexity is lacking.

When formulating the theoretical and methodological approach of requisite organization, Jaques once again makes use of psychoanalytical theory in as much that he always remained interested in the individual and the deep roots of human behavior. More so, to give a basis to what he considers the essence of the “requisite,” he once more makes reference to the theory of anxiety, quoting Klein throughout his last work. However, as I mentioned earlier, he does so from an organizational perspective. Remarking on the qualities and conditions of operation, Jaques states that requisite organization is philogenic, it reinforces positive, healthy aspects of a normal personality, trust, and hope. Trust is a founding component, as opposed to mistrust or paranoia. The paranoigenic organization is that which produces the emergence of mistrust, suspicion, latent or manifest hostility, undermining the links of cooperation and work. In this novel approach, the emphasis is placed on description of the conditions that make for good functioning as well as good containment for the human effort (Jaques, 1976).

PRACTICAL APPLICATIONS IN THE NATIONAL PUBLIC ADMINISTRATION

In 1997 I had the opportunity of developing a project applying requisite organization in an Argentine agency in charge of collecting domestic taxes and custom duties. The intervention was requested by the then Federal Administrator in his role as the institution’s Chief Executive Officer (CEO).

Organizational Data

At the time of the project's implementation, the administration had combined personnel of 21,000 employees. The Tax Office had an operating structure
composed of 20 regions and more than 100 district offices all over the country. Each office was under the supervision of a Jefe (nomenclature used to designate the manager position). The Customs Office was organized into 14 regions and about 70 custom posts in key places whose mission was to supervise the entrance and exit of both people and goods.

The year before the contract, the President, with the approval of the National Congress, had decreed the fusion of the two previously independent administrations (taxes and customs), creating a single organizational structure directed by a Federal Administrator, a post for which Dr Carlos Silvani was nominated.

**Project Objectives**

As an external consultant it was suggested that I would:

- assist the Federal Administrator in all matters related to organization and human resources
- assist the human resources department
- direct the organizational analysis projects
- contribute to the definition and implementation of policies and human resources systems in line with the strategic plan and the organizational structure, taking the merit principle into consideration
- systematically introduce an assessment of actual and potential capability of employees and an effectiveness appraisal system
- implement career development.

The human resources office, headed by Lic. Beatriz Fontau was the administration’s counterpart. Lic. Héctor Luna and Harald Solás, Lic. Norberto Di Paolo, and Lic. Claudia Fernandez Vita were part of the team.

**Reasons to Implement Organizational Concepts, Assessment of Potential, and Development**

In agencies within the public administration, and big organizations in general, the individualized consideration of personnel through recognition of individual capabilities and the merit principle are non-existent conditions. These dysfunctions create the alienation of employees. The existing deprivation marginalizes people and affects their involvement and their work. This, in turn, makes the organization a rigid and formalist bureaucracy.

The implementation of organizational and human resources systems under the ordering principles of requisite organization allow for: (a) the introduction of the managerial accountability principle; (b) the strengthening of the managerial and the authority systems; (c) the nurturing of employees’ trust on the aforementioned systems; (d) a reduction of the level of impersonality and
anonymity through better knowledge on the part of the managerial system of who is whom, from the viewpoint of personal effectiveness and the acknowledgment of potential capabilities; and (e) an improvement in overall effectiveness.

Methodology and Approach

The orientation of the project within the theoretical and methodological principles developed was part of an initial political decision. It was also agreed to hire Dr Elliott Jaques as the project’s supervisor.

Implementation

The project was implemented according to the following sequence.

- Assessment of roles to define the requisite structure and organizational strata.
- Talent pool analysis and development from the top down of the executive system. Talent pool development (TPD) is a system for the development of a population of employees who have a distribution of current and future potential capability to discharge the company’s current and future human resourcing requirements. The system includes talent pool mapping, selection, recruitment, mentoring, lateral transfers, and other methods of individual career development (Jaques, 1966).
- Introduction of the “effectiveness appraisal system” for the appraisal of how well people are doing what they were employed to do. This instrument is based on the manager’s judgment of how well a subordinate did in achieving a given output, with the shifts and changes that were imposed, and with all the other unexpected and unplanned-for circumstances that inevitably arise in the course of working (Jaques, 1996).
- Managerial development through training in a set of managerial leadership practices. TPD, as a first step of the project, allows the organization’s managers to obtain easily verifiable results in their daily work, as they discover by themselves the high-potential people and are able to take decisions about planning of human resources – succession, promotion, etc. This is a group of organizational leadership practices that allows a working model promoting the effective development of processes and the operational implementation of the managerial accountability principle. These practices are susceptible to being described according to prescribed procedures. Altogether, they account for the managerial development. The practices listed by Jaques are: managerial team working; context setting; planning; tax assignment; personal effectiveness appraisal; merit review; induction and coaching; TPD and mentoring; selection; deselection and dismissal; continual improvement (Jaques, 1996).
Beginning with Structure

From a methodological point of view, the definition of requisite structure comes first. As pointed out by Jaques: “In carrying out such a program, the analysis and mapping of the extant organizational structure is the stepping stone to requisite structure.” (Jaques, 1996).

