Tales From The Field: Using Requisite Organization Theory in Potential Assessment

MEREDITH DOIG

ABSTRACT

One of the most important tasks in achieving organizational effectiveness is talent management – identifying people with the potential to grow into effective senior leaders of an organization and developing their innate capacities. Requisite Organization theory provides a well-grounded framework for designing and operating effective organizations. Jaques' exploration of the different cognitive processing styles necessary to be effective in increasingly complex organizational roles has helped clarify the fundamentals of talent identification. However, anyone who has worked in large complex organizations knows that intellect alone is not enough – certain personal and social capacities are also needed to be truly effective. In this article we provide some insights into a three-dimensional framework that has been used successfully in the field to identify managerial potential. The three dimensions draw upon Jaques' ideas of differential capacities, but expand beyond the intellectual dimension to incorporate a temperament dimension and a values dimension. Copyright © 2006 John Wiley & Sons, Ltd.

Key words: Elliott Jaques, organizational effectiveness, potential assessment, Requisite Organization

One of the most fundamental tasks in any organization set up for the purpose of getting work done is to match the right people to the right roles. Requisite Organization theory has been interpreted, unfortunately and perhaps unintentionally, as suggesting cognitive processing capacity is the sole determinant of the capacity to work effectively at increasingly more complex and ambiguous levels of work in managerial hierarchies. We beg to differ. Personal and social qualities, and the values that shape individuals' behavior, should and do play a part in identifying who is likely to be successful in management roles.

Let us begin with a couple of “tales from the field.”
TWO CASES

Carolyn: A Bright Young Thing with Heaps of Potential

Carolyn was 28 when she was hired into Rio Tinto's global procurement arm. She had been with Shell since she graduated: a smart young economist with first-class honors. Not that she didn't enjoy working at Shell – it was just that she was curious about other companies, keen to expand her experience and build her CV. The global procurement unit was newly established and wanted to build a strong, highly capable group of young Turks to drive a completely new way of doing business across the business units. They knew this would be a big challenge – Rio's business units guarded their autonomy jealously and tended to look upon any attempt at centralization with suspicious resentment.

Getting the right people to achieve this task was critical. To understand and leverage the fast-changing world of modern, internet-based procurement, they needed highly intelligent, highly creative people. But intellectual intelligence alone would not be enough. Crusty old purchasing managers in the business units had to be persuaded to get on board, and for that they needed people with a capacity to “read” other people, to be alert to their personal sensitivities and the local office politics. And they needed people who could pick up the challenge of collaborating with colleagues around the Rio world, holding meetings in three different time zones, achieving deadlines that allowed little time for learning curves.

Carolyn impressed. She was bright, energetic, self-confident, and could be depended on to get things done. After 12 months in the job, she was also frustrated. From her perspective she was not being well utilized, being given work she found too easy and therefore boring. And her boss! He was nice enough but seemed to work on a need-to-know philosophy – tell them only what they need to know and nothing more. At one stage, she was reduced to tears of frustration when she asked him yet again to explain how a particular task related to the overall picture and he had said, “Carolyn, I don't understand what you want to know” and she had blurted out, “I don't know what I want to know because I don't know what there is to know!”

Like many graduates she thrived on complex work, and the analytical and evaluative skills she had learned at university held her in good stead. Despite being initially excited by the size of the challenge of her new role and loving being part of such a successful global company, admired for its outstanding management, Carolyn was on the verge of leaving.

Mark: Street Smart and Ambitious

The second case involves Mark, a successful deal-maker in the financial world. Mark was part of a closely knit team of four that had stuck together through a number of different employers, surviving on their wits, their networks, and their
skills. Mark was ambitious: he was half way through an MBA and had set his sights on becoming CEO of his current company.

The challenges for Mark were twofold: first, while he was obviously capable of developing very strong relationships with immediate colleagues, he had little time for those with whom he did not agree – seeing the world from their perspective was just not on his agenda. Second, while he enjoyed the cut and thrust of hard negotiations and had a successful track record of delivering lucrative, high-profile deals that were very profitable for the company, from an intellectual perspective he had little appreciation of the ambiguities of work at CEO level. His world was black and white, whereas the world of a CEO is painted in multiple shades of grey.

