

*when it is first presented to you, this is a complete organisation structure, management system... helps when you are downsizing because of some financial constrains or challenges and also helped a lot now, in terms of growing the organisation and that is where it is really showing its power. **Thad Simmons, CEO Novus International. USA.***

*The conjunction of good practice by the Board plus the Requisite Organisation I think is an unbeatable system.*

**Carlos A Leone. CEO Parona Metal SA**

*If looking at Elliot's functions it terms of lets look at work, outputs of work, how does work get done inside that organisation , you are looking at something that has with stood the test of time. **Thomas Kelly, Deputy Undersecretary, US Army***

# Some background to Requisite Organisation

Prepared by Andrew Olivier

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## Some Background to Requisite Organisation Models



*I was introduced to RO at my previous company of 16,000 employees and understood its power. After becoming CEO I have over the last eighteen months implemented RO across the organisation and have aligned it to our ten years Strategic Intent.*

**Ian Stone. CEO Royal Automobile Association of South Australia**

## 1. Background

Elliott Jaques first introduced his ideas in the 1940's and 50's Glacier Project in the United Kingdom (Elliott J, 1951), while a consultant for the Tavistock Institute. The Glacier Project was a major breakthrough in management and systems thinking and generated a great deal of academic debate (Gray J.L(ed), 1976). Criticism was levelled at the theories for being "the truth" and damning because it left no place for any other theories.

*"Because it is a closed system of propositions, it – on the surface at least- appears to reject any alternate form of theory, giving it the superficial appearance of mutual exclusiveness. And anyone ...knows that any theory not open to inclusion with existing theories is doomed to expulsion from the academic ranks." (McCarty & Gray; 1976; p.10).*

However, it has been in constant use for fifty plus years, extensively, in diverse organisational and business settings and across different cultures. Consultants and organisations in the early 21<sup>st</sup> century use his models in different ways, probably few that Jaques would be happy about, since he primarily described it as scientific management (an indication of its modernist genealogy) which was measurable and not open to negotiation around certain key issues, such as **time span of discretion and role authorities and accountabilities and the importance of healthy working relationships** which were tied to **seven levels of work complexity and effective structures geared to business purpose**

The original models have developed into meta-theory organisational theory and practice status. Hypo-deductive applications and a logical appeal have seen many derivatives, thesis, books and ongoing practical applications being developed. In the late 20<sup>th</sup> century complexity science gave it a new epistemology, enhancing coherence and an understanding. It also heralded a move away from physics and rational universal truth, to the softer, less certain world of multidisciplinary interfaces, in particular the biological sciences. Third Wave (post modernism) liberated work diversity, old divisions and distinctions gave way to new work configurations, real and virtual, in a brave networked world. Does this affect Requisite Organisation (RO)? No, not really – RO mirrors many of the key properties of a Complex Adaptive System, such as hierarchy of function (not power), more complex relationships and behaviours between parts, adding, assimilating / combining / discarding parts, reoccurring use of patterns - it is brilliantly frugal abundance.

Most organised work (which is mostly complex adaptive systems) will need a separation of activities to achieve its purpose. This separation is given form through work levels and in the unique way work and relationships is organised in **Requisite Organisation (RO)**, as his collection of interlocking ideas became known. RO offers a blue print for understanding and organising human enterprise which is based on **mutual trust and felt fair relationships**. What is of interest is that Jaques formed his hypothesis some thirty years before complexity science was articulated as a paradigm and many of the post modern descriptors would apply. RO is about scientific principles of Leadership and Management.

