

2014

INSIGNIAM MIDDLE MANAGEMENT SURVEY

Middle management's critical role in saving company innovation

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Preface

Middle managers comprise a large swath of the overall global workforce. In the U.S. alone, nearly 11 million people identified their role as that of a middle manager in 2012 according to the *Wall Street Journal*.

In order for C-Suite leadership to implement strategic plans key to their critical and essential goals, they must rely on middle managers to execute, implement, and create buy-in with employees across the organization.

A core function of a middle manager is to bridge the gap between C-suite executives and the workforce at large. Insigniam's 2014 Middle Management Survey reveals that while many middle managers are motivated by the type of work they do, dire issues exist among many of those occupying the middle management ranks. Namely, issues related to declining opportunities to progress professionally, a lack of the decision rights to get their jobs done, and a disconnect with the people to whom they report. The ultimate insight from our survey? The bigger and more plentiful the opportunity for making a meaningful contribution to the future of their enterprises, the more potent and satisfied the middle manager.

BIG OBSTACLES FOR MIDDLE MANAGERS

This year, Insigniam published findings from a survey of middle managers in Global 1000 companies in the healthcare, pharmaceuticals, chemicals, manufacturing, fast moving consumer goods, energy, and biotech industries.

OUR RESEARCH SHOWS MIDDLE MANAGERS FACE THREE MAIN CHALLENGES:



SURVEY SAMPLE

OF THE ORGANIZATIONS SURVEYED:

30% >  COMPANIES WITH ANNUAL REVENUES LESS THAN \$1 BILLION

56% =  COMPANIES WITH REVENUES FROM \$1 BILLION TO \$50 BILLION

14% <  COMPANIES WITH ANNUAL REVENUES EXCEEDING \$51 BILLION

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Obstacle I: Declining Opportunity for Big Aspirations

According to our findings, while many middle managers express a desire to be promoted, they perceive declining opportunities for their careers which in return lead to diminished aspirations. Only 15% of managers believe they will be promoted to the next level of management at their current company. Despite their desire to move out of current roles, most surprisingly, almost half of middle managers say they have no desire for an eventual role in the C-suite. Thus seemingly relegated to stay in a middle management role forever and at companies with no clear pathways into growing leadership roles, middle managers are becoming dangerously disenfranchised. 61% of managers would not be happy staying at their current job for the next five years, indicating that companies have less than five years to establish a clear path of forward movement for talented middle managers or risk losing more than half of them.

Obstacle II: Lack Of Decision Rights

In 2012, the Chartered Institute of Personnel and Development, based in London, released its Employee Outlook Survey, which found that nearly half of middle managers surveyed described being under “excessive pressure” at their job. Our research shows that 50% of managers say their primary job frustration is that decision-making is taken out of their hands. This in turn creates a sense of pressure and a sense of a loss of power to get their work done. The result? 25% intend to stay with their current company only until they receive a better offer. In addition, they express a multitude of other points of dissatisfaction that exacerbate restlessness in their roles, such as shifting priorities and a lack of autonomy.

Obstacle III: The Executive Disconnect

As bestselling business author of *Drive: The Surprising Truth About What Motivates Us*, Daniel Pink, notes in an article published by The Wharton School, “It used to be that if you were understanding, generous, or noble, you were seen as undermining your effectiveness.” Pink, whose work identifies humanistic values and effectiveness in business as codependent entities, says, “What works in the workplace has changed. And this shift has profound implications, including economic repercussions, for organizations and their leaders.”

Our survey findings indicate that middle managers have a desire to help their companies accomplish great things, and most of them are highly motivated in their role. 70% of managers say they are frustrated because their immediate supervisor does not listen to them. Based on comments in the survey, they often feel unable to make contributions that they are capable of making when they are excluded—at times even prohibited by senior executives—from participating in innovative work that can change internal processes and generate breakthrough performance. They feel that senior leadership is often insular, exclusive, unwilling to think outside the box, and

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too focused on the bottom line at the expense of losing sight of the possibilities to build a strong future.

Implications

Our survey indicates that promotions are not the only way to satisfy the aspirations of middle managers. While realistically the funnel for promotions gets narrower as one advances in the organization hierarchy, our respondents very loudly and very clearly indicate that designing jobs with a wider band of impact would go a long way in anchoring and motivating middle managers. Moreover, the cost of establishing executive practices and desire to listen to the contributions and perspectives of middle managers as well as creating the opportunities for participation would cost mere pennies compared to the cost of replacing 25%-50% of your middle management workforce, or worse yet, having a demotivated corps of managers that institutionalize rather than bridge the gap between C-suite executives and the workforce at large.

