THE UNDERMANAGEMENT EPIDEMIC REPORT

20 YEAR UPDATE

RAINMAKER THINKING®

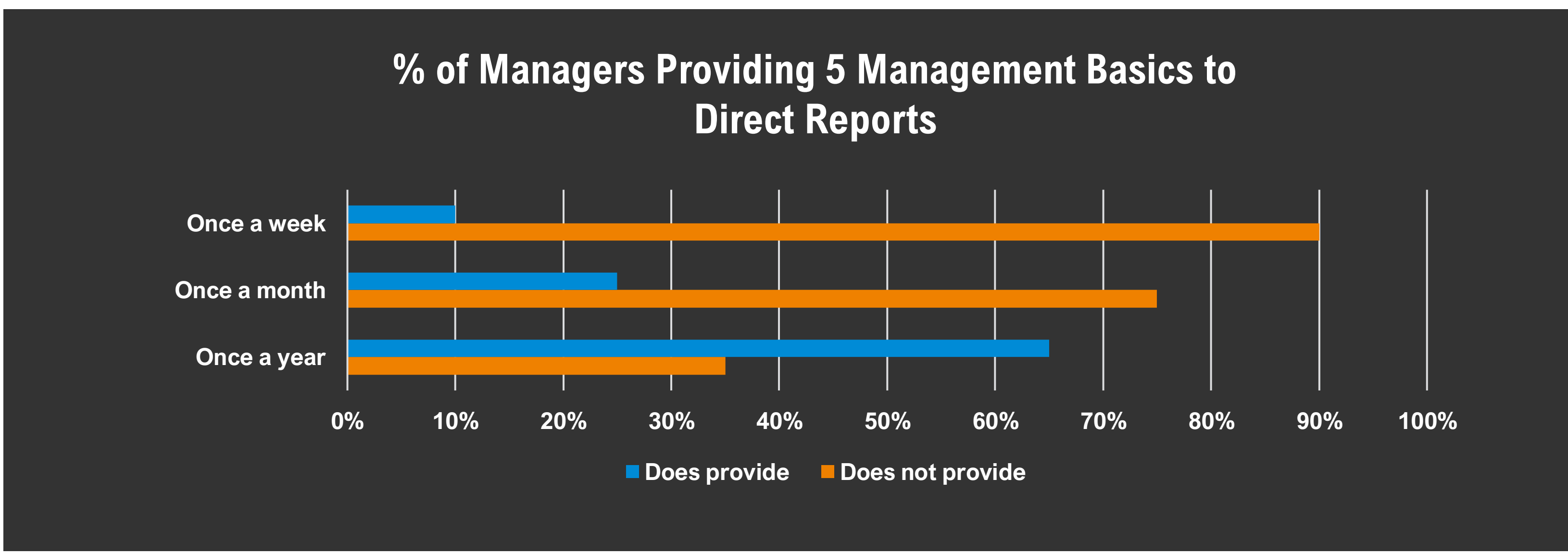
TWENTY YEARS LATER, THE UNDERMANAGEMENT EPIDEMIC PERSISTS, DESPITE PROFOUND CHANGE.
BUT THERE ARE PROVEN SOLUTIONS.

By Bruce Tulgan

EXECUTIVE SUMMARY

It has always been hard to manage people—you're stuck in the middle trying to navigate the competing interests of the employer and employee. Our research clearly shows that managing people has become more challenging now than ever before. The Undermanagement Epidemic, first identified two decades ago, continues to have a profound impact.

In fact, the percentage of managers providing the proven basics of management to employees every week remains at just 10%—and the negative impact on bottom-line business results persists.



But there is good news. Despite the radical transformation of the workplace in the past twenty years, these basics of management are still powerful tools every manager can deploy that will benefit any company's bottom line.

WE'VE SEEN TWENTY YEARS OF PROFOUND CHANGE, 2004-2024

The last twenty years have been a time of radical transformation in how we all work.

Technology-enabled flexibility	**Industrial evolution and new organizational priorities**	**Generational Shift**
Advances in technology have led to greater flexibility, convenience, and comfort for legions of people now able to work remotely. Yet for some the ability to work anytime, anywhere, has created pressure to work at all hours.	Whole industries and categories of work have emerged, others have disappeared entirely. Agility has replaced stability as the key to strategic advantage.	The entry of Generation Z (born 1997 and later) is the latest stage of the great generational shift in the workforce, as the Baby Boomers (born 1946-1964) steadily exit.