*In terms of my commitment to RO, I refer to the workshop manual on almost a daily occurrence and I try to see problems through the RO lens. I find it is giving me a lot of clarity and I know I'll stick with it because it is aligned closely with my belief that every person is capable of greatness. RO shows me how to lead my team to greatness.*

**– Paul Cassidy. General Manager CGU Insurance. Australia.**

## 2. REQUISITE ORGANISATION: THE WORK LEVELS.

### 2.1 Seven Work Levels, Time and Unique Value Add

The Work Complexity model is comprised of seven levels, or to use Jaques original terminology, stratum. Each level has a unique value add that is not the same as any other level. Each work level has a time span, the amount of time before the level can judge the outcome of the most complex decisions (Jaques, 1989). At Work level VII, it may be up to fifty years before the real impact of the decisions can be felt.

Complexity is defined “*in terms of the number of variables operating in a situation, the clarity and precision with which they can be identified, and their rate of change*”

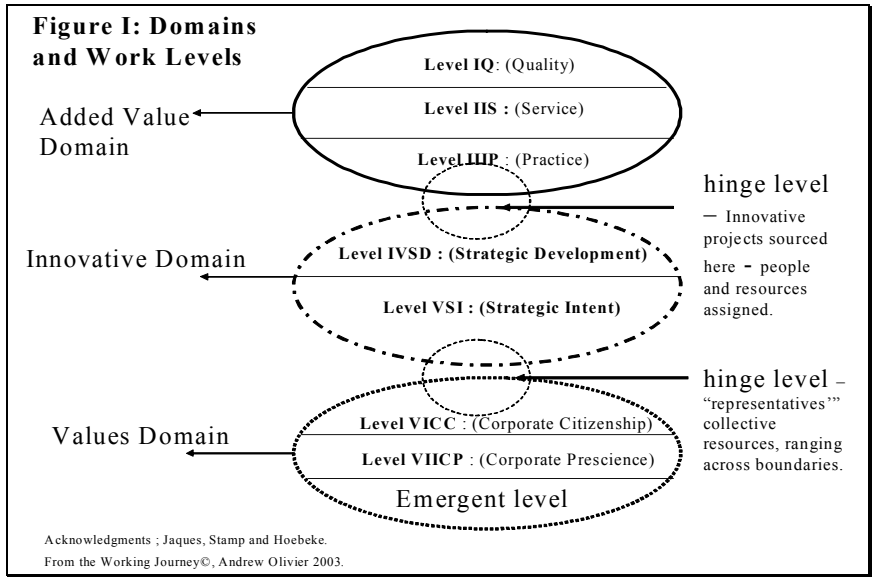
The first domain is that of Added Value and this is where operational efficiency, productivity and industry expertise is critical. It is where most businesses operate. This domain is focussed on; production, producing outputs in the most cost effective manner, efficient services, skills training and being able to respond or initiate quickly. Work is about serving a known client base and asking if the systems, processes and procedures are still doing what they should be doing and is it possible we might be able to do them more effectively?

The Value Added Domain is responsible for cost management and continually adding value to the existing client base. There are three levels of work complexity found in this domain and the time span for seeing the outcomes of the most complex decisions is up to two years.

The second “chunk” is the Innovative Domain and is the executive levels of management of an organisation. Here strategic direction is set and frameworks created to take the organisation forward over a time span from 3 to ten years. This is the domain responsible

for stakeholder relationship management; image, social and environmental issues, reputation, the forging of JV's, sourcing new products, innovations and industry standards.

This is the top end of an independent company or large operating division within a group. There are two levels of work complexity found within this domain. Projects aimed at innovative products, services and processes are sourced in this domain. This domain of work is about wealth creation and maintenance. Issues of concern here are capital projects, combined profit and loss, social responsibility, growth and innovation. Here policy is formulated and strategic intent mapped out



The third domain is concerned with the management of multinational and global organisations and has two work levels. The Values Domain is a contentious area and work here is about creating, terminating and shaping business units within the contexts in which they are embedded. It is about sensing changing values and nascent trends and patterns and making them tangible and real to stakeholders and shaping institutions that are able to interact with these new forces. Changes at these levels are across boundaries and cultures and deals with multiple and diverse unified whole systems over time spans of up to fifty years. Levels VI and VII are responsible for national policy frameworks in the public sector and from running global operations in the private sector. Not every work system needs seven, most have three - *it depends on the strategic intent of the enterprise (i.e. level of complexity) as to its leadership*. A business may thus be Level III led or IV led. Table I below indicates typical roles one might find at each level. This is guide only and role designations often have no link to the actual work complexity undertaken.

