# Transcript

**Making The Organization With Tom Foster**

00:01 - Melody King (Announcement)

Everything rises and falls on leadership. The ability to lead well is fueled by living your cause and purpose. This podcast will equip you with the tools to do just that Live and lead with cause and purpose. And now author of the book the Anatomy of Leadership and our host Chris Comeaux.

00:22 - Chris Comeaux (Host)

Hello and welcome to the Anatomy of Leadership. Our guest today is Tom Foster. He is the resident of Foster Learning Corporation. It's good to have you, Tom. Thanks for being here.

00:33 - Tom Foster (Guest)

Great to be here.

00:34 - Chris Comeaux (Host)

All right, I'm going to read from Tom's bio so you, our guest, could get to know him a little bit, and obviously you're going to get to know him a whole lot more. Tom is an international speaker and I had the privilege of hearing him speak as an amazing speaker because he has so much wealth of information and knowledge and tools in his toolbox and again, that's what we're going to unpack. He's a recognized expert on organization structure. In fact, what we're actually going to title today's podcast is Making the Organization. His book I have right here Outbound Air Levels of Work and Organization Structures, based on 50 Years of Research by the late Elliot Jacks. Tom's book also Hiring Talent, levels of Work and the Behavior Interview, helps hiring managers and HR professionals apply the science in the interview process. Tom works with CEOs as an executive coach, with more than 17,000 hours of one-to-one FaceTime. In other words, he knows what the heck he's talking about because he's been in the trenches. His organizational disciplines include construction, manufacturing, wholesale distribution, retail, export, education and service companies, and also nonprofits. Tom is a member of the Kaiser University Board of Trustees, which is a large university system in Florida pretty innovative university system, I'll say as well. It has 26 campuses and over 25,000 students In Tom's background.

01:53

He spent 14 years as a television director producing commercials, sports, corporate and broadcast programs. And this was followed and this is interesting, Tom, I didn't know this, so I was reading your bio 10 years with the Lord CPA firm supporting client information and accounting systems. And since 1995, tom has chaired an active CEO peer group in Fort Lauderdale, Florida. He and I were talking about that in show prep. He's also a former instructor of Dale Carnegie Training. He has a master's degree in communications and a bachelor's degree in radio television film from the University of Texas of Austin, hook Em Horns. And so, tom man, what did I leave out? I think you got it all. Anything just interesting about you, anything else that would be interesting for our audience to know?

02:37 - Tom Foster (Guest)

The transition. People always ask me what my background is and I always tell them I have a checkered past. That transition from working in television to working for a CPA firm always throws a monkey wrench into the understanding. I know that you've got somewhat of an accounting background yourself, and so you can appreciate that I never took an accounting course in my life, ever. Yet I managed to survive in a CPA firm for over 10 years and it was an interesting time, 1986. I don't know if you remember what was happening in 1986.

03:19

Computers were just coming into and they had actually purchased two IBM XT dual floppy drive computers. They had them set on folding tables in the hallway with a big sign on them that said do not touch. They had no software, no operating system, they just had, you know, bare bone machines, and they had. So they asked me if I knew anything about computers. Now my television background.

03:46

When you think about you know what is a TV camera. A TV camera is simply a computer with a lens on the front. So of course I raised my hand. I said, sure, I know lots about computers. What do you want to know? Now you must admit that it was a very poor interview question If they'd asked me if I knew anything about computer accounting systems, I probably would have had to do some tap dancing. But that was the transition, stayed there for 10 years and brought them

into the computer age and we started off with Novell networking where we had, I think, three whole megabytes on a file server and all the way up into peer-to-peer networking and eventually I left all that behind because it just got too hard for me to keep up with.

04:31 - Chris Comeaux (Host)

Yeah, I could totally see that and it's interesting I'm reflecting, Tom. So I graduated high school about the time you were doing that. So when I got out of college I now looking in the rearview mirror got the benefit of having kind of the early implementation of that and then being part of teams of moving it forward. I can remember going out to my first client and it was, you know, this was the version of a laptop, it was basically a Mac and it was like carrying a toilet on your shoulder because you had big old thing and so, yeah, really interesting time. Another thing I'm reflecting upon because my guess is you're much more right brain, creative, than left brain, which is your typical CPA. Probably one reason why you're so successful there is you probably push their thinking would be my guess.

05:11 - Tom Foster (Guest)

Well, I stayed three days ahead of them. I mean, they had no software, so they didn't even know. They knew what a spreadsheet was. It was a piece of paper that was about, you know, 14 inches by 17 inches. That was about 14 inches by 17 inches and I said we're going to translate that onto the screen on something called spreadsheet software. Now, of course, at the time I don't know if you remember you obviously know Excel now, but the predecessor to Excel was Lotus 1-2-3. But the predecessor to Lotus 1-2-3 was a software called software, called Visicalc. So that's where we started. Wow, Visicalc. So that's. That's how old all that was oh my gosh.

05:52 - Chris Comeaux (Host)

Well, this will be interesting. Then segue tom and so um, I love asking this question because the the answers have been pretty incredible. But what's your Superpower?

06:02 - Tom Foster (Guest)

Well, you prepped me with the question, so I've had some time to think about it. I think one of my unique abilities is I have the ability to sneak into a company at night and place a microphone in their executive conference room so that I can listen to things that are going on. I've been

publishing a blog, I guess, since 2004. So that would make 20 years, and very often I'll get a question on my blog post that begins something like this Somehow you managed to sneak into our conference room and listen to something that happened, because what you just wrote about today is exactly the conversation that we were having. What you just wrote about today is exactly the conversation that we were having.

