THE INVERTED PYRAMID: A FATAL ATTRACTION

Turning the conventional management pyramid on its head is a dangerous practice, argues Andrzej Tomasz Gorecki

Among those who create and disseminate new management concepts, there are confused individuals who ought to be listened to with caution. They often use the buzzword of Total Quality Management (TQM) to get a hearing. Once given the opportunity to present their case, they invariably put forward the concept of an inverted management pyramid.

It is argued that a traditional (implied: obsolete) business is styled in the form of a pyramid with the chief executive officer at the top, senior executives underneath, and so on. There are many layers in the management structure, which reflect who reports to whom. Once the pyramid is sketched on a white board, the crucial question is asked: Who are below the rank-and-file employees? The answer sought is: The customers.

Once the customers are drawn at the bottom of the pyramid, just below the lowest-level employees, the process of rendering one’s garments begins. How can the senior management of a company tolerate such an absurd arrangement, with the most important people (the customers) being kept at the bottom? It is obvious that the enterprise has no hope of getting anywhere with this obsolete management structure – especially in today’s beleaguered markets.

Fortunately, management is offered a fix – simply, turn the management structure upside down, and put the most important people in the business, namely the customers, at the top. Reversal of the pyramid not only gives the customers the most important role in driving the business, it also gives the front-line employees a similar ability. As they are closest to the customers, this appears to be a reasonable and long-overdue proposition. Thus, the inversion of the management pyramid is not only deemed to improve relations with the customers, but also to improve the business itself. The flow of communication from the customers and within the enterprise should vastly improve.

Once the inverted pyramid idea is presented, it is postulated that the role of management needs to change from a commanding role to a supporting one. The whole concept sounds logical and, not surprisingly, many of those who advocate the inverted management pyramid get more than just a hearing. They actually get appointed to introduce the concept into some businesses.

The reform process begins. Sadly, what invariably follows is a major disturbance to the business. Management authority is undermined and the business loses direction.

In the absence of proper authority, people become confused and the business veers out of control. A single instance of the management attempting to issue a directive, rather than listening to what their subordinates want them to do, is claimed to ruin the whole process. The management can no longer command their staff.

The concept of the inverted management pyramid is a dangerous misconception, born out of confusion. The hierarchical structure of a business must never be abandoned because there is no other way to structure authority than in the form of a pyramid. It is the chief executive officer (CEO) who is responsible to the board of directors and ultimately to the shareholders (or whoever owns the business). It is the CEO who is vested with the authority to set the direction for the business, and who then delegates part of this authority to his senior executives, who become responsible for functions within the business.

From senior management, the authority is further devolved until it reaches the front-line employees. A pyramid reflecting the devolution of authority is created which applies to any enterprise, without exception. Any organisation which operates well has a proper hierarchy of authority and accountability. (I am not advocating here a rapid swelling of middle management ranks. The number of hierarchical layers and the number of managers must be as small as possible, but enough to properly handle the delegation of authority.)

It is of critical importance to realise that customers do not enter into this authority structure. No doubt, they are very important to the business, but there is simply no room for customers in the management pyramid. Nowhere. Neither at its bottom, nor at its top. There is no authority/accountability ever delegated to the customers.

Having said that the pyramid must stay in place without the customers, is there any hope for a typical Western-
style enterprise, which usually has major difficulties communicating internally and in listening to its customers? Fortunately, there is. The fundamental reason for communication failure, and the resulting inability to properly serve the customer, is confusion between hierarchy of authority and flow of communication within the business. Nearly everyone who looks at the business hierarchy makes the mistake of assuming that it is also a map for communication flow within the enterprise.

The flow of communication in business should have little to do with the hierarchy of authority. If communication is allowed to flow only along the lines of authority, your business is doomed because the information will flow through a number of hierarchical levels. In such a system an employee in the front line has no chance of ever communicating with the CEO. If he is four levels below, he will never be heard because every person who relays a message is likely to miscommunicate about 25 percent of its content. But the employee may have an important message or suggestion. Such communication must be allowed to flow.

Where it comes to delegation of authority, the pyramid arrangement is the way to do it. The communication structure, however, must be totally flat. Not flat in the sense that everyone reports to the CEO, but anyone within the organisation should be able to communicate with anyone else. For the purpose of communication, every person acts only as a source and recipient of messages. In this sense, everyone within the organisation is equal.

Western enterprises have a massive cultural hang-up. For many it is inconceivable that an employee could write a memo to his boss's boss – at the very least, the immediate boss should get a copy. The question is: Why?

If the memo is a marketing suggestion from a computer programmer, why should the information technology manager be notified? It needs to go to the CEO or, even better, directly to the marketing department. It has nothing to do with the IT manager. Let's keep communication lines free of clutter. Communication bypass does not violate authority. It is only the delegation of authority which cannot be bypassed.

Customers, who do not enter into the authority structure, certainly enter into the communication structure. The marketing function simply could not operate without lines of communication extending to the customers.

In a properly organised enterprise, there are communication lines available between the customers and everyone within the organisation. A customer should be able to communicate with the CEO as easily as with the person across the counter.

Once communication is allowed to flow freely throughout the enterprise, it becomes possible for employees to truly participate in the running of business. Similarly, customers can shape the organisation through their feedback.

Passing information from top management to front-line employees is no less important. Many organisations with a great vision for the future still fail, because the vision does not filter through to staff. When necessary, the CEO has to communicate directly with all employees, bypassing the hierarchical pyramid. Any programme or strategic plan, including TQM, will fail unless the lines of communication are opened up.

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