

# McLean, Koehler, Sparks & Hammond

Certified Public Accountants/Business Consultants

## Derailing "The Peter Principle" in Your Organization

Have you ever worked with someone in a high-ranking position and wondered to yourself, "How in the world did he or she ever get promoted to that level?" Most people have heard of the phenomenon known as "The Peter Principle," which says that people rise to the level of their own incompetence. You may be asking yourself why a company would promote someone to his or her level of incompetence. Well, here's how it usually happens.

Joe does a great job in his entry-level position, and the company wants to reward his performance. Many managers believe that if an employee performs well in one job he or she will perform equally well in a better one. Thus, Joe gets promoted because he's a good worker and a "known" quantity.

This process continues until Joe reaches a level that is beyond his abilities. The company usually doesn't understand that until Joe is actually promoted into the new position. They don't want to fire him because he's been a great employee for so long. Demoting him is a last resort because of the emotional distress involved. So what happens? They leave Joe where he is - in a job he's not competent to handle.

This phenomenon occurs time and time again in companies. Most often, it's the result of poor planning in the promotion stage.

Think about your company. When a manager-level position opens up and someone within the company asks for it, how does your company respond? Do you put the current employee through the same rigorous interview and screening process that you would an outsider? Or do you take what you know about the employee's work in the past and project it on the new position?

Promotions from within should be handled just like a new hire. What do you need in the position from a talent, skills, training, and temperament standpoint? How will you know if an individual has all the qualities you need? Do interviewers or supervisors just go with their "gut feeling," or have you set up processes to help them objectively evaluate candidates - whether internal or external?

This type of process benefits the employee as well as the company. How many employees would truly choose "The Peter Principle" as their destiny?

Once a position is well defined, internal candidates should go through the same screening process as external ones. While years of good service to the company certainly do count for something, they don't necessarily translate into a perfect fit for the available position. It's important to keep your judgment from being clouded by history and good experiences with an employee.

Internal candidates do possess some advantages over external candidates. They know the company and the players. They may have developed relationships within the company that could be helpful in the new position. They know your products and customers. However, these factors may or may not be critical to success in the higher-level position. If you've defined what the position requires, you can evaluate these positives in an appropriate light.

So, what do you do if an internal candidate doesn't get the promotion? How do you help an employee handle the rejection?

Always be clear about the process from the beginning and let employees know that your goal is to have the right person in every position in the company. If advancement is important to employees, help them evaluate what they must do to prepare themselves for a future promotion. Talk about their career path and plan for it. Help them succeed "on purpose," not by accident. Your employees and your company will be stronger for it.

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McLean, Koehler, Sparks & Hammond helps owners and business leaders become more successful by providing innovative financial, technology and management solutions for every stage of their organizations' life cycle. MKS&H's organizational consulting division, Tandem Partners, specializes in people strategies that drive business results. For more information on this article or MKS&H, please contact Margaret Wilson at 410-296-6200 or via email: [margaret@mksh.com](mailto:margaret@mksh.com).

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