Cave Creek: a national tragedy (B)

"We can't fault your proposed new systems for Quality Conservation Management, but …"

Almost from the day of the Cave Creek collapse,[1] a Department of Conservation (DOC) team led by the Executive Manager Strategic Development, Keith Johnston, had been working to improve quality and safety systems to ensure, as far as humanly possible, that such an accident could not occur again. As the scale of the task evolved, team membership had grown, involving Conservancy managers like Hugh Logan from Nelson, as well as Head Office people.

Less than a year after the tragedy, after a review of overseas best practice, they had created Quality Conservation Management (QCM), developed specifically for DOC. QCM was designed to overcome issues identified by internal review, and implement the recommendations of the two major reports on Cave Creek: the Commission of Inquiry (Noble) Report and the Morris Report.

Now, confident they had covered all the required bases from both reports, the DOC team had tabled their proposals for the ministerially appointed Private Sector Oversight Group. Director-General Bill Mansfield had suggested that examination and endorsement of the QCM model by such a group would provide the external verification necessary for its effective implementation and public credibility.

Private sector credibility

Chairing the group was Kerry McDonald. A member of the (conservative) Business

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This case was written by Janet Tyson, with supervision by Professor John Alford and Dr Richard Norman, ANZSOG. It describes events following those in the companion case 2004-2.1, but can be used for in its own right. It has been prepared as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation. The assistance of Keith Johnston, Keith Lewis, Hugh Logan, Bill Mansfield and Kerry McDonald is gratefully acknowledged.

[1] See Tyson, Janet. (2004) Cave Creek: a national tragedy (A); ANZSOG Case Program 2004-2.1.

Round Table, he was seen as someone with good lines of communication to the right-of-centre government.

McDonald was CE of Comalco New Zealand, the major shareholder and operator of New Zealand's only aluminium smelter at Tiwai Point at the southern tip of the South Island. His association with DOC went back to 1991 when Comalco had committed to a project, partly based on funds from recycled cans, to save the endangered kakapo, the flightless night parrot.

The other committee members were Murray McKee, New Zealand Conservation Authority member and, until recently, senior manager at Coal Corporation, and Quality Assurance consultant Kerry Laing.

As they considered the QCM proposal, with its promise of a new culture of "best practice and continuous improvement", Kerry McDonald recalled that they were "all on the same wavelength. It took us just three hours to decide that implementing QCM was a waste of time, if the organisation was not functioning. If the foundations are going to collapse, there's no point repairing the roof."

Their words to Bill Mansfield were blunt. "We can't fault your QCM system. But we don't think you will implement it unless you have first checked that the structure will support the systems."

Requisite organisation

Unknown to the DOC team that recommended his appointment, McDonald had a particular interest in organisational design. He had been introduced to the approach known as Stratified Systems Theory (SST) in the mid-1980s while part of the management team for Conzinc Riotinto Australia (CRA), Comalco's parent company.

Psychologist Elliott Jaques devised the research-based system known as Requisite Organisation,[2] which he described as "doing business with efficiency and competitiveness and the release of human imagination." SST was the mechanism for achieving this.

Within an organisation, Jaques put people in accountability hierarchies. Managers could only be held fully accountable if they had VARI – the right to Veto an unsuitable appointment, to Assign, Review and Reward work and to Initiate the removal of a non-performing person from their role.

SST analyses the work within an organisation with time-span measurement, what has to be done, and by when. The highest level of work has the longest target completion time. Jaques established seven strata of work that rise from daily tasks through to taking a long-term global perspective. As the levels increase, so does the complexity of the tasks. *(Exhibit 1).*

[2] Jaques, E (1989) *Requisite Organisation – the CEO's Guide to Creative Structure and Leadership.* Cason Hall & Co, Arlington, Virginia, pp16a–20a.

At Strata II some reflection is called for, Strata III needs direct judgement plus diagnostic accumulation, while Strata IV is "driving a troika of horses through the woods". At Strata V there is a need to construct unified whole systems, to judge the likely impact of changes and events both internally and externally. There is a significant shift to step up to Strata VI, where work "occurs in a setting of continual bombardment of political, economic, social, technological and intellectual events from the whole world-wide environment." Strata VII pursues world-wide strategic plans for development, acquisition, mergers or joint ventures.

