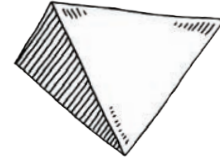


FLIP THE PYRAMID

JACK DAVIDSON



Growing up in our family, the rule was to have a job after school, unless extracurricular activities got in the way. Thus, my career started as a paper boy. I liked it. No boss. Just get the paper out in time. I then migrated to the corporate world, where my parents expected me to stay until I retired. My first stop was a part-time job while still in school.

I enrolled at Bohack.



Bohack was a supermarket chain on Long Island and my first job was as a bottle boy. On the first floor, bottles

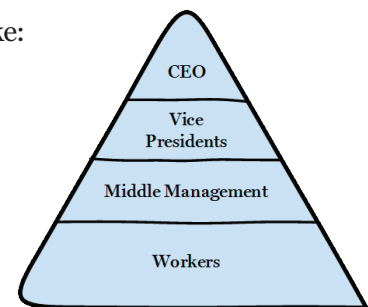
were returned and sent by conveyor to a revolving drum in the basement to be sorted and boxed. I stayed in the basement for approximately a year and then was promoted to the first floor. My job was to take care of one aisle. I would bring up boxes from the basement, and in a fraction of a second, my knife cutter would remove the top. Then I would quickly draw from my holster a pricing gun, set the price, and within 5 seconds I could price 24 cans. I was John Wayne of Aisle 2. My aisle was perfect. My career was promising. I was going to be tested in marketing. I was asked to set up a display of 46 ounce Dole pineapple cans. I created a pyramid of cans and topped it with an eye catching display. I thought it was brilliant and my career would take me to new heights.

This is what it looked like:



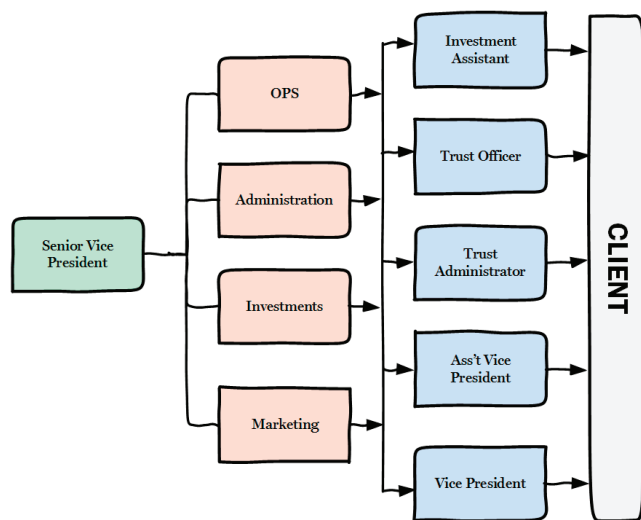
When the head boss saw my “creativity”, I overheard his comment to my boss. *“This is idiotic...our customers are afraid to touch it.”* I was demoted. Fortunately, it was not a destination job once I graduated from college. Little did I know that the pyramid would continue to haunt me even to this day.

The corporate world is in transition, but still dominated by hierarchial structure and is typically visualized as a pyramid. For an organizational chart this is what the shape might look like:



During my tenure as the head of the Trust Department at Vermont National Bank, I was once asked to submit an organization chart. Perhaps haunted by the pyramid, I flipped the Pyramid. It was now horizontal

and it looked like this:



In my view, management was simply a support system to those who would have client relationships; the trust officer, or the person who answered the phone, and the flow was not top down. It was, instead, left and right and right to left and everyone participated in the design and implementation of a service or a product.

I suspect it was not well-received by senior management. Not a word was said when I submitted my chart and the chart simply disappeared. Perhaps management simply understood that I have a troublesome relationship with pyramids.

I was not a very good paper boy, but I liked being a paper boy. There was no management structure. I loved autonomy and I thought everyone else felt the same way. I would learn by my mistakes and enlighten others. When it snowed, I delivered hell or high water and when it snowed on Long Island it became water, very quickly. My customers forgave me when I failed to deliver the paper on a sunny day.

Starting in the 50s, many businesses started to see the negative impact of a strict top-down structure. Adherence to rules was paramount. It was not just the blue collar worker who had to clock in. Gradually,

worker autonomy started to weave through the hierarchial structure. The pyramid might still look the same, but worker autonomy started to surface. ‘Theory X’ and ‘Theory Y’ were developed by Douglas McGregor at the MIT Sloan School of Management in the 1960s. These theories addressed two contrasting models of workforce motivation. The autocratic Theory X manager started losing power and the collaborative Theory Y manager started to emerge.



Vignettes also started to emerge. Simple pictures that suggest the transition to different theories of management would grow more complex. I went to a one day training for mid-managers. I was one of thirty participants. We were asked the question: “If you have a subordinate who is doing a very good job, would you require this person to report to you on a regular basis.” Twenty-nine voted yes. The one negative vote was the one who had a problem with pyramids.

I met a lawyer from a large corporation that started to promote from within. His observation: when you promote the victims of X Theory managers, they become X Theory managers. Perhaps transitioning to Theory Y should focus on those who are not accustomed to the pyramid.

I also learned something else that some or many will dispute. Find the right people, and, if the bottom line cannot afford high salaries, offer autonomy and you will get a better bottom line and less need for management. Less management equates to less cost as well. Simply hire people who are smarter and/or work harder than you, and you will survive.