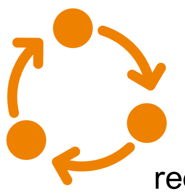
Organizations are in a state of constant flux. Job security is barely a memory. Traditional attitudes about authority have evaporated. The prevailing Gen-Z-Zeitgeist threatens not just to question, but altogether 'cancel' authority. There are upsides to this era of profound change, but not for those charged with managing and supervising employees.

Our clients tell the story best.

Organizations with high percentages of young workers face an increasingly transactional workforce, not hesitating to request greater flexibility and other concessions in their working arrangements. It's a whole new breed of worker, reluctant to make real sacrifices or significantly conform to gain entry to (or remain part of) an established institution, especially for the purpose of employment. And it's not just Generation Z. People of all ages report that they have less and less trust in established institutions, especially employers, to be the anchors of their long-term success and security. Employees of all ages are less likely than ever to align with employers' priorities, comply with policies, and follow supervisors' instructions.

The CEO of a rapidly growing customer service automation technology company recently told me:

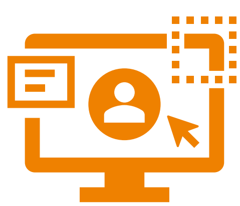
> "Most of our employees just don't show the kind of intensity and commitment I did when I was at their level. Their work is just not their first priority and they are not afraid to say so."



As industries and competitive pressures have evolved, employers have adopted increasingly aggressive human capital management practices, automating everything possible, and continuously restructuring and reengineering work to try to get more and more work out of fewer and fewer employees at lower and lower costs with less and less risk. Organization charts are flatter and more "matrixed." Layers of management have been eliminated, increasing spans of control for most managers, even as more workers than ever are working remotely and/or on different schedules from their immediate manager and colleagues. At the same time, more work is organized cross-functionally, so most employees not only report to their managers, but also regularly field requests from "internal customers," and must rely on colleagues in other departments and divisions—often, people they don't even know.

A senior vice president in a global medical device company with more than 2,000 employees located all over the world reported:

> "We are a matrixed organization, which means, it's not just my team and me. We have a lot of incoming requests from internal customers, which are harder to plan for. I have managers in other departments asking my team members for things without letting me know about it. I can ask a team member, 'Did you meet the goal we set?' and they might say, 'Sorry, I got this other assignment from this other manager in this other department, so I haven't had a chance to get it done.' What am I supposed to do? I don't want them disappointing these internal customers, but I also need to be able to enforce goals and deadlines."



Across industries, employees complain about stress and pressure more than ever before—and leave managers at a loss. An experienced finance manager, with 36 account representatives directly reporting to her, told me something I've heard many times:

> "My people are all overworked and stressed and they use that as a catch-all excuse to refuse or resist work. When I try to get in there and try to help them problem solve, they refuse or resist my help."

THE CHALLENGES OF MANAGING PEOPLE REMAIN THE SAME.

Twenty years ago, in 2004, we released our landmark study titled, “The Undermanagement Epidemic.” We reported that nine out of ten managers were failing to practice the basics of management with their direct reports regularly and consistently, at least once a week. We found widespread undermanagement in organizations of all shapes and sizes in nearly every industry. And we determined that the measurable costs of undermanagement were monumental.

Back then, while the dreaded “micromanagement” was a household word, our research showed it was extremely rare, and its measurable costs minimal. The term was usually invoked by managers as an excuse for hands-off management or as a shield wielded by employees who wanted to evade accountability. Most important, we showed that the practices that sometimes looked like “micromanagement” were usually forms of “undermanagement” in disguise, wrongly calibrated direction and feedback for that person with that task at that time, deriving from a failure to practice the basics.

We define undermanagement as the condition in which a manager fails to deliver regularly and consistently to any employee directly subject to their authority any of the five basics of management:

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 responsible.
3. Routine and accurate monitoring, evaluation, and documentation of work performance.
4. Clear statements of specific feedback on work performance with guidelines for improvement.
5. Reward and detriments distributed fairly.

That first Undermanagement study hit a nerve. In the twenty years since 2004, our research has continued and intensified. Altogether, since 1993, more than half a million individuals from more than four hundred organizations have participated in our management practices assessment surveys, interviews, and focus groups, as well as our back-to-fundamentals management seminars.

And here's what we've learned. Despite the profound change of the past twenty years, the Undermanagement Epidemic stubbornly persists in most organizations, usually hiding in plain sight.

The costs of undermanagement are monumental. But there are proven solutions for organizations and managers who are dedicated to pursuing those solutions.

TWENTY YEARS LATER, UNDERMANAGEMENT PERSISTS

The numbers remain stubbornly constant, despite the twenty years of profound changes which, surely, have made it harder and harder and now harder than ever to manage people. And nine out of ten managers still fail to deliver the basics of management every week.