CRA chairman/CE Rod Carnegie had become fascinated with the SST concept, which in his view was perhaps the only credible attempt to apply science to management. He had spent millions investigating it, observing it, working in practice, and then, ultimately, applying it.

Kerry McDonald had been one of an initial group of managers who had spent weeks working on turning theory into practical policies, which were first tested at CRA's Woodlawn smelter in Australia. After one false start, the business went on to operate successfully using SST principles. Comalco's Tiwai Point smelter at Bluff, New Zealand, became the second business to trial the concepts.

Commitment from shop floor to strategic planners

Carnegie liked the way SST called for involvement, commitment and imagination from everyone throughout the organisation. "He'd noticed how he could have insightful conversations with people who might just have been pushing a broom on the shop floor. They had worthwhile contributions to make, and he wanted to tap into this," McDonald said.

SST provided a framework for doing this, by clearly identifying the relationships between every work role in an organisation. More controversially, it also assigned a strict hierarchy to the work being done, assuming that different levels of work require different cognitive ability.

McDonald's enthusiasm for Organisational Development or OD as CRA called it, developed from his experience with its powerful benefits for businesses, and employees' development and work satisfaction. "At Tiwai Point, things started to go ahead fast, and we made great gains," he recalled.

With his experience of organisational and performance analysis, he looked at DOC from a perspective different from that of the many others who had reviewed the department, before and after Cave Creek. He saw there were more fundamental problems than just introducing a better health and safety culture. The rest of the Oversight Group agreed.

"I found Bill Mansfield had 22 direct reports – a nonsense! Even Superman couldn't be effective with 22 direct reports," McDonald recalled. "Various indicators like that just firmed up our view of what we had to do."

As he told Mansfield: "We are playing with the pimple on the pumpkin. The pumpkin is the problem."

He suggested that DOC arrange a one-week assessment by Bach Consulting. The company had been established by former CRA employees Julian Fairfield and Peter Cooper, now working in organisational development on their own account.

McDonald later used the pumpkin analogy to enlist ongoing commitment to the comprehensive restructure from an initially sceptical new Minister of Conservation, Simon Upton. Denis Marshall, Conservation Minister at the time of the Cave Creek collapse, had resigned in May after he had succeeded in getting DOC an additional $NZ60 million,[3] over three years, to upgrade visitor services.

A fluid and confused coalition

Bach Consulting began their work in July. Armed with sheets of newsprint and felt pens, they sat down with groups from DOC Head Office and talked through the realities of a range of activities. "How do you do this? Who does that? Who makes the final decision? What quickly emerged was that there was no effective organisational structure, just a loose, very fluid coalition of highly committed people. Lines of communication were almost completely ad hoc," McDonald noted. "There was a very confused picture of accountability." Managing relations with diverse community stakeholders consumed an enormous amount of energy for very little result.

Based on the initial findings, Bach Consulting got the go-ahead for a comprehensive organisational diagnostic,[4] which was presented on 9 August 1996. It recommended significant structural and operational change.

It pinpointed a lack of line management, and the difficulties of managing autonomous conservancies with "the invasive and inefficient constraint of a consensual management approach."[5] Though funding and work organisation centred almost entirely on projects – up to 800 per conservancy per year and a total of 8000 nationwide – the concept of project management was not well understood.

Bach Consulting recommended overcoming this with a two-step process. First, "creating a structure with strong operational line management, each level having a clearly defined and separate role from adjacent levels"; and improving management of Community Relations "in a way that ensures resolution without undermining managerial hierarchy".

The second step called for "a style that requires regular manager-subordinate performance reviews, and the need for disciplined compliance and monitoring of controls" along with "the disciplined institution of standardised operating procedures in a uniform way across the Department."

It also – for only the second time in 50 Bach Consulting projects – proposed introducing an additional layer of management and thereby a complete departmental restructuring.

[3] In 1995 one $NZ equalled $US0.66.
[4] Department of Conservation, Internal Paper 020896, (1996), 'Department of Conservation, Organisational Diagnostic', Bach Consulting. (Bach).
[5] Bach, p1, this and subsequent quotes.

