Transcript: Making the Organization with Tom Foster Part II

Melody King: 0:01

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.

Chris Comeaux: 0:23

Hello and welcome to the Anatomy of Leadership. I'm excited Our guest today is Tom Foster. Tom is the President of Foster Learning Corporation. Welcome back, Tom, it's good to have you.

Tom Foster: 0:33

Good to be here.

Chris Comeaux: 0:35

Yeah, Tom's a returning guest. Tom, you should be honored and hopefully flattered there are not too many guests that we asked to come back and in fact I said, before we even concluded show number one, I said, tom, would you come back for number two? And you said you would. In fact, not only have you come back, you've actually been mentoring a team of myself and our team at Teleios in the work. That you do so before you may have some new listeners. So let me back up Tom and just introduce you a little bit more to them.

Chris Comeaux: 1:01

Tom Foster is an international speaker. He's a recognized expert on organizational structure. His book Outbound Air there's you looking to have it right here? Levels of Work and Organizational Structure is based on 50 years of research by the late Dr Elliott Jaques. Tom's book Hiring Talent, levels of Work and the Behavioral Interview helps hiring managers and HR professionals apply the science in the behavioral 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 face time. His organizational disciplines include construction, manufacturing, healthcare, wholesale distribution, retail, export, education, service companies and nonprofits.

Chris Comeaux: 1:43

Tom's a member of Kaiser University's Board of Trustees, a large university system in Florida has 26 campuses and 25,000 students. In fact, we were talking about that in the green room. Tom has spent 14 years as a television director producing commercial, sports, corporate and broadcast programs. This was followed by 10 years with a large CPA firm supporting client information and accounting systems and since 1995, that's when I just started driving Tom has chaired an active CEO peer group in Fort Lauderdale, Florida, and he's a former instructor with Dale Carnegie Training. Tom has a master's degree in communication and a bachelor's degree in radio, television and film from the University of Texas, Austin. I said it last time Tom, hook them horns. It really sucks that. They lost that game, so it's good to have you, tom. Is there anything I left out you want to add?

Tom Foster: 2:30

I don't think so. That's a long enough laundry list for my arm.

Chris Comeaux: 2:34

Now I asked you last time and so I said what's your Superpower? And I actually get emails every week. People are like, don't quit asking that question. Now last time you said I think you had some CIA superpower. People think that you've bugged their boardroom. And what you meant by that is there's something fascinating in the work that you do that people are like how do you know that? Were you sitting in our boardroom? But you're able to look at things like org charts and just a few things about the organization and almost do like you probably remember Tom, The Great Carnac and Johnny Carson. So, anything you want to elaborate, have you discovered anything new about that superpower?

Tom Foster: 3:13

Well, it's almost like an attorney you know never ask a question that you don't already know the answer to. Most organizations have very similar problems because they all have people inside of them and most situations with people have lots of overlap. That makes sense, no matter what the business model is.

Chris Comeaux: 3:36

Well, that's well said. In fact, I'm so glad you agreed to come back, Tom, because I really want the two podcasts together to be a body of work. I mean, we do this podcast in service of leaders. It started as Hospice Empowered Care with the Anatomy of Leadership, its leaders in multiple different segments, industries, fields. So I want to maybe I'll just do a quick reset or kind of take us back to the first time. But since your work is rooted in Elliott Jaques, if you remember, I shared with you that was my spring break reading assignment last year tried to get through the book the first time many years before I didn't. I did the

second time, and you did affirm like well, at least you could tell from your questions you read it, whether you understand it as a whole. Another thing, because Jaques is pretty heady, but, as I was thinking about, okay, if I had to do a presentation, I would probably start with the strata that he discovered.

Chris Comeaux: 4:27

Elliott Jaques, in listening to people and, like every person, is generally wired towards a time, the ability to look across time. Some people it's a very short timeframe, other people it's very wide, like my guess is Elon Musk is probably a strata six, strata seven Benjamin Franklin probably would have been a strata seven. He envisioned fire departments and hospitals in the 1700s. So Elliot listened to people and people that are very closed in their language, almost like this, that binary, but people that could hold multiple if-then statements in the conversation that kind of alluded to this broader timeframe and so from that he was able to see this almost organization of how people were generally wired towards time span. Is that part accurate?

Tom Foster: 5:18

Yeah, accurate, very difficult to do. We let Elliott do that because he was a clinical psychologist and he had the background to do that. His ability to engage in language analysis is something that he began. He hesitated, even teaching towards the later years.

Tom Foster: 5:39

I do not teach that methodology, even though it's outlined in a book that he published in 1994 called Human Capability, but there are some easier ways to take a look at the time span of discretion of an individual that are more managerial-based rather than psychologically-based.

