“The Under-Management Epidemic”

EXECUTIVE SUMMARY OF KEY FINDINGS
Study conducted by RainmakerThinking, Inc.®

By Bruce Tulgan
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OVERVIEW

Today's workplace is afflicted by an "Under-Management Epidemic."

There has been so much talk about the engagement of workers: Are your employees "engaged" or not? But that's the wrong question. The key factor affecting employee engagement is the relationship employees have with their immediate supervisors. Therefore, the question you should be asking is this: Are your MANAGERS "engaged" or not? From our ongoing research, we have become convinced that too many of those in leadership positions ----at all levels---- are disengaged from their direct reports on a day-to-day basis. Too many leaders, managers, and supervisors are failing to lead, manage and supervise.

Since 1993, RainmakerThinking, Inc.® has conducted ongoing research on the dynamics of supervisory relationships in the changing workplace. Late in 2002, we began to focus our research on an alarming pattern: We found that a huge preponderance of those in leadership positions, at all levels, were severely "under-managing" their direct reports on a day to day basis. We began to investigate this "under-management" condition as a "disease" afflicting the workplace.

"Disease" is defined by the American Heritage Dictionary as "a pathological condition of a part, organ, or system of an organism resulting from infection, genetic defect, or environmental stress, and is characterized by an identifiable group of symptoms." We consider under-management a disease because it is a pathological condition in an organization or team that results from a combination of environmental factors and acute causes and has clear signs, painful symptoms, and harmful effects to the organization or team (the organism).

Specifically, we define under-management as a condition in which a leader with supervisory authority ("Manager"), due to influence, inclination, or circumstances, ***fails to provide regularly and consistently*** any employee directly subject to that authority ("Direct Report") with any of the following "Five Management Basics": (1) Clear statements of performance requirements and standard operating procedures related to recurring tasks and responsibilities. (2) Clear statements of defined parameters, measurable goals, and concrete deadlines for all work assignments for which the direct report will be held accountable. (3)Accurate monitoring, evaluation, and documentation of work performance. (4) Clear statements of specific feedback on work performance with guidance for improvement. (5) Rewards and detriments distributed fairly.

We have now studied this problem closely for eighteen months (from December 2002 through June 2004), gathering data from our ongoing surveys and interviews, as well as my own direct evaluations of more than 500 managers selected from participants in RainmakerThinking, Inc.'s® intensive two-day management workshops. (See page 10 for more details about our research.) Based on our ongoing research, our findings indicate…

#1. UNDER-MANAGEMENT IS A WORKPLACE DISEASE OF EPIDEMIC PROPORTIONS.
#2. THE IMPACT OF UNDER-MANAGEMENT IS HARMFUL AND COSTLY.
#3. THERE ARE FOUR LEADING CAUSES OF INDIVIDUAL INFECTION.
#4. ENVIRONMENTAL FACTORS SUPPORT THE SPREAD OF THE DISEASE.
#5. THE SMALL PERCENTAGE OF MANAGERS WHO ARE HANDS-ON TEND TO FOLLOW SEVERAL OR MORE OF A SERIES OF BEST PRACTICES.

FINDING #1. UNDER-MANAGEMENT IS A WORKPLACE DISEASE OF EPIDEMIC PROPORTIONS.

We have found the under-management condition to be deep and widespread throughout the workplace, at all levels, in organizations of all sizes, in every industry. The spread of under-management has been so extensive that it is almost taken for granted. We live with it like an incurable disease. Has it reached epidemic levels? Of course, there is no hard measure for such a thing. Based on our definition, our findings indicate that Under-Management is pervasive in today's workplace:

1% of managers provide every direct report with all five management basics at least once a day.

99% of managers DO NOT provide every direct report with all five management basics at least once a day.

10% of managers provide every direct report with all five management basics at least once a week.

90% of managers DO NOT provide every direct report with all five management basics at least once a week.

25% of managers provide every direct report with all five management basics at least once a month.

75% of managers DO NOT provide every direct report with all five management basics at least once a month

65% of managers provide every direct report with all five management basics at least once a year.

35% of managers DO NOT provide every direct report with all five management basics even once a year.