Redo the organisation

Bill Mansfield:

> "The Australian management consultants came and did a complex organisational diagnostic, and said you've got to redo the organisation from top to bottom. We gulped, and then we accepted their advice.
>
> "Instinctively, you say, we had a failure in one system, at one place, due to a lot of foolishness. Surely we don't need to redo the entire system. It's taking a sledgehammer to crack a nut.
>
> "But, to me, the organisational diagnostic had the clear ring of truth. We had matrix management (where responsibilities are across as well as down organisational levels, with a reliance on persuasion rather than direction).
>
> "The structure placed Head Office directors responsible for specific areas of policy on the same level as Regional Conservators who had the responsibility for implementing policies. The theory behind this design apparently was that it would ensure that particular policies would be both relevant country-wide and also practicable.
>
> "But it certainly created a level of tension between the Head Office divisions and the Conservancies, and what the diagnostic showed was that enormous amounts of energy were being used up in unproductive low-level churn while decisions went untaken."

With no clear line to an ultimate decision-maker, it was often difficult to move beyond opposing but equally passionate viewpoints on some conservation issues.

Drivers to reform

Keith Johnston reflected that, ironically, the trauma of Cave Creek gave DOC the courage to commit to wholesale organisational change.

> "We had failed at the core of our function. It was an emotional driver to reform, which arose out of our sense of shame and responsibility, by association, with something that had gone so wrong. We had a personal responsibility to put it right.
>
> "The second driver was the risk that the department would be dismantled. If we didn't move quickly to make change, change would be made to us."

This prospect had prompted Mansfield to suggest the Private Sector Group involvement with QCM. Both he and Johnston feared the unique integrated conservation model would be disestablished. Not only was there was growing private sector pressure for decisions about access to the conservation estate to be taken out of DOC's hands but other advocates were urging that government should leave conservation to trusts and foundations.

"Our judgement was there was significant risk that the visitor function would be split from the management of biodiversity. It was essential to keep the integrated function that made the New Zealand agency unique. It was of international significance and great advantage to be managing all together under a clear conservation mandate," Keith Johnston recalled.

Line, service and support

A 10-person Organisational Process Review Team from DOC was set up in August to implement the new structures. Nelson/Marlborough Conservator Hugh Logan commuted each week to take part in a process he found intellectually exhilarating and personally valuable. He pointed out that there had been questions in many people's minds, including Mansfield's, about the organisational design and operation prior to Cave Creek, but "(the CE) did not want to push against a ministerially directed change."

For Logan the "light bulb moment" was the breakdown of roles within an operational organisation. A key part of Stratified Systems Theory is to designate work functions as either line (delivery), service, or support, so that all staff know exactly what is expected of them. "It was a philosophy of an operating organisation that unconsciously I had recognised a long time before," he said.

Logan had been director of the (then) DSIR Antarctic Programme, where participants would be left to their own devices to winter over on the ice without possibility of rescue if anything went wrong[6]. He knew "you have got to give people accountability, get the lines of who is reporting to whom and why, what people's roles are, clear lines of delegation, so it doesn't all turn to custard."

Maintaining the momentum

By the end of 1996, the new organisation was taking shape, with change proceeding at a speed that impressed Kerry McDonald.

"Designing the new organisation in accordance with the SST principles while reality-testing it at all levels was a complex and time-consuming task," Bill Mansfield recalled.

A further complication was the general election at the end of 1996. The DOC team put in considerable effort to ensure that their restructuring proposal retained support and momentum through this period, keeping both Government and opposition parties briefed. McDonald from the Oversight Group also played a key part in ensuring the commitment to funding the restructure was maintained by the National Government as it was returned for a third term.

The new structure

As the new structure was developed, vast numbers of systems and standard operating procedures were being generated. Systems, accountability, management style: even the simplest things were documented. The first draft of what would become the *General Managers' Handbook* was prepared in 1997.

Head Office functions were the first to be restructured, with the number of policy managers significantly cut and their function no longer dedicated to one type of output. There had been separate policy specialists for fire, biosecurity, endangered species "all

[6] As leader of the first phase of the recovery operation when an Air New Zealand DC 10 crashed on Antarctica's Mt Erebus in 1979, with the loss of all 257 lives, Hugh Logan was awarded a Queen's Service Medal.

talking to each other and going round in circles," Keith Johnston recalled. "There were 60 staff called policy analysts in Head Office. Now I manage a group of 13."

The new position of regional general manager was established so there was a clear line from Head Office to Field Office. Three regional general managers each oversaw four or five conservancies, grouped geographically.