**Table I: Examples of roles at Themes of Work Complexity I - V**

Level I	Manual worker, admin clerk, front line sales person, call centre operator, police constable, artisan, technician, claims assessor, miner, chef, front line supervisor
Level II	Doctor, dentist, bench scientist, front line manager, researcher, lecturer, faculty officer, area sales manager, head chef, systems analyst, accountant.
Level III	Manager, project leader, research programme leader, human resource manager, academic department head, practice head, logistics manager, colonel, ship's captain, call centre manager.
Level IV	Financial manager, dean, general manager, principal advisor, snr consultant, one star general, deputy director.
Level V	CEO of a freestanding company, MD of a division within a group, director general, vice-chancellor of university, two stars general.

*The work of Elliott Jaques and his colleagues is as much a study of the human condition as it is a model of management application in the business world. Understanding levels of work, individual capability and the potential for properly designed and applied management system is the key to delivering exceptional results.*  
**MARK CUTIFANI, COO. CVRD Inco, now CEO Ashanti Gold.**

## 2.2 Common Problems with Managerial Structures and Systems

No work system can function effectively with a missing level or with work levels compressed or partially present. Alas many do, badly and that is a clearly identifiable. Accountability and authorities are often not aligned vertically or cross functionally to achieve business purposes. Disempowerment and misalignment creates problematic cultures and in turn this creates dysfunctional work systems, with resultant loss in the quality of working relationships, wasted resources, time, money and often competitive edge. In some cases, this can have grave consequences for image, reputation, profitability and the environment.

In larger organisations structures can be created without clear purpose or accountabilities and such pseudo structures would find it very difficult to create sustainable value.

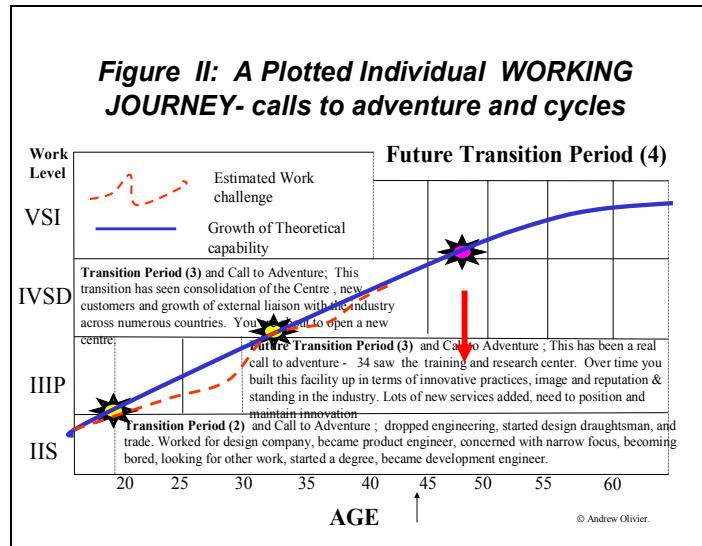
In summary Requisite Organisation and its Managerial Practices function to:

- ❑ Provide context between the organisation and the environment within which it does business
- ❑ Provide unique criteria for ensuring Value Add of each manager and employee
- ❑ Ensure role Authority and Accountability and definition of role types
- ❑ Avoid duplication, confusion – provides criteria to determine where decisions will be the most effective (in outcome and cost) through clearly defined Tasking.
- ❑ Provide the conditions – including understanding of values, context and purpose, quality, quantity, resources and time (**CPQQRT**) – for enabling other levels to do what they do best.
- ❑ Empowerment for employees to carry out creative and innovative work with authority and accountability

## 2.3 REQUISITE ORGANISATION: HUMAN CAPABILITY

Jaques identified five orders of information complexity and within each order are four mental processes (declarative, cumulative, serial and parallel) that pertain to us. The cognitive processes that take place in the normal world of work up to General Management (Work Levels I - IV) occur within the Third Order of Information. Executive Levels of complexity are found in the Fourth Order of Information Complexity starting with Work Level V. The thinking processes of exceptional mortals takes place in the Fifth Order of Information Complexity.

