

Strengthening the critical core

Tapping the potential of middle managers
to achieve high performance

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But what of the middle managers?

Extensive research has been done on the upper and lower strata of today's organizations. Theories and approaches abound on extracting the most performance and loyalty out of front-line workers while guaranteeing a steady supply of seasoned, ethical leaders with business vision. But what of the middle layers? Responsible for countless day-to-day decisions and actions that keep an organization running, middle managers play a critical role in the pursuit of high performance. While top executives set the strategy, middle managers deftly codify it into functional business processes that enable front-line resources to make the strategy a reality.

Most recently, the jobs of these middle managers have become more difficult than ever before. To withstand increased competitive pressures many organizations have systematically dismantled much of their middle

management structure, saddling their remaining employees with workloads inherited from departed colleagues.

With management attention focused on those above and below, and with their workloads growing rapidly, the great midsection of today's global organizations is beginning to show signs of wear. Indeed, middle managers around the world have become dissatisfied and frustrated, and many are actively looking for new opportunities. This situation could, in part, explain why Accenture's recent High Performance Workforce Study found that a majority of the 251 executives who participated in this global survey did not report their corporate functions to be performing at a high level.

To shed light on this trend and help executives build sustainable responses to it, Accenture recently conducted a survey of nearly 1,500 middle

managers across nine countries on the challenges they face in their jobs. At a high level, the survey found that middle managers are:

- Feeling unsupported when it comes to benefits, compensation, and managing the challenges of their daily work life
- Struggling to balance work and outside life, and are frustrated by their lack of clear career paths
- Considering or actively seeking new opportunities outside their current employers

This research further reveals that geography and culture appear to have a substantial impact on how these challenges play out across our survey sample.

Survey results

Employers are not highly regarded

Our survey reveals that middle managers around the world share a lack of satisfaction with their current organizations. In fact, 61 percent are either dissatisfied (20 percent) or only somewhat satisfied (41 percent) with their existing employers. Satisfaction levels were low in both developing and developed countries and especially low in Malaysia, the United Kingdom, China, France and Singapore, where roughly three-quarters of middle managers were either dissatisfied or only somewhat satisfied.

And while just over half (53 percent) of all respondents said their companies manage working conditions in a "good" or "the best possible" way, the majority gave their employers much worse ratings on a list of key workforce-related activities.

For instance, 52 percent said the way their companies manage benefits was only average or even worse than average. The same low rating was given to employers' compensation management by 70 percent of respondents, to the provision of flexible working arrangements by 66 percent, and to the aid given in communicating bad news by 65 percent. Sixty-five percent also gave an average or worse-than-average rating to how the company managed employees' prospects for advancement.

These low levels of satisfaction were reflected especially vividly in one key question. Middle managers were asked to choose one adjective out of a list of 10 to describe their organization. The overall responses were not especially positive, as only 17 described their current organizations as "successful," just 7 percent used the word "ethical," and only 4 percent chose "intelligent."

In contrast, fully 30 percent said their organization was "mismanaged," the most popular descriptor on the list.

Jobs themselves are not especially fulfilling

It's not only employers that frustrate middle managers. Our survey also reveals that the job itself is often rife with obstacles to employee satisfaction and engagement. To better understand just what is frustrating middle managers the most about their jobs, we asked them to rank their biggest headaches. The largest group—44 percent—listed insufficient compensation as the most frustrating aspect. (This issue was especially troublesome in France, where 62 percent of respondents cited it as their most serious frustration.) Close behind low pay was misalignment of effort and rewards—"I am doing all the work but not getting credit for it"—which was named by 43 percent.

Lack of access to key information is a major cause of manager frustration

The list of things that frustrate and challenge middle managers is long and broad reaching. One of these issues—seeking the information middle managers need to do their jobs—was addressed by another recent Accenture survey. This survey—of 1,009 managers in the United States and United Kingdom—revealed the startling facts that middle managers spend up to two hours a day searching for information, and that more than 50 percent of the information they obtain has no value to them. Furthermore, nearly three out of five respondents (59 percent) said that as a consequence of their company's poor information distribution, they lack access to critical information; and 42 percent of respondents said they accidentally use the wrong information at least once a week.