No more than ten direct reports

The whole organisation was designed so that everyone had at least five, and no more than 10 direct reports. This is a fundamental of Stratified Systems Theory, and one that underpins the effectiveness of regular operating reviews.[7]

These reviews "have enabled us to embed ideas of personal accountability and risk management in a way that we would not have imagined that such a simple, logical commonsense process would do," Johnston said. "It was one of the first things that we introduced. We didn't envision it would be the most significant change in managing issues and making improvement, but it is."

The success of the operating reviews vindicated the care that had gone into designing the new structure, right down to location of offices in each conservancy, around them. "We calculated the driving distance between offices to ensure that regular face to face reviews could and would take place as often as needed," Johnston said.

Face to face meetings

> "The general managers meet the director-general bi-monthly. Virtually all staff have regular formal face-to-face engagement with the person they report to, every month. It's the most transforming thing. Some people hadn't had regular meetings with their managers more than once a year, if that. You can't manage, monitor and follow through on performance on one meeting a year.
>
> "Now everybody knows what's coming. It's a structured process that is put in people's diaries across the organisation. There's pressure on their diaries, but they make it happen. People see the value in it."

Bach Consulting kept pushing the pace of change, particularly for the department to start exploring "work of role" at each level in the hierarchy, based on increasing levels of complexity and timeframe of task.

At Level I, the focus is completing daily tasks and projects, at Level II delivery of outputs, and Level III integrating outputs and services. Level IV manages systemic capability, while Level V is devoted to strategy. Those at the top of the organisation work "ten years ahead", focussing most of their time and energy on strategy, rather than familiar operational activities.

In late 1996, just months into the restructuring, this was one mindset shift too many, Johnston admitted. "We told them to bugger off, we're focussing on survival."

[7] Department of Conservation, (2001**) '**General Managers' Handbook'

In the restructuring, everyone had to re-apply for their jobs. Some of the new line managers were appointed despite having no conservation connection – for example from a retail business – "even though some internal applicants were competent."

"If you haven't been responsible, publicly, for a tragedy, you don't get the same driver for change," Johnston said. "When you get the inevitable internal and external resistance, you don't have the momentum. We had lots of momentum. We had broken through the hardest stuff for DOC."

A new CE

By the end of 1996, Bill Mansfield felt confident that the change process was sufficiently on target. He announced that he would resign as from May 1997, after he had completed the process of appointing all the general managers, the entirely new second tier of the department, and when the new Head Office and Regional Office structures were in place.

Mansfield wanted his successor to come from within the department if at all possible, and had his eye on Hugh Logan, newly appointed as one of the three regional general managers. After a protracted process, with a battery of interviews, Logan was appointed.

Like other CEs appointed from 1997 onwards, the State Services Commissioner issued Logan with an "expectations letter".[8] Prompted by the SSC's review of accountability following the Cave Creek tragedy, this delved further into the issues to be considered by a CE faced with a similar situation.

"For the staff, Hugh's appointment was brilliant. For the first time, a person from within DOC was appointed to the top conservation job," Johnston said. "It gave a lot of heart to the organisation at a critical time," when National's new minister, Nick Smith, "was determined to hold our feet to the fire until we got it right."

Logan, with his background as a member of the organisational process review team, was committed to continuing the restructuring process. "I was instrumental in part of the change, I bought into it, I could see the organisation needed it," he said. "There was initial resistance, even to the operating review system. Once people saw it working, they realised it was an opportunity for two-way communication."

By November 1997 the new conservancies and area structures were in place.
One step of change led to another. "We made initial change, then it took us about a year and a half to recognise that in fact we hadn't completed the change. We had only done it down to a certain level. We hadn't really examined the functioning of the Area Offices, so that came later," Hugh Logan said.

In late 2000, a review by Internal Audit Manager Alan McKenzie painted a frank picture of persisting shortfalls between the intentions of the restructuring and the reality of daily operations.[9] Issues including ongoing lack of co-ordination, problems with

[8] State Services Commission. (2003) 'An Ethics Framework for the Public Service', p10.
[9] DOC Confidential memo, 2000.

communication between divisions, and especially confusions about work at Levels III and IV, prompted DOC to really focus on the key aspect of work of role.

Role descriptions and expectations

As the *General Manager's Handbook* makes clear, a role description is different from a job description. A job may cover more than one role, but one role will be the predominant activity in that job. Every position will include a role description. Role descriptions relate to expected levels of work, behaviours and relationships. Each role is clearly defined according to organisational level, whether it is a line, service or support function. The overall aim is to achieve national consistency in every aspect.