Mark’s boss was also a member of this close-knit team, and relied on him to manage most of the day-to-day work of leading their small team of analysts. All being well, Mark was his boss’s chosen successor.

EXPANDING THE JAQUESIAN FRAMEWORK

These are just a couple of situations we have faced working with clients seeking to identify and develop the talent in their organizations. The framework we use to do this is fundamentally based on Jaques’ Stratified Systems Theory (Requisite Organization). However, while Jaques focuses mostly on the dimension of intellectual capability, identifying distinct types of thinking necessary to be effective at different levels of work in an organization, our framework expands the model to a second, and even a third, dimension.

When analysing the situations described above, we have found that appreciating the intellectual capability to do the work required may be necessary but it is not sufficient. To help managers understand what goes on in organizations and how they might best shape the careers of their high potential talent, let alone their own careers, it is also necessary to appreciate the importance of a second dimension, one that is concerned with how people choose to act and behave, not just what they think. And, just as there are distinctly different types of thinking that are effective at different levels of an organization, we have found it possible to identify different types of personal and social behavior that have been shown to be effective at different levels of an organization.

Our intellectual dimension embraces how people analyze issues (problem analysis), come up with ideas for addressing those issues (creative thinking), and ultimately decide the best way forward (judgment). Our second temperament dimension considers the inner resources people have to face up to the challenge of assuming responsibility (drive), their sensitivity in reading and dealing with the “people aspects” of getting work done (empathy), and their capacity to persevere in overcoming the inevitable obstacles that pepper the way to achieving results (resilience). Indications of these qualities at varying organizational levels are summarized in Table 1.
Table 1: Two-dimensional framework: six levels of intellect and temperament

<table>
<thead>
<tr>
<th>Problem analysis</th>
<th>Understand a single task</th>
<th>Compare and contrast components of a task</th>
<th>Serial analysis of tasks</th>
<th>Parallel analysis of tasks</th>
<th>Synthesis of tasks and projects</th>
<th>Evaluation of a whole approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative thinking</td>
<td>Recognize conventional options</td>
<td>Identify immediately practical alternative options</td>
<td>Identify new options by logical extension</td>
<td>Recognize new patterns from old</td>
<td>Paint whole new scenarios</td>
<td>Invent new paradigms</td>
</tr>
<tr>
<td>Judgement</td>
<td>Follow known rules</td>
<td>Use experience to choose between practical alternatives</td>
<td>Maximize output of a homogeneous system</td>
<td>Optimize output from competing systems</td>
<td>Synthesize into coherent long-term strategy</td>
<td>Build context for a whole new vision</td>
</tr>
<tr>
<td>Drive</td>
<td>Tackle immediate task</td>
<td>Contain situations (until help arrives)</td>
<td>Manage situations within our own sphere of control</td>
<td>Influence situations outside own sphere of control</td>
<td>Use positional and personal authority to direct outcomes</td>
<td>Use compelling personal power to shape whole contexts</td>
</tr>
<tr>
<td>Resilience</td>
<td>Cope with everyday familiar pressures</td>
<td>Cope with multiple pressures from expected directions</td>
<td>Cope with several pressures, including some unexpected</td>
<td>Deal with multiple pressures, often the unexpected</td>
<td>Absorb all sorts of pressures like fear and anxiety</td>
<td>Turn any sort of pressure into positive energy</td>
</tr>
<tr>
<td>Empathy</td>
<td>Propose and defend own point of view</td>
<td>Recognize and acknowledge point of view of other individuals</td>
<td>Take into account impact on others not directly involved</td>
<td>Deal constructively with all views, even those of critical or difficult people</td>
<td>Manage critical personal sensitivities and subtle political agendas</td>
<td>Turn even he most difficult individuals or groups into allies</td>
</tr>
</tbody>
</table>
When giving feedback after a potential assessment, this second dimension has proved enormously valuable. Let us return to Carolyn. Carolyn clearly had heaps of potential. From a Requisite Organization perspective, she could handle work of Stratum three complexity now, and showed signs of being able to learn how to handle Stratum four or even Stratum five work as well. And she certainly had high-level drive and the capacity to take on responsibility not only for herself but for others as well. The problem was that, ironically, she had almost too much potential. The way she saw the world was more like the way her boss's boss saw the world, and she got frustrated with what she experienced as the “blocking” behavior of her boss. In reality, her boss was reasonably effective at his job; it was just that Carolyn wanted to understand the Big Picture and all he wanted was her to deliver what he delegated to her.

