IN PRAISE OF MIDDLE MANAGERS

ILLUSTRATION: DAVID LaFLEUR

For years, middle managers have gotten a bad rap as inflexible, unimaginative bureaucrats. But a new study shows that when it comes to implementing radical change, middle managers are your best bet for success.

by Quy Nguyen Huy

THE VERY PHRASE "MIDDLE MANAGER" EVOKES mediocrity: a person who stubbornly defends the status quo because he's too unimaginative to dream up anything better – or, worse, someone who sabotages others' attempts to change the organization for the better.

The popular press and a couple generations' worth of change-management consultants have reinforced this stereotype. Introducing a major change initiative? Watch out for the middle managers – that's where you'll find the most resistance. Reengineering your business processes? Start by sweeping out the middle managers – they're just intermediaries; they don't add value. Until very recently, anyone who spent time reading about management practices, as opposed to watching real managers at work, might have concluded that middle managers are doomed to extinction or should be.

But don't pull out the pink slips just yet. I recently completed a six-year study of middle managers – in particular, their role during periods of radical organizational change. For the purposes of the study, I defined middle managers as any managers two levels below the CEO and one level above line workers and professionals. The research involved extensive on-site observations, in-depth interviews with more than 200 middle and senior managers, and a review of case research. My findings may surprise you.

Middle managers, it turns out, make valuable contributions to the realization of radical change at a company – contributions that go largely unrecognized by most senior executives. These contributions occur in four major areas. First, middle managers often have value-adding entrepreneurial ideas that they are able and willing to realize – if only they can get a hearing. Second, they're far better than most senior executives are at leveraging the informal networks at a company that make substantive, lasting change possible. Third, they stay attuned to employees' moods and emotional needs, thereby ensuring that the change initiative's momentum is maintained. And finally, they manage the tension between continuity and change – they keep the organization from falling into extreme inertia, on the one hand, or extreme chaos, on the other.

Of course, not every middle manager in every organization is a paragon of entrepreneurial vigor and energy. But I would argue that if senior managers dismiss the role that middle managers play – and carelessly reduce their ranks – they will drastically diminish their chances of realizing radical change. Indeed, middle managers may be corner-office executives' most effective allies when it's time to make a major change in a business. Let's take a closer look at their underestimated strengths.

The Entrepreneur

When it comes to envisioning and implementing change, middle managers stand in a unique organizational position. They're close to day-to-day operations, customers, and frontline employees – closer than senior managers are – so they know better than anyone where the problems are. But they're also far enough away from frontline work that they can see the big picture, which allows them to see new possibilities, both for solving problems and for encouraging growth. Taken as a group, middle managers are more diverse than their senior counterparts are in, for instance, functional area, work experience, geography, gender, and ethnic background. As a result, their insights are more diverse. Middle management is thus fertile ground for creative ideas about how to grow and change a business. In fact, middle managers' ideas are often better than their bosses' ideas.

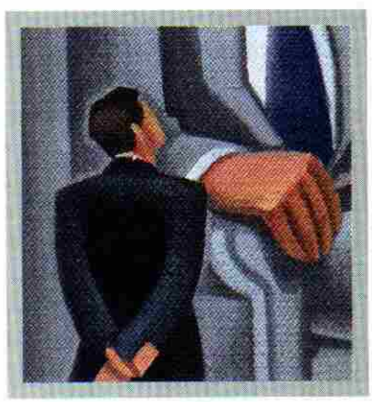
Consider a large telecommunications company that I studied. When it initiated a radical change program a few years ago, 117 separate projects were funded. Of the projects that senior executives had proposed, 80% fell short of expectations or failed outright. Meanwhile, 80% of the projects that middle managers had initiated succeeded, bringing in at least $300 million in annual profits. In one of those projects, a 20-year veteran convinced senior managers that it made financial and operational sense to offer customers preventive maintenance on the network connections and infrastructures that the company sold and serviced. The concept was simple, but overcoming the political barriers to implement it was not. The middle manager, however, built support for the project one constituency at a time – first by appealing to his manager for the resources to prove that the idea was technically feasible, then by forming a small team to create prototype work processes and technologies, and finally by lobbying other groups in the organization to accept the change initiative. Ultimately, this project alone netted the company an estimated $10 million in profits during its first years.

Middle managers were equally successful at spurring innovation at other companies I studied. It was, for example, a middle-management team that developed Super Dry Beer, an innovative product that allowed Japanese brewer Asahi to capture new market share. That success set the stage for the struggling company's turnaround. And when Motorola needed to develop a wireless digital system for a client's cellular customers in less than a year – rather than the two or three years such projects typically took – it was, again, a team of middle managers that declared it could be done and did it.