As Johnston described it, it is relatively easy to get your head around the concept of work of role, but it can be harder to put it in practice.

> "You must keep asking, what am I really doing, am I doing it appropriately? It's onion-like, you keep peeling off another layer. I found I was thinking at the level but not working at the level. As general manager policy, at level four, I was spending too much time at level three on the synthesis of policies, and not doing very much to make sure the overall policy system was sound and healthy and operating.
>
> "There's a similar issue for Conservators, who are at level three. If the level two people (area offices) are responsible for outputs, what's the conservator responsible for? Making sure that in their conservancy, their area, they are producing the right, best mix of outputs. They are the linkage between the policy and the delivery. Are we putting together the right packages across this conservancy, are we pulling together, and is it the right mix of people below me, that are responsible for delivering the outputs?" *(Exhibit 2)*

Move faster on work of role

Hugh Logan reflected

> "If I redid (the organisational restructure) I would move faster on work of role. I would have done earlier the stuff we have done in the past two years. But I wouldn't have, couldn't have, done it in the first year.
>
> "I probably would have done more in-depth work on what is truly meant by accountability *(Exhibit 3).* I would make sure we were much more top-to-bottom, and paid more attention to the delivery element down the line, the area managers and their programme managers. The overall structure was done first, but there was an important filling-in bit that had to be given attention."

Logan found the most difficult aspect of the restructuring was

> "not the people issues, which is what everyone seems to say. It was dealing with the speed of change. You have to accept that with such a decentralised and geographically far-flung organisation, you can't pull the levers too quickly.
>
> "It is hard, without throwing a disproportionate quantity of resource at it. You would do it if the change imperative was so crucial you had to do it straight away. It's a judgement call about the problem to be fixed and the resource and time to fix it."

Exercising judgment

DOC's core business involves daily judgement calls. "The nature of our business involves risk, more than others, because we are dealing in a potentially hazardous physical environment, and we are dealing with a type of business where we have got to be careful about exposing the things we manage to undue risk," Logan said.

In the aftermath of Cave Creek, with the intense emphasis on establishing and following procedures, he felt staff became perhaps overly cautious about risk. But he rejected any suggestion that DOC as a whole could be described as being risk averse.
DOC, he said, "is by its own lights, a learning organisation" committed to continuous improvement.

Doing conservation better

By his sixth year as Director-General of DOC, Hugh Logan was one of the New Zealand Public Service's most senior CEs. He remained an advocate for SST and the potential that it can unleash. "It never gets easy, but it gets easier, and you start to see breakthroughs. Most important, you start to see how to do conservation better, and that becomes the driver for what you do."

Conservation bodies around the world now looked to DOC as a best practice example. The *General Managers' Handbook*, which documents all procedures and relationships, had been widely used by agencies overseas, and referred to by others in New Zealand.

DOC's comprehensive asset valuation and registration system, born out of the confusion of the Cave Creek era, was also seen as an international benchmark. Like other key documentation, such as standard operating procedures, every staff member could access the asset register electronically.

The benefit of hindsight

For Keith Johnston, the extent of the change at DOC has occurred, paradoxically, *because* the Chief Executive did not resign in the immediate aftermath of Cave Creek – despite that non-resignation contributing to a public perception of a lack of accountability for the tragedy.

> "A better result was achieved, in the long term, because Bill Mansfield chose to stay on as CE. There was a personal cost to him, it was upsetting to many of the families of the victims, there were costs to the Department and the wider public service. But I believe he was driven by an intensity and commitment that led to more fundamental change than would have occurred with a "change-manager" CE, with someone who had not had the sense of accountability that came from leading the Department through the tragedy, from apologising personally to each of the families involved. That commitment to put things right enabled us to push through to a level where the improvement process could be self-sustaining."

For Bill Mansfield, who went on to an international legal appointment and who remains involved in a range of international law and managerial activities in New Zealand, Cave Creek remains a "searing emotional experience" that he still thinks about almost daily.

He has found it puzzling that

> "throughout the whole [pre-Cave Creek] strategic planning process (Atawhai Ruamano) not just our staff, but a wide range of stakeholders in the process, Conservation Authorities and Boards, users of the conservation estate, no-one identified that we needed to look at our structure or project management systems, or raised any doubts about the kind of structural work that we were doing."

