The Peter Principle

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Managers often seem incompetent. There's prevailing theories. I'd like to introduce a new one to unpack why incompetent management is common, and what we might do about it.

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The Peter Principle goes:

1. There are employees and promotion cycles
2. Competent employees get promoted
3. Incompetent employees don't
4. Repeat:
    a. If the promoted employee is competent in their new role, they'll get promoted again
    b. If the promoted employee lacks skills in their new role, they won't
    c. This repeats, too

The double conclusion is:

- All employees are promoted until they're too incompetent to be promoted
- As a result, middle management org tiers are stuffed with incompetent employees

Real life is more nuanced: Many employees don't stay incompetent; they grow. Or they change firms. Or re-orgs happen. Etc.

The Dilbert Principle is a cynical twist. It posits that *of course* managers are incompetent: it's in the organization's interest to identify incompetent people and move them to positions (management) where they can cause the least harm to actual production (which comes from frontline employees).

That's a dismal take on management. Then again it comes from right-wing-mental-case cartoonist.

The Peter(sel) Principle

But maybe this take is even more dismal.

The Petersel Principle is:

- Employees who serve their bosses well are likely to be promoted
- Serving one's boss well is, at best, ***not correlated*** with serving subordinates well. At worst, people who serve their bosses well are ***less likely*** to serve their subordinates well. Either:
    - Some people have no capacity for serving anyone other than the customer, or themselves
    - People only have so much service capacity, and aspiring career climbers allocate most of that capacity to serving *up* {::::} [← Editor's note these are sidecomments you can unlock by subscribing]
- So at best, management is full of people with widely differing abilities to serve subordinates {::::}. At worst, it's full of people who do not serve their subordinates well

Both the Peter Principle and the Petersel Principle say that managerial incompetence results from how orgs handle promotions, and selection bias.

Under the Peter Principle, orgs promote their highest-performing employees into roles they may not be qualified for. Under the Petersel Principle, orgs promote employees who excel in manager-facing customer service. In both, subordinates suffer.

Customer Service

An amoral view on desk job employment is that **your boss is the primary (if not exclusive) customer for your services**. Your company's customer (or monthly active user) is irrelevant. Your boss, not your end user, directly pays for your work, and decides whether you're given a raise, an opportunity, or a severance notice.

You can serve your boss well in various ways: Show good numbers, come up with good ideas, relieve headaches, tell good stories {::::}.

As a manager, serving your subordinates well often correlates with serving your boss: Inspire confidence in your team, they do a better job of making the number go up. But inspiring confidence exhausts effort. Fear and pressure are simpler.

Non-customer Disservice

It's easier to disserve your subordinates, but there are costs: Your team may cut corners and obfuscate bad performance. They may rag on you to their peers. (They... *might do this anyway*. {::::}) **The main likelihood is that disserved subordinates will be less fun to work with**. Which is a self-fulfilling service to your boss: you're insulating your boss from people who are not in a good mood (which you caused).

Perhaps the dismal middle management math equation looks like:

- Your boss pays you to 1) **produce tyranny**, which is converted into subordinate performance and resentment, and to 2) **absorb said resentment**, leaving your boss with just the performance.

If your goal is to get favorable reviews, and raises & promotions, and your boss is the arbiter of those outcomes, figure out how to allocate your time & resources to make the most compelling sale: Will your boss grade you more favorably if your subordinates' job satisfaction is 1 point higher, or if their job output is 1 point higher? {::::}

I hate this

I hate this, I don't want to put my name on it and endorse it, I don't want a hiring manager to someday stumble on this and say "ugh get a load of *this* chucklehead."

But as far as I can tell, this derivative of the Peter Principle is novel and conveys a truth about this blog group's workplace reality. So it's worth discussing and prodding. {::::} And I mean, the wordplay on the name was just **sitting there**, begging to be turned into a blog post and management theory.

"Kiss Up, Kick Down"

This is close to the Petersel Principle. It describes a self-promotion strategy: Gain favor from people in power, disregard those you don't need to impress.

It's not considered a formal management theory. Where it falls short, and where this entry on the Petersel Principle can gain philosophical ground, is:

1. There's little comment on the impact of KUKD when it's applied systemically, rather than individually
2. There's no guidance for bystanders (or victims) of KUKD seeking relief

To address the first bullet, the concluding systemic observation of the Petersel Principle: Management will inevitably serve subordinates incompetently because the selection criteria for new managers includes kiss-up behavior.

To address the second, see the Tactics section at the end.