FINDING #2. THE IMPACT OF UNDER-MANAGEMENT IS HARMFUL AND COSTLY.

We have found that under-management is the overwhelming common denominator in most cases of sub-optimal workplace performance of all types and at all levels. Broadly measured, the consequences of under-management amount to a substantial diminution in return on investment. Under-management simply lowers productivity and quality. The worse the case of under-management, the lower the productivity and quality will be and the greater the diminution in return on investment. Our findings indicate that when a manager fails to provide direct reports regularly and consistently with all five management basics, that manager…

-is not informed about the details of direct reports' tasks and responsibilities.

-talks to direct reports about everything under the sun, but not enough about the work and, as a result, fails to provide direct reports with regular direction and support.

-is not in a position to help direct reports identify resource needs and meet those needs.

-is not in a position to anticipate problems, help direct reports avoid problems, and help solve problems when they occur.

-is not in a position to judge what expectations are reasonable.

-is not in a position to set ambitious, but still meaningful, goals and deadlines.

-has a difficult time accurately assessing the appropriate scope of responsibility to delegate to direct reports.

-is not in a position of power because direct reports know the manager is out of the loop.

-misses numerous routine opportunities to provide direct reports with on-the-job training and coaching.

-must deal with problems that never would have started and problems get out of control that could have been solved with relative ease.

-must try to salvage resources that are often squandered unnecessarily.

-has direct reports who often misunderstand expectations and performance standards, as well as goals and deadlines.

-has direct reports sometimes go in the wrong direction on projects for days or weeks before anybody notices.

-spends more time putting out fires because the manager hasn't spent enough time preventing problems.

-spends more time on low level tasks and responsibilities because the manager doesn't have the confidence in direct reports to delegate.

-thinks he/she is soft-pedaling authority until problems occur and then has outbursts of anger.

-is not in a position to fairly and accurately monitor and measure the success and failure of direct reports.

-when it comes time to reward high performers, doesn't have the documentation to justify the differential rewards.

-when it comes time to deal with low performers, doesn't have the documentation to make it easy to impose detriments or removal.

-becomes confused and frustrated with the new reality that managing people has become a day to day negotiation.

-fails to answer the questions that are always on every employee's mind: "What's the deal around here? What do you want from me? And what do I get for my hard work… today?"

-finds a growing disconnect between his/her management style and the needs and expectations and behaviors of an increasing percentage of direct reports.

-is not in a position to take control of the ongoing negotiation to drive performance.

-is unable to use market forces (negotiation) to determine collaboratively with direct reports what performance expectations are reasonable and, therefore, unable to make direct reports complicit in agreeing to ambitious goals and deadlines.

-is often out-negotiated and doesn't even realize it.

-is unable to create in direct reports the self-imposed source of accountability that comes from actively negotiating and agreeing to ambitious goals and deadlines.

-is not in a good position to tie financial and non-financial rewards (and detriments) to measurable instances of employee performance and nothing else.

-fails in efforts to implement "pay for performance" because pay for performance only works if direct reports know exactly what behavior is required of them in order to trigger rewards.

-has high performers and low performers often receiving the same rewards.

-has direct reports who believe there is no direct connection between their efforts and their rewards.

-has direct reports much less willing to make short-term sacrifices and go the extra mile.

-is unable to identify the "needle(s) in a haystack" of each direct report and use those unique needs and wants to create "unique value propositions."

-fails to monitor and measure performance closely.

-fails to meet direct reports' needs and wants and creates no reasonable expectation of meeting those needs and wants.

-attracts and hires more mediocre and low performers and many fewer high performers.

-loses high performers to other managers and other employers.

FINDING #3. THERE ARE FOUR LEADING CAUSES OF INDIVIDUAL INFECTION.
While there are many systematic and environmental factors contributing to the under-management epidemic (see next page, finding #4), the most important factor in every case is the individual manager. Every manager is susceptible to "under-management" and resisting the disease requires constant vigilance. Our findings indicate that the leading causes of individual infection are…

ONE. Lack of Time and/or Resources. Our findings indicate…
Most managers struggle to balance their management responsibilities with their own job tasks, with management responsibilities receiving a small percentage of each manager's time. Managerial spans of control (the number of employees officially reporting to each supervisor) are increasing, putting on a strain on the limited amount of time managers are able to devote to management responsibilities. Most managers have a growing list of administrative duties and paperwork related to management, which takes up a large percentage of time devoted to management responsibilities (instead of one-to-one communication with direct reports). Most managers are working with tight budgets and have limited flexibility with financial and non-financial resources.