In his report to the Planning and Development Select Committee at the end of 1995[10] Mansfield had observed

> "People have asked why the need for a nationally consistent project management system … was not identified earlier. The question has haunted me and my colleagues over the past many months. The answer is not simple, as Judge Noble has concluded. With the benefit of hindsight, and in light of the terrible consequences, the lack of an effective project management system at Cave Creek is hard to accept and hard to explain. However, to use a medical analogy, it is difficult to diagnose a disease if there are no symptoms."

The wrong questions

Keith Johnston, who drafted the earlier Atawhai Ruamano strategic document, said

> "It is chastening to me, and as the person responsible, I take a significant lesson from the fact that in all of that the consultation in our strategic intent process, no-one had said this organisation had a major weakness in structure, in lack of systems. We were not asking questions in a broad enough way to elicit a view.
>
> "It is a lesson how mental models can take you. We saw the strategic planning process as a success. We focussed on the need to improve, but not on the fundamental flaws that were identified post Cave Creek.
>
> "Looking back, I suppose there were always some signals, some gaps in the system. We did not see the bigger gap, that there was not a system of management accountability or operational reviews. We didn't see that the line management was missing, and it was not on the table to change the structure.
>
> "We knew there was a significant co-ordination and delegation problem. We tried to put in place mechanisms for more co-ordinated activity, and to ensure that actions would be taken by conservancies. But I don't think we identified that the problem was so inherent in the structure that we should restructure, because we were so significantly set against restructuring."

The Cave Creek Legacy

The words "Cave Creek" still resonate with every New Zealander.

On the West Coast, a plaque marks the scene of the tragedy, and there has been no attempt to rebuild a viewing platform. Families of the victims have been compensated by the Government, with the largest payment going to the tetraplegic Stephen Hannen.

[10] De Bres, J. (1999) Tragedy at Cave Creek: What Should a Chief Executive Do? Te Huarahi Ki Mua – The Way Forward; Beyond Recovery', background papers on the Department of Conservation's response to the Cave Creek tragedy, p4.

The legacy of Cave Creek can be traced throughout the New Zealand public service, from the new code of ethics to the revised CE contract. Organisational development has been applied to varying degrees in a number of other departments, but none has yet gone so far as DOC.

On DOC itself, Cave Creek has made an indelible mark. At the lowest point, loyal staff were reluctant to say who they worked for. “For some time, everything was “Before Cave Creek” or “After Cave Creek,” Keith Johnston said. Around 1999, four years after the tragedy, there was a conscious decision to “move on” and confidence began to build.

“I think the broad public interest has been served by having a fundamentally improved, learning organisation. DOC has atoned through a long commitment to improvement,” Johnston said.

Lessons still to be learned

Kerry McDonald, who subsequently became chairman of the State Sector Standards Board, set up in late 2000, retains a passionate interest in the performance of organisations. He has used DOC as an example of a successful organisation, although he sees a loss of momentum to improve in DOC after the initial changes.

In its final report on the *Ethos of the State Sector*, the Standards Board acknowledged substantial improvement in many aspects of concern it had identified at the outset. It also identified a need for further initiatives across the public service to improve the quality of leadership, performance management systems and process, training and development of staff and succession planning and career development.[11]

The report was published on 30 June 2002, and a number of developments have since taken place. However, McDonald feels there is a continuing lack of understanding of the importance of organisational issues in the Public Service generally, and a consequent lack of systematic incentive to improve. He sees current and recent examples that illustrate his particular concern about the weakness of the performance management processes, and systems of support and training for CEs, that have led to situations in other agencies as serious as, if not as dramatic as, the Cave Creek Tragedy.

[11] State Sector Standards Board (McDonald, K, chairman), (2002) ‘Report on the Ethos of the State Sector’, 30 June. Retrieved 23 September 2003 from www.ssc.govt.nz

