

Is your boss addicted to hierarchy?

In today's management world hierarchy is the only form of career structure for many employees but for young people in these dynamic and changing times this will not work. So says Gerard Fairtlough who was CEO of Shell Chemicals and founder of the biopharmaceuticals company Celltech.

In his book 'The Three Ways of Getting Things Done' he argues that we accept hierarchy because it has come to us through history, the autocracy of kings and emperors, monotheistic religions where the boss really is the boss, and via business and societal patriarchs. Indeed in its very origin a hierarch is chief priest. It has become engrained in our thinking. If a company has a problem we bring in a new a boss, a heavy hitter.

Recently we have seen this start to fail. The time in office of CEOs is diminishing as they rush to the door with their share options after cutting costs to raise the share price but doing nothing to secure the business in the long-term. Most of these types Fairtlough drops into his category of those 'addicted to hierarchy'.

He believes that hierarchy has historically led to authoritarianism – even despotism. Even when a hierarchy is run well, it usually inhibits independent thinking by maintaining familiar relationships. Hierarchy seems like a good tool as it removes uncertainty and is a simple way to combine system, culture, leadership and the power to get things done, but increasingly it is the wrong club to have in the bag.

The only learning is the learning of the individual at the top

Fairtlough also says, "In a strictly hierarchical organisation, the only learning that takes place is the learning of the individual at the top. Everyone else obeys orders. An organisation without learning will only survive in very stable conditions. In practice, of course, the lower ranks actually learn and adapt without being told to do so. But hierarchies tend to learn slowly, especially because a great deal of effort goes into preserving the superior status of those at the top, inevitably an anti-learning activity."

In today's much-heralded knowledge economy we depend totally on knowledgeable people who will not easily submit to the old hierarchical ways. The greater numbers of well-educated people, certainly in the developed world and increasingly in the developing world, mean that knowledgeable people and knowledge-intensive organisations will become the majority.

Equally, he argues that modern communications create much 'denser' interconnections than before, both internally and externally, and that good communication serves to replace much of the co-ordinating often claimed for hierarchy. Most business is now much more subject to external search than ever before, be it the press seeking scandals or financial analysts, and this is steadily exposing the poor performances of hierarchies.

So what are the alternatives?

Fairtlough sees two: heterarchy and responsible autonomy. For those involved in the sports industries his definition of heterarchy fits well with the successful structure found at W.L.Gore. Gore has become accustomed to being at the top of the "I want to work for this company" lists on both sides of the Atlantic for many years. Other than a CEO and CFO in the US, where the law requires people to have such titles, everyone is an associate and defined by what they do. Titles that reflect seniority are avoided. You do not get promoted to become a manager but have to go out and find other associates willing to work with you. In terms of the definition of a heterarchy this is divided or dispersed rule where control moves around depending on the project and the skill of those who can get things done.

As Gore has demonstrated, this creates a high level of responsibility with little actual authority, so getting things done has to be achieved in new ways. Many would have expected Gore with its ageing technology to have declined by now. Instead, it goes from strength to strength and staff turnover is low.

Heterarchies also come into play in joint ventures, partnerships and strategic alliances as well as in the business and political institutes that separate major powers, such as the executive and the judiciary. There has to be a great respect for the points of view of others.

Style	Example	Hierarchy	Heterarchy	Autonomy
Bureaucratic	Government	60%	10%	30%
Mechanistic	Factory	75%	25%	Nil
Organic	R and D	30%	50%	20%
Simple	Small Firm	60%	40%	Nil

Responsible autonomy is one step further on and is a complex, evolving system where interaction is less intensive. This is increasingly appropriate as more and more people demonstrate that they work best, most creatively and most productively outside hierarchies. In many countries, traditional industries have failed to achieve any significant productivity gains in the last few decades simply because they have been trapped within the mentality of the hierarchy.

By comparison the City of London has done well with its many fund managers who work with full responsible autonomy and whose accountability is maintained by the performance of the fund. Indeed, Fairtlough would be pleased that the editorial side of this magazine has for many years functioned precisely through the replacement of hierarchy with responsible autonomy.

In many businesses a mix is appropriate, and by looking at theories from people such as Donaldson, Burns/Stalker and Mintzberg the table above is developed.

As Fairtlough says, do not take the percentages for these blends too seriously as they will vary over time and from situation to situation and, in any case, are only indications. They come from looking at industry over the last 200 years, where democracy within organisations was not usually considered as being a tool at all. Increasingly, the new formats found not just in Gore but Shell, BP, HP and Visa, are shifting the emphasis quickly to the right.

Hierarchy is draining the energy of collaborative projects and sometimes failing as a result to either recognise or pay due regard to the input of able individuals whose significant contributions can be overlooked in a formal reporting structure.

We are looking at a future without bosses or at bosses of a very different kind.