06:52

So, to step back from that, I think the ability, my superpower, is to look at an organization and without a lot of background, I can figure out what's going on in terms of the kinds of difficulties that they're faced with, the challenges they're faced with, the decisions that they're trying to make, just based on some rudimentary information. You know what's their headcount, what are their revenues, how long have they been in business, and I can pretty much tell you what their challenges are. Or, on the other hand, they can tell me what their challenges are and I can pretty much tell you how big they are and how long they've been in business. Wow, tell me what their challenges are and I can pretty much tell you how big they are and how long they've been in business. So there's some great predictability that lines through organizations, that once you see these patterns, you can begin to spot your own problems in the organization much quicker and the resolution for those as well.

07:43 - Chris Comeaux (Host)

That's amazing and that makes me even more excited what we're going to talk about, because I can see how that is your superpower. But the cool thing is that you have it. You have a toolbox of tools that can share that superpower with other people. Would that feel accurate, or would you reframe that?

07:58 - Tom Foster (Guest)

No, that's. That's pretty accurate. There's a, in fact, if I show you a little card, almost everything I talk about is summarized on this little card, which is a pocket card, so you can carry it around for the rest of your life. But it's a framework. There are two big frameworks that I use. They're from legacy pieces of research that were created in the late 1980s, research that were created in the late 1980s. Most of it is based in Elliot Jack's research and requisite organization, which goes back to the 1950s. Now I use these two basic models because they've stood the test of time. They're still absolutely relevant today, in 2024, absolutely relevant today, in 2024. And yet

they're so foundational in their principles that we can use them in almost any organizational application.

08:53 - Chris Comeaux (Host)

So let's put a pin in that I want to back up just for a second and then we're going to come back and jump off right at that point. So, tom, as you know, I've been using the framework work of my book, the Anatomy of Leadership, and I really wrote the book. I'm an accountant. I try to organize stuff. It's like a meta framework of what is leadership. You Google the word, you get 6 billion hits. We're trying to create like a meta framework for what is this broad concept called leadership.

09:15

But what I realized around the book came out December 2023, like this is about 10 miles wide, maybe two inches deep. It'd be great to do a podcast. Bring incredible people like yourself, because if it is a efficacious framework, you could just keep going deeper and deeper and deeper, because an incredible body of wisdom like leadership is like a diamond. You could just take it and just keep turning it and you got all these kind of different vantage points. And so what we've covered so far is self-mastery, caring for others, influence, intention, cause and purpose, mission margin, meaning management, making people. And now we're to making the organization. And immediately when I thought like who's the best person to talk about that? And our mutual friend, Bruce Peters, Dr. Lee Thayer kind of their lexicon is really composing the organization. I had to make it fit the 7M framework so I called it making the organization in chapter 12 of the book. So, tom, here's my kind of take on this concept of making the organization and I'd love for you to kind of take it and I think it'll be a perfect jumping off point back to where you were. So making the organization or composing the organization. Quite frankly, when I looked through my rearview mirror I didn't even realize it was part of my role. Like, oh, you're supposed to have a CFO, you're supposed to have an HR person, but to apply thoughtful, also creative thinking in how the organization is composed, to realize your cause and purpose, to realize the destiny of the organization, is the role of the leader. And this probably is not going to be the best analogy because I think you're about to blow it up a little bit.

10:50

But I didn't know about soccer growing up. We only had football in South Louisiana. So I had to coach my kids in soccer and a friend of mine gave me a tip and he said first practice, just ask the

kids their superpower. And here's the four basic skills at soccer at that age which is basically running down the field, kicking the ball, stopping the ball and generally getting to work kind of as a team, like those four skills. So first practice.

11:14

I asked them their superpower and then, interestingly, at seven, eight years old these kids have a lot of self-awareness and they don't have all the baggage we then have later as adults, and took their answers and kind of composed the team based on that and we did incredibly well Now understanding their superpowers, understanding the basic skills needed at that level of the game, which obviously is a whole lot simpler compared to an organization or, you know, a professional soccer team, et cetera. So I use that as an analogy in the book of composing the organization because I think, like myself, a lot of leaders, they don't even think that's actually part of their role. So that's my take at making the organization. How would you clean that up? Or even say it totally differently?

11:57 - Tom Foster (Guest)

Now let's expand it and let's start with just a body of work that you're familiar with, and then that would be Lee Thayer just a body of work that you're familiar with, and then that would be Lee Thayer. His most famous signature book is called Leadership Great one-word title, you know thinking being doing. But as time went by, his next most famous book was called the Competent Organization, which means even Lee made a transition from just thinking about leadership as an individual role and then beginning to focus on okay, what is this organizational stuff? When you think about the specific skills on the soccer field running and stopping the ball and kicking the ball those are really great, but at some point you have to pass the ball to someone else. And now, all of a sudden, we've changed from individual skills in a role to two roles that have to work together.

12:57

People ask me about different kinds of problems and challenges they have in the organization, and what they don't realize is that I'm a structure guy. I look at most everything through an organizational structure lens and when I look at organizational structure, the simplest definition that I can give is organizational structure is simply the way that we define the working relationships between people, which seems odd, because most of the time we focus on okay, what do we want this person to do, what's the role, what are they supposed to do, what are we

going to hold them accountable to, and that sort of thing. What we don't really realize is that we get people together inside of a company and they now have to work together, and how we set up that structure, or the way we define the working relationships between people is incredibly important. Two concepts that we have to focus on. First concept is in that working relationship, what is the accountability? Now, if we've got two people in a working relationship, each has their own accountability. We also have to ask in that working relationship, each has their own accountability. We also have to ask in that working relationship, where is the authority? And now we have to get back to a concept called and this is one of my favorite concepts. I talk about this to groups almost all the time it's a concept called work.