Tom Foster: 5:59

So, I spend most of my time working with people who are managers and not people who are psychologists. So, we've adapted many of his insights into managerial assessments. One word that you used, however, is that people are wired towards a specific level of work, and the short answer to that is yes, but the longer answer to that is that this wiring actually matures through lifetime, and so over a period of time, people's brains cognitively mature so that that time span enlarges from age 20, 30, 40, 50, 60, 70, all the way until their 80s. The age frame that Elliott worked in began at age 21 and ended at age 70. If he were to redo much of his research now, he would probably begin to extend that age frame out to age 80 just because people are living longer now. Most of the rudimentary research that he did was conducted in the late 1950s, early 1960s and then continuously clarified through

additional research in the 1980s 1990s. Elliott passed away in 2003, and so that research is now carried on by a number of consultants around the world.

Chris Comeaux: 7:25

Well, and here's why, hopefully, I didn't mess up by going here first that research is now carried on by a number of consultants around the world. Well, and here's why, hopefully, I didn't mess up by going here first. But then, because where we're going to go is the levels of work, how an organization. There is a requisite hierarchy in an organization, typically five government organizations, maybe Toyota, there's six and seven. But people are at those multiple layers. And the interesting thing in healthcare and nurses are a good example, amazing nurses. And then we go wow, that nurse doesn't make a good leader, but it may be that they're more naturally wired, or they come to the table with a shorter timeframe. And I'm so glad you took it there.

Chris Comeaux: 8:04

It's not like people can't grow and learn. But is this inaccurate, tom, that someone leaping from a strata one that that's their natural skillset to like a strata five, which is you would know? That I should have actually printed out. I didn't get your cards in the mail yet, but I forget the number of years of the strata five. That's a pretty big leap right. Is that impossible? Or could they grow to that trajectory?

Tom Foster: 8:30

Well, you may grow to that trajectory, but that growth may take 40 years to happen. Most people, and I would say 95% of people at age 20 are all gathered together down at level one. As we mature, those populations begin to spread out and differentiate themselves and then you can begin to see that some people over four to five years will begin to move into level two cognitive development, level three, and then level four and level five. But those transitions are periods of years, if not decades, Gotcha. And so, making a leap has little to do with education or training. It has to do with cognitive development. Now education and training may reveal something that you couldn't see before. I mean, I may have capability at level three, but if I don't have level three skills, you'll never see my capability. So, education and skills are critical for us to actually observe and witness someone's highest level of capability in the work that they do.

Chris Comeaux: 9:44

Wow, well, I'm glad I asked you that again. Now I feel like I may have to bring you back for a third show, but let's go on the track that I told you. I wanted to go on Because, as we're spending time with you, quite often, especially in healthcare, mergers and acquisitions are the panacea that is going to solve all of my problems. And yet somewhere between 70 to 80% of those fail, and so this integration work, and then people go well, the integration didn't work because the cultures, they just were not compatible with each other. So, my question to you, tom, is it's like a chicken or the egg. Are people misdiagnosing cultural issues because they don't have the structure right? So, is it structure or culture? And if I'm not mistaken, you might be writing a book about this concept that I'm poking on here.

Tom Foster: 10:35

Right, so let's get that out of the way. Yes, I'm working on another book called Levels of Work and Culture, which begins to address that, but let's go back to your question. Culture, which begins to address that, but let's go back to your question. The premise of the question is that we take organizations and we piece them together in some sort of either an acquisition or a merger, and typically there are two disciplines of due diligence that are completed. First one is financial due diligence. No one wants to buy a pig and a poke, and so they would do financial due diligence just to see if the purchase price makes some sense over the long haul.

Tom Foster: 11:14

The second area of due diligence is typically culture. Most organizations or mergers begin to fall apart at the point of culture. If the finances are right, the accountants all say you know, that's a green light, let's go ahead. And then, as the organization gets put together what gets described as cultural complications, we have to unpack a little bit and delve into it a bit more. We have to unpack a little bit and delve into it a bit more.

Tom Foster: 11:50

And so I find that it would be valuable not only to have those two disciplines of due diligence but also a third discipline of due diligence, which would have be a level of work assessment between the two organizations and then looking at where the overlaps are and where the gaps are in between those two organizations, and then looking at where the overlaps are and where the gaps are in between those two different organizations and then see how those would be put together.

Tom Foster: 12:11

There may be some duplication that is no longer necessary, and so parts of one organization may be carved out and put to the side. We may also find that there are very

distinct gaps between the two organizations that may have to be filled in, maybe even from the outside. And so this level of work understanding about you know what kinds of systems are in one organization versus what kinds of systems are in another organization, and how those organizations are organized into, who is whose manager, the depth and breadth of the individual technical contributors, and then just the size of the workforce itself in terms of how is it properly or appropriately supervised. So those two disciplines of due diligence. I would expand to a third discipline, looking at levels of work. Now you hinted at another area, which is which comes first, organizational structure or culture, and so when we begin to again parse those things out. What I find is that organizational structure is culture.