The respondents to the survey represented five functional areas of companies in the United States and United Kingdom. On many levels, it appears as if middle managers in the United Kingdom experience greater information management challenges than their American counterparts. For example, UK respondents reported that they miss information and use wrong information more often; that they have more difficulty getting data on costs; and that they are more frustrated by a lack of cooperation from other parts of their organizations. However, when it comes to knowing where to look for the right information, managers in the United States are relatively more frustrated: They complain more loudly about having to go to numerous sources to compile information than UK managers do. In a related finding, a higher percentage of UK managers use a company-wide intranet portal to store critical information—a key practice for efficiency in information management.

The differences among managers of each function are just as interesting:

- Sales and marketing managers are among the least likely to use new technology such as instant messaging and PDAs to communicate or to store information, relying instead on paper processes. They are also among the most likely to feel (along with IT managers) that more than 50 percent of the information they receive has no value and they are the least likely to feel their company does a good job at governing information.
- IT managers spend significantly more time than other managers trying to find the right information for their jobs, and they have greater difficulty getting information from other parts of the company. As a result, they spend a greater share of their work week tracking down relevant information and they miss valuable information more frequently than any other function surveyed. And as just mentioned, along with sales and marketing managers, IT managers are the most likely to feel as if the information they receive has little value. They experience all of these difficulties despite the fact that they are the most likely to use instant messaging, search engines, PDAs and mobile devices to gather information.
- When compared with other departments, HR managers are among the most likely to encounter duplicate information and confusion about which information is most useful to whom. At the same time, HR managers indicate that they are less likely than managers in other departments to miss valuable information and have the least amount of difficulty getting information about customers. They are also the most likely to use PDAs or other mobile devices to

communicate with others in the company.

- Finance and accounting managers encounter the fewest problems with duplicate information and they have the easiest time figuring out which pieces of information are the most current. They also show the highest incidence of using shared networks to store information. While these managers demonstrate aptitude when it comes to managing information, they have low confidence in the way their organizations tackle this critical process. In particular, finance and accounting managers are among the least likely to feel their company has invested enough in information management technology or does a good job of governing how information gets distributed.
- According to the survey, customer service managers encounter more challenges in obtaining information from other parts of the company than managers in other departments. At the same time, they spend less time than others tracking down information, use the fewest sources to get information related to their jobs, and are among the least likely to miss vital pieces of information.

Finally, the survey confirmed what many observers have recently come to believe: New technology is the single most important factor in the increasing difficulty of managing information. With an ever-increasing amount of data flooding the workplace—from e-mail, instant messaging systems and handheld devices—companies must have the right information processes to determine what data is useful to each part of the organization, weed out useless data, and more effectively use and analyze key data to substantially improve their operating and financial performance.

This complaint was heard the loudest in Europe—58 percent of French respondents and 56 percent of Germans listed it as a top frustration—and most quietly in the United States and Singapore, where approximately one in three workers expressed such a sentiment.

Interestingly, different countries have markedly different priorities when it comes to work. In Western countries work/life balance is top of mind, while in China and Malaysia establishing and nurturing a career appears to be relatively more important. In fact, our survey shows that while about 1 in 3 of all middle managers were frustrated by the challenge of balancing work and personal time, this dilemma was more keenly felt in Australia (50 percent), the United Kingdom (49 percent), the US (41 percent), Spain (41 percent) and France (39 percent). Conversely, fewer than 1 in 4 respondents reported this as a top frustration in China and Malaysia (24 percent and 23 percent, respectively). At the same time, while 35 percent of all respondents are frustrated by their lack of a clear career path, this impediment was substantially more prevalent in China (49 percent) and Malaysia (47 percent). The career path challenge seems to be less of an issue in countries such as Germany (15 percent) and the United States (29 percent).

In addition to the aforementioned challenges, middle managers are frustrated that they have so much trouble finding and using information critical to doing their jobs. Read a discussion on this issue, addressed by a different Accenture survey, in the sidebar on page 5.

Middle managers are primed for a change

Though our middle manager survey reveals some country-specific differences, one thing is consistent around the world: With such high

levels of frustration and discontent, many middle managers are primed for a change. In fact, 43 percent of all respondents reported that they would consider a new job at a different company. The United Kingdom and Australia had the largest percentage of middle managers likely to consider another job (60 percent each), while French respondents were relatively less likely to consider switching jobs (27 percent).

Roughly one-quarter of respondents have taken their dissatisfaction to the next level, and are actively seeking new work. More specifically, 23 percent of respondents already are looking for a new job in a new company, with Malaysia reporting the highest percentage of middle managers in this situation (43 percent). Of those already looking for a new job, 25 percent said their primary motivation was a lack of prospects for advancement at their current jobs, 22 percent cited better conditions or prospects at another job, and 20 percent hoped for better pay or benefits.