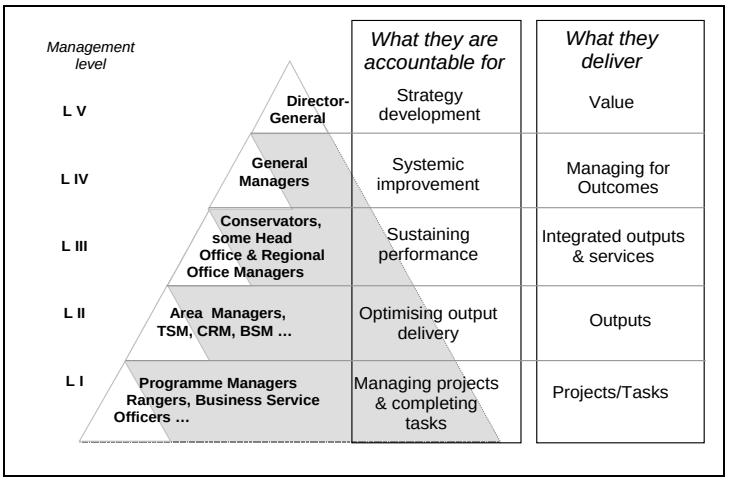
Exhibit 1: A Stratified Systems: The Jaques model

Stratum	Time span	Equity pay	Typical title and role	Sphere of operation
VIII	50 yr	$16x	Super Corporation Chairman/CEO Long term social mission. Construct cultural values	Strategic Corporate
VII	20 yr	$8x	Corporation CEOs and COOs Set long-term operational perspective/culture/values	
VI	10 yr	$4x	Strategic Groups of Business Units EVPs;HQ and Business Development EVPs Align corporate mission/culture/values with Business Unit mission and devpt.	
V	5 yr	$2x	Business Unit Presidents; Specialist VPs Policy leadership and direction of business units	General
IV	2 yr	$x	Factory or sales organisation GM; Specialist GM Set climate for Mutual Recognition Units	
III	1 yr	$55%x	Unit Managers and Specialists Mutual Recognition leadership	Operational
II	3 mths	$31%x	Output team. First line manager (FLM) First line specialists. Direct face to face leadership.	
I	1 day	$17%x	Supervisory Assistants; Operators/clerks. Face to face, day-to-day, peer group leadership.	Shop/office floor

Notes: 1. A major shift occurs between level III and level IV – from operational management to general management, from a primary direct approach to a secondary or more abstract approach. 2. Another major shift is between levels V and VI, from general management to the corporate, strategic, world wide environment.

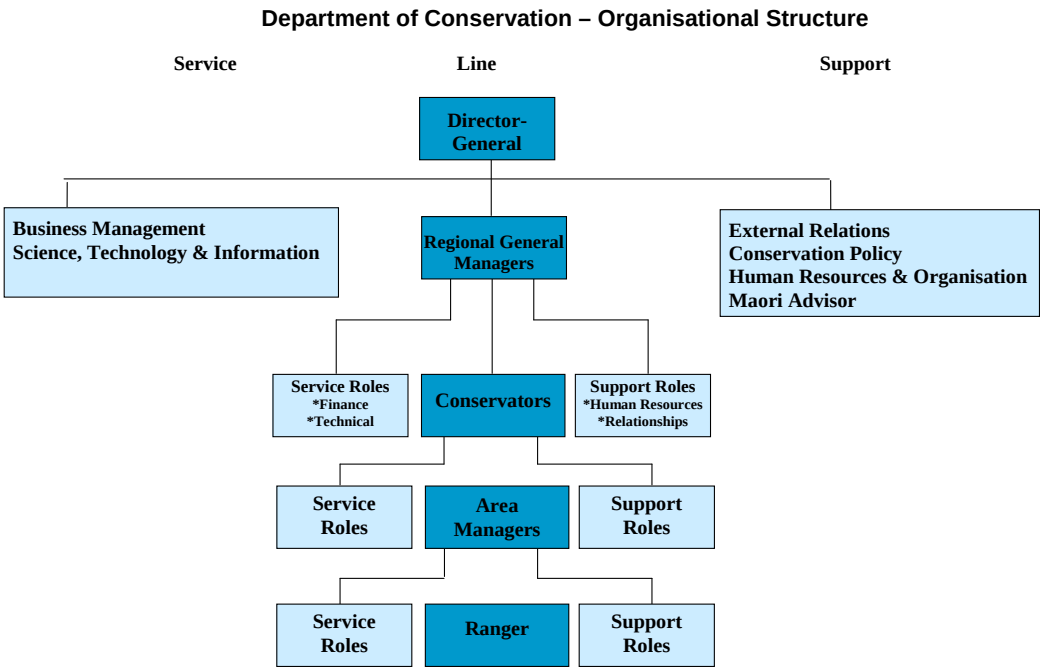
Source: Jaques, E, Requisite Organisation.