Tom Foster: 13:29

And that culture is organizational structure, and so when we begin to look at how the structure is organized, the question is why? Why is it organized in the way that it is, and what are the behaviors that surround that organizational structure that help people understand how they're going to operate and behave when those two organizations are put together?

Chris Comeaux: 13:55

That's good. Tom, you've alluded a couple times to levels of work. Can you just explain that a little bit more? When?

Tom Foster: 14:00

Elliott looked at the hierarchy of an organization and there are many management consultants that would argue that hierarchy is bad and that what we really need instead is some tribal leadership. But Elliott looked at hierarchy as an essential part of every organization. Even a flat organization is going to have some levels of work inside of it. And when we look at the hierarchy, the hierarchy has to be defined by some sort of a value. Most people who rail against hierarchy look at hierarchy in an organization as a hierarchy of power. However, eliot looked at it as a hierarchy of competence. Those value systems are completely different and we look at hierarchy of power and we can see okay, so how does a person attain that power? How do they maintain that power? How does that power manifest itself? And we can have all kinds of dysfunctional things emerge from that. But if you look at the value and define the value as a value of competence, where we look at levels of work with the highest value pointing towards competence, then it begins to take on a much more functional organization. So, using the hierarchy inside of an organization and look at the function at each of the different levels and most organizations believe that they should have 12 or 15 levels, or at least that's what their organizational chart looks like when they hand them over to me. But Elliott found that the most number of levels in any

organization that we can observe is eight and that 95% of most organizations are likely most functional with only five levels. And only very, very large, complex organizations would move into levels six, seven and eight. Large, complex organizations would move into level six, seven and eight. And so, we look at the different levels and parse out what is the difference between, say, level one, level two, level three and level four.

Tom Foster: 16:15

There are a number of ways that we can look at them. There is a metric that we can use to measure them. But let's come back to the metric in a second and just briefly describe each level. The role in most organizations at level one would be a production role and we see that in very physical type roles, direct labor would be level one, clerical would be level one. Level two is a level of supervision, and where level one is doing production, level two is making sure that production gets done. It's most associated with scheduling and coordination.

Tom Foster: 16:52

Level three moves up and looks at what are the systems that level two supervises, that level one is in production capacity in, and so when we look at these systems, you know what are the various elements inside that system, how do they depend on each other, how does work flow through that system? What's the beginning of that system, what is the end of that system? What are the things inside that system that can be done concurrently and what are the things inside that system that we have to complete one element before we actually begin the next element? That's all level three stuff.

Tom Foster: 17:28

Many organizations exist at level two and even level three. A level three system can have a very robust core system and that may be all that it needs. As it grows, though, it's going to find that it's going to invent and add more systems into the mix, and very soon we've got multiple systems and subsystems that have to be integrated at level four, and so we look at those. Those are the first four real functions inside an organization and the increasing complexity that arrives with each one. Level five is a place in the organization where levels one, two, three and four all look inside the organization.

Tom Foster: 18:15

Very internal focused. Level five has to look at the entire enterprise as a unit and begin to look outside, at external systems, the most important external system, of course, being the market, the market that the organizations live inside of. Market contains the company itself, it contains their vendors, it contains their customers, it contains their competitors, it

contains their supply chains and that sort of thing, their supply chains and that sort of thing. So those are the five levels that exist for 95% of the organizations that exist in the world.

Chris Comeaux: 18:52

That's good. Do you want to talk about six and seven?

Tom Foster: 18:55

I can talk about six and seven. Level six is observable in those organizations where there are multiple complete, independent business units inside of them. This might look like a holding organization. It might look like a private equity portfolio where I've got independent, usually a separate corporate entity in a portfolio that is managed by a level six organization. Level seven would be an international organization where the complexity not only are we working in a single nation state, but now we're also working in other countries around the world, looking at international aspects of. I mean, we may have revenue streams coming in, but what currency might that be in? And currency actually becomes its own system out there itself. So, we may find or we also have to operate under different complex organizations In a level five organization or even in a level six that's contained to a single country.

Tom Foster: 20:07

We're operating under a single set of HR laws, finance laws. We move to another country. Now all of a sudden we've got different kinds of criteria that we have to look at from an HR perspective or a finance perspective. We look at level eight. Now we're looking at global organizations that actually transcend even a single nation state. We're looking at something like the European Union or other types of organizations that have multiple or other types of organizations that have multiple. United Nations is a semblance of perhaps a high-level 7 or low-level 8 organization in terms of its intention and focus. Effectiveness may be another observation, but its intention and focus would be truly global. In all of that, when we look at the metric because I talked about metrics I said let's put it to the side, so let's push the metrics back into all of this.

