

## **CREATING EXTRAORDINARY ORGANIZATIONS**

From: Don Yates of Extraordinary Organizations

[Mailto:Eletter@Extraordinaryorganizations.com](mailto:Eletter@Extraordinaryorganizations.com)

[Http://Www.Extraordinaryorganizations.com](http://www.Extraordinaryorganizations.com)

**Volume Two, Letter 3**

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I am writing this letter for those explorers and pioneers who want to move beyond the ordinary to the Extraordinary in creating business organizations.

Please feel free to pass this letter on to anyone you think would like to join this journey to Extraordinary.

I send this letter only to recipients who have personally opted to receive it. To change your sign-up information, please follow the instructions at the end of this letter.

**Be sure to read the special announcement about a free phone conference in the Announcements section below.**

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### **THIS ISSUE:**

#### **EXTRAORDINARY ORGANIZATION CORE BELIEF ABOUT – HIERARCHY**

Welcome to Letter 2-3 of Creating Extraordinary Organizations. At the end of the last letter, I said I was going to devote this one to talking about the core belief about hierarchy. To begin this I want to be clear about what I mean by hierarchy.

#### **Meaning**

There are several meanings in the dictionary. They have one thing in common —any hierarchy is a ranked list of elements. That is each one is subordinate to the one before or after it. For instance, Maslow’s hierarchy of needs is a list of five needs in which each is subordinate to the one above it. You fulfill one before moving up to the next.

In our situation, the ranking has to do with authority. Authority of course is the power to control or direct another. In the current business world, authority starts at the top. From there each level delegates it down to the next one. This is consistent with the origin of the word hierarchy —the Greek word for rule of a high priest. From this comes the meaning “levels of authority in a body of clergy.”

#### **Drawbacks to hierarchy**

Such an arrangement in a business organization has several drawbacks. In the first place, superior/subordinate relationships are essentially parent/child. That may be fine for children. It is non-productive, even debilitating for adults.

Another drawback relates to power. One theory defines power as the ability to influence another's behavior. It says there are five bases for this power:

1. The ability to reward – I do as you say because you give me pay, perquisites, etc.
2. The ability to punish – I do as you say because you might fire me, cut my pay, etc.
3. Position – I do as you say because of your position.
4. Expertise – I do as you say because you know more than I do.
5. Modeling – I do as you say because I see you as a model who I want to emulate.

Enforcing hierarchical authority depends primarily on the first three. Exercising them depends largely on coercion. This is clearly not conducive to an effective organization or enterprise. Depending on the first three is also limiting. Only a few can have access to them in any hierarchy. Furthermore, each of them is limited. You can have only so much reward or punishment and only so many high positions.

Finally, the chain of command limits the amount of information rising to the top. It also cuts out much of the knowledge and expertise that resides in the lower echelons. Both of these limit and degrade decision making, which resides at the top of the hierarchical pyramid.

### **Core belief and its origin**

Enough about why hierarchy is detrimental. What is the core belief in the Extraordinary Organization paradigm? It is simply – No Hierarchy. This does not mean flatter hierarchy. That is like being a little bit pregnant. It means no hierarchy.

This belief does not arise just because, as I have just shown, hierarchy is detrimental. It arises primarily from another one that those living in the EO paradigm hold very strongly. No person has any inherent right to control another in any way.

The only exception to this is if the person is incapable of caring for herself or himself. Young children and the very old or sick exemplify this. Even here, we protect them from unnecessary or detrimental control. When we hold this belief, we cannot have a hierarchy of control as it violates this basic condition.

Unfortunately, we are stating these beliefs in the negative – what we do not want rather than what we want. To move to the positive we would say that we believe each individual has autonomy. The dictionary defines autonomy as “Not controlled by others or outside forces; independent; self-directed.”

### **Authority**

As I implied, the real issue here is authority. Does autonomy mean that no one can ever tell someone what to do? How would someone learn to use a computer or learn a new job without having someone tell him or her what to do? There are indeed situations in which one needs to “be controlled” by or “under the authority” of another.

How then does one gain authority and have a legitimate right to tell another what to do? It must come from the individual who will be subject to the authority. Authority comes about as a form

of contract. I give you authority over me in return for something you will do for me. I will let you tell me how to run a computer if following your instructions leads me to computer competence.

I have given you authority as part of a contract. Therefore, I can rescind that authority if you do not honor your part of it. If I find I am not learning how to use the computer, I will stop paying attention to your instructions.

### **Functioning with autonomy and without hierarchy**

At this point, you are probably asking how anything can run with autonomy and without hierarchy. One way is that some people will give others authority. Another is that people will go from ordering to requesting. Even those in hierarchies have found that a request usually works better than an order. Still another is that people will accept and seek responsibility.

An important answer lies in the five bases of power. In an EO, people will gain power, that is influence, through expertise and modeling. This means others will honor requests for positive reasons. They may even grant them authority.

There is also an important side benefit to relying on these two bases. The first three bases have limits. The last two have none. Everyone can develop excellence and live in ways to be a model. Furthermore, the bases themselves have no limits. Everyone can expand expertise. Everyone can become a better and better model.

### **Summary**

The core belief about hierarchy is an organization has no hierarchy of authority, no top down command and control structure. In other words, those in an organization have complete autonomy. What authority there is comes only from an individual giving it to another in return for a benefit they receive in doing so.

### **ANNOUNCEMENTS, INFORMATION, AND COMMENTS**

**FREE PHONECONFERENCE** — On Tuesday, March 9 at 10:00 am PST, I will host a one-hour free phone conference on the core EO beliefs. Your only expense will be your telephone charges to “attend.” If you want to participate, send me an email at:

[Mailto:dyates@Extraordinaryorganizations.com](mailto:dyates@Extraordinaryorganizations.com)

I will send you an invitation with the phone number and access code. I hope you will join me.

**On Line Interview** — You can find the recording of my VoiceAmerica.com interview on "Creating Extraordinary Organizations" at this URL:

[Http://Tinyurl.com/Nq9I](http://Tinyurl.com/Nq9I)

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## UNTIL NEXT TIME

This core belief about hierarchy in an organization is the second of the core beliefs making up the EO paradigm. It will probably garner the most resistance. Most people believe you just cannot operate without a chain of command. To hold such a belief and find out how it can work one must be an explorer and/or pioneer. This is just the type of person to whom I am directing this E-letter. In the next letter I will look at the third step in this exploration — the core belief about equality.

Be Well and,  
Be Extraordinary!

Don Yates  
Extraordinary Organizations

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[Http://Www.Extraordinaryorganizations.com](http://Www.Extraordinaryorganizations.com)  
[Mailto:Dyates@Extraordinaryorganizations.com](mailto:Dyates@Extraordinaryorganizations.com)

170 Mapache Drive  
Portola Valley, CA 94028  
650.851.2690

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