The rate of our cognitive growth is determined by Modes. There are seven human growth modes and the bulk of humanity seems to be located within Mode I – IV. Mode V represents the first of the growth Modes with the power to take someone into Work Level V and thus into the lower part of Fourth Order complexity. Thus Mode Vs are generally recognized as the beginning of high potential. Depending on our growth mode, we develop cognitively at a predictable rate, finding work challenges at different work levels. This growth is expressed in the way we process information, how we handle ambiguity and how we like to make exercise our judgment in decision making.



Jaques refers to this as Cognitive Power (CP) and defines it thus: *"Cognitive power (CP) is defined as the potential strength of cognitive processes in a person and is therefore the maximum level of task complexity that someone can handle at any give point in his or her development"*

Thus cognitive power can be directly to the work levels, although it acts as a separate construct.

Work for most of us is where we find purpose and meaning. While we have a number of related Journeys (e.g. Personal and Private Journeys) running through our Life, it is the Working Journey, which often tends to dominate and play a major role in shaping our lives. Many are driven by a need to find meaning and to actualise our capability (potential). Often this is a stumble in the dark, and we move without a clear plan or a roadmap of how our Working Journey might unfold in the Future.

Jaques research over many years and in many different cultures and countries has shown that it is possible to predict how a Work Journey might unfold in generic terms using these seven Modes and when periods of crises (we call them transitions) may occur and what type of learning and development we should be planning on to allow us to actualise our potential. Different types of capability (which is what we call potential) assessments have emerged, but all are based on Jaques model of capability. Thus CIP, CNT, CPA, MCPA for example, are all based on this foundation.

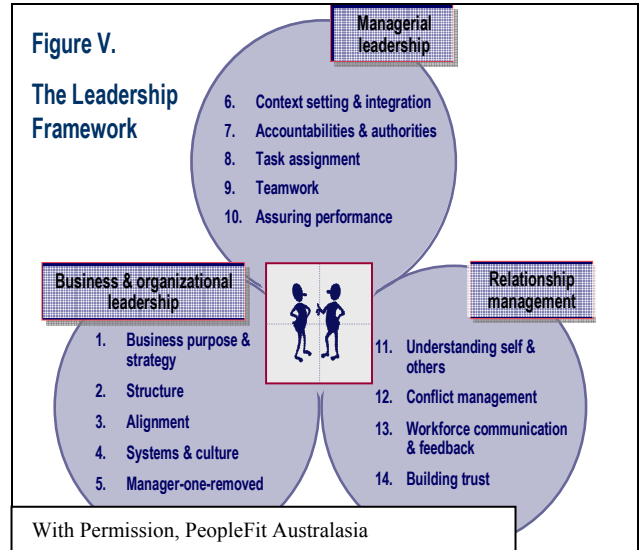
The growth of our capability is based on the assumption that as we mature our capability grows and our needs for challenge change. This rate of changes differs between individuals but what is really exciting is that it is predictive. In response to a transition



### 3. REQUISITE ORGANISATION: REQUISITE LEADERSHIP

The philosophical underpinning of the Leadership Framework of Requisite Organisation is based on the following.