And I discovered Robert Townsend. Robert Chase Townsend (July 30, 1920 – January 12, 1998) was an American business executive and author who was responsible for transforming Avis into a rental car giant.

Quoting Townshend's *Organization Charts: Rigor Mortis*: *"In the best organizations people see themselves working in a circle as if around one table.*

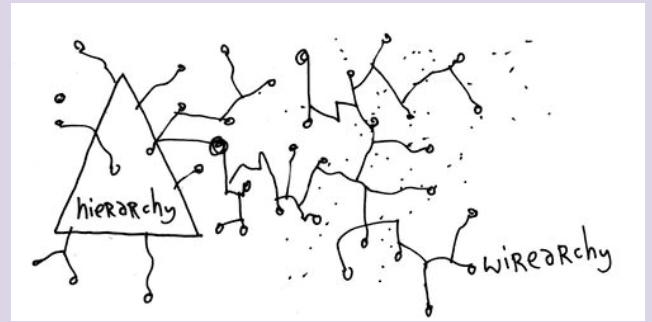


One of the positions is designated chief executive officer, because somebody has to make all those tactical decisions that enable an organization to keep

working. In the circular organization, leadership passes from one to another depending on the particular task being attacked - without any hang-ups. This is as it should be. In the hierarchical organization, it is difficult to imagine leadership anywhere but at the top of the various pyramids"¹.

Early in my career I discovered that in my dealings with senior management, it was easier for them to approve a personal computer than hire a secretary. So I bought IBM PCs (the Operations Department said no to a Mac). Then I discovered that the trust department staff could work at home and avoid the pyramid which tended to reinforce hierarchical behavior. So in our department, we found the internet and started using e-mail in 1985. We also encouraged a one-day-work-at-home. Most did not take the one day. Autonomy in a corporate world takes time.

Perhaps I was prescient? I kind of think I was simply hierarchy-avoidant; I did not see Wirearchy coming.



Wirearchy

an organizing principle

"A dynamic two-way flow of power and authority, based on knowledge, trust, credibility and a focus on results, enabled by interconnected people and technology."

Source: Jon Husband at www.wirearchy.com

As centuries change, phrases emerge. In the 20th century, a common phrase was "a century ago most people walked to work". My prediction is that the phrase for the 21st century will be "wirearchy will rule". To be honest, I did not know the term existed until I stumbled upon it last month.

Whether wirearchy will become a household word, the concepts are simply staring us in the face, or more precisely the face on the iPad or iPhone under the table during the holiday dinner. That said, it is not really about technology.

Quoting Jon Husband: *"There's one common misconception that I'd like to clear up first, which is that wirearchy is mainly about technology. If anything, wirearchy is about the power and effectiveness of people working together through connection and collaboration ... taking responsibility individually and collectively rather than relying on traditional hierarchical status"*.

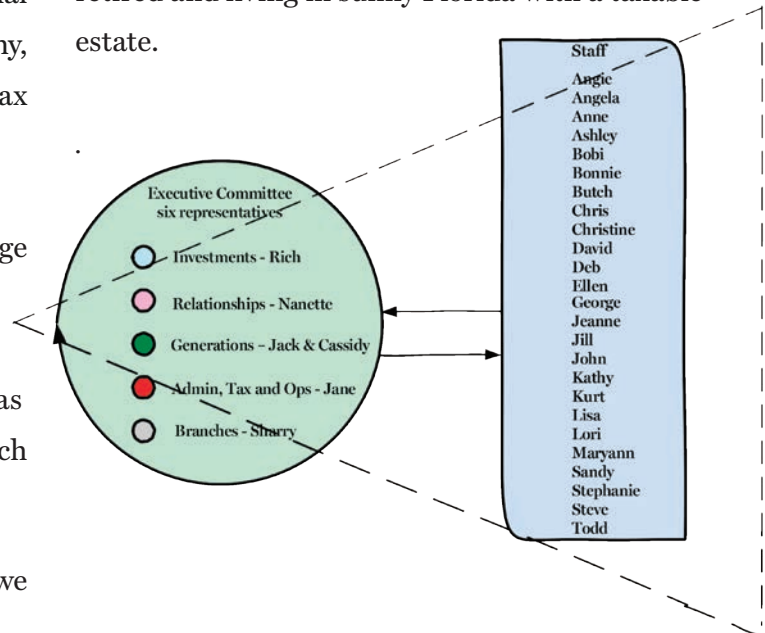
The prevailing view of the pyramid is based on the assumption that leaders higher in the hierarchy had better information for making decisions, to wit: the boss makes the best decisions and the rest of us will have a job thanks to the decision making process. As we approach the new year, I think it might be a good time to say goodbye to the pyramid representing a hierarchial structure of the 20th century. In our company, knowledge is the core of our services: investments, tax law, accounting law, and family dynamics.

Most of us in our company have been sharing knowledge for years. Technology simply makes it much easier. The managers now meet once a week via video-conferencing. The administrators meet once a week as well and vote, often daily, on trust-related issues such as approving requests from family members.

Our company is an employee-owned company and we

are creating an organizational chart. In this group, it has not been difficult to flip the pyramid. Below is our version of what we have created.

Bye Pyramid. No hard feelings. If I had checked with my boss before I built you many years ago, I might be retired and living in sunny Florida with a taxable estate.



1. "Up the Organization," published in 1970, was on the New York Times nonfiction best-seller list for 28 weeks. For seven of those weeks it was No. 1 on the list.