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Introduction

A study¹ conducted in 2011 by The Wharton School professor Ethan Mollick found that middle managers could have a greater impact on company performance than almost any other employee group in an organization. The study also shows that middle managers are needed to help create innovations that lead to breakthrough performance in knowledge-intensive industries. This led Insigniam to reach out to its network of Global 1000 companies to speak with middle managers themselves, an audience that is eager to have its voice heard.

About Insigniam

Insigniam has over 25 years experience working with large, complex organizations in generating breakthroughs in their management results—whether that be in topline growth, strategy implementation, better profitability, or culture change. Insigniam innovation consulting enables enterprises to identify new strategic frontiers, generate creativity, and execute growth opportunities on those frontiers. By marrying breakthrough performance and innovation, Insigniam innovation consulting services are unparalleled in their potency to quickly create dramatic growth. Clients have documented, in aggregate, more than 50x ROI in management results considered critical and essential to the success of their enterprises. Other Insigniam solutions include Enterprise Transformation, Breakthrough Projects, Transformational Leadership, and Managing Change. Offices are located in Philadelphia, Pennsylvania; Laguna Beach, California; Paris; and Hong Kong.

Summary of Key Findings

This year's Middle Management Survey captured responses from 200 managers in Global 1000 companies in multiple industries, such as healthcare, pharmaceuticals, chemicals, manufacturing, fast moving consumer goods, energy, biotech, and more. These middle managers reported that they have 2-5 levels of management between them and the highest executive in their company, and work primarily in the United States and Europe. The survey revealed the following key findings (see Figure 1 on page 5).

¹ *People and Processes, Suits and Innovators: The Role of Individuals in Firm Performance*, by Ethan R. Mollick, University of Pennsylvania – The Wharton School

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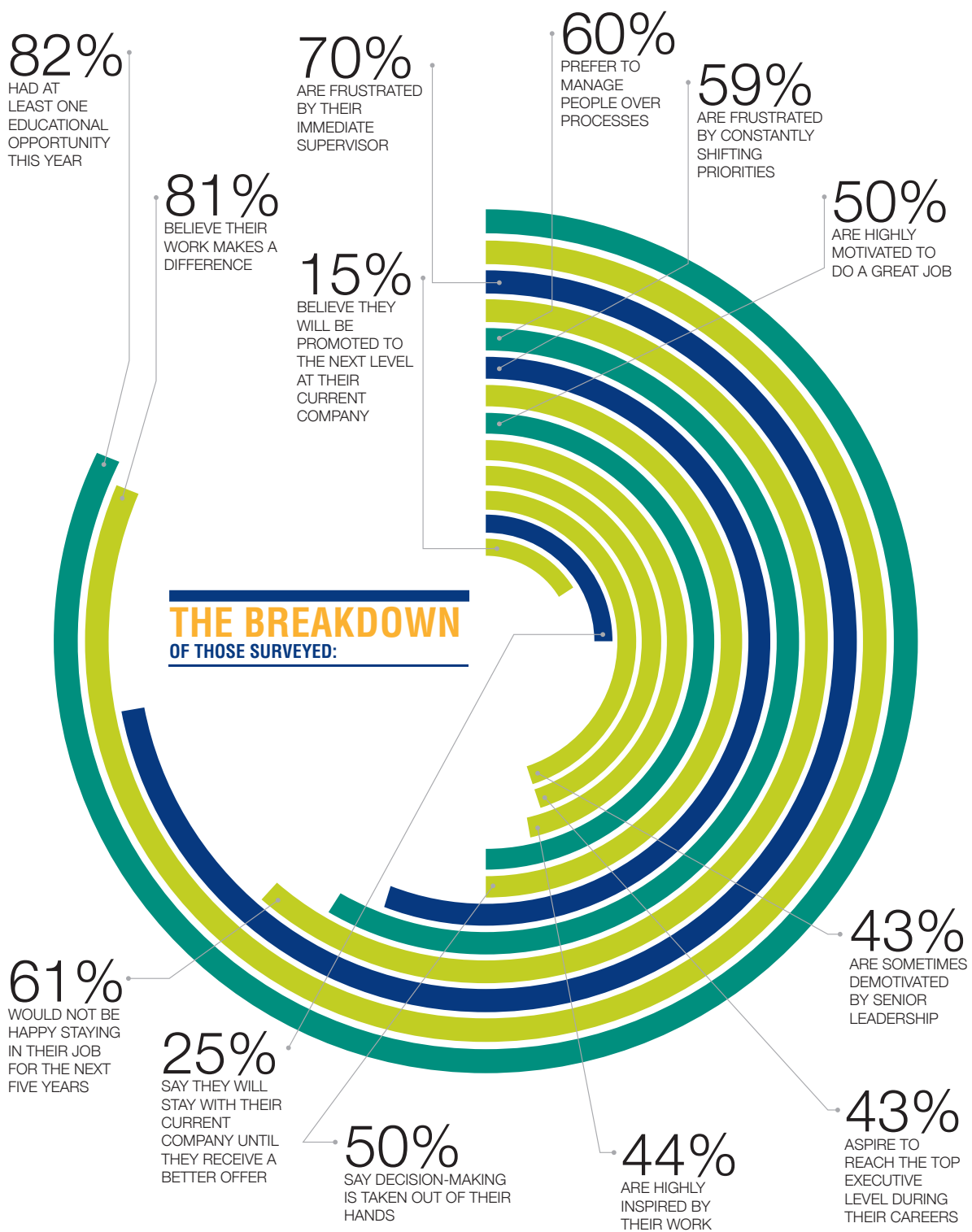