Tom Foster: 21:15

When I look at level one, level one is concerned about decision-making and problem-solving between a day and three months. Level two is concerned and focused on decision-making and problem-solving from three months to 12 months. Level three is focused on decision-making and problem-solving from 12 months to 24 months, or one year and two

years. Level four is focused on two years to five years. Level five would be focused on five years to 10 years. Level six would be 10 years to 20 years. Level seven would be 20 years to 10 years. Level six would be 10 years to 20 years. Level seven would be 20 years to 50 years. Level eight would be 50 years to 100 years. Yeah, wow, now you can begin to see, when you start looking at the timeframes, what are the problems that people are dealing with at those different levels of work and as the organization becomes more complex, we can see the time span actually becomes a metric that we can really look at and examine the complexity inside those organizations.

Chris Comeaux: 22:09

Also, Tom, I was going to can you define work? Because last time you did, and it's just so foundational and you've alluded to it several times what's the definition? And it's one of the things why I love spending time with you, you have such a rich but also precise lexicon, which is super important to this work that you do, and that's the one reason why also Elliott, I think was a little difficult to read is there's such precision in the language and that language is important.

Tom Foster: 22:35

And language is simply. It's a manifestation of how we think, and organizational structure is simply a mental construct. So how we think and how we use language to describe how we think in these mental constructs has to be very specific. And part of the reason that Elliott is difficult to read is because very precise in his language.

Tom Foster: 23:00

When I look at the definition of work and when we think of work, very often you know we think about, you know, digging a hole with a shovel or something like that, and that may be something that we observe as work.

Tom Foster: 23:11

But Elliott defined work as problem solving and decision making. And there's appropriate problem solving and appropriate decision making at every level of work. For example, if I'm digging a hole with a shovel, you might describe the work as I'm putting the shovel in the ground and I'm digging some dirt out and making a pile next to the hole. But the decision making and problem solving that may go along with that is well, how deep is the hole? How wide is the hole If the hole gets more than four feet deep? If I'm on a construction project and the hole gets more than four feet deep, do I have to shore up the walls of that so they don't cave in, because I may have someone inside that hole, and if it's over four feet deep, they're likely to be buried. And so now we're getting into safety decisions and, quite frankly,

all I was trying to do was dig a hole. But there's appropriate problem solving, appropriate decision making at every level of work.

Chris Comeaux: 24:12

That's perfect, Tom. So, I was thinking about this as I was preparing. So, given what you just said about the levels of work, there's a lot of either talking about change or bringing change in healthcare, and there's also a lot of change coming afoot. And so how do you navigate? Well, this is the definition of the work today, but now we're going to tweak it around the edges, we're going to mess it up a little bit, we're going to try this new thing and next week we're going to try something new. So then, all of a sudden, the definition of work is changing continually, all in the name of well, you know, we've got to innovate because things have got to get better than they were before. Can you speak to that Like? That's a like love? Your analogy of digging a hole when, like science and technology, seems to start moving the needle? What does a leader do with that?

Tom Foster: 25:01

Well, I think first to understand levels of work is going to be helpful in all of this. Before I jump into levels of work being helpful, I would like to interject one word, and that word is necessity. You may be familiar with that word. Its origin is Dr Lee Thayer. We're not going to do anything that's not necessary. We would never buy a piece of equipment that wasn't necessary. We would buy a piece of equipment that is necessary even if we can't afford it. Why? Because it's necessary.

Tom Foster: 25:35

So, when I look at change, my first question is this change necessary, and where is that change coming from? So, let's look at two big areas. One would be technology and the other area we might look at would be external systems. So, let's start with technology. And when I look at technology, we find that technology comes from science, it comes from practice and it comes from efficiency, initiatives and things like that. And understanding where it's coming from will have application to where it actually gets designed, implemented and then executed. And so, looking at a technology and we almost have to pick the kind of technology that we're looking at to determine where its application maybe we're looking at to determine where its application may be. And so, if I'm looking at a change that we feel like we may need to make, first, I'm going to ask that question of necessity Is this change necessity of necessity?

Tom Foster: 26:54

And if it is, where is that necessity coming from? Is it coming from a customer's perspective? Is it coming from our production and efficiency? Is it coming from some qualitative source or resource? And looking at you know, where is it designed to be executed or implemented? Because implementation may be at level one, where we're actually doing something with a piece of technology, which may be a piece of equipment or some sort of diagnostic device that's going to help us understand what's going on inside, but the actual implementation or execution may be at level one. The design of that's probably going to be at high level two or level three.

