

BILL MORDAN is area vice president and general counsel for Reckitt Benckiser Inc., a global consumer products company. He oversees the legal and government affairs of the company in North America, Australia, and New Zealand. Prior to joining Reckitt Benckiser in 2003, Bill served as senior counsel and also as associate general counsel for Procter & Gamble, working in the US corporate headquarters as well as in Mexico and Brazil. He can be contacted at bill.mordan@reckittbenckiser.com.



The Peter Principle

In a hierarchy, every employee tends to rise to his level of incompetence.

BY BILL MORDAN

This theorem, penned by Dr. Lawrence J. Peter and Raymond Hill, is the central tenet of their 1969 book, *The Peter Principle* (William Morrow & Co.).

The idea is quite simple. Employees in organizations are rewarded with promotions. The factory trainee becomes a technician. The technician becomes a line manager. The line manager becomes a supervisor and then maybe even a plant director. In mastering her job, the employee earns recognition and consideration for promotion to the next level in the hierarchy.

And eventually, she reaches her level of incompetence. While she may have been quite capable as a technician, she may not have the skills to be a manager. She may flounder as a supervisor. But there she will remain, unable to ascend higher in the organization because she has a job just above her true skill level. And that is where the career of almost everyone will eventually end, promoted until they are utterly ineffective. Only those who are still ascending the organizational ladder will get any work done.

This is the Peter Principle. As the authors quip, “The cream rises until it sours.” The Peter Principle resurfaces in the popular press every time a famed business executive or politician makes a colossal public blunder. The editorial pundits love the concept because it’s such an easy explanation for the unexpected failure of promising talent.

Glib reference to the Peter Principle, however, comes mainly from people who never read the book. Before you join these uninformed critics, or before you think of a thousand different reasons why the Peter Principle is ill-conceived, consider this friendly warning:

The Peter Principle is meant to be a joke. The entire book promotes the new fictional science of hierarchy: the study of hierarchy and its preservation of incompetence. *The Peter Principle* is for anyone caught in a bureaucratic quagmire who loves sarcasm. While out of print, it is widely available at used book stores and

at online resellers. Its timeless wit makes government bureaucracy, academic stagnation, and corporate organograms a bit more sufferable.

But like most great humor, *The Peter Principle* is funny because it bears a strong scent of truth. The jibes become uncomfortably sharp when you recognize yourself or your coworkers in the examples.

The Peter Principle, as an idea, also sticks more readily to attorneys. We all know the infamous big-firm lawyer who became managing partner without a stitch of management skill. The tale is so oft-repeated that our profession has a boilerplate apology for lawyers who are management misfits: “Give us a break. We are trained to think as attorneys—bred for adversarial conflict and not to foster our people skills.”

That excuse provides cover for outside counsel, justifying great lawyers/bad managers at the firm. For in-house counsel, however, there is no such niche. If we are promoted and become incompetent managers, we are out of a job.

So while *The Peter Principle* may be a classic in the field of corporate humor, it merits serious attention from in-house attorneys ascending the hierarchical ladder. It should force you to ask yourself some uncomfortable questions before your next promotion.

Before you become a senior business lawyer, do you understand the language of business? As line attorneys, we speak in legalese and chide those who converse in corporate-speak. As the principal attorney for a business client, however, you are a stranger in a new country. Before you set off on that voyage, understand the basics of gross and net revenue, cash flow, and working capital at the very least. One quick way to do this: Start hanging out with the accountants at lunch.

And when the time comes, will you be ready to manage other attorneys, or heaven forbid, a team of non-lawyer professionals? You have privately disparaged the human resources department long enough, for they have training programs that can help. Now is also the time to reach out and find a mentor, even if it’s just an informal guide to help you motivate and lead a team. We are surrounded by examples of bad leaders and managers, but you can only learn effective techniques from the good ones.

And if you ever reach your level of incompetence, the book has some wonderfully sarcastic suggestions for keeping your job. 

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