For most everybody, the intensity and complexity and pace of work keep growing with no end in sight. Managers, and workers in turn, are pressured to increase productivity and quality, reduce waste and rework, and do so within tight resource constraints. Overcommitment syndrome and workplace stress are rampant.

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. Employees rely on immediate managers/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. Wielding hands-on and transactional authority requires more than ever of managers—time, dedication, skill, and interpersonal courage.

Yet nine out of ten managers still default to informal, as needed communication, rather than structured dialogue organized around the five basics. The number one self-reported time-drain for most managers is "solving problems that never should have occurred," ranging from errors and delays to conflicts and personnel problems.

When not responding to problems large or small, most managers spend most of their management time on five activities, which we refer to as “managing on autopilot”:

1	Monitoring and responding to email and other electronic communication
2	Attending meetings
3	Touching base with direct reports, checking in informally and chatting to build and maintain rapport
4	Interrupting and being interrupted
5	Administrative tasks, reviewing dashboard metrics, and conducting formal reviews

There continues to be a lack of high-structure, high-substance management communication. Most managers fall short in three or more of the following key areas:

1	Delegating tasks, responsibilities, and projects.
2	On-boarding and up-to-speed training for new team members.
3	Providing troubleshooting and feedback that is timely and effective.
4	Helping facilitate employees’ resource needs and managing interdependent relationships.
5	Recognizing and rewarding above and beyond performance.
6	Helping employees fight overcommitment, fulfill work-life balance needs, and manage stress.
7	Implementing effective performance improvement plans, particularly with low performers, and terminating low performers who are resistant to improvement.

What makes undermanagement even more pernicious is that it hides in plain sight. Most managers are unaware of their deficiencies, overestimating their management acumen, practices, and efficacy. Managers almost always rate themselves substantially higher than they are rated by their direct reports and their immediate managers. At the same time, very few organizations hold managers accountable for regularly delivering the management basics, and most don’t even set standards for, or regularly assess or audit, their managers’ management acumen, practices or efficacy.

TWENTY YEARS LATER, THE COSTS OF UNDERMANAGEMENT ARE STILL MONUMENTAL

Undermanagement remains the number one cause of preventable employee performance problems. Specifically, eight direct business costs can be traced directly to undermanagement:

1	Unnecessary problems occur, ranging from quality deficiencies to productivity gaps to personnel issues to conflicts between and among employees.
2	Small manageable problems escalate into bigger, less manageable problems.
3	Resources are squandered and have to be recouped because of inadequate planning
4	People go in the wrong direction on tasks responsibilities and projects and achieve lower first-time-through successful task completion rate, leading to higher rework rates.
5	Lower performers manage to hold on to their jobs longer.
6	Mediocre performers are more likely to mistake themselves for high performers.
7	High performers are more likely to think about leaving or actually turn over, leaving open positions.
8	Managers have a harder time delegating tasks to their direct reports.

Undermanagement leads directly to a variety of predicable—and avoidable—problems, which is the source of the number one reported drain on managers' time. A senior manager in a large aerospace company gave us a telling example of how problems arise:

> "The managers were not informed about the details of direct reports' tasks and responsibilities, not in a position to judge what expectations are reasonable, not in a position to set ambitious, but still meaningful, goals and deadlines. No wonder they couldn't delegate effectively. They had a difficult time accurately assessing the appropriate scope of responsibility to delegate."

A COO in a large complex pharmaceutical company tells us:

> "I need them to have the guts and discipline to relentlessly communicate these requirements and standard operating procedures and hold everyone accountable for them."

And according to a senior manager in an electrical utilities company, without clear management there's little incentive for performance: "We have high performers and low performers often receiving nearly the same rewards, so people don't see the connection between their efforts and their rewards."

WHY? THE PRIMARY CAUSES OF UNDERMANAGEMENT ARE CLEAR.

Managers don't have the training they need.
In most organizations, we find that people are routinely promoted to supervisory roles without ever receiving sufficient management training to prepare them. In thousands of cases we have studied since 2019, most managers never receive more than cursory training in the best techniques of effective supervision. As a result, most managers develop their own ad hoc sub-optimal management style and repertoire of management techniques. Most organizations therefore develop leadership/management cultures by default, rather than by design, with high variability of management practices and styles.

They don't accept the authority they have.
Many managers also demonstrate 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 the authority and influence that comes with their positions. 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.

They think they don't have the time to manage.
Lack of time is the number one challenge managers cite for not regularly delivering the basics of management to their direct reports. This challenge has been cited at an increasing rate, and with increasing emphasis, in the twenty years we've been studying undermanagement. The irony is that undermanagement is far more time-consuming than consistently delivering

the basics. The managers who are most convinced that they don't have time to deliver the management basics spend more time managing than anyone else.