Tom Foster: 27:43

I almost always go to level three because that technological innovation is going to likely interrupt one of our systems. And so now we have to look at how are our systems rolled out and where might this technology interrupt that system and what's the collateral damage inside that system. And how do we find that out? Do we find it out just by throwing the technology in there and allowing it to blow up, which is a perfectly legitimate way of doing some trial and error problem solving or are there some other things that we might engage in at level two and level three? Level two's problem solving I describe as best practices.

Tom Foster: 28:22

I describe as best practices Looking at what we already know that we might be able to apply. Level three would be root cause analysis. So instead of throwing a technology into the mix and just seeing what happens, we might be able to engage in some root cause analysis to figure out exactly what kinds of problems might be created. You know there was a rocket ship that went off the other day and it didn't go so well. Now I know they didn't just throw it on there and send it up to see what would happen. There was a lot of root cause analysis that went into just getting the rocket ship upright filled with fuel and taking off, and so looking at all of that and the different levels of work might give us insight as to how to design and implement that.

Chris Comeaux: 29:13

You remind me of two things. I came across many years ago, subway had like a simulation lab where they would actually trial new things, and then Kaiser had actually done that which you don't see that in healthcare. So, before they introduced anything new in the system, then Kaiser had actually done that which you don't see that in healthcare. So, before they introduced anything new in the system it had to go through their simulation lab. And I'm just thinking of the wisdom of that, because what you said, tom, is unfortunately a lot of how we do implementations of new electronic medical records. In fact, I still remember this wasn't someone we worked with. This was like a group of people

commiserating about their electronic medical record failures and the CEO said I just didn't think that it was going to change all of our systems like it did.

Tom Foster: 29:54

I remember thinking it's like everything you do flows through that system and just using the word system and connecting that in the same sentence with the word software, almost all software that's written is written at level three. Software is a system and because the software guides us through that system, it will definitely have impact on the people, systems or the physical systems that surround that software that we're recording data into from. Even more than that a single serial system from a piece of software when we roll that up into an enterprise system that's now going to have multiple systems that are all interweaved together, we begin to see software as a level four system, where we're taking individual single serial systems but we're taking data from each of those and able to compile that into additional and more complex reports that may be able to do all kinds of things, especially with artificial intelligence coming into the mix that's going to actually look for things in our existing data systems and put things together that we never even imagined.

Chris Comeaux: 31:12

And so, Is this why, so like in healthcare, the people that complain the most are the people at the level one and the level two, that the technology is nothing but like an albatross around or like a millstone around their neck? Is that because the system is not even designed to help at that level? It's more to aggregate things to help level three and four.

Tom Foster: 31:32

Well, it does. Its most powerful impact is going to be at level three and level four. That allows us to see things. The problem with software is it has certain requirements, the way the software code is written. It has certain requirements that, for the most part, can't be deviated. And, of course, level one and level two are all in the logistics. Let's just get it done and rules be damned.

Chris Comeaux: 32:02

Well, not all rules. The Marines in healthcare simplify, let's just get her done.

Tom Foster: 32:06

Yeah, and because you know, at the end of the day we have to have completed whatever it is that we're going for, and sometimes that may have violated a rule inside the software. So now the software is missing some piece of data that's not in the right place anymore, piece of data that's not in the right place anymore. I think that we'll find, as artificial intelligence

comes into play, that we may find the ability to take an aberrant piece of data and artificial intelligence is going to recognize it and put it where it's supposed to be in the first place, and may also provide suggestions and implementations for the things that we're going to observe at level one and level two. That may make things easier for people that are working at that level.

Chris Comeaux: 32:52

Yeah, you just give me a huge aha, and that wasn't the aha I was thinking I was going to have. At this podcast. We require at level one and two, a lot of what are you doing, document what you're doing. Well, now you're costing me more time, because if I could just do it and not have to spend time documenting it, so the technology could make that as seamless as possible and then aggregates that and you create some general instead of color by numbers, create some general guidelines. We use an analogy picture, like the lines on a road, because it's really hard to get down to color by the numbers. Now, if you have a process that could be nailed down from a mass standardization standpoint and there are certain building blocks that can. So, I don't know if you want to comment to that, but I'm having some aha's listening to what you're saying about a lot of our technology challenges.

Tom Foster: 33:36

Well, I think that part of the technology is going to move more towards real time. You know, if you've got someone at level one direct service provider who's conducting some sort of direct service that requires, you know, hand manipulation or the injection of something or whatever, and now they have to sit down and go okay, what was it? What time was it? All these sorts of things. If I have to write all that stuff down, it's going to delay me getting to the next thing that I've got to do.