14:22

Most people don't talk about work. They talk about things to do. They talk about tasks and that sort of stuff. I talk about work. People call me in and they introduce me and the first announcement that I have to make is that I'm not there to help you become warm and fuzzy with your team. That's just not my role. My role is to get you used to talking about work.

14:48

Now, when I talk about work, two very specific things that I focus on are decision-making and problem-solving. When we think about work, let's take a typical machine operator. Someone's going to operate a machine. Well, what's the work in operating a machine? And people say, well, you know, there's a green button on the machine. They're supposed to push the green button. And I said, well, yeah, but if that's all the work was, we just get a robot to do it.

15:17

The most important question you can ask is for that machine operator what are the decisions that they have to make and what are the problems that they have to solve? Now, when I talk about work, I will refer to levels of work, and when I talk about levels of work, what I'm talking about is levels of decision-making and levels of problem-solving. I think you would agree with me that there are some problems in the world that most people can solve and have solved in their lives. But as the complexity of the problem increases, some of those people are going to struggle. And as the complexity of those problems increases, some of those people are going to struggle. People are going to struggle and we can actually look at the level of problem solving and the level of decision making as to the part and parcel of every role. And so we begin to build this web of accountabilities and authorities between people in an organization.

16:24

And that's where I come in. I'm a structure guy and People call me on the telephone and they generally have two problems. First, they tell me that we have a communication problem and I say okay, okay. Or they call me and say we have a personality conflict in our organization. Can you help us? And I said okay, tell me what's going on. So, whether they describe a communication problem or they describe to me a personality conflict, I let them drone on for about 10 minutes and I finally stop them. I say I don't actually think you have a communication problem. I think what you have is an accountability and authority problem is an accountability and authority problem.

17:09

And what you fail to define in that working relationship is what is the accountability and who has the authority? Authority to do what? Make decisions and solve problems the way I would have them solved. So you can begin to see that, with just a few basic concepts of understanding, you know what is work, what is decision making and what are the decisions that people have to make, what is problem solving and what are the problems that people have to solve. And in that working relationship, who's got the authority to make certain decisions? And now we begin to get into how organizations are put together.

17:50 - Chris Comeaux (Host)

Let's back up, boy, there's so much here, so much to unpack. Let's back up for a second, because I want to go to the body of knowledge that you pull from Elliot Jock's work, and so one of my assignments over spring break this past year was to reread the requisite organization. Honestly, I never got through it the first time, but there's something about it.

18:10 - Tom Foster (Guest)

I'm surprised you got through it the second time.

18:12 - Chris Comeaux (Host)

Well, maybe I just it was a full week and I'm like I'm going to get through this book and I feel like so I'm tracking with you, because I have now the framework of that book that Eliot believed that there was a there's a hierarchy, a structure like composing an organization, that there is a hierarchy of work. And if you do not understand that's what you're dealing with, you're literally almost trying to defy gravity, so to speak. Hence the term requisite organization. Can you take that from there and just unpack that a little bit more time, because this feels very foundational to what you're saying.

18:47 - Tom Foster (Guest)

Well, you've introduced a number of very interesting words into the conversation, so let's start with the word hierarchy. You know, there are there are people, consultants in the world who would tell you that hierarchy is bad especially that's very in vogue right now teal organization completely flat yeah, let's just.

19:07

Let's just get rid of hierarchy. And there's a huge misunderstanding. First of all, hierarchy is not a social construct, meaning hierarchy is not something that humans invented. Hierarchy is actually a biological process that occurred millions of years ago and all you have to do is look at the species of living organisms to understand how they relate to each other. In most species, that turns out to be dominance. You can look at any species and you can visually see a hierarchy of dominance. So you look at a group of lions or a group of wolves that run in packs and there is a hierarchy, and a lot of it is built on number one, gender. It's built on size, strength. It's built on experience and age and maturity.

20:11

Now some of those things translate into humans and human organizations, and the biggest misunderstanding that people have about hierarchy is that they believe that companies, or what Elliot would describe as a management accountability hierarchy or an MAH, is built on a hierarchy of dominance, which it is not. In Elliot's world, the hierarchy is created on a hierarchy of competence and when you look at you know most people ascribe hierarchy as being bad if they're a consultant and they project unproductive characteristics into this hierarchy, one of which is, of course, dominance. Even if you look at things like gender, they begin to define hierarchy as a patriarchy and a lot of nonsense that goes along with that. But if you come back to a hierarchy of competence and understand that number one hierarchy is a natural process

and that we can create a social organization based on competence inside of a management accountability hierarchy, now we can actually begin to structure those working relationships inside of a company. And there are two types of working relationships in that structure. One is vertical, up and down, and we understand those pretty clearly. We understand those as managerial relationships. I mean, every production technician understands they have a supervisor, every supervisor understands that. They have a manager, every manager understands they have an executive manager and every executive manager knows they've got a CEO. We understand those vertical working relationships as managerial relationships pretty clearly in relationship to those two things, accountability and authority. We understand where the accountability lies and we understand who has the authority to make what decisions and solve problems the way they would have them solved. So that's the first type of organizational structure working relationship. But there's another type that creates all kinds of havoc inside of companies and those would be the horizontal working relationships.