Implications for organizations

What does all this mean for top executives in organizations striving for high performance? There are several implications—none of them positive—for companies that ignore or minimize middle managers' frustrations.

Of course, the most obvious is that middle managers could leave the organization. Unless they take action, companies stand to lose large slices of their critical core—those managers who translate strategic directives into the business processes and decisions that drive high performance. And as middle managers depart, they take with them years of critical institutional knowledge—leaving those who replace them in the dark about many aspects of their jobs and "how things work" in their companies. Such knowledge can

take years to rebuild in new recruits, during which time middle manager productivity and contributions can be muted.

If middle managers choose not to leave the company but remain frustrated and disillusioned, the chances are high that this key workforce will simply "tune out" and become disengaged from their jobs and the organization at large. In some ways, this situation is worse than if the unhappy managers left the company entirely. At least then the company could replace them with professionals who would embrace their new roles. In addition to being unproductive, entrenched and unhappy middle managers can drag down overall employee morale and be a real obstacle to the successful translation of a company's strategic objectives into action.

Finally, if unhappy middle managers do remain with the company and the sources of their frustration are not effectively addressed, there's a good chance many of those managers may rise to a more senior position in the company—and unintentionally create the same negative environment for the next generation of middle managers whom they supervise. Perpetuating such attitudes among middle managers is clearly not in the best interest of the organization at large. And, with a generation of new or soon-to-be leaders harboring feelings of discontent, companies will find themselves poorly equipped to compete over the long term.

Three priorities for boosting performance

So what is a company to do to avoid the preceding impacts? Accenture believes it all starts at the top. Senior managers have an opportunity—and a responsibility—to get at the root of the problems that frustrate middle managers and tap into the latent performance potential of this critical

workforce. Low engagement levels and frustration among middle managers will blunt overall organizational performance—especially as competitive pressures intensify and baby boomers prepare for retirement in the coming years. To capitalize on the knowledge, expertise and productivity resident in these key managers, organizations should focus on four key priorities.

First, senior managers must provide clear communications with middle managers, ensuring that this critical core understands company strategy and their role in that strategy's fulfillment. At the same time, senior managers must take pains to listen to and integrate middle managers' input on company strategy. Middle managers are in a key position to provide valuable insights—close enough to the front lines to see how strategy plays out in real life, but high enough to be able to form an integrated, comprehensive view of business performance.

At the same time, senior managers must expend the effort to boost their levels of engagement with middle managers. They must listen to frustrations and complaints about compensation, work/life balance, and career paths. More importantly, they must take action to remedy the most serious of these complaints whenever possible. Doing so will demonstrate to middle managers that their contributions are valued and that the role they play in the organization is critical to success.

Third, senior managers have a directive to more closely link performance goals with rewards and career progression. Our survey clearly shows that a lack of recognition and rewards for hard work is a key frustration among middle managers, as is a lack of visibility into one's career path. By directly tackling these concerns with more thoughtful and comprehensive performance and planning systems, executives can remove several key

barriers to high performance. As part of this effort, senior managers should continually look for promising middle managers they can groom as the organization's next generation of leaders—which not only creates a powerful incentive for these middle managers, but also helps ensure "bench strength" and management continuity in the senior ranks.

Finally, senior managers must ensure that their company has sufficient knowledge capture and transfer capabilities to avoid having crucial institutional knowledge walk out the door with departing middle managers. Realistically, senior managers probably will not be able to make everyone happy, despite their best efforts to address middle managers' issues. Recognizing this, and being able to lessen the impact of employees' departures, is of utmost importance—especially as companies in many countries face an impending shortage of talent.

Business executives have become increasingly aware that the true power of their organizations can be found in the middle. Without adept and engaged middle managers, organizations can quickly find themselves adrift in a sea of rising competitive and demographic pressures. By ensuring that they build and sustain an engaged, highly productive corps of middle managers, companies in any industry can prevail against increasing global competition and the impending retirement of key leaders—and take major strides toward achieving high performance.

About the Research

This report is based on our fourth annual survey of full-time workers who consider themselves to be middle managers. For this year's survey, 1,413 web-based interviews were conducted with respondents in the United States, the United Kingdom, France, Spain, Germany, Australia, China, Singapore and Malaysia. The survey was conducted in September 2006 by International Communications Research.

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