At the age of 28, Carolyn was a long way from the height of her career. All being well, it was likely she would end up at general manager level or even further. But, in the meantime, over the next seven to 10 years, the challenge for Carolyn was not going to be intellectual it was going to be social. Taking on more complex tasks, delivering projects on time and on budget – that was going to be the easy part, because that was already part of her comfort zone. She was good at the intellectual part: she knew it and everyone else did too! In the short to medium term, there were essentially two challenges more demanding than any intellectual challenge she could imagine; more demanding, because these challenges were outside her current comfort zone. They were: learning how to become accepted by her peers as a member of their team, and learning how to relate to her boss in a way that enabled him to “save face,” so that he could feel comfortable as she eventually surpassed him in the hierarchy.

Meeting these challenges would require not only understanding the world from a different perspective but being able to manage her feelings, feelings that might include a fear of rejection, a lack of compassion, a sense of having to prove herself. But by behaving in a way that let others feel she valued them and the organization, she would grow to become a valued member of the team. By making the effort to understand her boss's view of the world and fulfilling his needs (while retaining her excitement at seeing the even bigger picture), she would be treating her boss with courtesy and building her reputation as someone who shows respect to all.

So, while Carolyn had the intellect to learn how to work at Stratum four or five, unless she also learned how to develop correspondingly complex social skills that rely on empathy and resilience, she ran the risk of not achieving her true potential. Explained this way, she was able to understand her own frustration and put it in perspective. Her sense of self-worth was confirmed (yes, she had the potential to become at least a general manager) and at the same time challenged – to really develop her potential, she would have to use her intellect more subtly and work on earning integration into the micro-society of her work unit. The good news is, she didn't leave and went on to really enjoy her time at Rio.
Mark, on the other hand, had an overly ambitious view of his potential. He and his colleagues had survived a number of very difficult times together and were very close. Surely this suggests strong resilience and empathy? Yes – of a certain type. However the type of resilience and empathy needed at CEO level is entirely different from that with which Mark was comfortable. Effective empathy requires the sensitivity to be able to read and relate to people within a team (Stratum one) or a department (Stratum two), or across groups in different departments (Stratum three). But at Stratum four and above, it is necessary to have the capacity to read and relate to non-homogeneous groups, to external stakeholders as well as internal stakeholders, some of whom might not be aligned with your own point of view or who might even be hostile to your organization’s interests. For someone like Mark, with his black and white views and strong loyalty, such empathy would not come naturally.

With respect to resilience, Mark experienced change as something to resist or to endure. A CEO not only has to initiate change but help others experience it positively and constructively. An effective CEO absorbs the anxiety that inevitably foams around in any organization going through turbulent change; Mark tended to add anxiety to the anguish already felt by his subordinates, and to see the rest of the organization as the enemy. What Mark excelled at was working with a smallish team of like-minded others, jousting with clients in a contest of expertise and ego, where success was obvious and the rewards clear. The work of a CEO could hardly be more different. Complex, ambiguous, having to judge finely balanced options where the best way forward is not at all obvious; having to deal with all sorts of individuals and groups, some of whom you normally wouldn’t invite home to a dinner party. Explained this way, Mark eventually saw that this was not the type of work that would give him much satisfaction.

In fact, it turned out that what Mark really wanted was his boss’s job (and the title that went with it). His stated aspiration to the CEO role was really the combined effect of pressure from family and friends, together with his own healthy ambition. But when he realized the nature of work at Stratum five and six, he was free to focus on work that better utilized his strengths.