22:41

In a relatively sophisticated company that has a number of of discrete functions, like, say, marketing as a function and sales as a function. So I'd ask you would it be a good idea for the sales manager to coordinate with the marketing manager? Answers yeah, that'd probably be a good idea for them to coordinate together, yep. My next question would be well, is the sales manager, the manager, the marketing manager? Answer no, is the marketing manager, the manager, the sales manager? The answer is no, but it would be a good idea for them to work together. So then, my next question is well, if the sales manager calls a meeting with the marketing manager, is the marketing manager obligated to go? Now, the first response that I get from most people is well, no, he can't just tell the marketing manager he has to come to a meeting, and I let them think about it, ruminate over it, and then I say no, the marketing manager is required to go by virtue of a horizontal coordinating relationship. Where we require we don't just suggest, we require, and, of course, require being the root word of requisite, requisite organization this is a requirement in a horizontal working relationship. They are required to coordinate, which means, if the sales manager calls a meeting with the marketing manager. The marketing manager is obligated to go. Now they've got to figure out the schedule so they can both meet at an accommodated time, but they're required to coordinate.

24:21

A lot of times people hand me their organizational charts and, believe me, I love to look at people's organizational charts. In fact, people love for me to look at their organizational charts,

but just about the time someone's about to hand their organizational chart over to me, they always snatch it back and go. Just wait a minute, tom. There's a couple of things that I need to make some notations on this chart, and it's these notations that I find very interesting. The first is the dotted line responsibility.

24:51

Dotted lines create ambiguity, and ambiguity kills accountability.

24:58

Get rid of your dotted lines Now.

25:02

I say that tongue in cheek because you actually put those dotted lines there for a reason.

25:08

But when you put the dotted lines there, you created ambiguity, killing accountability, because that's what you failed to define.

25:17

You put the dotted line there because two people have to work together, but they're not each other's manager.

25:24

But what you failed to define was, in that working relationship, what's the accountability and what's the authority? Hence you're going to have something that looks like a communication problem, which means you're going to pick up the phone and you're going to call me and you're going to tell me about this communication problem. You're going to tell me you had a communication seminar and everyone high-fived after the communication seminar but two weeks later you realized you did not fix the problem. And it's because it wasn't a

communication problem at all. It was a structural problem and in that working relationship we failed to define what's the accountability and what's the authority. When you define those two things, the communication problems disappear. They disappear almost overnight. Same thing happens with personality conflicts. Something looks like the problem presents as a personality conflict. It's not the problem. The problem is we fail to define in that working relationship what's the accountability and what's the authority. One of Elliot's observations was you fix these structural issues. Your problems related to management and motivation disappear almost overnight.

26:41 - Chris Comeaux (Host)

So let me wow. So much to unpack here no-transcript.

27:20 - Tom Foster (Guest)

One started around early 1950s, so around 1952. It was with the Glacier Metals Company in London, England. Glacier Metals Company was a component manufacturer. They made precision ball bearings that were used in machinery and equipment around the world. Elliot was with that organization for about 10 years so it was one of his major consulting assignments and he always said I never consult with any company that has not invited me in. So he never went out looking for work. People would invite him into the company and he would stay there for a long time.

27:58

But most of the fundamental pieces of his, of his theoretical framework were created with the Glacier Metals Company. His first book that he published that really outlined all this stuff was called A General Theory of Bureaucracy. You can imagine I mean that's a scintillating title, you're going to run down to the bookstore and pick up a copy of that straight away. But if you look inside that book you will see that, based on his work with the Glacier Metals Company, all of what eventually became much more polished frameworks it was all there in the very beginning. By 1966, he had laid all this out and then began to simply refine the graphics that went along to explain some of this stuff.

28:48

The second major consultancy that he had was with the US Army War College, working with Max Thurman and Colin Powell. In fact he received a commendation from Colin Powell for his work with the US Army War College. He was brought in as an industrial psychologist. He was brought in as an industrial psychologist primarily to figure out officer candidate selection who would be the next generals. That, as a four-year college program, was to wash out about 380 of the students, leaving about 20 standing. Those 20 people would be the next generals in the armed forces as time went by.


29:42

His third major consultancy was with the CRA Mining Company in Australia. He was brought down there by a McKinsey consultant called. His name was Sir Roderick Carnegie. He went down there. In fact they had to get permission from the US Army War College to go down to Australia and share these concepts with a private company. In fact, they had to send Stephen Clement, who was the US Army assigned person with Elliott, to make sure that he didn't share any trade secrets that the military had with the CRA mining company.


30:26

Now you've heard of the CRA mining company, I'm sure, and you're going to go. No, I don't think so. But you are familiar with the successor organization, which would be Rio Tinto, which is a global mining operation. You've probably heard of Rio Tinto Stadium in Salt Lake City. So anyway, they had a very, very large budget to take all of Elliott's concepts, which were now no longer theory but practical application, and apply them into an industrial mining operation which you can imagine is extremely dirty work, different levels of work inside, lots of machinery technology and everything that was going on. So those were the three major consultancies where he not only developed the theoretical principles but then began to apply them through the US Army and officer candidate selection and then finally into the CRA mining company in Australia.


31:26 - Chris Comeaux (Host)

Well, and I want you to. Maybe the next good place to go, tom, is that card that you pulled out, and of course, some people are just listening, so we'll have to paint a picture. But, if I recall correctly, so in his work in those places, what he started to because he was, as Dr Thayer would

say, always in the learning mode and he noticed people's language and some people that were very like this and that very black and white short time horizon in their language, versus people that could hold almost, I would say, multiple if then statements in their brain at the same time, generally had a much broader time horizon in their outlook, thereby starting to identify this kind of strata of humans in terms of our ability to think on a time horizon, and that every human being can grow. So this is not like an elitist thing Every human being can learn and grow, but there is still a general strata that a person can grow within. Can you take it from there, maybe clean that up, and I'm sure you'll probably say it in a different way.