TWO. False "Nice Guy" Syndrome. Our findings indicate…
Some managers have a fundamental misunderstanding of 'empowerment' that keeps them from acknowledging, asserting and enforcing their management authority. These "false nice guy" managers think that empowerment means "direct reports own their work and make their own decisions." As a result, these managers refuse to accept responsibility for the authority and influence that comes with their position. They resist making clear statements about performance requirements, standard operating procedures, direction, feedback on performance (praise or criticism), guidance for improvement, or the distribution of rewards and detriments.

THREE. Lack of Skill. Our findings indicate…
Most managers receive insufficient training in the best techniques of effective supervision. As a result, most managers develop ad hoc their own sub-optimal management style and repertoire of management techniques, which become ingrained over time as strong habits. These strong habits present serious personal obstacles making it difficult for most managers to learn new techniques and develop a more optimal management style and repertoire, eventually ingraining new strong habits.

FOUR. Fear. A large number of managers are afraid of the potential consequences if they attempt to take a highly-engaged (providing the five management basics at least once a week) approach with direct reports. Our findings indicate the top five fears managers have about being highly-engaged…
1. There will be no tangible benefit to the manager that accrues from the extra time and energy invested in managing direct reports.
2. Direct reports might experience and/or express negative feelings (anger, insult, dislike, derision, fear, sadness, betrayal, etc.).
3. Direct reports might require the manager to engage in difficult conversations (refuse to cooperate, resist direction, argue, be silent or use loud voice and/or harsh words).
4. Direct reports might seek revenge against the manager (foot-dragging, badmouthing, quitting, sabotage, complaints, lawsuits, etc.).
5. Direct reports might impose expectations or demands upon the manager that he/she will be unwilling or unable to meet.

FINDING #4. EIGHT KEY ENVIRONMENTAL FACTORS SUPPORT THE SPREAD OF THE DISEASE.

We've been tracking the incredible shifts in the workplace from the early days of downsizing, restructuring, and reengineering through the tech boom, the dot com craze, and the economic downturn of the early 2000s. Numerous environmental factors support the spread of the under-management disease. Our findings indicate…

ONE. The changes in the workplace that have occurred since the early 1990s go way beyond short-term trends and ordinary fluctuations in the labor market. There is a historic macro-economic shift under way. Driven by the great forces of history---technology and globalization---the larger economy has reached a new stage of global interconnection, high speed, and complexity. The worldwide business environment has become one of high risk, erratic markets, and unpredictable resource-needs.

TWO. In order to adjust, organizations of all sizes have tried to become more lean and flexible, adopting aggressive human capital management practices to try to get more work and better work out of fewer and fewer employees.

THREE. Without credible long-term promises from employers, most employees work anxiously to take care of themselves and their families and try to get what they can from their employers----one day at a time.

FOUR. The traditional long-term hierarchical employer-employee bond has morphed into a short-term transactional relationship.

FIVE. Many managers find employee attitudes and behavior to be extremely frustrating, difficult to manage, and downright maddening.

SIX. Traditional sources of authority are being supplanted by new sources. Seniority, age, rank, and rules are diminishing. Organization charts are flatter; layers of management have been removed. Reporting relationships are more temporary; more employees are being managed by short-term project-leaders, instead of "organization-chart" managers. Managers are losing their old fashioned long-term hierarchical power, a form of power that (once acquired) required little effort to wield.

SEVEN. On the rise as sources of authority, are more hands-on and transactional forms such as control of resources, control of rewards and control of work conditions: Increasingly, supervisory managers are the primary points of contact with the employer organization for most employees.

EIGHT. On a daily basis, the supervisory manager defines the work experience for most employees. Employees rely on immediate supervisors more than any other individuals for meeting their basic needs and expectations and dealing with a whole range of day-to-day issues that arise at work. Yet, wielding these hands-on and transactional sources of authority requires a great deal of time, dedication, skill, and interpersonal courage.