PERSONAL EXPERIENCE OF REQUISITE ORGANIZATION

The importance of the temperament dimension in understanding personal effectiveness at various levels of work in organizations was highlighted to me when working for CRA (the Australian arm of Rio Tinto) in the 1980s. As aficionados of Requisite Organization will know, at that time CRA was possibly the purest example of Requisite Organization principles in practice ever attempted. The whole structure of the company was reorganized into distinct strata, and waves of week-long management development programs explained the principles in fine detail.
My experience and my observation at that time was that Requisite Organization in practice had many advantages and benefits. With titles that clearly indicated a role’s stratum and purpose, everyone understood what was expected of them and how their role fitted in with others. Reporting lines were absolutely clear. Career progression was relatively well managed. Lateral movement across business units became easier. However, despite the undoubted benefits of organizational clarity and simplicity, some things did not work. There were (in)famous instances of highly intelligent people being appointed to important leadership positions despite acknowledged arrogance and insensitivity, and proceeding to cause significant damage to both individuals and the climate of whole business units. It seemed as though their intellectual strength overshadowed everything else, so they could “get away” with what these days would be classified as bullying, intimidatory behavior.

This convinced me that a focus on the intellectual dimension alone was insufficient. Jaques asserts a person’s temperament (and associated behaviors) has little to do with leadership and should figure in selection decisions only if it exhibits characteristics he labels “minus T,” behaviors beyond the extreme end of what is socially acceptable (Jaques and Clement, 1991: 79). While this principle would admirably support the principle of healthy diversity of personality types, in my experience it has been misunderstood and misinterpreted in practice. In CRA, it led to an almost total focus on intellect, unbalanced by an equally rigorous consideration of temperament characteristics.

POTENTIAL ASSESSMENT

This point is important because it greatly affects what is taken into account when people are considered for promotion. The assessment of potential for promotion has always been one of the most ambiguous areas of human resource management. Recruitment and appointment to meet the current needs of a particular role can be assessed against a clear list of essential and desirable qualifications, knowledge, skills, and experience. But potential for future leadership roles . . . what does one look for?

Requisite Organization principles place the responsibility for potential assessment firmly at the feet of the manager-once-removed (MOR). They are charged with evaluating the cognitive complexity of their subordinates-once-removed (usually with precious little training in how to do so), though Jaques makes passing reference to other characteristics that might indicate capacity to handle work at a higher level, such as enthusiasm, appropriate interactions with others, and novel approaches to the present work (Jaques and Clement, 1991: 248). However, there is no exploration as to how these latter factors might vary with the nature of work at different strata.
ORIGIN OF EXPANDED FRAMEWORK

The temperament dimension of the framework we have been using is based on empirical work done within the Shell Group of companies back in the late 1980s. A large internal research project gathered detailed information about what made successful managers effective in their roles at different levels of the organization. What they found confirmed Jaques’ views of types of cognitive processing but also showed distinct levels of personal capacities and social behaviors that were clearly associated with recognized success at different levels of the organization. Table 1 gives some indications of these behaviors. Analysis of this information led to the identification of three sources of impetus to act and behave that together constituted a temperament dimension paralleling the intellectual one. These three sources of impetus were labeled “Drive,” “Resilience,” and “Empathy.” Each is necessary in some way to get work done in practice.

The first requirement of getting work done in practice is to try to produce a result. The quality that produces this sense of trying was labeled Drive – the acceptance of responsibility through an internalized desire to achieve a successful result. Then, since work life is rarely without its setbacks and disappointments, the quality of Resilience is needed to accommodate change and persist in finding alternative ways forward when previous choices fail or are blocked. Finally, in a business world where cooperation with others is crucial, the quality of Empathy is essential to make possible an understanding of the point of view of the other, and to facilitate navigation through the potentially treacherous undercurrents of organizational power and politics. These temperament qualities are integral to the practical application of intelligence, especially important in a commercial work environment. Without them, otherwise impressive intellectual qualities are likely to remain ineffective, in the sense that they have little effect in and on the world.