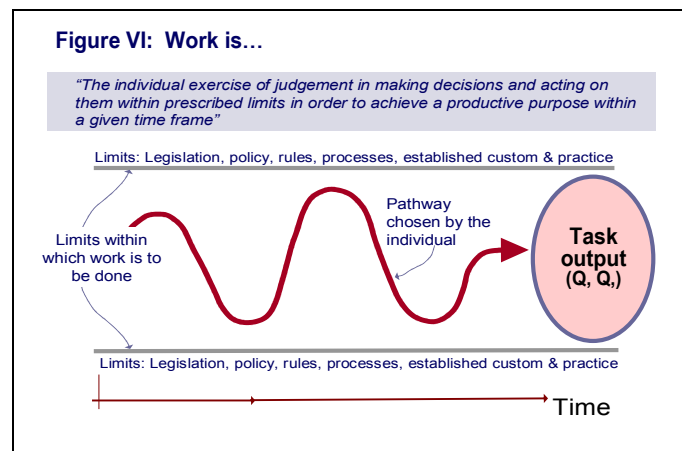
1. Human adult work is the exercise of discretion to solve a problem over time within set limits. Properly enabled work *is* innovation, creativity and imagination.
2. Human beings have legitimate psychological needs to work to their full capability and always look for ways of doing that. They are already motivated. People want to do work that is fulfilling, acknowledged and where their contribution is seen as being valuable.
3. We need highly productive, wealth-producing and sustainable organisations at the foundation of our economies.
4. We can resolve the seemingly conflicting demands of the organisation with the legitimate needs of employees. The business entity and its employees are both fundamentally and vitally interested in productive work.
5. Human productivity is reduced by fear and enhanced by mutual trust.



Requisite Leadership is about creating healthy working relationships which are felt fair and underpinned by mutual trust. Clearly defined relationships between managers and their direct reports and the people they must interact with to achieve their work outcomes, is cornerstone of RO and the framework directly addresses the four concerns of all employees, namely:

- ★ Where are we going?
- ★ What's my job?
- ★ How am I performing?
- ★ What's my future?

The Leadership Framework is comprised of three interlocking components as shown in Figure V. **The Requisite Leadership Team Programme** addresses all of these three circles in terms of what a manager must KNOW, BE and DO.



*It was natural... it formed part of everyday work. It was required by nature... Natural!!*  
**Raoul Timmerman. Ex-Presidente CONARCO**

All managers are required to exercise the Managerial Leadership and Relationship Management components but it is only the executive levels which are required to put in place Business and Organisational Leadership. Fifty years worth of research shows that all managers must be competent in the Managerial Leadership areas.

People want to work and the organisation needs work done. For work to be empowering and to achieve an outcome, work is defined as the “*exercise of judgement within prescribed limits (real rules and regulations) in order to achieve a goal (objective) within a given time frame*”.

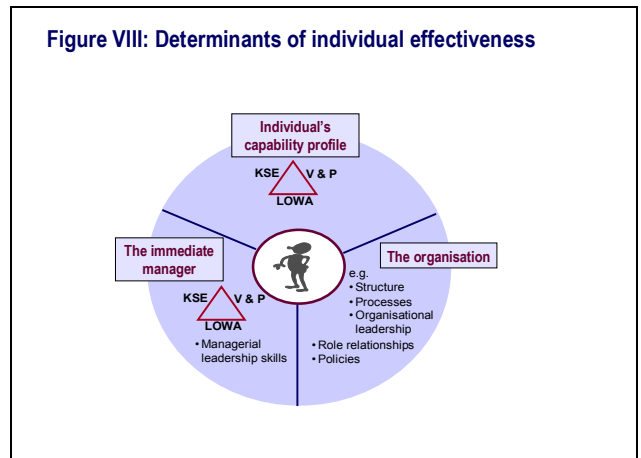
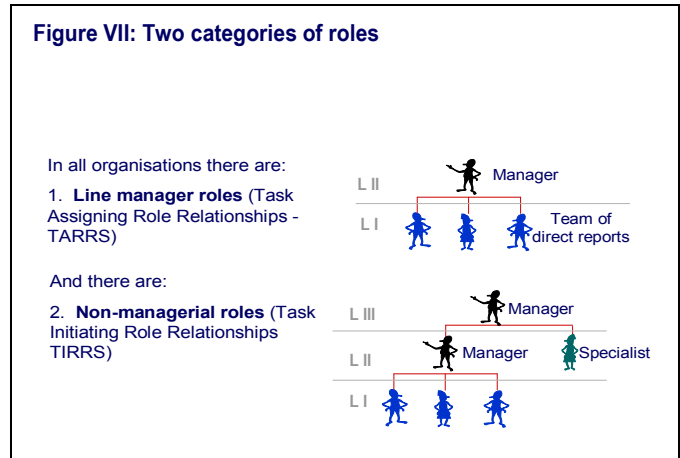
In short work encompasses all activities that display goal directed behaviour and may thus encompass recreational, community, housework, artistic and learning work. In all work, from Work Level I to VII creativity and discretionary space exist, as can be seen in Figure VI.