Precedents to the Requisite Organization in the Contracting Agency

The work and contributions of Jaques were not a novelty either for the client or for the CEO who took upon himself the responsibility of selecting the approach and establishing it as a matter of internal policy for organizations and human resources. At the Tax Office in 1973, some 25 years before the present project, I had the opportunity of implementing a project on structure based on the requisite organization approach with Dr Carlos Silvani as co-director, who was, at the time, the head of the Organizational Studies Department and CEO of the institution. The project took more than a year and included the systematic analysis of about 300 organizational roles, beginning with the CEO and his immediate subordinates. Simultaneously, it involved an analysis of operational and non-operational areas. The mapping of the extant organization at that time provided data that revealed organizational dysfunctions. Jaques proposed the existence of four different forms of organizations available for description from an analytical approach:

- manifest organization: the one that corresponds to the official organizational chart
- assumed organization: resulting from the perception of the parties involved
- extant organization: resulting from an analysis of roles and the systemic application of time-span
- requisite organization: the needed pattern of structure resulting from the analysis and resolution of problems, and lack of clarity of the extant (Schlemenson, 2002).

The conclusions were submitted as two proposals of requisite organization to the Board, and also to a series of plenary meetings with the higher directors of the organization. The feedback process included the Secretary of the Economic Ministry, who was then the highest authority, the CEO. Given the consistency of the proposed alternatives, the directors requested that we feed them additional proposals regarding structural changes for several years. A more detailed report of this experience was presented – and published – in several national and international conferences (Silvani and Schlemenson, 1975; Silvani, 1987; Schlemenson, 1992).

A SHARED PROJECT WITH DR JAQUES

The AFIP (Administración Federal de Ingresos Públicos) project granted me the chance of working with Jaques in the field and with a client. That
opportunity was a learning experience in and of itself, and it can only partially be summarized in the following paragraphs. His contributions took place in a series of visits – for a week – over a period of three years.

I remember the first visit Jaques made regarding this project. I picked up my guest at the airport and took him to the hotel around noon on a Sunday, after a 15-hour flight. I asked Elliott if he wanted to rest for the remainder of the afternoon, since the program was starting, formally, the following day. He was by then 80 years old. “I’m ready to start working now,” he said. He suggested we two should start by formulating a prior analysis of the organizational structure. Before getting started he told me: “If you need to have lunch with your family, I’ll wait for you at the hotel. I am not going to rest. I’ve already done it on the plane.”

We started working at 2 pm and continued for more than four hours, without interruption. Jaques asked questions and took notes, synthesizing his conclusions in graphs of organizational structure in such a way as only an expert clinician can do. Once we had reconstructed the organizational chart with all the real organizational roles of the main managerial functions and the different strata, he referred to them always with the names of the real roles. Before listening to and assessing the organizational problems in their entire minutiae, he wanted to understand the purpose, “the business,” of the organization and the place of each department within it. Jaques wanted to orient himself within the pattern of extant roles, working relationships, and organizational strata. His dedication and respect for the data, for the empirical referent was obvious given his lack of presumptions (or is it assumptions?) He applied the instruments available to him, among those, the systematic measurement of the time-span from the very beginning.

Jaques’ enthusiasm for the job at hand and his commitment to the challenge were a driving force he passed on to the team. The work done on that Sunday afternoon allowed him to refer to the problems in a way specific to the language of the organization. The next day, when we had our first meeting with the CEO, he was able to make reference to the problems, contextualizing them within the logic of the structure and the real organizational language. Even when the first subject of the project was TPD, we first needed to establish the organizational structure in order to refer to it in the managerial judgments. Structure gave the context for making assessments (Jaques, 1996).

Regarding Elliott’s appearance on the project’s stage, it is worth mentioning some additional anecdotal data from behind the scenes, resulting from that first visit of his on Monday. We had two important meetings. The first one was a working breakfast with the CEO and his team of immediate subordinates, to officially introduce our visitor.