FIGURE 1

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1. How would you generally describe your source of motivation at work?

Middle Managers Are Motivated by the Work They Do and the People They Lead

Insigniam asked middle managers to think about the factors they felt are most motivating to them in their job environment, whether those factors are external things that encourage them to deliver top results, or internal motivators that give them the drive to succeed in their position. 37 percent of managers responded that the type of work they do motivates them, while 21 percent said they are motivated most by leading others.

Reputation and recognition play a key factor for 15 percent of managers, who are motivated by being well thought of or praised. Managers are also devoted to producing high-level results for clients, as 11 percent are motivated by their client or customer expectations.

An insight into manager motivations is also the first place where a potential disconnect with executive leadership and the lack of opportunity for upward mobility begins to show through. Only 3 percent of managers find their leader or leaders to be a primary source of motivation, another 3 percent are motivated by the drive to be promoted.

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2. In general, how motivated are you in your current role to do a good job?

Most Managers Are Motivated To Do a Great Job

More than half of middle managers are motivated to perform well in their current positions. 50 percent answered that they are highly motivated in their current role, with 38 percent responding that they are somewhat motivated.

Individual comments to this question indicated that many managers are motivated when they can see the results of their work directly, positively impacting their company and customers. One respondent said, “Being able to impact multiple key areas keeps me excited about doing more and doing it well.” Others said “I have the responsibility to build a best-in-class operation and have a direct impact on the company’s mission,” and “I am passionate about the work I do as I believe it is important to the community and the key stakeholders.”

However, 4 percent of managers are unmotivated or somewhat unmotivated, and 8 percent are somewhat demotivated or highly demotivated. Their individual comments show a frustration with upper-management, little hope for advancement in their position, and distaste for company politics that can stand in the way of decision-making and innovation. One commenter said, “With recent organizational changes, I’m further from C-level management and feel more removed. When I feel marginalized, motivation decreases.” Others shared that, “While I had the opportunity to lead others, the accomplishments in this area are not valued by senior leaders,” and “As a middle manager, I am not looked upon as someone with much authority. My immediate supervisor doesn’t generally keep me ‘in the loop.’”

3. How inspired are you by the work you do? Do you feel that your work has strong meaning and will make a material difference to something important to you and/or to others?

Managers Are Directly Inspired By Their Work—and by Making an Impact

When asked how inspired they are by their work, 44 percent of managers responded that they are highly inspired and 39 percent said they are somewhat inspired. 81 percent of middle managers, when asked if their work has meaning and will make a difference, answered yes.

Many managers told Insigniam that they are inspired through company mission, opportunities to work on improvements within the company, achieving goals with their team, and making a difference within their industry. One manager said, “Each day is a new opportunity to learn and impart knowledge that will contribute to the success of our organization. The work we do makes such a difference in the lives of our customers.”