32:28 - Tom Foster (Guest)

Well, it's interesting because I can tell that you did read Elliot's book Requisite Organization, which contains all kinds of different interesting perspectives on the way that we look at work and what is work. What happens when people especially read that book is they'll focus in on a piece without really understanding the entire context. So as you piece some of those things together, I find that the context or the framework helps us understand all the little pieces of it. What you began to describe was a problem-solving methodology that has to do with the thinking state inside of a person. But rather than go into that and try to explain it without the context, let's go back and take a look at the context and then we can begin to piece things inside the framework. When you look at and I'll go back to the question I asked earlier are there problems in the world that most people can solve? The answer is yes, but as the complexity of those problems increases, some of those people will begin to struggle. So we have two paths that are going along. One is the path of the problem complexity and the other is the path of the the person's capability to solve those problems, and so you can just look at at problem-solving and look at the nature of the and the complexity of problems as they increase and especially as companies run into problems and struggles and issues and challenges, their problems increase.

34:08

I actually don't start with Elliott's model. I usually start with another model created by a fellow named Ichak Adizes, in a book that he published in 1988 called Corporate Life Cycles. That particular book is instructive because it looks at things from an organizational point of view. It looks at things from an organizational point of view, Just focusing on organizational life cycles. Adizes identified five different levels of organizational maturity, which I find interesting because he created that or published that book in 1988. And what he was describing organizationally was exactly the same model that Eliot had created in the 1950s, some 30 years apart. Yet Adizes at that time didn't know Elliot. Elliot, of course, had never heard of Adizes because he hadn't

come on the scene yet. But looking at the Adizes model, he starts out by looking at the startup organization and that startup organization has some very specific characteristics and a specific problem that they have to solve. First characteristic is there's a high level of risk. Most startups fail.

35:19 - Chris Comeaux (Host)

Is it like 70% or 75?

35:22 - Tom Foster (Guest)

I use somewhere around 80%. So four out of five fail. One out of five survives, and so they have to focus on one thing In the beginning. Every startup has to focus on this one thing and absolutely nothing else matters. They've just got to make some sales. They have to get their product or service in the marketplace and please find a company to buy it. In the beginning, these don't even have to be profitable sales, because in the beginning they're going to put all the expenses on a line of credit credit card, whatever it takes to get this company out of the ground.

35:52

So the biggest challenge for every organization in the beginning in that startup is always revenue. If they're able to create a sustained momentum of revenue, they move up to this next level, which Adidas described as the go-go organization. Now, this go-go organization you probably heard the term of a go-go company. Well, this is the model that that terminology comes from. So a go-go organization has a sustained momentum of revenue. They're out of this infant startup mode and they're now into go-go. And of course, in go-go they have this invincible feeling that they did not die during startup. So they now think they could conquer any business model they so choose. Their behavior is very opportunistic. They have difficulty focusing on any single thing. In fact, of all the things they're able to do, the one thing that is most elusive for the go-go organization is profitability.

36:49

They got the revenue but they're not making any profit Now, as we look at the correlations with Elliott's model, which was actually created some 30 years earlier, when you look at that first

level of work in Elliott's model, which would be for an infant organization, it's just a focus on production. We have to get that product or service out there in the marketplace and that's the first level of work in production. But then as the organization grows, sustained momentum of revenue we now grow out of infancy, we grow out of startup, we get into go-go, we now have headcount is also increasing in the organization. We're now creating these working relationships. We now have a production technician who now has a supervisor.

37:37

And of course I have to go back to the founder. The founder is putting all this stuff together and of course the founder in the very beginning had high performance standards and met those performance standards because the founder self-performed everything. But as headcount increases and now we're creating this organizational structure as headcount increases the founder has to delegate things out to other people, which is one of the first misunderstandings that companies have. They think that delegation is simply task assignments. But if delegation was only a task assignment, the company would never grow, it would stay stuck there. What we really have to learn to delegate is decision-making and problem-solving, which now get back to accountability and authority. So now we begin to see this organizational structure becomes part and parcel of every growing organization as headcount increases in Elliot's second level of work.

38:37

What we really have to do at this point is now define and document our methods and processes, because in the beginning the founder was doing all the work, so the founder didn't have to think about this stuff. Because in the beginning the founder was doing all the work, so the founder didn't have to think about this stuff. But as we delegate decision-making and problem-solving out in the organization, we have to define and document those methods and processes. And that's part and parcel of the Adiza's GoGo organization. But what's still missing in that organization? Remember, revenue was always the biggest struggle for the infant organization, but in GoGo, gogo is trying to spread and distribute the work around. But the one thing that's still elusive is profitability. And we've defined methods and processes and we think that the right sequence for those methods and processes is one, two, three, four, because that's how we learned to count in accounting school. Right, but are we making a profit? The answer is no, we're not making a profit. We have revenue but we're not profitable. In the pursuit of profitability in the Adesys model we move up to the next level in which we inspect our sequence and realize that it's not 1, 2, 3, 4, because if we do it 1, 2, 3, 4, we're not profitable.

But if we stare at that sequence and go it's not 1, 2, 3, 4, it's 1, 4, 5, 2, 3, suddenly we've become profitable.

40:02

That third level is all now a system focus. When we look at Elliott's model, that third level is all now a system focus. And we look at Elliott's model, that third level is all about creating a system. So just looking at those three levels of work in Elliott's model at the first level is all about production it's a production technician. That second level, which is all about methods and processes, is all supervisory roles inside the organization. And at third level, which is the first level of management, we now have a system focus.