Given the previous introduction I had done during the structural project of 1973, Jaques was not an unknown person for those at the meeting. His works had already been circulating in the organization for a while. The warm and respectful welcome he received was a signal that they were willing to work and
be involved in the project despite its demands; contributing their time and effort. The same attitude was verified during the following meeting with the CEO. This time it was someone who knew Jaques’ methodology and approach more deeply, because he had co-directed a project with me, focussed on organization structure, and had been subjected to my numerous references to Jaques and his work over the years. In this second meeting, this same individual contributed personally and directly in describing the corresponding posts of his immediate subordinates. In subsequent meetings specifically geared towards the talent pool exercise, because he was a “manager once-removed” (MoR) of the corresponding stratum, the CEO was in charge of the evaluations and conducted the first gearing meeting. These meetings are at the heart of the process, taking on the quality of an actual workshop that allows for the consideration of individual capacity of each assessed employee. The availability and commitment of the CEO, and his recommendations, created the conditions for all his immediate subordinates to take seriously and be dedicated to the talent pool exercise. It is impressive how people in such circumstances bring their full commitment to the task and work to exercise fairness in their judgments.

The evaluation of potential capability requires an accountable MoR. When a MoR exercises his leadership position properly, his authority is strengthened. Trust in the sector increases. These practices are illustrated in the following procedure, administered during a specific exercise.

- **Presentation seminar:** its purpose is to provide focus on what is to be evaluated and to make clear the purpose of the exercise. It is directed toward the MoR and his or her team of immediate subordinates, who are going to evaluate the occupants of the following stratum. Agenda: meaning of the exercise, basic concepts involved; current potential capability, current applied capability, future potential capability; presentation of the chart of the required organizational strata; discussion.

- **Meeting with the MoR:** in order to compile his or her assessments regarding his or her subordinates once-removed (SoRs). Once the exercise and basic concepts are understood, a large number of assessments of SoRs can be completed in a relatively short period of time. The assessments are always in reference to the organizational strata of the positions and levels of complexity derived from them.

- **Meeting with the manager:** the previous procedure is repeated to compile the potential capability judged by the MoR’s immediate subordinates.

- **Resolution of discrepancies:** considered as such are those between two or more bands (divisions within strata) or those in contiguous strata. The MoR is the one who has the last word regarding the evaluation.

- **Gearing meeting:** the MoR and all the direct managers of the evaluated group discuss the placement of the candidates in a graphic contemplating all of them, ordered according to the levels resulting from the evaluations. The exercise is designed to allow horizontal comparisons. This meeting is
at the heart of the process. Horizontal comparisons allow the testing of the consistency and revision of the evaluations.

- Tutorial interviews conducted by the MoR with each SoR are essential because they imply an individual response and personalized conclusion for each of the candidates. Also designed as a mentoring meeting, in which each individual receives a report concerning the results (Schlemenson, 2002).

After the first stage, the TPD exercise was repeated to evaluate the individuals in the subsequent stratum for a period of about two years.

Upon completion of the TPD exercise I accompanied Jaques back to his hotel, where we went over the two initial meetings that had taken place on Monday. With his usual enthusiasm Elliott told me: “I’m happily surprised by ‘the trust.’ This is a basic ingredient for the project. It is evident that this is a long-term project that has been maturing for a long time. I have to rethink the role of trust. That is rarely achieved and it is the basic component of a good project.”

A consequence of the “lite” culture in which we live is the quest for immediate results. The search for quick fixes with spectacular results prevails. Long-term projects are sustained thanks to the validity of their premises and hypothesis, and provide the grounds for the trust not only in the managerial system but in the overall organization. It involves compromise, and requires a coherent framework with a solid theoretical and practical foundation. Trust needs to be supported by an ethical code protecting confidentiality, equity, and justice, values often missing in current organizational systems. The described systems of individual evaluation allow for a healthy development of those principles, which is why they must be accompanied by procedures and intentions that respect the integrity and safety of those involved.

STAGES FOR THE TPD PROJECT

Listed below are the stages in the development of the project of the evaluation of the talent pool.

- Stage one: the first exercise for the talent pool that took place was directed by the CEO, who, as MoR, along with his immediate subordinates, at Stratum V, evaluated the occupants of Stratum IV roles according to the procedures described by the method. Those in Stratum IV roles made up of approximately 30 area managers.
- Stage two: the general directors at Stratum V, as MoRs to those in roles at Stratum III, evaluated, with their managers at Stratum IV, the potential of jefes and specialists assigned to Stratum III. This group consisted of the areas’ operating managers and specialists. Evaluations were conducted for about 900 individuals.
• Stage three: about 3500 people were evaluated in Stratum II: managers, analysts, and university professionals.