However, as with the question of motivation, a theme of frustration and lack of empowerment showed through in the 9 percent of managers who find themselves neutral or the 9 percent who are somewhat or highly uninspired by their work. Again, managers in this category see few pathways toward promotion and little opportunity to participate in innovative projects that challenge them in the workplace. They either do not see the impact of the work they do, or they feel that they are not empowered to do more than mundane supporting work. One of the respondents told Insigniam; “My span of leadership involvement and visibility to key initiatives has been stunted, even though I am still sought out for expertise and advice by the team members that are now involved.”

4. Now that you are a manager, what do you prefer?

Middle Managers Prefer to Manage People

More than 60 percent of middle managers told Insigniam that they prefer to manage people in their work, followed by 23 percent that prefer to manage processes within their role. Only 6 percent of managers reported preferring to be an individual contributor.

Managers are eager to undertake additional responsibilities in leading teams toward success, preferring to work with their people to reach goals that impact both company and customers in a positive manner. One manager said in the individual comments that they prefer “the ability to empower others to affect change,” while others said they prefer to develop and mentor people on their teams, “making a difference to the people [they] work with.”

When coupled with managers’ preference to do the kind of work that motivates and inspires them, their desire to work with people creates a ripe breeding ground for employees who are excited to be part of a holistic solution that drives toward innovation and internal cultural shifts. Particularly, one that helps companies experience breakthrough performance that equates with high success. Even though middle managers may not be afforded opportunities to shift to a new role, they should be on the front lines of championing new leadership tactics and innovative practices through encouraging and managing others.

5. How important is it to you to progress to higher levels of management? Would you feel satisfied staying in your current level of management for the next three years? The next five years?

Most Managers Want to Move Ahead In Their Careers Within the Next Five Years

35 percent of middle managers say it is very important for them to move up the management ladder, while 40 percent of managers say that it is somewhat important. 39 percent of them responded that they would be content at their current level for the next three years.

However, 61 percent of managers say they would not be happy staying at their current level for the next five years, with 23 percent of managers stating they might be satisfied at their current level for that period of time.

Middle managers' frustrations over their lack of empowerment in decision-making and the divide between them and their more enabled, more involved superiors can only last so long before they become a real problem. In the 2013 Executive Sentiment Survey, 26 percent of executives told Insigniam that they were worried about their employees' complacency, lack of focus, and lack of accountability. Part of the problem could be that middle managers are pushed past the point of their ability to be happy about the stagnancy of their jobs.

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6. Do you think you will be promoted to the next level of management in your current company in the next three years? Would you be more likely to get the promotions you desire in your current company, or another company? What is the highest level of management you intend to reach during your career?

Most Managers Are Not Positive About Promotions, But Aspire to Be Top Executives

When asked about the likelihood of a promotion at their current company in the next three years, 48 percent of managers said there might be a promotion possibility, while 37 percent said that they did not believe they would be promoted. Only 15 percent believed that they would be promoted to the next level of management at their current company.

Middle managers may also be thinking about greener pastures, as 37 percent feel that a promotion is more likely in a company not affiliated with their current employer. Only 25 percent of managers believe a promotion is more likely in their current company, with 35 percent of managers believing it is equally likely to happen in both a new company and their current company.

Additional comments on this question show that many managers are not positive on the idea of promotion; one respondent said that there is “little opportunity to move up,” while another said, “current management has no interest in promoting people.” There was a general pattern of unease, whether due to the current climate at each individual company, no opportunities for advancement built into the company structure, or cuts, restructuring, and outside individuals being brought in to fill senior positions.

Yet, even with the down outlook on promotional possibilities, when asked what level of management they intend to reach during their careers, 43 percent of middle managers indicated that they would like to be top functional executives. 15 percent intend to be at the level of managing director, and 12 percent want to be a corporate officer. 30 percent reported that they aspire to another level of management, with individual comments showing that quite a few managers are happy at their current level of management.

7. How satisfied are you with exposure to and learning of new competencies in your current job? In the last year, how many training or professional education opportunities have you had?

Managers Are Mostly Satisfied With Educational Opportunities On the Job

Insigniam asked middle managers how satisfied they were with learning opportunities and how many they have been afforded in the last year. 42 percent of managers are somewhat satisfied with what they have learned on the job, while 31 percent of managers are highly satisfied. 12 percent were somewhat dissatisfied, while 5 percent were highly dissatisfied. 12 percent reported that they felt neutral about their learning opportunities.