**RO Leadership looks at how we organise our work in order to do what we say we are going to do...**

There are two main role categories as indicated in Figure VII. Each of these broad role types has specific accountabilities and authorities that need to be in place. At the heart of work lies relationships and a key relationship is that between employee and manager. A manager is defined as someone who is held accountable for:

- ⊛ their own effectiveness and work output,
- ⊛ the output of their team members and building leading an effective team so that each team member is fully committed to and capable of moving in the set direction.
- ⊛ ensuring continuous improvement of work processes and methods.

In order to do this, the manager needs at best, minimum **authorities and accountabilities** and these need to be defined and be clear to managers. Accountabilities and authorities also exist for support roles (TIRRS) and these need to be defined and to be understood by incumbents and within the organisation. RO Leadership offers generic accountabilities and authorities for these main role groupings and their subsets. *Thus we can say that leadership is not a specific trait; it is a specific accountability of managerial roles.*

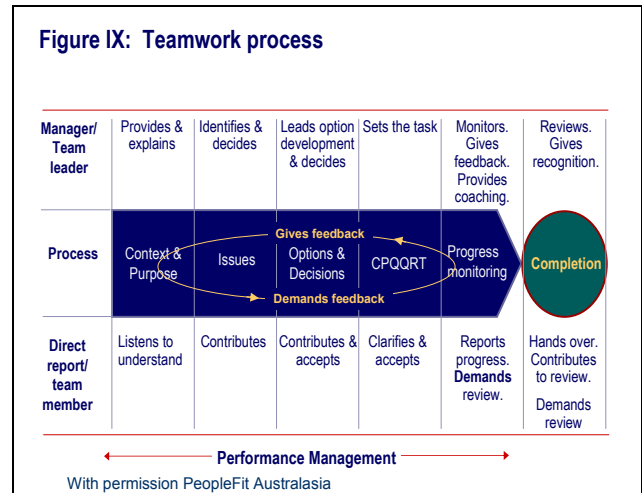


Work is a dynamic activity and static role descriptions do not reflect the changing world of work. For that reason **Task Assignment** is of importance and RO Leadership offers

specific tools and practices in order to ensure effective task assignments throughout the work system and congruence of effort linked to current business issues.

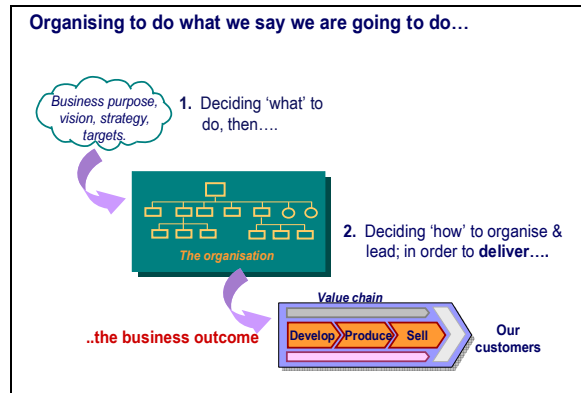
In order for people to be effective at work a set of conditions needs to be present. These **determinants of individual effectiveness** (individual capability, knowledge/skills, values, wisdom) are the individual themselves, their immediate manager and the organisation (i.e. does the structure, organisational leadership, processes, policies) allow for effectiveness? This is reflected in Figure VIII.