40:33

So what's the problem for the production person? It's mostly pace and quality. Problem for the supervisory is to make sure all of the work is getting done according to specification and on deadline. But what's the strategic focus for the third level, or the management level is now a focus on the system. So we have a problem. It's not let's go fix the problem, it's let's go fix the system. So those bottom three levels are absolutely critical in terms of getting work done. Elliot calls this your basic building block of every organization. As your organization builds out functions inside, they're going to be populated by these basic building blocks all over the place.

41:16 - Chris Comeaux (Host)

Tom, let me ask you. Something occurs to me and you push back if you disagree. I grew up in manufacturing, but I've spent the vast majority of my time in health care, health care being a service-based business, which is a very complex um. I mean, we're dealing with a very complex issue which is, you know, the human body and whatever, and, of course, you know, a lot of my work is in hospice and palliative care. I'm not trying to rationalize and also not throwing the bath water, but occurs to me is it a little bit easier to apply this in the manufacturing, where you're making a widget, versus a service-based business? Again, it all applies, but it's just more complex to apply it.

41:57 - Tom Foster (Guest)

No, let's jump in and apply it right there. You probably knew that I would, because I find that there's universal application for this. I have not found a single work discipline where this just doesn't apply. So let's take palliative care, hospice care. I worked with a hospice organization West Palm Beach. So at level one in manufacturing, we call them a production technician. I'm not sure what you would call them in a hospice setting, but this would be the direct care service provider who's actually working with a. I don't know if you call them a client or a patient, so you know in a larger healthcare context, that would be a nursing operation, bedside nursing, someone who is directly delivering services.

42:49

So my first question that I would ask you is is that an important function in the organization?

42:54

Yeah absolutely and you're going to say absolutely. That's actually where the rubber meets the road. Yep, there are certain skills that are associated with that. There's certain capability that's required that are associated with that. There's certain capability that's required. That capability is to be sensitive to the patient's needs and directly respond to those with the real tools that are available to them, and those tools could be anything from occupational therapy to administration of certain drugs to simply patient comfort, bathing, fluffing pillows, asking the patient how they're feeling, which is a diagnostic set of principles, and so that's all highly skilled work. And yet Elliot would describe that as that's level one work.

43:54

You talked about time span a little bit before, and so let me lay in. The time span associated with that level of work is typically somewhere between one day and three months For most nursing care. At that level, you're going to have probably one day to two weeks in terms of what they're thinking about relative to that particular patient. When you look at the schedules and things like that, their schedule may only go out two weeks into the future, the published schedule that gets put in the lunchroom. Now let's move up to the next level of work. So the next level of work would be a supervisory position and now we begin to look at that schedule. Somebody's going to create that schedule. It says here's our patient load, here's our nursing resources and here's how we're going to allocate those resources. And here are the specific schedules for the next two weeks. Now, to do that, that supervisor's got to really look at their resources available and understand also what's coming in in terms of the service providing. That needs to happen.

In other words, how many patients will we have in this facility? Now, some of that patient load may be defined by the facility, the building itself. We only have a certain number of beds and, of course, in a room. Well, maybe now we can have two beds in a room. So now we begin to look at certain capacities. But at level two, the supervisor's got to figure out what are the constraints that I'm working inside of and what are my resources and how am I going to allocate those resources in a very real sense, when I look at what's the output at level two, the output at level two is it's a physical schedule that says this person is going to be assigned to these five patients and this person is going to be assigned to these five patients, and so it's a real, tangible piece of output. Now, of course, you know that every schedule starts out on Monday as a perfect schedule. You know that every schedule starts out on Monday as a perfect schedule, but sometime around lunchtime on Monday something happens to that schedule. So now that supervisor's got to go in and reform that schedule to make sure that there's sufficient coverage to make sure that we've got everything that needs to be done.

46:19

The third level of work, which is real management work and we talked about ascribing it as a system level of work, which is real management work and we talked about describing it as a system level of work is to really look at the system in which we deliver that care. What are the systems? And you look at, let's just say, physical therapy. There is a physical therapy system that has to be followed. In palliative care, I mean, some of the patients may be bedridden and we've got to be really careful about something as simple as bed sores. Now, level one the nurse is going to take a look at and inspect and ask the patient how they're feeling. Diagnostic to prevent the actual occurrence of bed sores. The supervisor is going to make sure that no one, no patient, gets bed sores.

47:14

But level three the management, is going to say okay, here's the system in which we check for that diagnostic problem that we've got of bed sores. We're going to go here's how many times a day we're going to check. We're going to do physical inspections. We're going to do verbal interviews with patients. This is the way it's going to work and we have to follow this system. And if we follow this system, none of our patients are going to get bed sores. They're going to be as comfortable as possible at this stage in our life. Now, every once in a while you're going to get a bed sore. We can fix that by fluffing a pillow here or there, moving the patient around, readjusting the bed, something like that. But the real question for that level three manager is how come our system didn't anticipate this problem from occurring? How come our system

didn't prevent that from occurring? Let's go back and adjust the system. So, while we can easily see these levels of work in a manufacturing sense, you can apply them even to palliative care is and what's?

48:24 - Chris Comeaux (Host)

Can you talk about level four because like just for our listeners he nailed it Like our IDG team members is level one. Generally we call those team leaders level two. Generally the level three person might be like the regional director of nursing et cetera, but then kind of beyond that. Can you just talk about what would be more of a level four role functionality?