Not only does this two-dimensional model make sense to people, it turns out to be extremely useful. On an individual basis, it can explain to high-potential young managers just why they feel frustrated in the early stages of their careers – and what they can do about it. It helps people better understand the nature of work at various levels of organizations and allows them to decide whether seeking the top job will really bring them a sense of satisfaction and reward. It can also be used to profile the nature of the challenges to be faced in roles at different levels in organizations, thus enabling goodness-of-fit analyses between a particular person and a role. This is particularly useful for succession planning purposes.

VALUES, THE THIRD DIMENSION

Having worked with this two-dimensional model for a number of years and seen its usefulness, we started to wonder whether we could not complete the model
with a third dimension focusing on values. Was there a set of values to parallel the Jaquesian levels that made common sense and was grounded in good theory? As it turns out, the answer to this question was yes, and the link was work done by Richard Barratt and Associates. Barratt, formerly Values Coordinator at the World Bank, had come up with a set of corporate values he called “The Seven Levels of Consciousness,” an adaptation and extension of Maslow’s model of the hierarchy of human needs. While Barratt’s seven levels did not correspond particularly well to Jaques’ levels, the idea of using Maslow’s hierarchy made sense.

Drawing on the basic characteristics of our two-dimensional framework, we set about developing a model that distinguishes sets of values from three distinct perspectives: a personal perspective, how someone perceives the work of their role, and what they see in the organization around them. We then developed descriptors of values that align with the six levels of our existing framework, corresponding to the six Jaquesian strata – see Table 2 below.

The theory behind this model is based on the assumption that the motivating force in values derives from two fundamental impetuses: fear and hope. Constructive aspects of the values find their origin in the force of hope, and a positive view of the nature of human nature. Limiting aspects of the values derive from the force of fear and a negative view of the nature of human nature. For example, if someone identifies personal values around “self-questioning,” this shows up positively as a concern for personal growth arising from internal reflection, with long-held beliefs questioned, previous assumptions challenged, and old certainties queried. But too much internal questioning without resolution might diminish decision-making capability, and the person’s commitment and determination might be called into question by others. Taking another example from the role values: the positive aspects of identifying as a “professional manager” are obvious, but taken to extremes may show up as an excessive focus on status and prestige, and/or an inability to tolerate mistakes of any kind. And if we consider organizational values: an organization seen to value “operational success” would focus on customer and employee satisfaction (i.e. a concern for

Table 2: A third dimension: six levels of values

<table>
<thead>
<tr>
<th>Level</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal values</td>
<td>Basic needs</td>
<td>Relationships</td>
<td>Self-esteem</td>
<td>Self-questioning</td>
<td>Personal contentment</td>
<td>Leaving a legacy</td>
</tr>
<tr>
<td>Role values</td>
<td>Crisis manager</td>
<td>Team leader</td>
<td>Professional manager</td>
<td>Manager as learner</td>
<td>Manager as leader</td>
<td>Manager as steward</td>
</tr>
<tr>
<td>Organizational values</td>
<td>Corporate survival</td>
<td>Operational success</td>
<td>Systems and procedures</td>
<td>Corporate expansion</td>
<td>Corporate culture</td>
<td>Corporate citizenship</td>
</tr>
</tbody>
</table>
relationships), with concomitant investment in skills training. An excessive focus on these values, however, can lead to a fear of loss of good relationships resulting in excessive caution, resistance to any change, and avoidance of conflict resolution.

This values framework is used as a way of checking alignment between individuals, their immediate work-groups, and the organization around them. Having been developed independently of our original two-dimensional model, this values model is still being tested in the field to see how it fits with the six strata of intellectual and temperament qualities. Would someone with intellectual and temperament potential around Stratum five also tend to hold values around Level five? Do the values tend to align with the temperament qualities more than the intellectual qualities? Is there any correlation at all between potential and values? We do not yet have answers but questions themselves are intriguing.