At this point, you may be shaking your head, saying, "I'm not getting those kinds of results from my middle managers." And you may be right. But the problem most likely does not lie with your middle managers; it probably rests with you. Indeed, the more closely I looked at companies, the more examples I saw of senior executives failing to listen to their middle managers. Good ideas routinely died before they ever saw the light of day.

Quy Nguyen Huy *is an assistant professor of strategy and management at INSEAD in Fontainebleau, France. He can be reached at huy.feedback@insead.fr.*

Since senior executives "know" middle managers resist change, they only pretend to listen to them. Middle managers, in turn, learn that they won't be listened to, so they take on the role of compliant child.



Why? An in-depth examination of several companies suggests that a vicious cycle is occurring. Today's businesspeople associate job mobility with adaptability; they value flexibility. Thus, veteran middle managers are considered corporate dinosaurs who will always offer a reason why something can't be achieved. For their part, senior managers believe this conventional wisdom and are reluctant to involve middle managers as trusted, knowledgeable advisers. Since they "know" middle managers are inherently resistant to change, they only pretend to listen to them. (Even the senior leaders who claim that middle managers should be included in strategic thinking rarely translate that rhetoric into action.) Middle managers, in turn, learn that they won't be listened to, so they take on the role of compliant child. They hide all their efforts to create change, knowing they will be penalized if they fail, and they don't push senior managers to pay attention. Matters are often complicated when external consultants are brought into the picture. They may suggest an approach that middle management has already tried – one that didn't work the first time, so it is likely to fail again. Furthermore, middle managers are predictably not enthusiastic about sharing their deep knowledge with consultants who display a better-than-thou attitude and cast the managers as fumbling has-beens to senior executives – mostly so the consultants can justify their own high fees and contract extensions. Middle managers too often have seen their good ideas fed to senior management by these same consultants, perhaps with more polish and better packaging than the middle managers would have used. Even if those ideas are pursued and successfully implemented, the middle managers don't get any credit, so the cycle continues.

Not getting credit is a pervasive problem. When the telecom company I studied embraced its radical change program, it had a new leadership team. The top managers very sensibly pushed the task of generating new ideas down to a group of long-standing middle managers, whose ideas turned out to be more grounded and profitable than the senior managers' ideas. But that's not how the outside world saw it. Shareholders and the media perceived that the new team had come in, cleaned up,

IDENTIFYING EFFECTIVE MIDDLE MANAGERS

Middle managers are at least as important as senior executives in facilitating radical change, particularly if the company has suffered a major loss of institutional memory at the top. But it isn't always easy to identify the middle managers who will be most helpful.

My advice is to search for a small number of change agents deep in the organization. It is unrealistic to expect everybody to be instantly enthusiastic about a proposed change. The best one can hope for is early adoption and support from a critical few who can gradually spread the new ideas. These people aren't necessarily at the higher levels of the organization. Many senior executives confine themselves to looking only one level down from the top and conclude incorrectly that there are not enough people willing to change. They hire newcomers or consultants too quickly and put them in influential positions, exacerbating employees' feelings of misunderstanding and mistrust. As executives dig deeper in the organization, they should watch for the following qualities.

Look for early volunteers. Senior executives should enlist help from people at all levels who voluntarily come forward to participate in change initiatives. These individuals may have felt constrained under the previous regime and now see an opportunity to realize the changes they had promoted without success in the past. Such people are more numerous than one might think. The larger the organization, the more likely there are untapped talents with fresh ideas and a clear understanding of how things really get done.

Look for positive critics. Senior executives need people who are constructively critical, as opposed to inveterate naysayers and those who are wedded to the status quo. The difference is simple. Naysayers consistently find reasons why a change proposal won't work, and they are seldom, if ever, able to suggest a counterproposal and support it with evidence. By contrast, positive critics say: "I don't like your change proposal, and here's why. Let me suggest something else that could achieve the same results with less pain."

Look for people with informal power. These individuals' influence largely exceeds their formal authority; they're middle managers whose advice and help are highly sought after by people all around them. They have accumulated a lot of social capital inside the organization, are at the center of a large informal network, and know how to pull the right strings. They can become excellent ambassadors for change if senior executives can get them on board.