Most managers (82%) had at least one training or education opportunity within the last year, with 25 percent reporting one opportunity, 22 percent reporting two, and 18 percent with three opportunities. 17 percent of managers had five or more opportunities, while 15 percent received zero opportunities for professional education.

Educational opportunities do help middle managers grow their experience and their expertise, which can help assuage some of the frustrations in a role that is advancing slowly (or not at all). However, middle managers still need to be able to apply what they are learning through professional education programs and training. If their roles do not expand to include additional competencies, this may continue the trend of managers feeling like they are not given the chance to tackle more meaningful work within their companies.

8. When you feel motivated by your work or a project, how often are you demotivated by leader(s) senior to you?

Demotivation of Middle Managers Critical to the Disconnect with Executives

When asked how often they are demotivated in their work by senior leadership, 43 percent of managers said they are sometimes demotivated. 35 percent say they are rarely demotivated, but 15 percent say their senior leaders often demotivate them. Only 8 percent say company leadership never demotivates them.

Some of the comments shared with Insigniam showed the various ways that managers feel they are demotivated on the job, such as a lack of empowerment and respect, not following through on projects, being left out of decisions or having decisions usurped by upper management, a lack of strategic thinking from executives, and hidden agendas and company politics becoming a barrier to innovation. One respondent said, “The desire to succeed is often squashed by leadership above us who are unwilling to look outside of the box and/or rethink rules/ideas/opinions.” Another manager told Insigniam that there is a lack of vision with leaders who talk about listening but rarely do it.

These responses show a marked disconnect with executives, 30 percent of whom reported in the 2013 Executive Sentiment Survey to be “very strong” in alignment and mandate from top leaders to encourage and act on innovation. Yet only 15 percent of executives felt their companies were well prepared to generate their desired levels of innovation, while 85 percent felt that innovation was critical to their success in the coming months. In caving to politics and not empowering their employees, executives may be overlooking a key component to launching successful innovative practices—middle managers that are hungry to be heard and to execute on great ideas.

9. What are your three primary frustrations in dealing with leaders senior to you?

Middle Managers Want the Power to Make Decisions, Manage Priorities, and Have Their Voices Heard

Insigniam presented middle managers with a series of potential frustrations and asked the managers to rate the frustrations in order from first to third. At 50 percent, the primary frustration was “decisions that are critical to getting work done are out of [my] hands,” aligning with other answers that show how problematic a lack of decision-making power is for middle managers.

40 percent said their secondary frustration was “changing priorities,” according to 40 percent of managers. This goes along with comments received about how leaders can demotivate middle managers, and how it is difficult for them to meet goals when their leaders make success a moving target due to corporate politics.

69 percent said their tertiary frustration was “my immediate manager does not listen to me.” This was a recurrent theme in comments seen on many of the survey questions, and further proves the disconnect perceived between middle management and executives, making managers feel alienated and unappreciated and leaving executives with concerns that their employees are complacent and unfocused.

Frustrations specified in the comments as “other” included bureaucracy, a lack of recognition for achievements, misalignment in the executive team, lack of communication, and an unwillingness among executives to change or come to a consensus on issues.

10. In a year, how many meaningful interactions do you have with the C-level executives in your company?

The C-Suite Isn't Hearing Managers Because They Don't Interact With Them

When asked how many real, impactful interactions they have per year with the C-suite executives in their companies, only 25 percent of managers said that they have 13 or more interactions with executives. 16 percent have between five and eight interactions, while 13 percent say they interact meaningfully with executives twice per year, and 12 percent say they have zero meaningful interactions with the C-suite.

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11. How long do you plan to stay with your current company?

Middle Managers Are Frustrated Enough to Be Restless

25 percent of managers indicated to Insigniam that they would only be content staying with their current companies until they were presented with a better offer. This may indicate that executives need to be less concerned about complacency in their workforce and more concerned about turnover among a valuable set of employees who could be a larger portion of the answer to problems when executing on innovation within their companies.

There may be an opportunity for the frustrations of both middle managers and executives to be solved through a cultural shift away from the kind of processes that breed bureaucracy and embrace ideas and execution at all levels, allowing managers to have their ideas heard, and make valuable contributions to the success of the company. This would also allow executives to re-think their approaches to innovative practices in order to be more prepared to execute and more successful in the long-term.