JAQUES ON VALUES

Throughout his various writings, Jaques recognized the importance of values in shaping the behavior of people at work. At one point he suggests they are the determinant of temperament: “Get the values right and factors such as style and personality will fall into line” (Jaques and Clement, 1991: 72). While the notion of stratum-specific temperament qualities may be an anathema to Requisite Organization theory, there can be discerned in the theory some suggestion of a hierarchy of values.

At the most general level, all work in managerial hierarchies is done in a context of wider social values. Within a single organization there are also characteristic corporate values – “Central to the art of leadership from the top is [the] ability to set detailed corporate values that are not only necessary for the business but also sufficiently acceptable as to set limits within which everyone can be expected to behave” (Jaques, 1989: 38). Within the ranks of management, all other than technical specialists employed as individual contributors should value the work of managing and leading others, and a significant part of leading and managing others is the task of ensuring subordinates value the work assigned to them. If the manager does not value the work they assign, why should they expect the subordinate to do so?

So values are very much recognized as a driving force within the everyday operation of managerial leadership. As such they are associated with the effective translation of ideas into action – which we suggest is captured by the temperament dimension of our two-dimensional model. It is really only at the level of personal values that Jaques objects to the identification of preferred values – “Let me emphasize. It is not for the organization to dictate to individuals what their personal values should be” (Jaques, 1989: 38).

But our model of values attempts to capture not what a person’s personal values might be per se but what they value at work – the attitudes they bring to
work as individuals, what they aspire to their role, and what they see operating in the organization around them. We propose our model is in line with the emergent Jaquesian hierarchy suggested above.

SUMMARY: A THREE-DIMENSIONAL FRAMEWORK

Jaques' model of Requisite Organization is probably the best analysis of what is minimally necessary to ensure a well-functioning organization. But I believe it is not sufficient for the purpose of really getting a sense of who is most likely to be effective as a senior leader in an organization, responsible for the happiness and livelihoods of scores if not hundreds of other people. It implies a one-dimensional model of potential evaluation that focuses on intellectual processing capacity alone, a model that fails to acknowledge the importance of other aspects of being effective at different levels of an organization. Those other aspects include personal and social capabilities. These are not just learned skills. Some people have inherently more drive and capacity to assume responsibility. Some people have greater resilience and capacity to recuperate after repeated failure or difficulties. Others have more empathy, and are naturally more sensitive to reading what is going on with other people. The requirement for these qualities differs with the challenges inherent in roles at different levels of an organization.

Similarly, the values one holds and brings to any role are important determinants of managerial effectiveness. The jury is out as to whether there are essential values that are necessary to be effective at different levels of an organization (and this seems doubtful), but it is conceivable there are values that are likely to correlate with effectiveness at different levels.

The rigour of Jaques' analysis of roles and relationships in organizations has done great service to the task of understanding effective organizational functioning. His organizational framework is deeply basic, like a skeleton that holds together all the other parts of a body. But in my view, the Requisite Organization framework needs flesh to hang on the bones. In particular, his continued focus on differentiating the intellectual dimension has had the unfortunate effect of diminishing the importance of temperament in managerial leadership, with the unintended consequence of sanctioning, in theory anyway, the appointment of very bright but ultimately ineffective people to senior management positions, or worse, people who do significant damage to others in the course of their appointments. To say these people simply suffer from the "minus T" syndrome simply begs the question of where the line defining the minus should be drawn.

It is unfortunate that Jaques failed to apply equal rigor to the task of analyzing temperament and identifying the challenges to personal and social capacities that are requisitely required at different strata of organizations. Modern workforces demand respectful treatment; insensitivity to the people aspects of getting work done is not tolerated as once it might have been. Interestingly, Jaques' later works appear to recognize this in their acknowledgment that managers should
be held accountable, not only for the output of their subordinates’ work but for their behavior. But what drives that behavior? At a minimum surely it is drive, resilience, empathy, and values.

REFERENCES


Meredith Doig
Principal, Midlothian Consulting
PO Box 1312 Hawkburn
Victoria 3142
Australia
(mdoig@midlothian.com.au)