Look for individuals who are versatile. Versatile people have voluntarily adapted to relatively major changes in the past – things like shifts in career or geographic location. They are more likely to become early adopters if they think the change is aligned with their personal goals. If senior executives have trouble convincing this group, they are likely to experience much more difficulty with others.

Look for emotional intelligence. Individuals who are aware of their own emotions and those of others, and actively take steps to manage their feelings, are more likely to adapt to fresh environments. Research on emotional intelligence suggests that beyond a functional IQ threshold of 110 to 120, emotional intelligence is a much better predictor of social influence and success than IQ is – particularly in areas that demand high interpersonal skills. Managers with emotional self-awareness can take concrete actions that allow the whole organization to achieve high levels of adaptation and learning during radical change.[1]

Once you've identified potential allies in the middle-management ranks, put them to good use. Hold regular breakfast meetings and run your strategic thinking by them. Or develop a more formal advisory group. Pay attention to middle managers' interests and recognize their psychological needs. When people think that their intellectual and emotional worth is valued, they're far more likely to stay and help. In my research, I found many middle managers who dearly wanted to become "intrapreneurs" – to build something that could improve the organization's effectiveness and leave a lasting monument. Senior executives can help make that happen.

1. For more information, see my article, "Emotional Capability, Emotional Intelligence, and Radical Change," *Academy of Management Review*, April 1999; and my chapter "Emotional Capability and Corporate Change" in *Mastering Strategy: The Complete MBA Companion in Strategy* (Prentice Hall, 2000).

and turned the company around. In a sense they had, but they hadn't done it alone, and they hadn't done it by cleaning house.

The Communicator

Aside from being an important source of entrepreneurial ideas, middle managers are also uniquely suited to communicating proposed changes across an organization. Change initiatives have two stages, conception and implementation, and it's widely understood that failure most often occurs at the second stage. What's less understood is the central role that middle managers play during this stage. Successful implementation requires clear and compelling communication throughout the organization. Middle managers can spread the word and get people on board because they usually have the best social networks in the company. Many of them start their careers as operations workers or technical specialists. Over time and through various job rotations at the same company, they build webs of relationships that are both broad and deep. They know who really knows what and how to get things done. Typically their networks include unwritten obligations and favors traded, giving effective middle managers a significant amount of informal leverage.

Senior managers have their own networks, of course, but these tend to be less powerful because many of these executives have been at their companies for shorter periods of time. For instance, at the telecom company I cited earlier, most of the executives had less than four years' tenure. By contrast, most of the middle managers had been with the company for more than eight years – and it was not uncommon to see a middle manager with up to 30 years' tenure. Other companies in my research sample displayed a similar pattern.

Don't underestimate these tenure figures. Employees often grouse about radical change initiatives because they perceive that the "new guy" doesn't understand operations well enough to upend their routines. When that happens, the incoming executive's fresh ideas don't have a prayer of succeeding unless they're married to the operating skills – and credibility – of veteran middle managers.

For example, when new executives were charged with turning around Hewlett-Packard's Santa Rosa Systems division, which produces test and measurement equipment for electronic systems, they enlisted a task force of eight middle managers to collect employees' views about the current leadership (negative) and customers' views about the division's performance (also negative). The result was candid, detailed feedback that sometimes felt like "an icy bucket of water over the head," as one executive described it, but that also allowed executives to adjust their change proposals on the fly. Middle managers were consulted early and often about strategic and operational questions. As a result, they understood better what the senior team was trying to accomplish and felt more comfortable supporting executives' intentions. The end result was one of the speediest turnarounds ever of an HP division.

If the middle managers with the best networks – and the most credibility – genuinely buy into the change

COMMITMENT – THAT MYSTERIOUSLY PERSISTENT QUALITY

Many middle managers I studied could have found other jobs, often at higher pay. But something kept them from leaving – even though their workloads and their stress loads had often doubled as a result of the radical change being embraced. What kept them from leaving? In some cases, it was a sense of loyalty – they didn't want to desert their groups during a rough period. In other cases, their work and personal networks had become so intertwined that leaving would have created too large a loss. In still other cases, the sense of pulling together in a crisis created intense bonds similar to those that soldiers feel for one another. In all of those instances, though, I sensed an overarching commitment to the organization itself, or to middle managers' idea of the organization. The intensity with which managers wanted to protect the long-term interests of the company and the welfare of their subordinates surprised me again and again.