Not all managers had quite such negative outlooks on their future, or their loyalty to their employers. 22 percent said they intended to stay with their company for their entire careers, while another 22 percent of managers said they planned on staying for five years or more. However, there were a number of comments from managers who indicated that they would soon be of retirement age and planned on staying with their companies until such time. Companies may lose out on loyalty from younger employees who want to climb the ladder and do not plan on waiting too long to secure a promotion.

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About Our Survey

Insigniam conducted this multiple-choice, structured response survey online with a sample of 200 middle managers from the Global 1000, representing the world's 1,000 largest corporations by annual revenue, including aerospace, consumer goods, entertainment, manufacturing, healthcare, pharmaceuticals, and others. D Custom's audience research team validated the responses and analyzed the results in working with Insigniam to finalize and produce the report.

47 percent of the survey responses came from people at the manager level, while 40 percent came from people at the director or senior director level. 9 percent of responses came from associate directors, and 4 percent came from other managers, including senior and regional managers, team leads, and consultants with a managerial role—all of whom fall into the category of "middle manager" for the scope of our survey.

66 percent of respondents work with 0-200 people in the area for which they are accountable, with 15 percent working with 201-500, 9 percent working with 501-1000, 7 percent working with 1001-5000, and 3 percent working with 5001 or more.

31 percent of managers have 4-6 people reporting directly to them, while 20 percent have 1-3 direct reports, and 17 percent have 7-10 direct reports, and 12 percent have 14 or more people directly reporting to them. 16 percent of middle managers have zero direct reports.

20 percent of surveyed middle managers have been at their current level of management for 6-10 years, while another 20 percent of them have been at their current level for three years. 17 percent of managers have been at their level for two years, 15 percent for one year, and 13 percent for 11 years or more. 6 percent have been at their current level of management for four years, and 9 percent for five years.

30 percent of the respondents represented companies with annual revenues less than \$1 billion, 19 percent represented companies with revenues from \$1 billion to \$5 billion, and 13 percent represented companies with revenues from \$6 billion to \$10 billion. 13 percent of the respondents represented companies with annual revenues from \$11 billion to \$20 billion, 6 percent represented companies with revenues from \$21 billion to \$30 billion, 5 percent represented companies with revenues from \$31 billion to \$50 billion, and 14 percent represented companies with annual revenues exceeding \$51 billion.

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Appendix

Insights & Recommendations from Insigniam

The overall trends revealed by the respondents to the Middle Management Survey reflect the very issues that Insigniam's consultants around the world work with clients to overcome every day in an attempt to break through business-as-usual ways of thinking and past complacency and lack of innovation at all company and leadership levels.

Middle managers are a resource that may be as yet untapped to fulfill the needs of leadership through their own desires to succeed and to make an impact with inspirational work that can change everyday company processes and make their customers' lives better. Insigniam brings its clients a wide range of comprehensive practices that have generated over 50x ROI for Global 1000 corporations. Three of Insigniam's proven practice areas address the very concerns revealed in this year's survey related to elevating performance, innovation, and transforming corporate culture:

1. Elevating Performance. Strong company alignment results when employees are empowered to lead at every level, especially middle management. Just as a misaligned spine cannot effectively support the body's weight, a misaligned organization cannot support business priorities with the agility needed to seize new opportunities for growth.

Insigniam's Leadership Intensive provides participants with a powerful opportunity to learn how they can articulate a bold, contagious vision; align their work with corporate objectives while inspiring action in others; approach business challenges from an entirely new point of view; enhance teamwork; and, coach others.

2. Innovation. Executives and their teams know that identifying and pursuing genuine innovation is critical to business success. Companies cannot afford to merely survive by refusing to push past the status quo; they must be poised to thrive by delivering performance, products, and efficiencies to tap new revenue streams.

Insigniam's Enterprise Innovation helps companies embed innovation as a core competency that generates value across the enterprise, at every level and function. The process is tailored to the core strengths of the company and an organizational infrastructure that supports the pursuit of growth opportunities.

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3. Cultural Transformation. Regardless of size or location, a company's culture flows not from a list of static corporate values and principles, but from the day-to-day conversations, behaviors, and experiences of its people, often unpredictable and rarely linear in form. Shifting the corporate culture requires that employees be galvanized in a shared effort to adopt common values and goals.

Insigniam's Enterprise-Wide Transformation Approach focuses on a strong, direct partnership with organizational leadership and helps guide custom-designed development activities that reach employees throughout the organization; Breakthrough Projects impacting short, medium and long-term results; and, "Quick Hit" initiatives that deliver a new performance dynamic in 30-60 days.

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