Figure IX is about designing TEAMS that work and RO offers a clear process and approach for Teams based on defined accountabilities and outcomes.



RO Leadership is about designing structures that facilitate our effective working, be it as an individual, a team, a function or in cross functional integration or getting the sequence of work aligned to the value **chain in order to do what we say we are going to do...**

RO Leadership ensures healthy relationships by performance review, coaching and recognition. It offers a clear logical approach for all managers to use. Systems are one of the most significant tools senior managers use to shape the culture of the organisation and are fundamental to the development of productive workplaces. The Framework provides a **coherent structure for designing and implementing productive workplace systems that reinforce appropriate accountability and authority.**



This systemic approach to people management and systems builds an environment of mutual trust and enables consistent managerial practices across the business.

So in summary, Requisite Organisation Leadership is about:

## The RO Workshop and Training

### Purpose:

Establish uniform standards of management practices across Company X based on proven management theory and best practices.

Prepare the Leadership Team for comprehensive execution and rollout of these practices. Deliver on Disciplined Execution vision.

With permission PeopleFit Australasia

## Components of Disciplined Execution



*The Leadership framework is the appropriate step to bring forward Disciplined Execution as a culture.*

*Since 2001 I have been teaching RO to final year undergraduates, mostly engineers and administration licentiates. During the course there are problems to be solved and two exams with problems about structure of organizations. I use the following curriculum;*

*1. Introduction to the system 2. Structure of the system --functions, organization. 3. Composition: right size person for right size job -4. Environment: Types of problems to be faced. 5. Mechanisms: Sub-systems that makes the whole body work. **Dr Ricardo Gutierrez. Dean of Engineering, Institute of Technology, Buenos Aires.***

*Jaques came to Argentina and made an analysis and the first thing he told us for example... that we were missing an entire managerial level in the company. Nowadays our company extends to many different cultures.... and yet the systems we put in place in 1991 still hold strong. **Arturo T Acevedo. CEO. Acindar ArcetorMittal Group***

## 4. OUR SERVICES-

**Requisite Organisation Leadership Review** – how requisite is your organisation? What is your leadership risk? Answers to the Four Questions... We offer a range of audit services.

**Levels of Work Scans** - check for missing levels, overlaps, duplications, authorities and accountabilities;

**Individual Capability Interviews** - online or face to face. Integrates with Levels of Work Scan to provide a dynamic real time picture of how the work system is operating

and what may need to be done. Capability Interviews are important for understanding individual Journeys, talent pool mapping and development.

**Rapid Talent Pool Management** – Rapid Talent Pool Evaluation can deal with larger numbers and is a process managed by line managers. Very practical and allows for succession planning and development.

**Role Design** – Requisite Organisation has a wonderfully practical and tested approach to designing roles to deliver on your strategic intent. Vertically, horizontally and across the organisation....

**Requisite Leadership Programmes** – comprehensive proven approaches that work!! For the executive team down to supervisory levels

**If you are interested in next steps, please contact me for a further discussion**



**Andrew Olivier**  
**+61 (0) 438 406261**

*By unleashing our people's full capacity to solve problems and fix ineffective systems and processes, the organisation has delivered double-digit growth in short order and has now sustained that level of growth for four consecutive years. As a result of these RO principles, the managerial – employee relationships are grwoign stronger, employees feel greater empowerment, and execution has dramatically improved...*  
**RON J HARDING. President, Mallinckrodt Baker Inc. USA**

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- Web Resources: Case Studies on line and more information on Requisite Organisation: <http://globalro.org> & [www.workcomplexity.com](http://www.workcomplexity.com)