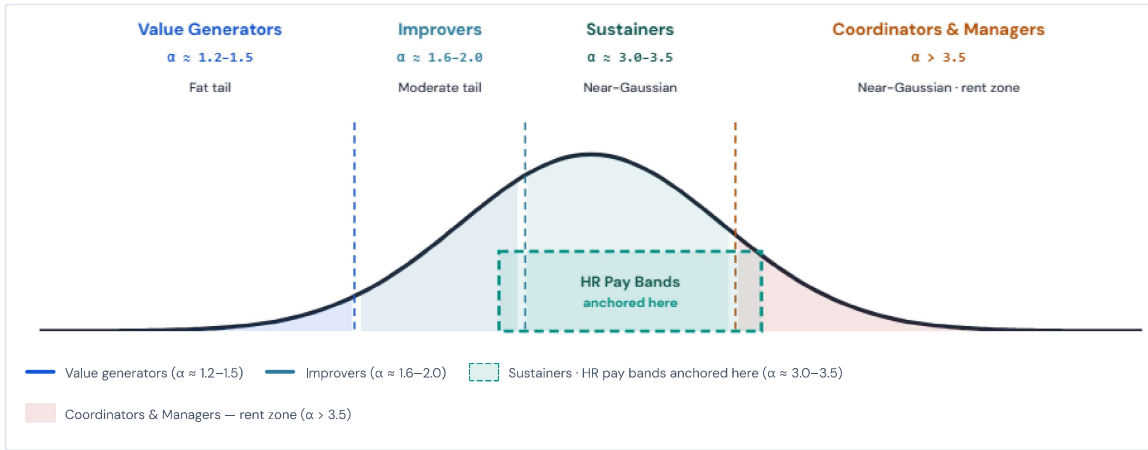


One workforce. Four archetypes. One distribution.



What the exponent *actually* tells you.

VALUE GENERATORS · IMPROVERS

α 1.2-2.0

Fat-tailed output. Whoever creates or directly amplifies primary business value — regardless of function. Top decile generates ~40%+ of output. Bands systematically underprice this tail.

SUSTAINERS · TYPICAL REMUNERATION BASIS

α 3.0-3.5

Near-Gaussian. Where most people sit, and where HR anchors grade bands. Interchangeability is a fair assumption here. Bands are appropriate. The problem is applying this logic to the tails.

COORDINATORS & MANAGERS · THE RENT ZONE

α 4.0+

Individual output is near-Gaussian — largely interchangeable at grade. Yet compensated as if they are value generators ($\alpha \approx 1.4$). The gap is structural rent. It compounds with every Peter Principle promotion.

26%

of total output from top 1% value generators ($\alpha \approx 1.2$). The same pattern holds across industries — whoever generates primary value is fat-tailed.

O'Boyle & Aguinis, 2012 · n=633,263

$\alpha > 3.5$

Estimated actual output exponent for coordinators & managers. Near-Gaussian. Largely interchangeable at grade. Paid as if superstar.

V5AI estimate · Clauset et al., 2009

50%

Value-creation capacity lost to coordination complexity past ~500 people. Structural cost, not individual failure.

Bain & Co · Founder's Mentality, 2016

<10%

Coordinators & managers who demonstrably shift team output α downward — the multiplier minority who earn the generator premium.

V5AI estimate · cross-sector synthesis

How the mispricing compounds — and the rent it creates.

- Standardization is calibrated to the center.** Grade bands, uniform process, and headcount equivalence are designed for the sustainer population — where interchangeability is a fair assumption. Appropriate there. The error is applying it everywhere.
 - Value generators are priced as sustainers.** Fat-tailed contributors sit in the same band structure as the Gaussian center. Their replacement cost is non-linear; their compensation is not. The band cannot see the tail it is suppressing.
 - Coordinators & managers are priced as generators.** Coordination roles accumulate the premium that belonged to the output roles they were promoted from. Compensation is not recalibrated to the new distributional regime. The rent is locked in by the band.
 - The system is self-reinforcing.** Coordinators & managers control promotion and compensation decisions. The band structure they operate within protects the premium they hold. The measurement that would expose this sits inside the function that benefits from not taking it.
- A** **Exception: the multiplier manager.** A small minority demonstrably shift team output α downward — concentrating excellence. These earn the generator premium through a measurable mechanism. Fewer than 10%. Identifiable. Currently indistinguishable from the rest by the system.
- B** **The Goodhart constraint.** Any measurement introduced to expose the rent will be optimized against by those who control it. The diagnostic must sit outside the function being measured. This is a governance design question, not an HR one.

STANDARDS

Standards are ROI multipliers.

SCALE

Scale is a cost glideslope when the foundation is set.

SEQUENCE

Sequence determines whether scale becomes leverage or liability.

ANALYTICAL BASIS

$$\text{Output}(\text{role}, t) = f(\alpha) \times \text{tenure}^\beta$$

α — cross-sectional output exponent · β — longitudinal accumulation exponent ($\beta \approx 0.4-0.6$)

When sequence is wrong, scale multiplies the structural rent, not the return. Each misaligned promotion compounds across both dimensions — the α -gap (compensation frozen at the wrong regime) and the β -gap (knowledge accumulation clock reset to zero). The cost does not add. **It scales.**

$\Delta\alpha$ 2.6

PER PROMOTION EVENT
× cohort × tenure × grade

The Organizational *Blind Spot*.

INTELLIGENCE

Have you quantified your structural rent — and how you compare to competition?

CULTURE

Do your biases and agency structures amplify the mispricing — or surface it?

GOVERNANCE

Is your measurement system designed to see the tails — or only the center it was built for?

STRATEGY

Is your business transformation lowering structural rent effectively — or automating the wrong layers?

How do you build the intelligence, reset the culture, design the governance, and sequence the transformation — so that scale becomes leverage, not liability?