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In Jaques they trust

GORDON PITTS writes why many CEOs follow the teachings of a deceased management guru

BY GORDON PITTS

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Jos Wintermans expects to land a new job this fall -- and whatever company hires the 58-year-old veteran chief executive will also be getting Elliott Jaques as part of the package.

Mr. Wintermans is among the hard-core Jaques believers -- the executives and consultants worldwide who adhere to the ideas of the late Canadian-born management guru.

Two years after his death at age 86, Mr. Jaques continues to command a loyal core of corner-office adherents, even though his principles of corporate hierarchy seem, at first glance, to defy the current taste for flat organizations.

"If they don't want [these ideas], they don't want me," says Mr. Wintermans, who is taking a summer break between jobs, having left the CEO post at Montreal hardware distributor Sodisco-Howden Inc. after the company was sold this year.

Over the past 17 years, Mr. Wintermans has applied the Jaques approach to leadership stints at companies such as Canadian Tire Acceptance Ltd., Rogers Cable Inc. and Sodisco-Howden.

He was a speaker at a recent Toronto conference aimed at keeping alive the Jaques flame, which has dimmed a bit since the death of the pioneering psychologist and management consultant.

Mr. Jaques is best known for having coined the term "midlife crisis." But it is his ideas on management structure that excite his strongest followers. His work provides a coherent system for tackling the corporate "org chart."

Mr. Jaques believed strongly in the value and efficiency of management hierarchy, as long as it was designed with an eye to how value can be added to work.

"Hierarchy is the best structure for getting work done in big organizations," Mr. Jaques wrote in an influential 1990 article, *In Praise of Hierarchy*, in the *Harvard Business Review*.

But, at the same time, he advocated stripping out unnecessary corporate layers, and giving authority to people on the front lines.

"It's the only system, from a comprehensive point of view, that makes managing organizations logical," Mr. Wintermans says.

The 140 Jaques enthusiasts who recently gathered at the Toronto training institute of Bank of Montreal were a mixed bag of senior managers, bureaucrats and consultants, many of whom have built careers on the Jaques methodology.

The group also included a relative initiate, Ed Waitzer, the chairman of Stikeman Elliott LLP, a large

national law firm, and a former Ontario Securities Commission chairman.

"I felt as if I was being inducted into a cult," says Mr. Waitzer, who admires Mr. Jaques' work and gave a speech on its relevance to corporate governance.

Mr. Waitzer says that in a world where corporations are being challenged by short-term thinking, Mr. Jaques' emphasis on long-term sustainability of organizations is "a useful antidote."

The conference also heard from Mark Cutifani, the president of the Ontario division of mining giant Inco Ltd., who described his 20-year journey as a Jaques follower from his roots with CFA, an Australian mining company. The Jaques theories offer "a management framework," he says, that executives can shape to their needs.

Robert Pearce, BMO's CEO for personal and corporate banking, spoke about the application of Jaques' theory to his own large division. That Mr. Jaques has inspired such high-level believers is not that surprising, given the man's clear genius. He was born in Toronto to Eastern European immigrant parents and graduated with an honours science degree from the University of Toronto at 18. He finished medical training at 23 and worked for many years in Britain as a psychologist and psychoanalyst.

His breakthrough in management theory came in the 1950s when he undertook an assignment at Britain's Glacier Metal Co., aimed at improving management-worker relations.

During his deliberations, three shop stewards asked him why blue-collar workers were paid hourly rates while managers were paid annual salaries. The question, he said later, was "the finest gift I've ever been given."

It launched him into the study of the crucial importance of "time-span autonomy," which measures the amount of time an employee takes to complete his or her longest task.

CEOs and presidents should have the longest horizons, performing jobs that extend to 10 years or more. The people at the bottom of the hierarchy complete tasks within a day to three months. Usually, the longer the time horizon, the higher the complexity, status and income of the job.

He applied this thinking to entire companies, developing a system of "requisite organization" to determine whether companies have the right number of hierarchy levels, with no overlap or organizational clutter.

He took his ideas to Australia in an assignment for CRA (now part of Rio Tinto PLC) and also worked for the U.S. Army.

But Mr. Jaques lacked the name recognition of fellow gurus Peter Drucker or W. Edwards Deming, who were of a similar vintage. He often battled academic rivals and was an obtuse, if prolific, writer.

Mr. Wintermans, who knew Mr. Jaques, says the older man cut a profile similar to Prof. Charles Kingsfield in the television series *The Paper Chase*, the epitome of a demanding and uncompromising teacher.

He is sometimes dismissed as an advocate of command-and-control leadership, which seems old-fashioned amid the recent taste for employee empowerment.

But his acolytes say he was misunderstood. While he believed in hierarchy, says Paul Tremlett, a Toronto management consultant, he also thought organizations should be built on trust and employee responsibility.

"He was the most humanistic individual you could meet," says Mr. Tremlett, a partner with Core International Inc.

Mr. Tremlett worked with Mr. Wintermans when the latter became the senior executive in charge of Canadian Tire's finance subsidiary in 1988. Given a mandate to change the company, Mr. Wintermans was open to new ideas.

One key Jaques precept is that employees should be given responsibility for completing an entire task at their level, Mr. Wintermans says. That led him to combine Canadian Tire Acceptance's credit and finance departments, which he believes led to more integrated decision making.

Mr. Wintermans says the concepts can be applied in many ways, including the assessment of individual employees. For example, he looks at how people are using discretionary time and resources at their particular job.

When they use free time in a way that helps the business, they are probably working at the right level, he says. "But if they are doing quirky things, and seem to be wasting it, I say this is not the right person for the job."

He concedes that the Jaques philosophy is not a big hit with today's executives, perhaps because it is too radical or seems to require too much work.

Yet Mr. Tremlett says more companies are applying Jaques' ideas than is widely believed. But, he insists, they are keeping quiet about it for competitive reasons.