

ALWAYS COMPANIES ARE FAILING THEIR
MIDDLE
MANAGERS

AND WHY IT'S KILLING INNOVATION



INNOVATE **OR** DIE

THAT'S THE CREDO OF THE MODERN ECONOMY

Today, technology empowers small businesses to compete with the world's corporate giants in the global marketplace, and social media allows public opinion to turn on a dime. All of this means that large, established companies have slimmed down and become more transparent to match the speed and maneuverability of their smaller start-up competitors and stay relevant. But what if they're getting it wrong?

Rather than bureaucratic roadblocks, middle managers – everyone from team leaders to vice presidents – should play a vital role in large companies' innovative efforts.

As the editors of the *Harvard Business Review* wrote, “senior executives can come up with the most brilliant strategy in history, but if the people who design products, talk to customers, and oversee operations don't foster innovation in their own realms, none of that brilliance will make a whit of difference.”

Many companies spent the past decade diverting resources from middle management, creating a talent vacuum that has proved difficult to fill. Following are four ways in which organizations fail their middle managers, and how they can fix it.

1 PROMOTING WRONG PEOPLE

In business, a bad apple can spoil the whole bunch, and even one incompetent manager can significantly decrease the performance of the entire group. So when it comes to selecting middle managers, finding the right individuals is critical.

Unfortunately, identifying leadership potential is easier said than done. Many organizations rely on performance appraisals and supervisor nominations to identify and promote talented individuals. There are three downsides to these traditional methods:

1. Supervisor ratings tend to reflect organizational politics rather than performance. As a result, the individuals who tend to get promoted are those who successfully navigate office politics, not necessarily those who perform better.
2. Supervisor ratings reward potentially hazardous behavior. The same bold, attention-grabbing behavior we find attractive in junior employees tends to seem reckless and alienating in the context of a management role.
3. Even if organizations could trust performance ratings, research shows that only 30% of high performers possess a talent for management, and most employees (more than 90%) would struggle at the next organizational level.

2 NOT TRAINING THEM {AT LEAST NOT EFFECTIVELY}

Most companies focus their development efforts at the extremes of their management hierarchies - extensive onboarding and training for new managers and high-potential recruits, and in-depth executive coaching for C-suite executives.

According to a recent publication from the *Harvard Business Review*, this barbell-shaped approach leaves companies with middle managers who lack the networking, planning, and team-building skills necessary to lead in a flat organization.

ACCORDING TO A HARVARD BUSINESS REVIEW SURVEY:

67%

of responding organizations said they needed to entirely revamp their middle manager development programs.

30%

of European companies felt they had enough successors in the pipeline for key leadership positions.

15%

of North American and Asian companies felt they had enough successors in the pipeline for key leadership positions.

85%

of respondents felt their leadership pipeline would suffer without stronger middle management development programs.

Even in organizations that invest in their middle management, the programs currently in place are missing the mark. A 2010 report from Bersin and Associates found that despite training investments, employers were still rating 49% of their mid-level managers as performing fairly or poorly, and that confidence in middle managers was steadily declining.

3 STRESSING THEM OUT

Over the past several decades, companies have become more nimble and transparent – **stripping away layers of bureaucracy** to reveal lean, flat organizational structures.

This shift resulted in increased work and accountability across the board, but the lion's share fell to middle managers.

In a DDI survey, one HR manager related to interviewers: “We expect a lot from [middle managers]: They need to understand [business matrices], be proficient in processes and procedures, lead and manage people effectively, and if needed, be able to roll up their sleeves and do the work

themselves. We require them to execute organizational strategy, develop new leaders, and produce bottom-line results.”

Not only do companies expect them to perform all of these crucial functions, but to do so with less authority and fewer resources than ever before. In a 2010 Towers Watson study of 20,000 employees in large firms, 48% of respondents said their immediate managers didn't have enough time to handle his or her responsibilities.

The result? Stress. Nearly 40% of mid-level managers reported feeling severely stressed in a 2012 UK study. That level of stress can lead to a huge increase in turnover, resulting in a skills gap most organizations aren't prepared to fill.

Or, it could kill them. According to a 2002 study of Finnish workers, individuals with high-stress jobs were twice as likely to suffer a fatal cardiac event than their less-stressed colleagues.

4 LETTING THEM DISENGAGE

Organizations aren't completely to blame for flagging engagement among middle managers. Although it's a popular topic in business, media, and psychology, there is a **fundamental disagreement** over what constitutes employee engagement.

Engaged employees display high levels of energy and pride, a sense of empowerment, and find work meaningful. According to Forbes, companies with engaged workers show better profits and high returns for shareholders compared to those with disengaged workers.

Unfortunately, middle managers are a disengaged group. In a 2007 study, 41% of HR leaders said engagement among mid-level managers had dropped noticeably over the previous 18 months.

Along with decreased productivity, low engagement comes with a slew of other problems, chief among them being increased turnover.

A *McKinsey Quarterly* survey showed that only 36% of middle managers expected to be with their current employers in two years, and a survey of Gen Y professionals (the bulk of middle managers) working at Fortune 500 companies showed that 48% planned to stay at their current job two years or less.

TURNING TIDE

How can organizations turn their underperforming middle managers into a group of competent, engaged leaders? Companies have spent millions of dollars designing complicated competency models, fruitless training programs, and elaborate perks to select, develop, and retain their middle managers. But when you boil it down, only three things really matter: **can they do the job, will they enjoy doing the job, and what will get in their way?**

CAN THEY DO THE JOB?

Success as a middle manager depends on more than proper education, training, and technical skills. In the modern economy, mid-level managers are often required to motivate geographically diverse employees to harness increasingly scarce resources and achieve a common goal. When it comes to selecting individuals to promote into middle management, it's critical to find people with the correct skill set.

Normal personality, measured by the **Hogan Personality Inventory**, describes the **bright side** – how individuals will work, how they will relate to their supervisors, peers, and employees, and how effective they will be as leaders.

WILL THEY ENJOY DOING **THE** JOB?

Happy, engaged managers make for happy teams and higher organizational performance. However, we've all met (or worked for) one of those managers who seemed thrust into the job against his or her will. Some people experience a natural urge to lead, others don't. And when the latter gets promoted, companies often lose a high-performing employee and gain a mediocre manager.

Values, measured by the **Motives, Values, Preferences Inventory**, represent the **inside** – core drivers and interests that motivate individuals to get out of bed in the morning, and determine ideal jobs, positions, and work environments.

WHAT WILL GET IN THEIR WAY?

The same bold, assertive, risk-taking behavior that can help launch individuals' careers can become debilitating weaknesses under the pressure of middle management. These destructive interpersonal behaviors, called dark-side personality characteristics, alienate peers and employees and prevent managers from building and maintaining a high-performing team.

For these behaviors, knowledge and skills training is not enough. Sixty-six percent of respondents to a 2012 *Harvard Business Review* survey said organizations should help managers develop the proper self-awareness and leadership behaviors they need to build effective teams.

The **Hogan Development Survey** measures the **dark side** – destructive personality characteristics that emerge during times of stress and pressure, often damaging relationships and limiting career potential.

THE BOTTOM LINE

Middle managers can be powerful agents of change and innovation, or they can be the defeated, underperforming, bureaucratic roadblocks as which they are so often portrayed. Having successful middle managers depends on identifying and promoting the right individuals, providing them with the proper resources, and giving them the strategic self-awareness they need to build and maintain a high-performing team.