Many of them stayed, and most of them felt a deep connection to the company, but that doesn't mean they weren't conflicted. Quite the reverse: Many loyal company veterans felt hurt (in many cases, the company had unilaterally canceled their opportunities for lifetime employment) and guilt (they wanted to leave but couldn't imagine quitting midcourse and abandoning their subordinates). Often they distrusted new executives, disliked their transactional approaches to relationships, and disapproved of their short-term financial perspectives. Nonetheless, they stayed on board, worked 80 to 100 hours a week, and kept the company going. I don't altogether understand this loyalty – in many cases, it seemed undeserved and underappreciated – but I think it's important.

program, they'll sell it to the rest of the organization in subtle and non-threatening ways. And they'll know which groups or individuals most need to be on board and how to customize the message for different audiences. When one company needed to change the way that it delivered telecommunications services to customers, for example, a middle manager in engineering sought help from his colleagues in sales and operations. He'd known employees in both groups for years; he drew on those long-term relationships, and his colleagues were able to convince their constituencies to lend the engineering manager support for the change. Working through these intermediaries proved critical to the success and speed of implementation.

As they tap into their networks, middle managers use keen translation skills to sell a change initiative throughout a work group or a company. At a large public utility that I studied, which is undergoing deregulation, a middle manager had to explain the radical changes that top managers were proposing in language his people would understand. He quickly realized that official discourse held little sway with these people, who were inclined to be cynical about organizational change. So he actively engaged his workers, one by one, outside of the office, in a social or sports milieu where they were more relaxed. He customized the change message in a way that was personally meaningful to each individual. This unexpected gesture pleasantly surprised employees, who were used to more hierarchical, formal relationships, and it weakened their resistance to the changes being proposed.

Other middle managers use local intermediaries – ambassadors who are considered trustworthy by their peers and can sell the idea of radical change in a friendly way. So a disruptive change in work processes would be described to finance managers in terms of a discounted payback period on investment or a head-count reduction, and it would be explained to operations managers in terms of fewer complaints about service disruption. Same story, different emphasis.

Sometimes senior executives themselves can be barriers to change, and it requires tactful communication by middle managers to keep the company on track. For instance, a middle manager at a large airline I studied realized that most of the senior executives barely knew how to use a PC. Few of them understood the capabilities or

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limitations of the Web well enough to make complex strategic decisions about the company's use of the Internet and e-commerce. To educate them, the middle manager developed a reverse-mentoring program: Younger employees would teach experienced executives about the Internet. In turn, the executives would expose their young mentors to more senior-level business issues, decisions, and practices. Each member of the pair was separated by several hierarchical levels, and each came from different business units. The middle manager correctly assumed that this degree of separation would make the executives more comfortable about admitting their weaknesses with computers. The program was a success; eventually, hundreds of executives at the airline became more technology literate and less fearful of change.

As that example demonstrates, middle managers' understanding of outside market pressures and internal sensitivities and capabilities allows them to evaluate the relevance and feasibility of proposed corporate changes.

The Therapist

Radical changes in the workplace can stir up high levels of fear among employees. Uncertainty about change can deflate morale and trigger anxiety that, unchecked, can degenerate into depression and paralysis. Once people are depressed, they stop learning, adapting, or helping to move the group forward. Senior managers can't do much to alleviate this pain; they're too removed from most workers to help, and they're also focused externally more than internally.

Middle managers, though, have no choice but to address their employees' emotional well-being during times of radical change. If they ignore it, most useful work will come to a grinding halt as people either leave the company or become afraid to act. Even as they privately deplore the lack of attention from their own bosses, many middle managers make sure that their own sense of alienation doesn't seep down to their subordinates. They do a host of things to create a psychologically safe work environment. They're able to do this, once again, because of their position within the organization. They know the people who report to them – as well as those reports' direct reports – and they can communicate directly and personally, rather than in vague corporate-speak. They can also tailor individual conversations to individual needs. Some employees will have big concerns about whether a new strategic direction is right for the organization; others will be far more interested in whether they're going to be forced to move or to give up a flexible schedule.

One manager I interviewed recalled the kinds of support his direct reports required when they faced possible relocation to Texas. A service representative at the company announced in a public meeting that she couldn't move to Dallas immediately; in private, she explained that she was going through a divorce. Another service rep was concerned that she wouldn't be able to find a special-needs school for her child in the new location. Others had sick parents. "Relocation is a very emotional thing," the middle manager said. "So we...paid [for] visits to the new location a few months in advance. The [company's] welcoming party appointed sponsors to every family – to look after their personal needs, to take them out to dinner the first weeks, or to find a baseball team for the kids."

Middle managers allot considerable energy to finding the right balance between keeping the company working and promoting radical change.