Tom Foster: 34:03

And we're going to find that software, and especially artificial intelligence, is now going to be able to observe with cameras and things like that, and record things in real time, so that a human being doesn't necessarily have to be the data entry clerk anymore, and that we're going to find that that's going to speed a lot of things up. Unfortunately, we've got cameras that are coming into play more and more and more. I mean, when you drive down a toll road, now you don't even have to slow down. The camera is going to not only detect your license plate, it's going to find your license plate connected to your credit card, your license plate connected to your credit card, and by the time you're 50 feet through that toll plaza, you're going to get some sort of a notification on your watch that your credit card has just

been charged for the toll, and so we're going to find those kinds of passive data recording instances are going to happen.

Chris Comeaux: 35:00

So, Tom, I've got to make sure I ask you these questions because these are questions submitted by folks and fall to the first one. But support service departments, how does that play in? Because it seems like that introduces a whole other level of complexity, whether it's marketing, accounting Just think of all the different support service departments. How does that play into this whole thought process of levels of work?

Tom Foster: 35:28

So, let's look at single serial system and multiple serial systems. So single serial system would be level three, multiple serial systems would be level four. Now I said that you could actually create a company, a level three company, that had a core single serial system, and that's what we do. For example, you can have a small company engaged in home health care.

Chris Comeaux: 35:46

And that would be the single serial system is just the home health care. Just the home health care as opposed to a hospital, skilled nursing facility and a bunch of other what we would call service lines or other types of health care businesses.

Tom Foster: 35:59

Right. So, this single serial system home health care, we're just going to go in and we're going to do things that are healthy, but they don't necessarily require a certification. They may require some training, but we're just going to do things that are healthy, which means that that service provider may be able to straighten up the living room, maybe cook a meal, maybe provide assistance with clothing, those kinds of things, but may not be, not have the ability or the authority to administer drugs, Right, Okay. So now, if I'm going to have a larger home health care system that has certified you know registered nurses working for it, you know observing it they still go into the home. They may do all the other things that a single serial system service provider might do. But now they've got other things that they have to do and those other things, and let's just look at the administration of drugs. So, a direct service provider is going to go into the home. They have not only the ability but the certifications and the authority to administer drug regimens, whether that may be just, say, oral medication, to keep it simple. Now, all of a sudden, we've got some sort of a pharmacy system that we have to put next to our home health care system. So now we have two systems that are put together and now the pharmacy is going to supply a medicine that was

prescribed by a physician. Oh, my goodness, we just created now a physician's single serial system that's next to a pharmacy system, next to home health care system. Single serial system that's next to a pharmacy system next to home health care system. And so, what we see is these support services that begin to surround what we might describe as a core function.

Tom Foster: 37:56

For the organization to grow larger, we have to become competent at all of those functions. We can't just simply say, well, we've got really good people that work for us in our core function, but we have a lousy pharmacy and a lousy physician system. That's not going to work. For us to grow as an organization, we're going to have to have not only great direct service providers, we're also going to have to have a great pharmacy that does inventory management and all that sort of thing picking and packing the drugs, maybe blister packing and self-sealing into daily dosages and things like that. We're also going to have to have the best doctors that are the best that they do, and they follow our protocols inside of our organization.

Tom Foster: 38:37

By the way, we're probably also going to have some quality control on the backside of all of this. It's going to inspect and audit and make sure that we're now in compliance, because if we're getting large and we're now taking either government funding or we're getting insurance reimbursements or things like that, we're now subject to all kinds of compliance issues. So now we have to have a support service that's dedicated and focused just on compliance, that looks at what we're doing physically in the home and now auditing those kinds of things and recording those into reports that an auditor can come in and inspect and determining how all of that's actually going to work. So, these support services begin to move an organization from level three to level four, Begin to move an organization from level three to level four and as the organization gets larger, it's going to require those support services to not only just continue what they do but also to grow and build.

Tom Foster: 39:37

I think that that's why you see mergers and acquisitions. You're going to find an organization that grows up because they have a really good core service but they don't have some of the other support services. Maybe they've got them, but they're just not really up to snuff. So a larger organization that does have those support services now can come in and acquire, say, a smaller organization that has a good core service and then bring that into the fold, because the larger organization has a pharmacy system and has a physician system, A

direct health care or direct service provider system, has quality control and compliance systems and they're all up at a specific service level.

Chris Comeaux: 40:15

The more you talk, the more I'm like no wonder this work is so flipping complex. I've heard you several. You're mentoring a group of us in my organization, tom, and you've said several times work moves sideways in an organization. Can you unpack that? What does that mean?

Tom Foster: 40:32

So, this also begins to illustrate the difference between level three and level four. Level three, with just a single serial system. We can manage that fairly easily. It's a core system. It doesn't have a lot of complexity inside of it. It's a core system. It doesn't have a lot of complexity inside of it. When we move to level four system, we begin to put all of these other systems side by side and find that work actually moves sideways from one system to the next.