FINDING #5. THE SMALL PERCENTAGE OF MANAGERS WHO ARE HANDS-ON TEND TO FOLLOW SEVERAL OR MORE OF A SERIES OF BEST PRACTICES. How does a manager avoid under-management? We have looked at highly-engaged managers, that small percentage who provide the five management basics to every direct report on a regular and consistent basis---at least once a week. These highly-engaged managers consistently have the best track records of high productivity and quality, strong employee morale, and retention of high performers. To capture what these highly-engaged managers actually do, to describe the highly-engaged management style, techniques, skills, best practices, and habits, we coined the term "H.O.T. Management™. H.O.T. is an acronym that stands for "hands-on" and "transactional." HOT Managers have the following best practices in common:

ONE. They are extremely knowledgeable about the tasks and responsibilities of each direct report. That means knowing the details of their work. Enough to know what can be done every day and what cannot be done; what resources will be necessary; what problems may occur; what expectations are reasonable; what goals and deadlines are sufficiently ambitious; and enough to fairly and accurately monitor and measure success and failure.

TWO. They not only provide direction and guidance on a regular basis, but also support and coaching. They help identify resource needs and help fulfill them; help identify potential problems and help solve them; monitor and measure the workload of each person. They evaluate performance in order to determine when tasks, responsibilities and projects are a good fit or a bad fit; when a direct report requires more information or additional training; when a direct report is having a bad day, or a good day; when a direct report needs advice, motivation, inspiration, or counsel.

THREE. They spend time with every direct report in regular coaching sessions to remind direct reports about overall performance requirements and standard operating procedures, as well as spelling out concrete expectations, and clarifying goals, deadlines, and parameters. They take charge and offer clear direction, but also get input from direct reports throughout the process. They try to work with direct reports to determine what is reasonable, anticipate problems and resource needs together, strategize together about how to reach ambitious targets, and give direct reports some ownership and complicity in the goal-setting process. Over time, the two key factors they keep track of are: 1) How much responsibility should be delegated to each direct report. And, 2) How often the manager needs to meet with each direct report.

FOUR. They monitor and measure performance in writing, on an ongoing basis, so they can champion and reward success and, just as urgently, deal with failure. They put themselves in a position to judge the cause of success as well as failures: To determine when successes and failures result from a direct report's attention, care, judgement, or effort. And they document that judgement in some kind of running notes about management interactions with each direct report, organized as a tracking system, both chronologically and by person. The key is keeping detailed contemporaneous records of conversations with direct reports including: reminders about overall performance standards, goals, deadlines, guidelines and parameters, anticipating and planning for resource needs and to avoid problems, questions asked by direct reports and any answers, requests made by direct reports and any answers, any quid pro quo promised in exchange for specific performance, any other special issues that require follow up.

FIVE. They understand, accept, and even embrace the new reality that managing people has become a day-to-day negotiation. It means abandoning the top down assumptions of hierarchical leadership and letting go of insult when direct reports resist the manager's authority and make demands. It means constantly answering the questions that are always on every employee's mind: "What's the deal around here? What do you want from me? And what do I get for my hard work… today?"

SIX. They also decide what is not negotiable. What are the basic performance requirements and standard operating procedures, for which employees should expect nothing more than to be treated fairly, paid for their work, and keep their jobs? And they have the guts and discipline to relentlessly communicate these requirements and standard operating procedures and hold every direct report accountable for them.

SEVEN. They give every individual a chance to set and meet ambitious goals and deadlines on a regular basis; have an accurate ongoing analysis of each individual's performance; and document all of this clearly and consistently in writing, in a daily record.

EIGHT. They make every effort to tie rewards (and detriments) to measurable instances of employee performance and nothing else. Most compensation systems allow most managers much more discretion they actually use. There are often opportunities to distinguish between and among employees on the basis of performance in ways that do affect their compensation directly: Sometimes that means having the guts to give high performers higher scores and lower performers lower scores---in project evaluations and in semi-annual and annual reviews. Sometimes it means working with limited bonus pools and allocating funds, not evenly among all the team members, but rather according to performance. Sometimes it means using limited spot bonus funds to reward some higher performers. Sometimes, it means going to bat to get additional discretion or additional funds in order to, in fact, reward high performers who deserve to be rewarded.