What is competence?

I've relied on the word "(in)competence" since that's what I've seen the Peter Principle use. Mainly, it seems like the word is used because it's flexible:

- It can be applied across most functions and seniority levels: You could use (in)competence to describe a Marketing VP or a Design Associate
- It can pertain to most skills: It can describe a manager's (in)ability to motivate, delegate, train, prioritize, or build
- It doesn't denigrate the individual, it describes their performance: smart people can be incompetent employees

But the text doesn't specify from there. It's unclear what "competent" means. Maybe you just [know it when you see it](#).

I wouldn't be surprised if Peter Principle, Dilbert Principle, and Petersel Principle managers had common incompetencies, such as:

- Peter Principle: Inexperienced, micromanage-y, apolitical
- Dilbert Principle: Aloof, incorrect
- Petersel Principle: Callous, aggressive, political

Perhaps an exec leader might study their managers' behavior to understand commonalities, discern the most pressing Principle, and then know what tactics to deploy. Or perhaps each Yang has a Yin, and orgs should strive for some of each type of substandard manager whose incompetencies balance each other out. {::::}

Or maybe we just need to hire good managers in the first place.

What is good management?

There are [classes for this](#); your mileage may vary.

I want to get off the Petersel Principle's Wild Ride

Unfortunately, in many corporate environments, the incompetent management ride never ends.

The odds are: you'll have a crummy boss. They will view you as a company resource with variable inputs and outputs, and they will strive to minimize their input and maximize your output like they would with any other resource / expense.

Hopefully reality is not *so* dehumanizing, objectifying, and bleak. But awareness is the first step to recovery. The Petersel Principle gives you tools for recognizing the phenomenon at play. If you're suffering, I hope the guide below gives you some useful things to try.

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Tactics

For subordinates

Accept it

With acceptance comes relief. *Of course* you have an incompetent boss. Ineffective management is a natural consequence of ineffective hiring practices. {::::}

The point of "acceptance" isn't futility or conflict avoidance, but a sense of zen or stoicism. Focus on what you can control. Your incompetent boss is not a personal affront, it's just a probability that you'll have a crummy boss; you choose how to react.

"Acceptance" is often my first suggestion (see recently: Give Up Hoping for Market Pay). But particularly in this case, easier said than done: If you work a desk job, your boss is a crucial, frequent relationship in your life. {::::} While studies indicate that folks get accustomed to pay changes (both positive and negative), the impact of toxic relationships seems to persist, if not compound.

Still, “accept it” comes first. If it works, it costs no money, requires no major life changes, and you can enact it instantly.

Manage Up (some)

This sounds like a tactic for brown nosers, and risks reinforcing rather than unwinding the Petersel Principle. But there’s plenty of room to practice Managing Up short of becoming a sycophant:

- Learn about your boss’s motivations
- Understand how they’re measured and how they get promoted
- Understand the way they like to do stuff
- Study the boss:subordinate relationship dynamic

Done effectively:

- If you have KUKD peers, you won’t stand out as glaringly
- You won’t allocate *too* much of your scarce time & energy resources
- You might just directly improve a critical relationship and have a nicer time at work

For managers

Weed out KUKD behavior

As a manager with promotion powers you can dampen the KUKD cycle. A few ways to do that:

1. **Measure consistently**. Kiss-ups are good at cherry-picking the right stories. If you measure the same thing weekly, it’s harder for a kiss-up to cherry-pick. As a sales manager, that might be incremental dollars closed to target, not just individual client “wins”
2. **Measure something they’re not**. As an engineering manager, you might track github commits. As a sales manager, you might measure Proposal creation. If you tell your subordinate, they’ll know how to fabricate these numbers. If you measure it quietly, you’ll have a tell when it might be time to provide support, or when they might be spinning yarns about their results or efforts
    a. **Be careful**: evaluating a subordinate on a measure they’re not aware of is a great way to slip into incompetent manager territory. This is for **diagnosis, not evaluation**

3. **Ask their subordinates** to rate their performance. This will have limited returns: A discouraged or fearful subordinate may not provide accurate data, and incompetent middle managers are liable to produce discouraged or fearful subordinates

Gain competence

One flaw of the Peter Principle is it assumes fixed mindsets & skillsets: Someone incompetent remains incompetent. Operate with a growth mindset instead: Work at getting better at your trade.

Prove that good management produces results

Practice translating your management practice into dollars earned or saved.