48:46 - Tom Foster (Guest)

So Elliot calls the bottom three levels your basic building block. In other words, that's where most things happen. There's production, there's supervision of production and then there's the production system, the production system. But then we have to understand that we've actually created now an organization that doesn't have a single function. It has multiple functions or multiple systems and subsystems in palliative care, and I know you're associated with a palliative care organization. Let me ask just a real simple question Does that facility have a website?

49:28 - Chris Comeaux (Host)

Yeah, most of them do, Yep.

49:29 - Tom Foster (Guest)

Yeah, which means that simply by having a website, they actually have a marketing function. Mm-hmm.

49:37

Do you have some sort of an intake function? How do people find out about you? How do they contact you? How do you conduct an intake diagnostic for people who are eventually going to become your patients In palliative care? That would be a sales function. Think about that. And

then so we have an intake diagnostic. We now have a patient that patient's going to be assigned to.

50:02

In business we would call it an account manager. You have a different designation for it. In business it'd be account management or project management however you describe that there and then you're going to have certain operational things that go along with. You know, how clean do we keep the facility? How do we manage the bedding and the linens? How do we manage the mechanical things that break inside the facility? How do we manage the bedding and the linens? How do we manage the mechanical things that break inside the system? And you probably also have a function that's related to quality, quality. Assurance. I mean, how do we know that we're delivering the quality care that's in our mission statement? So you have a quality function. So now the organization is just like. It's now become structured and we can see these things that you may describe as silos. We've all heard that you know we've got silos inside our organization. Now You've probably also been taught that you need to get rid of your silos. In fact, ken Blanchard remember Ken Blanchard?

51:02

the old one-runner manager guy. Yep absolutely. One of the covers of his most recent books. Is you got to be a silo buster Now? With all due respect to Ken Blanchard, he has no idea what he's talking about.

51:14 - Chris Comeaux (Host)

Yeah, because that is very popular, especially like with the whole movement towards. There's something about Teal. I think that kind of applies to healthcare. There's something about teal. I think that kind of applies to health care. Um the concept of teal, which is a very flat based organization. Tony Heisinger Zappos, the only real example of supposedly a teal type organization health care is um Berksarg um, which comes from the Netherlands. So please pick up back up. So site busting silos is not a good idea is what I just heard you say it's not a good idea.

51:44 - Tom Foster (Guest)

And the reason it's not a good idea is you put those silos there for a very specific reason. You want your web guy and marketing to be focused on website development. You want your intake diagnostics to be pulling in the patients that are best suited for your facility and your facility to be best suited for the patients that you pull in, and you want them to be laser focused on that stuff. In fact, you want them to be nosedive down, internally focused on that. You want your nursing staff to be laser focused on the patients. You want them to be internally focused on that patient relationship and then keenly sensitive to all of that stuff. You want all of these functions to be internally focused on that patient relationship and keenly sensitive to all of that stuff. You want all of these functions to be internally focused but at the same time, they all have to work together. It's not a matter of getting rid of your silos, it's a matter of integrating them together. So if we begin to look at now that level four, that level four is all about the integration of our now multiple systems and subsystems, because we have them Now.

52:54

Integration is a fancy word. I grew up in the great state of Texas, university of Texas, longhorns. We don't like fancy words, so when I use the word integration, there's two things that I look at. First of all, in every organization, as we look at these functions side by side, we begin to understand that work moves sideways. You know, in a company it starts with marketing, goes to sales, goes from sales to account management or project management, goes to operations, goes to quality control. Work moves sideways and every time it moves from one function to the next function there's a handoff. So the first thing that I look at, the first thing I inspect, are these handoffs. What are the outputs of one function that become the inputs for the next function and what are the outputs of that function that become the inputs for the next function? So first thing in integration is outputs and inputs, outputs and inputs, outputs and inputs. What are the work handoffs? We have to inspect those Because as a function, my output may not match the input of the next function. So at level four, it's integration.

54:13 - Chris Comeaux (Host)

Get those silos together to talk about their outputs and inputs, so that the output of one now becomes exactly the input that the next function needs service-based business. It applies to every business, is my takeaway from what you're saying. I think we'd also probably tell ourselves in healthcare, but so much is so. Listening to Tom. This sounds incredibly complicated and oh, by the way, it feels like the game is changing under our feet right now. That where the future of

healthcare is going, the reimbursement, who's really paying you for those services? All of that feels questionable right now, changing as we speak.

54:49

How do you reconcile the complexity that what you're talking about to do this work when the game is changing? And there's an old. Years ago Stephen Covey said, I think, he was differentiating between leadership and management and he said you know the managers, if the job is cleaning out the jungle and the manager sharpening the machetes, helping and teaching people how to clean out the jungle, the leader's up at the top of the tree going wrong jungle. And so can you take that and kind of clean that up for me?

55:17 - Tom Foster (Guest)

So first of all, let's talk about this issue of complexity. What is complexity? And you acknowledged that this framework has some complexity to it. Now, my response is it's actually a simple framework, but it does help us understand the complexity, understanding the problems that have to be solved and the decisions that have to be made. And when I talk about complexity, there are two types of complexity. The first type of complexity is detail complexity. Now, engineers love detail complexity. They write computer software, scalable databases to handle all of that detail complexity. But that's not the complexity that I'm talking about. The complexity that I'm talking about is the complexity that's created by the uncertainty of the future, the complexity that's created by the ambiguity of the future.