Tom Foster: 40:59

For example, let's look at just the service delivery of providing medication to a patient in the home. It's going to start with some sort of a. I'll go all the way back to the beginning. We find a patient in the home because we've had some sort of a community outreach system In a company. We might call that marketing, but you might call it community outreach, so that the community can find out that we've got this service and people who would be appropriate for the service that we deliver would find us. Now, when they find us, that marketing system is going to turn that over to someone who's got some sort of an intake system. That said, ok, you know what's your age, what's your height, what's your weight, what are the maladies that you have. What are the things that we can observe? And I'm going to take that intake diagnostic system. I'm going to turn it over to a case manager. Now that case manager is going to actually manage the case in a different type of business it might be a project manager, so that case manager is going to manage a number of other variables that go around. That case manager is going to have access to some physicians. That physician is going to read the case, may even examine the patient or depend on other diagnostic assessments that are made about the patient that the physician has access to and the physician may prescribe a medication. That medication prescription is now the physician may prescribe a medication. That medication prescription is now going to go to a pharmacy. That pharmacy is now going to fill, pick, pack and seal and transmit that to either a nurse who brings it in, or a separate delivery service. The nurse is going to come in and that nurse is going to unpack that and is going to validate and make sure that what's

actually delivered in the package is the same as the physician's prescription. So each one of those, there's a handoff of work that moves from one function to the next function, to the next function to the next function.

Tom Foster: 42:58

When I look at the difference between level three and level four, level three just has to be concerned about the single serial system, not a lot of moving parts, relatively. We move to level four Now. Level four has a number of different systems that all have to work together and that's why I described the intention or role at level four as one of integration. We have to look at how organizations, these multiple single serial systems, are now integrated together. And the first thing that I look at are handoffs, because work moves sideways from one function to the next function to the next function and we can't drop the ball between any of these functions because we'll find out later in the chain, as work continues to move sideways, that some ball got dropped.

Tom Foster: 43:43

I mean, is there a difference between a milligram and a microgram, MG versus MCG? And it's just a decimal point? But that could be a big deal. If we're not accurate up front as we prescribe that, or misread it or misrecord it, then we're going to find out later down the road and hopefully it's in some later inspection as we move through. So that's why I say work moves sideways and that's all level four stuff. Looking at those handoffs of work, decisions that are made and problems that are solved, those handoffs that move from one function to the next.

Chris Comeaux: 44:23

And Tom, in healthcare quite often we may not have the technical knowledge within an organization. So, let's say, at level one, level two, the technical knowledge is not at that level, Like they're missing a piece of knowledge. And in healthcare it's the human body. It's a complex system, it's trillions and trillions of cells. How does that factor in? And let's say one, maybe it's somewhere in the organization at a higher level. Or let's say it's not even in your organization, it might exist elsewhere.

Tom Foster: 44:53

So, when we look at organizational structure and the definition of organizational structure is simply the way that we define the working relationships between people and when I say define the working relationships, it's according to these two parameters In that working relationship, what is the accountability and in that working relationship, what is the authority? There are two different types of working relationships. There are vertical working

relationships, which we see most clearly as managerial working relationships. Every person at level one knows they have a supervisor at level two. Every supervisor at level two knows they have a manager at level three. Every manager at level three knows that they have an executive manager at level four. We understand that managerial vertical relationship in terms of those two things in that working relationship, who has the authority authority to do what, make decisions and solve problems the way we would have them solved and what is the accountability that exists? So, we understand that pretty well. Your question, however, is what if we have some technical process that we have to learn, understand and train and competently execute, yet the manager may not have the technical understanding to do that training? So what do we do? And specifically, what does that manager do? Because that manager has some accountability in that working relationship to make sure that the people on their team are properly and appropriately trained. So now we have to look at what are the horizontal working relationships. That manager is likely to go outside of the team. Maybe it's someone in the organization, it may even be someone outside the organization who has the technical expertise, that comes to the table with that technical expertise and is able to train, observe, coach until we've got competent technical delivery of whatever that is. So now we have a horizontal, cross-functional working relationship. So now we have a horizontal, cross-functional working relationship. No-transcript is may not be a manager of anybody, may just be an individual technical contributor, which is another term that Elliot used. And those are people who may be working at level two, level three or level four, but it's not in a managerial level, it's just the complexity of what it is that they understand and have the ability to teach are at level two, level three or level four. But we're going to bring them into the mix and we now have a horizontal, cross-functional working relationship.

Tom Foster: 47:52

Technically that cross-functional working relationship and the good news is there's only seven types of cross-functional working relationships but where this manager needs some assistance from someone else, that first cross-functional working relationship is called service getting, service giving. So, the manager needs a service from an individual technical contributor, maybe a technical consultant, who can come in and train. So, they're going to get a service from either someone inside their training organization or someone outside the training or someone outside the organization and bring them in. Now in that working relationship service getting, service giving there's going to be some accountability. The accountability for the individual technical contributor is to come in and competently train the people on the team.