…Good luck: The Peter & Petersel Principles exist because directly measuring effective management is difficult. But you might try measuring:

- **Churn.** It's expensive to lose & replace employees: months of missing productivity, hours of effort recruiting & onboarding, volatility/variance inherent in onboarding a new team member whose competence only time will tell
- **NPS.** Survey anonymously. "1-10, would you recommend your manager to others?" {::::} is about as straightforward as you can get for a management measurement, at least from your subordinates' perspective
- **Productivity.** Deal size, deal volume, lines shipped, utilization rate, internal promotion rate. Lots of options that can proxy your efforts as a manager. Pick some

Then **benchmark**. Generic benchmarks are OK, but the closer you can get a benchmark to your particular situation, the better. Consider NPS:

- Generic: A score of +20 is considered "good" and +30 is considered "great"
- Better: What's the typical NPS of [tech companies]? Surely higher than the generic bar: tech firms are usually rife with perks which cause higher NPS regardless of management. +30 NPS might even be "below average" {::::}
- Best: What's the average NPS of your peers in your part of the org? Or, what was your score the prior few times you ran the survey?

Stay wary of biases. {::::}

Finally, **convert your performance to *money.*** The business understands dollars better than feelings.

- Easier with Churn: If a rep closes $500k/mo, losing a rep for 3 months is hugely expensive, and if you reliably lose 2 fewer reps a year, you might be producing $3M for the org {::::}

- Productivity seems easy but has attribution challenges: Are you producing effective employees, or are your employees themselves effective? Are you double-counting?
- NPS is tough. You'll need to handwave a bit. {::::}

Ultimately: If you make a revenue case to your boss that your management is effective, it will be easier to justify you doing more of it and justify the company rewarding you for it.

Just be a good manager anyway

It means extra work, likely thankless & unrewarded.

This might be a truly selfish act: Without the organization awards, the main benefactor is your own feelings about your work. Or it might be truly selfless: It might just be the right thing to do, measurements and rewards be damned.

Whatever the reason, the choice to put in the effort is yours.

For orgs

Macro-Measure

Orgs probably measure the same thing managers do, but unlock some macro-metrics, like gauging how many applications and referrals you get for open roles. Satisfied employees, and (published) high NPS scores will drive both up.

Reward good management

Rewarding those measures is fraught.

- Referral bonuses don't just incentivize good referrals, they incentivize all referrals
- Celebrating low churn could mean you've got effective management and satisfied staff, but could also mean inept management who are slow to terminate incompetent staff
- Celebrating internal promotions doesn't just incentivize qualified promotions, it incentivizes all promotions
    - A risk posed in The Hiring Manager's Dilemma: Managers often hire overqualified talent because they receive short-term benefit (minimal onboarding) and defer (or often aren't even around for) long term cost (strain/boredom from outgrowing the role). Incentivizing internal promotions exacerbates the problem: hire someone overqualified, promote them immediately, profit
- NPS surveys are good diagnostics when rewards aren't attached {::::}, but once rewards / pressure are applied, they're easy to game {::::}

Short of perfect rewards & measurements, diversify: Some rewards for business performance, some for soft objectives. Some rewards for short-term achievement, some for long term. It's a different blog post, or chatting via email, to unpack the challenges and opportunities here.

Appendix

Incompetence vs pressure

Managers are valuable if they compel subordinates to produce more than they would on their own. Pressure is an OK tool. Inordinate pressure is not.

If a sales rep believes she can produce $1M in sales this quarter, and her manager says "nah, I think you can do $1.2M," and the rep delivers $1.2M, that objection was valuable. Often training, feedback, cheerleading, and other managerial ingredients are added to make this outcome happen.

If the manager said "I think you can do $2M," and the now-aggravated employee produces $0.8M, that's a clear mark of incompetence.

There's fuzzy middle ground: If the manager said "I think you can do $1.5M," and the rep produces $1.2M… how good was this? We ended with the same business result as the original case, but the involved parties probably feel bad.

The lines between good pressure, bad pressure, and incompetence are seldom obvious in reality. And when you're the subordinate on the *receiving end* of that pressure, it can be particularly difficult to tell its degree.

Other General Tactics

You can change jobs: it's taxing, but somewhat in your control. You can interview *up* to better gauge hiring manager competence from the recruiting stage.

As a manager, you can practice greater transparency: Explain to your team that inherent in boss:subordinate relationships are degrees of pressure and friction. Common gripes about substandard bosses include incompetence and unfairness. Transparency can offset (and occasionally supersede) both.