56:16

You talked about healthcare. Now, one of the things in healthcare that we didn't talk about in terms of functions, we talked about the direct service function and those kinds of systems inside, but there's another function that's going on in healthcare, and that function is how the heck do we get paid? Now? We get paid by insurance, we get paid by private expense private expense, we also get paid by government funding. We also get paid by grants and projects from research universities. All of a sudden, just how do we get paid becomes very complex, and you also said it's changing. Now, remember I said that my definition of complexity, or the complexity that Elliot's referring to in requisite organization, complexity that's created by the uncertainty of the future, and you described that the future of the way we get paid is uncertain. It is changing, it is shifting. Now how do we anticipate some of those changes and shifting? Well, we can begin

to look in our crystal ball, and what's inside that crystal ball is uncertainty and ambiguity. We don't know.

57:36

Let's go back to time span for a second. We talked about. You know that production technician is looking for decisions and problems that are between a day and three months. That supervisor is looking for decisions and problems that have impact from three months up to 12 months. That system manager is looking for problems and decisions from 12 months up to 24 months. But at level four, we're looking for problems and decisions that are from 24 months out to 60 months, from two years out to five years. And the question is what's going to happen in the next two to five years in terms of how we get paid? And the answer is we have no clue, we have no idea. We have no idea yet. We have to make decisions today that are going to have impact on our ability to collect money that we need to operate coming in the next two to five years. How are we going to do that? How are we going to respond to that? So we look at this understanding of time span connected to uncertainty and ambiguity, and now we begin to look at work and how we do work and what is it in work that we have to anticipate. And that's where the demarcation between these levels really becomes very specific.

59:07

We talk about organizations that think that they are very flat. Let's take you mentioned a company out in Las Vegas named Zappos. Zappos would tell you that they have no managers. I'm sorry, I got to call BS on that. They have managers. They may not have a manager title. In fact, I think they may call them lead links. Somebody in that organization is making a decision as to who gets on the team and who is no longer part of the team. Somebody's making that decision. Somebody is making a decision on work instructions.

59:51

What is it that we do? There's something interesting how many team members can one manager be in charge of? And we go well, maybe that's eight, eight, 10, 10 would be like a too big of a team. And of course, Elliot looks at it and goes no, I think 70 would be a better number. And you go, my gosh, how could a supervisor manage 70 people?

01:00:22

Well, let's go take a look at Zappos. Manage 70 people? Well, let's go take a look at Zappos. You go look at it and Zappos is primarily a phone bank organization. You got a huge call center. You got people who are out there in that call center and what are they doing? Well, they're pretty much doing the same thing they did the day before. In fact, how do they know what to do tomorrow? Well, they're going to come to work tomorrow. They're going to do the same thing they did today. There's not a lot of variability in the work that they do, which means that their manager who Zappos says we don't have managers, which is not true, they do have managers is likely managing 70 people. Now, how could one manager manage 70 people? And the answer is there is very little variation in the work that they do. Day in and day out. It's pretty much the same. But now let's take a more specialized team. Let's take a Navy SEAL team. How many people on a Navy SEAL team?

01:01:24 - Chris Comeaux (Host)

Isn't that like seven?

01:01:25 - Tom Foster (Guest)

Yeah, six or seven. Why? Why is it such a small team? It's because the variability in their work is so highly variable from one day to the next that you really need a small team. So now we begin to look at teams and structure and flat organizations and hierarchical organizations and you see that the levels of work are still there. They may be more difficult to detect, but they're still there.

01:01:54 - Chris Comeaux (Host)

This is good, Tom. Well, Tom, you're a treasure. I think we should do. My guess is and we have lots of listeners and a lot of hospice and palliative care leaders I'd like to get their questions and give them to you, and then you and I do a follow-up show of just their questions. This has been great, Any just final thoughts.

01:02:18 - Tom Foster (Guest)

I think the biggest challenge for most companies is really looking at and asking themselves what's the work. We rarely sit down and figure out what's the work. That boils down to two things In this work what are the decisions that have to be made and what are the problems that

have to be solved? The most important questions that any manager can ask of their team members is in the work that we do together what are the decisions that we have to make and what are the problems that we have to solve? Because that's work and of course that's my favorite subject is it's all about the work.

01:03:00 - Chris Comeaux (Host)

That's really good, Tom. Wow. Again, there's so much to unpack there. You're a treasure. I appreciate the. I can't remember how you and I first met, but we actually brought you desk. That is still on my desk and um, but obviously I still have a lot of understanding to do. So thank you for the work that you're doing. I have a film. We'll have a ton of questions, um, and I did not realize that you've actually worked with one Hospice organization, so that was a really good tip as well, that this does apply, and I do think this is fascinating times in Healthcare.

01:03:42

So figuring out what is the work. We always say this. Now I feel like it's even more true. We are flying the current airplane while we're trying to build the new one, trying to anticipate where it's going, which makes this hard. Some days it feels like mission impossible, but without these principles, we're probably wasting a lot of energy and effort. So well, to our listeners, at the end of each episode, we always share a quote and a visual. The idea is we want to create a brain bookmark for you, a thought prodder, and today's show is going to be really interesting to see the one we come up with. But it's to help with the podcast subject to further your learning and growth and hopefully create like a brain tattoo so it actually sticks.

01:04:25

Be sure to subscribe to the channel, the Anatomy Of Leadership. I'm going to get a couple of links from Tom in case you want to reach out to him, and a couple of those visuals will probably put his links as well. If you're interested in the book the anatomy of leadership, check it out on Amazon. Tell your families and friends, subscribe to our channel and you know it's easy to rail against the world and be frustrated by it. Let's be the change we wish to see in the world. Thanks for listening to today's show, tom. Thanks for being here. And here's our brain bookmark to close today's show.

01:05:00 - Jeff Haffner (Ad)