B Department of Conservation Organisational Model



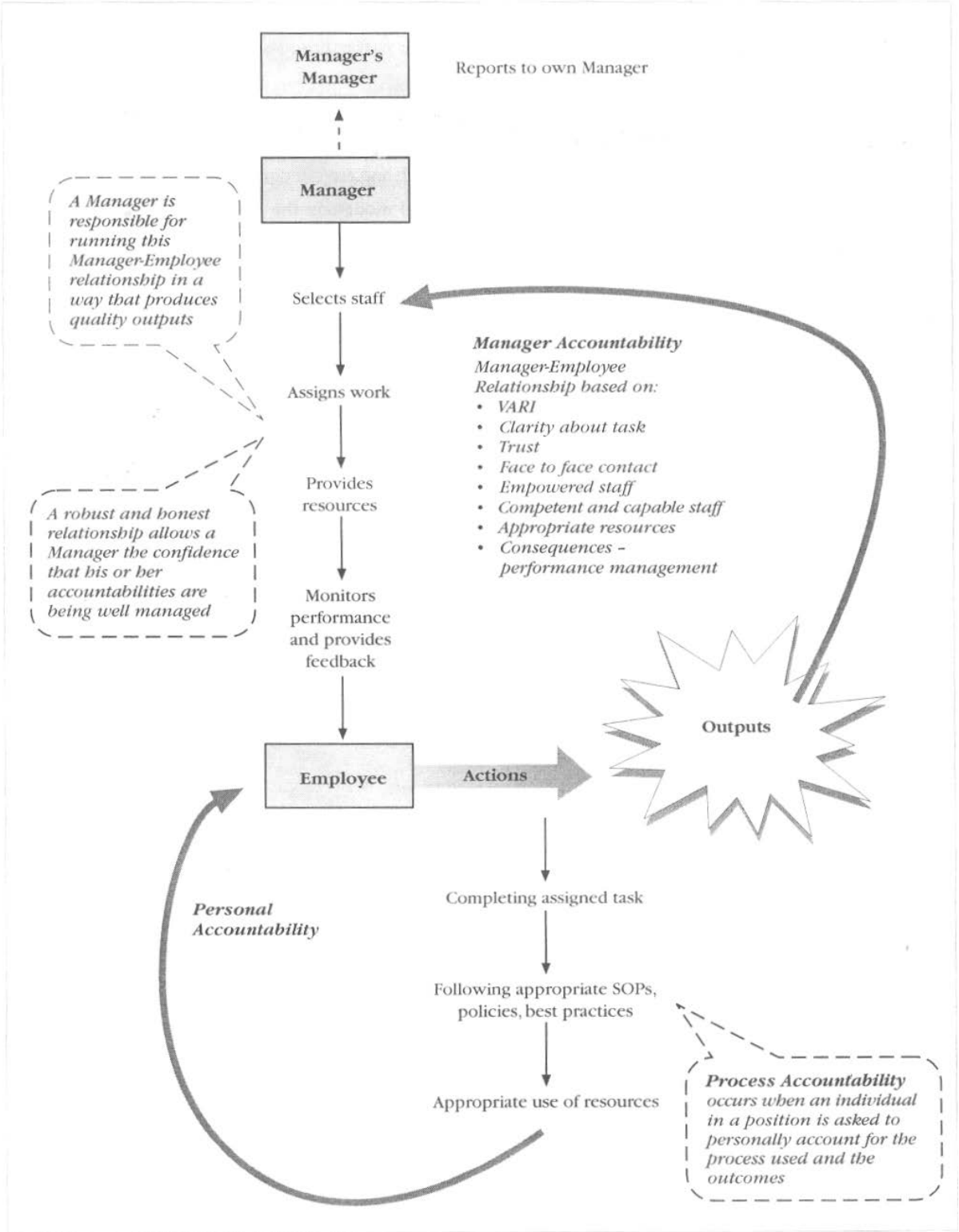
Source: Baker, G.,(2003) Sustaining Capability to Achieve Conservation Outcomes.(Department of Conservation, Wellington. Paper WNGHO 152511. Prepared for Managing for Outcomes Conference, May.

Exhibit 2: Current DOC Organisational Structure



Source: Baker, G, Paper WNGHO 152511.

Exhibit 3: Accountability in the Department of Conservation



Source: Department of Conservation (2001), The General Manager's Handbook.