

Preventing a “frozen middle”: How to engage middle managers to close the strategy implementation gap



Q&A with Bharat Anand, Henry R. Byers Professor of Business Administration, Harvard Business School, and John Seifert, Worldwide Chairman and CEO, Ogilvy & Mather.

In a global survey of 500 corporate leaders conducted by The Economist Intelligence Unit,¹ respondents pointed to middle and line managers as potential impediments to fulfilling strategic ambitions. The EIU interviewed Bharat Anand and John Seifert to explore the nature of—and solutions to—challenges in engaging the so-called frozen middle.

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Q **EIU: In our survey, 62% of respondents said that lack of buy-in from middle managers, line managers or both created a significant barrier to strategy implementation at their organisations. We often hear talk about a so-called frozen middle. What are your thoughts on this concept?**

Seifert: This is a group you absolutely cannot ignore. Winning their hearts and minds is one of our most important strategic imperatives. The challenge in our industry—the professional and creative services—is that for the past decade, the middle layer of companies has been under a fair degree of stress.

These are the folks on the front lines, delivering value to clients every day. But we have found that there is more and more pressure to rationalise the middle from a cost perspective. We are highly dependent on them, yet they are under the most scrutiny in terms of the value they bring.

Anand: It is tempting to frame this as a black-and-white issue, but I don't think it is. Middle managers are central to the execution of strategy, AND they can be a natural barrier to strategic innovation at the same time. The reason is that these are the people central to ultimately delivering on day-to-day implementation of a strategy. That requires them to be focused and committed to a particular set of tasks. Then asking them to carry out change initiatives can be hard.

It is hard to be focused and committed to an existing strategy and to innovate at the same time. Some folks are comfortable with ambiguity and creativity; others simply are not. Indeed, you can have people who are fantastic at execution but who are not change agents, so that the same person can be an asset or a liability depending on the circumstances.

Q **EIU: Presumably, their presence on the front lines would provide middle and line managers with valuable strategic information and enable them to provide real operational insight to both strategy formulation and delivery. Yet according to our survey findings, at only 26% of organisations was anyone outside the C-Suite held accountable for any aspect of strategy design. What role should middle managers play in strategy formulation and change?**

Seifert: In our business, we have to develop the strategy with them. This group in some ways finds it easier to embrace change because they see the necessity every day. They are often frustrated, though, wondering whether the leadership is enlightened enough to lead the efforts to change or at least not to get in their way.

One big initiative we put in is to develop a listening culture. We have a new tool that has a simple survey mechanism to help us understand how employees are feeling. One of the most vital things about middle managers is that they have a mechanism for reporting how a change process is working and confidence that we will work on the problems together with them.

Time is not on our side. If we are not seen to be investing in mechanisms that give employees empowerment and real-time response, they are more likely to take matters into their own hands.

Anand: Accountability comes with involvement. Buy-in comes as much from being part of the strategy development process as being told what the strategy is. A good strategy process involves more than just the CEO and his or her direct reports. And in particular, strategic innovation often comes from tapping into agents of change in the organisation [who can be at various levels of seniority].



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One of the things that kills innovation is permission. The moment you need permission for new ideas, they won't go anywhere. What you need instead is tapping into the passion for new ideas that certain people, including middle managers, might have—and then protecting them. It is hard to induce strategic change by changing everyone. It is easier to innovate by first demonstrating what is possible and then rolling it out.

Q **EIU: Moving beyond how a strategy is put together, once it is devised it needs to be explained to the whole company. Yet our survey data show that 90% of companies find lack of understanding of the strategy beyond the C-Suite is a significant barrier to implementation. Sixty-three percent of respondents say the lack of understanding by middle and line managers specifically is a problem. How do you communicate about a strategy so as to ensure that it is understood?**



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Anand: First of all, you can never have too much communication. But communication involves a lot of things, it's more than just senior executives speaking about the strategy. It includes getting the right people together in the first place, putting them on the right teams, choosing the right metrics to anchor execution and having the right performance review process in place for the strategy. What comes out of this entire process is to show what the strategy means—not just for senior managers but for people through the ranks.

Take performance reviews and measurement, for example. It's not a matter of just evaluating KPIs, but ensuring that the KPIs for everyone are tied to the strategy in the first place. Similarly, it's not enough to set high-level, long-term targets but to ensure these are suitably mapped to near-term, concrete markers as well. These actions are as or more important to strategy communication as simply talking about a strategy. Otherwise, strategies can just be high-level aspirational constructs. People need to understand and internalise what they mean for decisions they make every day. That's when they really start *owning* the strategy. That's what alignment is about, and how effective strategy communication really takes place.

Seifert: We are into the second year of a three- to five-year transformation. The initial step we took was to broadly communicate the change agenda to all employees, particularly to middle management, because we did not want to engage in trickle-down communication. That has been a big part of the communication strategy.

We have also outlined our nine-point people plan, which has a particular emphasis on priorities for the middle. This is the group that feels most vulnerable about engagement around the future: are we giving them new job experiences to develop the skills they need under the new strategy? Do they have a sense of mobility where they can change roles horizontally within the organisation or go to new geographies? Do we give them a sense of career-pathing over the next three jobs, rather than just one?

To answer these questions, we have had everything from much more regular engagement with middle managers around performance than before, more dialogue around career-pathing, a greater sense of appreciation around work-life balance. Engagement has been a core priority around this group.

Finally, people have to believe that the company is doing everything to help them succeed and enable their development and growth. If they feel we are being too short-term and reacting to clients but not investing in the development, growth and skill building of middle managers, there is a disconnect. They are the quickest ones to call you out if you say one thing but act another way.

Key insights

The insights from these interviews are consistent with the findings of our briefing paper, *Closing the Gap: Designing and Delivering a Strategy that Works* and explain that effectively preventing a frozen middle requires the following:

1. Understanding, not exacerbating, the conflicting pressures that new strategies create for middle management.
2. Involving middle management in strategy design and having effective feedback loops during delivery that show these managers' voices are being heard.
3. Engaging actively with middle managers and communicating a consistent message to them across all forms of interaction.

Footnote

1. The survey was conducted in June and July 2017. Respondents all work for large companies: 48% had annual global revenues of \$1bn to \$5bn; 39% of \$5bn to \$10bn, and the remaining 13% of more than \$10bn. The survey sample is also senior, with half C-level or above and the other half made up of Senior and Executive VPs, Directors, and Heads of Business Units and Departments. In geographic terms, 30% each come from North America, Europe, and Asia-Pacific and the remainder from the rest of the world. Finally, respondents are from a wide range of industries, with IT (10%), financial services (9%), and manufacturing (8%) most frequently represented.