Tom Foster: 48:44

The authority is that the manager in that working relationship is going to have the authority to determine when that training is going to happen, which team members are going to attend which training, which team members are going to have to be retrained and retrained and retrained. So, there's still some authority in that training opportunity. But the manager is training on one side and the individual technical contributor is training on the other side, providing a service. So, service getting, service giving, is the first type of cross-functional role relationship in that list of seven.

Chris Comeaux: 49:24

I think we're going to probably run out of time to go through all seven. But that man, there's just so much there in what you just said. So, tom, here's how I was going to have you land the plane for today. Gosh, you're just such a wealth of information. And it also again, I just sit here and marvel just how complex organizations are. You have a never-ending amount of work. I could imagine you can't ever retire, man. I know you're actually contemplating that. But what would just land the plane this way? What are some practical tips for leaders in regards to how they compose their organization? Like, where do they start? I put myself in the shoes of listeners who are like, oh my gosh, this is hugely complex. I'm looking at my organization, going, yeah, we're not structured right. What would be your advice? And where do they start?

Tom Foster: 50:07

So, I start back with that first rule of thumb, which is always necessity Is the work that we're doing necessary? So, in any business model, I start with the customer Does the customer have a need that we have the ability to solve? And then, in that solution, what's necessary? Is it people, is it machinery, is it technology? Whatever it is.

Tom Foster: 50:33

Second thing is to, when we figure out what work is necessary, is actually to define the work, and define the work according to levels of work. In other words, what is the direct service delivery, which is typically at level one, production work? How is that work organized, scheduled and coordinated, which is typically level two? That's going to depend on the size of the level one team as to how many people you may need at level two as the organization grows. Then what systems do we need?

Tom Foster: 51:11

And systems now bring us things like consistency and predictability. So, we may have a process at level two, but if we don't have a system that we follow all the time, our output is going to be somewhat inconsistent and somewhat unpredictable. What systems do at level

three is they bring in the consistency and the predictability and really looking at what's the work inside each one as the organization grows, moves up to level four, we're now going to have multiple systems and subsystems that have to be integrated together. I think the biggest challenge for most companies is really defining what's the work, what are the decisions that have to be made and what are the problems that have to be solved at each level of work and as the organization grows, understanding that headcount for me is just a raw indicator to help me see the complexity that's growing on and what might need to be happening inside the organization.

Chris Comeaux: 52:12

Yeah, you took it back full circle. That's great because that takes us back to your superpower and people are like how does he know that about us? Because you look at that org chart, you look at the number of people and that tells you. It's amazing that those two things tell you so much. But then, as you go through those questions, I can see why those are great diagnostic tools for you. Any final thoughts, Tom?

Tom Foster: 52:32

Well, we could go on for another 12 hours, if you'd like we could.

Chris Comeaux: 52:36

We could. We may have to do a part three.

Tom Foster: 52:39

I think we can stop here, though, and field questions coming in and put a part three together.

Chris Comeaux: 52:48

Perfect, Tom. Thank you Again. You're a treasure. So, to our listeners, we appreciate you. At the end of each episode, we'll always give you a quote, a visual, something that might create a Brain Bookmark, and there won't have to be a couple for Tom, because of just the wonderful, impactful aspects of what he just shared. The idea is a thought prodder about our podcast subject. The further you're learning and your growth, thereby your leadership, we're going for stickiness like a brain tattoo.

Chris Comeaux: 53:10

Be sure to subscribe to our channel, the Anatomy of Leadership. We don't want you to miss an episode. Pay this forward to your friends, your family, your coworkers, those folks that could benefit from this, and you think about everything that's produced in our society

comes from an organization. And, Tom, my kids are now going out into the work world and I want them to work in a great place, and you see how this work is so foundational to that and, again, to our listeners. I think that's why this is so important. It's easy for all of us to rail against the world and be frustrated. Let's be the change we wish to see in the world. So thanks for listening to Anatomy of Leadership, and here's our Brain Bookmark to close today's show.

Jeff Haffner: 53:46

“Which comes first organizational structure or culture? Organizational structure is culture and culture is organizational structure.” By Tom Foster.

Ad – Dragonfly Health

Thank you to our Anatomy of Leadership sponsor, Dragonfly Health. Dragonfly Health is also the title sponsor for Leadership Immersion Courses. Dragonfly Health is a leading care-at at home data technology and service platform with a 20-year history. Dragonfly Health uses advanced technology and robust analytics to manage durable medical equipment and pharmaceutical services as part of a single, efficient solution for caregivers, patients and their families. The company serves millions of patients annually across all 50 states. Thank you, Dragonfly Health, for all the great work that you do.