NINE. They also make every effort to tie non-financial rewards to performance. They are creative and use the discretion and discretionary resources at their disposal. The key is to gain control of as many "bargaining chips" as possible and use them to negotiate for increased performance. These bargaining chips include the manager's power over resources and work conditions; the assignment of tasks; training opportunities; scheduling; recognition; exposure to decision-makers; working in one location or another, with one co-worker or another; and so on.

TEN. They make every effort to find every employee's "needle in a haystack"---his/her unique needs and wants---and use those needles to create "unique value propositions" for direct reports. This technique gives direct reports a strong personal stake in the job and the relationship with the manager. There is no better leverage for retention and no better motivational tool for exceptional performance, than a direct report's needle in a haystack.

ELEVEN. They deal with performance problems immediately and aggressively. As soon as a direct report's performance starts to slip, these managers start meeting more often and focusing the person on more narrow goals and deadlines, with constant reminders about performance requirements and standard operating procedures. If the problem persists, it is diagnosed and swift action taken. These managers are prepared to have direct performance improvement conversations and then follow up aggressively and try to turn the downward spiral into an upward spiral. If this effort fails, these managers are prepared to remove the 'stubborn low performers.'

ABOUT OUR "UNDER-MANAGEMENT EPIDEMIC" STUDY
(Conducted December 2002 to June 2004)

The research on which this report is based has not concluded: Beginning in December 2002, we focused our research efforts on this study, including our regular one-to-one interviews, questionnaires, surveys, and focus groups. In large part, this report is based on Bruce Tulgan's own direct evaluations of more than 500 managers selected from participants in RainmakerThinking, Inc.'s® intensive management seminars. The managers were selected from forty different seminars, with an average of forty participants and ten classroom hours per seminar. The managers and their employers were from all levels of authority within forty different organizations across industries including aerospace, banking, data management, defense, finance, food service, government, hardware, health care, manufacturing, professional services, research, retail, and software.

RainmakerThinking, Inc.® ongoing research (since 1993): (1) We conduct qualitative interviews, so far with more than 10,000 individuals including several hundred longitudinal interviews, and on that basis, we have developed hundreds of individual case studies and composite case studies. (2) We collect detailed management practices questionnaires completed by senior executives, so far from more than 700 different organizations since 1997. (3) We lead interactive management seminars, so far more than 1,000 seminars logging more than ten thousand hours with hundreds of thousands of participants. (4) We conduct focus groups and surveys, including thousands of respondents each year. (5) We often have special access to review survey data internal to client organizations as well as benchmarking data, so far from more than 300 individual client organizations and more than forty benchmarking surveys. (6) We consistently review available published data, including leading academic research.

Our research has been the source of fifteen books and hundreds of articles by Bruce Tulgan, Dr. Carolyn Martin, and others from RainmakerThinking, Inc.®, as well as 110 issues of our monthly newsletter. In addition, our research has been cited in dozens of books by outside experts and in articles by more than 1,000 business journalists.

Previous study
In a previous report by Bruce Tulgan and RainmakerThinking, Inc., we released the findings of our ten-year study on the changing norms and values of the workplace. (Contact us for a complete copy of the Executive Summary, "Generational Shift: What We Saw at the Workplace Revolution," September 2003.) In that previous study, we detailed many trends that we now recognize as systematic and environmental factors contributing to the under-management epidemic. In short, we found:
#1. Work has become more demanding. Employees are working harder and facing increasing pressure. #2. Employer-employee relationships have become less hierarchical and more transactional. Traditional sources of authority are diminishing and employees are less obedient to employers' rules and supervisors' instructions. #3. Employers are moving away from long-term employment relationships and increasing the percentage of contingent workers. #4. Employees have less confidence in long-term rewards and greater expectations for short-term rewards and are much less willing to make immediate sacrifices in return for potential long-term rewards. #5. Supervisors are now the most important people in the workplace. #6. Supervising employees now requires more skill and time than ever.