Some General Global Conclusions

• Seventy per cent of the evaluated population was working at a level commensurate with their role's level and complexity. Half the members of this group were receiving a salary lower than the one they should receive according to the equitable payment structure established in Requisite Organization (Jaques, 1996).

• Fifteen per cent of the evaluated population showed current potential capability higher than the positions presently occupied. The organization could then focus on this group for succession planning.

• Fifteen per cent of the evaluated population showed current potential capability below the level required for the position occupied.

A more detailed analysis showed that there was:

• an abundance of candidates with potential for occupying positions at Stratum III presently located in positions at Stratum II

• a number of candidates currently occupying positions at Stratum III had potential to occupy positions at stratum IV

• a small number of candidates at Stratum II with potential to occupy positions at Stratum IV in the future

• taking into account expected growth, there would be a lack of candidates with future potential for Stratum IV

• when taking into account TPD plans there was a scarcity of candidates with future potential capability beyond Stratum IV.

Relevant Considerations

• The MoR and direct managers took the exercise seriously and demonstrated equanimity in their evaluations. There was a high level of agreement or consistency in the evaluations of MoRs and direct managers for each of the talent pool groups. Discrepancies – usually resolved rapidly – occurred in no more the 14% of the judgments.

• A need was observed to strengthen the managerial function, by ensuring accountable managers at every level. The TPD exercise significantly contributed to that end.

• All 4500 evaluations are located in a database, regarded as confidential information, under the control of the Director of Human Resources. These data have been reviewed and taken into consideration for selection, succession, and promotion. The information is later analyzed by those who need to make the corresponding decisions. Because the resource is a global database it allows for the examination of all participants who occupy positions in remote locations. Because of the global nature of the database,
the need for transfers and rotations is reduced, and those with “high potential” being stuck in a single department or organizational unit without a just application of their capabilities is prevented.

- Application of the talent pool process allowed for a redefinition of certain key managerial roles, such as that of the regional manager, as well as other roles in Stratum IV. These changes resulted in an increase in complexity of the role and required the role to be filled by an individual with a higher level of current applied capability.

- The project facilitated an interesting cultural change regarding gender. Most regional management posts of Stratum IV were occupied by males. Through a systematic application of the TPD exercise, young women with high potential were identified in Stratum III roles, who became candidates for Stratum IV roles, may otherwise have been overlooked. At least 10 women have moved to key positions since implementation of the talent pool process.

- The exercise resulted in the development policy for employees, which was actually applied, being geared towards matching employees to positions in consonance with their level of capacity.

- The result was a more precise definition of the structure of organizational strata. Following this structure the corresponding roles were classified and a description of the complexities pertaining to each stratum was achieved.

- This organizational pattern was presented in no fewer than 50 managerial meetings as part of the initial seminar in which the TPD exercise was introduced. Whenever this design was presented, it was judged to be valid. Strata as a specific system of levels of work complexity became a tool to be used by managers.

- The systematic introduction of evaluation practices, representing equitable treatment of all employees, enhances the authority of the managerial system, increases its credibility and is a contributing factor to employee motivation and satisfaction.

- The introduction of these evaluation practices was well-received by the most important unions representing employees, which also found it useful that the senior managers were equally evaluated. Until this project, the so-called departmental *jefes* (managers) of Stratum III were exempt from evaluations regarding performance, and their potential had never been considered.

**CLOSING REMARKS**

TPD and the focus on evaluation methodology of managerial effectiveness made evident that the theory concerning human capability of work and related concepts – current applied capability, current potential capability, and future potential capability – are basic pillars in the conceptual structure developed by
Jaques and Cason (1994). It is individuals, through the deployment of their actual and potential capabilities in the present working situation, who allow organizational systems to achieve their goals. Capability has an intentional and finalizing orientation that is related to the complexity an individual is able to handle. And a philogenic organization favors the development of individual capabilities. What is described here is a group of concepts, methods, and procedures that make possible the implementation of such a transcendent objective. To do so, the clarification of basic concepts is vital, as well as those methods and procedures stated here in order to make them operational. Elliott Jaques was a scientist who was able to translate highly abstract theoretical constructs into comprehensible procedures and pragmatic concepts. His contributions are grouped into three basic aspects: a methodology for the analysis in-depth of cases – a methodology that presupposes change and improvement of organizations; a scientific method of research based on the development of instruments that can be used to measure entities with particular properties and attributes; and a theory, requisite organization, emerging as a consequence of numerous applications of the methodology for both approach and investigation. These accomplishments are the result of a deep and profound understanding of human nature.

The road traveled in the past with Elliott to the present day has been fruitful even though it is just the beginning. We must pick up the torch lighted by its founder and carry it through future developments.

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