

FIELD NOTES FOR THE CEO · DEPLOYMENT STRATEGY

Who Is Allowed to Be Right?

Why the person who sees a rule fail after go-live may not be the one who can stop it, and how to measure the gap

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Cover: Rembrandt van Rijn, The Night Watch, 1642

The argument in one page

After a go-live, being right about a rule and being allowed to stop it can sit two weeks apart.

In one distribution center I worked in, a new rule sent heavy parts by air for about two weeks. The floor saw it in the boxes and said so; the people who could stop it took the system's word until the invoices arrived. My reading: a wrong rule is ordinary in hypercare, the weeks right after go-live, and catching it is what those weeks are for. The expensive part was the distance between the facts and the right to stop it.

1. **Authority comes in two halves.** Formal authority is the right to decide. Real authority is effective control over the decision, and it follows information. When whoever holds the right is informed too, formal authority overrules.
2. **My bridge: a go-live can make formal authority feel informed.** "The system already has it calculated" is that feeling in one sentence, and an authority that feels informed overrules the one who knows.
3. **So measure the gap for one rule:** who sees it fail first, who can stop it, how many days pass in between, and what it costs to say so.

Two weeks of heavy parts by air

I was on the floor of a distribution center when it went live on a new warehouse system.

Under the old system, air freight was the exception: urgent orders, charged to the customer. After go-live, the new system's routing rules began sending standard replenishment by air, in volume, at the company's cost.

The parts that flew were heavy. As I remember it, lifting the box was enough to see that the freight was out of proportion to the part's value.

When the floor raised it with middle management, the answer was, in effect: the new system already has it calculated; stop questioning it and do your job.

It went on for about two weeks. Then the consolidated invoices from the cargo carriers reached senior management, executives came to the site to reverse the policy, and standard replenishment stopped going by air.

As I saw it, for two weeks the people who could see the rule fail could not stop it, and the people who could stop it had been told, and chose the system's answer over the floor's.

> "Real authority is determined by the structure of information…"
> *Philippe Aghion and Jean Tirole, Formal and Real Authority in Organizations, 1997*

The right to decide, and the facts

In 1997, the economists Philippe Aghion and Jean Tirole split authority in two. Formal authority is the right to decide. Real authority is effective control over the decision.

Their model runs on a simple trade. A principal holds the right; an agent closer to the work learns the options. An uninformed principal does best by approving what the agent proposes, and real authority passes to the agent. An informed principal overrules. And the more the principal knows or watches, the less effort the agent puts into finding out.

Overruling is not obtuse, then: for an informed principal, it is the rational move.

My reading: a new system gives formal authority the feeling of being informed, and an authority that feels informed overrules the one who knows. "The system already has it calculated" is not a technical statement. It is a decision about who is allowed to be right. The model's last result has a floor version too: a floor that is overruled each time it speaks up learns to stay quiet.

Measure the gap

Pick one rule that spends money every day without a signature, such as freight mode or replenishment, and ask:

ASK	WHAT THE ANSWER TELLS YOU
Who sees it fail first?	If it is someone who handles the goods, you have a detector. If it is a report, you will hear weeks later
Who can stop it, by name, and how?	If that person cannot see it fail, or needs a committee to pause it, the rule runs until the message climbs
How many days from the first sign to the stop?	That is the gap’s cost. On my floor, about two weeks
What does speaking up cost?	If it costs more than silence, expect silence

Two rules a CEO can set before go-live.

1. **Name a stop owner,** or a named deputy on each shift, for every rule that spends money, who can send it back to manual approval for up to 24 hours. Agree the tripwire in advance, such as freight above a set share of the part’s value, so that pausing needs no debate. Log every flag and its outcome.
2. **Make flagging free.** Every flag gets an answer. None counts against whoever raised it; one that stops a wrong rule counts for them.

And for the deployment plan: before go-live, map each rule that spends money to its stop owner and rehearse the stop once.

What this does not prove

- **Aghion and Tirole built a model.** It says when real authority passes to whoever holds the information. It was not written about warehouses, and it does not measure how often a go-live overrules the floor.
- **The case is one floor, from memory.** “About two weeks” and the freight against the part’s value are my recollection, not a cost study, and the answer from middle management is as I remember it.
- **The bridge is mine.** That a new system can make formal authority feel informed is my reading, and so are the rules, the 24-hour window and the rehearsal.
- **This argument fails if** wrong rules run just as long where the person who sees them fail can also pause them.

One question for your next steering committee. If the floor sees a rule do something absurd on day three, who stops it, by when, and what does it cost the person who said so? If the honest answer is “nobody, two weeks, and their next evaluation”, the deployment has already picked its correction channel: the invoice.

About the author

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I grew up on a sheep ranch in Patagonia, where my father's rule was simple: reading is worth nothing if you can't see it on a working day. I still work by it: I measure before I cut, and no tool or method beats what works on the floor.

Thirteen years in Chile, Argentina and Australia taught me that supply chain is not just logistics: it is the whole pipeline, which is why it ends up putting out fires that start elsewhere. A promotion planned in marketing becomes expedited orders in purchasing and a blocked aisle in the warehouse. I would rather find where the leak starts. On one gemba walk, mixed, short and damaged orders led back to a per-operator productivity KPI tied to a bonus; I retired the metric and measured customer satisfaction instead.

I have worked most of that pipeline: planning for more than 200 stores, a three-site logistics operation, a USD 30M cross-border e-commerce P&L and a 50,000-SKU warehouse-system cutover, where I stayed on the floor until the shortcuts died and order processing time fell 20%. Deployments live or die inside that pipeline, and that is where I work. I learned to code in C; today I build with AI coding agents, keeping the math and the rollback in my hands.

Available for pre-cutover forensic audits, deployment strategy, and Forward Deployed roles.

From my manuscript, *The Deployment Chasm*.

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Sources

- Aghion, P., and J. Tirole. 1997. “Formal and Real Authority in Organizations.” *Journal of Political Economy* 105(1): 1–29. doi.org/10.1086/262063

Image. Public domain: Rembrandt van Rijn, *The Night Watch*, 1642. Rijksmuseum, Amsterdam. The captain gives the order and the company moves. Nobody in the picture is placed to say “wait.”

Field case. My own observation, written after the fact; its figures are estimates from memory. The employer is described, not named.