As his comments suggest, middle managers shoulder substantial additional burdens during a period of profound change. Besides the already challenging daily tasks of operations and revenue generation, they provide far more hand-holding, practical problem solving, and support than they usually do.

In some cases, middle managers conclude that proposed changes are so profoundly disquieting that their groups will benefit from outside, professional help. I attended a full-day session, set up by middle managers, in which workers at a company that was facing rapid downsizing broke into small groups, drew pictures about how they were feeling collectively, looked at one another's pictures, and laughed about how awful things were. Toward the end of the day, the consultants walked them through Elisabeth Kubler-Ross's model of bereavement, which put their feelings into a coherent context. My initial skepticism about the use of such a touchy-feely approach faded when frontline workers told me, over the next few weeks, how much more energy they had for their work after they'd expressed their feelings. Employee surveys conducted several months later confirmed the improvement in employee morale.

As that experience indicates, employees often help one another through hard times. Indeed, the stress and anxiety aroused by radical change increases the likelihood of altruistic behavior among people who have been with an organization – and one another – for a long time. Being able to help a colleague can reduce any feelings of pain and dread in the helper. A good middle manager will encourage this behavior, keep it positive, and use it to keep work on track.

The Tightrope Artist

Successful organizational change requires attention not only to employee morale but also to the balance between change and continuity. If too much change happens too fast, chaos ensues. If too little change happens too slowly, it results in organizational inertia. Both extremes can lead to severe underperformance. Even during normal times, middle managers allot considerable energy to finding the right mix of the two. When radical change is being imposed from the top, this balancing act becomes even more important – and far more difficult.

Middle managers, like the people who report to them, are overburdened and stressed out during periods of profound change – but I noticed that they found personal and professional fulfillment by taking on this particular balancing act. They're problem solvers, typically, and they find relief in rolling up their sleeves and figuring out how to make the whole messy thing work. They don't all do it the same way, of course – and, from a senior-management point of view, that's a good thing. Some middle managers pay more attention to the continuity side of the equation, and some tend more to the change side.

We've already looked at what middle managers do to ensure continuity. They "keep the company working," as one of them said to me with some pride. At the telecom company I studied, middle managers' focus on continuity contributed to a relatively smooth downsizing of 13,000 positions. By showing flexibility and fairness, and by working closely with union representatives, managers defused resentment and avoided a strike. Their concern for employees kept anxiety at manageable levels. Their loyalty to the organization probably slowed turnover rates. And as a result of the middle managers' actions, the telecom company was able to generate revenues at decent levels during an extraordinarily difficult time, thus providing needed cash for the multitude of change projects. Other middle managers are more interested in promoting change. They champion projects, putting intense pressure on the people who control resources and equally intense pressure on their own people. At the telecom company, these change champions pushed their own people, and eventually the whole organization, into developing a new set of tools to change their work processes – for instance, new technologies for managing risk, ensuring quality, and segmenting customers. But that didn't go smoothly; employees balked at the change. The middle managers went through a learning process themselves. Because they wanted to make changes happen quickly, they imposed these new tools abruptly, with little psychological preparation. They had to start over. The second time around they involved more people at the middle and lower levels of the division, with more gradual discussion, small-scale trials, and continuous fine-tuning. This exercise of "learning how to change," as painful as it was, may have been the most important lesson for these middle managers. As some of them remarked, learning from failure can be the most memorable way to build skills.

Turnover among top executives is higher today than it's ever been, and that's unlikely to change anytime soon. But that isn't necessarily a bad thing. After all, the business landscape is changing very quickly, and the CEO who championed a major shift in strategic direction ten years ago is probably not going to be able to do the same thing again.

But the new executive who wants to introduce radical change can't simply come in and clean house, because the job isn't actually to reinvent the company from the ground up.

The challenge is more complex than that: It's figuring out how to hold on to core values and capabilities while simultaneously changing how work gets done and shifting the organization in new strategic directions. This simply won't happen unless people throughout the organization help make it happen. Middle managers understand – in a deep way – those core values and competencies. They're the ones who can translate and synthesize; who can implement strategy because they know how to get things done; who can keep work groups from spinning into alienated, paralyzed chaos; and who can be persuaded to put their credibility on the line to turn vision into reality.

The senior executive who learns to recognize, respect, and deal fairly with the most influential middle managers in an organization will gain trusted allies – and improve the odds of realizing a complex but necessary organizational change.

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DRAWING: FRANK MODELL

"I'm afraid there's some mistake. I'm a hiker, not a hacker!"