They are afraid to manage.

Many managers are afraid of the potential consequences if they attempt to take a highly engaged approach, providing the five management basics at least once a week.

They are afraid…

1	There will be no tangible benefit from the extra time and energy invested in managing direct reports.
2	Direct reports might experience and/or express negative feelings, like anger, insult, dislike, derision, fear, sadness, or betrayal.
3	Direct reports might require the manager to engage in difficult conversations, by refusing to cooperate, resisting direction, arguing, being silent or using a loud voice or harsh words.
4	Direct reports might seek revenge against the manager, through foot-dragging, badmouthing, quitting, sabotage, complaints, or lawsuits.
5	Direct reports might impose expectations or demands upon the manager that they will be unwilling or unable to meet.

Recently a senior director in charge of more than a dozen district managers in a global chain restaurant company told me about the fear among his managers.

> "Most of the managers who report to me are afraid to confront their team members or hold them accountable or even give them constructive feedback… We implemented a new process for customer service and we trained people on it and like half of them just refuse to follow the new process… And their managers are afraid to have those difficult conversations with them about it."

THERE ARE PROVEN SOLUTIONS TO UNDERMANAGEMENT

In cases we have studied in which organizations have systematically committed to the management basics, the difference is profound. When organizations commit to

- assessing management skills and practices,
- providing management training for all those with supervisory authority, and
- holding managers accountable for delivering the management basics,

organizations develop leadership/management cultures by design, with high levels of shared beliefs, language, practices, skills and habits.

Every day, I point to our decades of work with the United States Armed Forces as proof that strong, highly-engaged leadership, per se, can produce world class outcomes. Even ordinary people can do the most important, most difficult, most dangerous job in the world; without much pay, with almost no flexibility, while people are shooting at them. The number one thing that guarantees their success is strong supportive leadership at every level.

Managers who consistently deliver the five management basics also have the best track records:

1	Problems are anticipated and avoided at a higher rate.
2	Problems are identified sooner and solved faster.
3	Resource planning improves and waste goes down.
4	Employees have greater adherence to best practices, first-time-through success rates increase, and rework is diminished.
5	Voluntary and involuntary turnover among low performers increase.
6	Voluntary turnover among high performers decreases.
7	Productivity, quality, safety, and morale improve.
8	Managers are better willing and able to delegate work and increase leverage.

Assessing management procedures can unearth real problems.

Recently we advised a large agricultural cooperative through the human dimensions of its acquisition of a smaller coop (with 150 employees in12 locations). In the process, we documented substantial tangible costs directly attributable to the acquired company having retained eleven specific low performers, several of whom were well known to colleagues and managers as low performers. Story after story tied these identified low performers to delays, errors, missed goals, dropped projects, attitude problems, customer complaints, personnel conflicts, absenteeism, and at least one case of alleged sabotage. Not including lost investment in hiring, training, and compensation, the preventable problems alone amounted to an estimated loss in excess of $1 million dollars in the year prior to the acquisition.

Training managers can do wonders.

In one of our typical client engagements, we recently spent two years helping a leading metal fabrication company with dozens of production plants make the transition to regular structured management dialogues focused on delivering the management basics.

When we started, 90% of management communication was “as-needed” with little preparation and zero documentation. Error rates were way too high along with resulting rework. Of even greater concern, there were multiple safety failures, which were deemed by management to be totally unacceptable.

By the end of our two-year training initiative, 90% of managers were conducting regular structured and documented one-on-ones. Error rates were cut in half and significant safety failures were eliminated.

Regular, structured conversations make the difference.

A senior manager in a two-billion-dollar heavy equipment distributorship tells us:

> “I started holding conversations with my people for an hour a day, three or four people, fifteen minutes at a time and I’ve never let it go. I spend time preparing and I make a point of having my team members prepare in writing for the meetings…. I ask a lot of questions…. They ask a lot of questions… Some of them are better than others, but pretty much everyone has gotten used to it and we all make the most of it. Everyone is addicted to it now, on my team… ‘I’ll talk to you about it in our one-on-one,’ is the mantra now.”

A senior partner in a global civil engineering firm concurs:

> "The whole overall culture of the organization is lifted up from the regular structured one-on-ones… The relationships are grounded in real support and coaching. There is so much less relationship friction, not just in the teams but in the whole firm."

ACTIVE STRUCTURED MANAGEMENT STILL MAKES THE BOTTOM-LINE DIFFERENCE.

Over the past twenty years, the radical changes in how we all work have made it more difficult than ever to manage. Back in 2004, we uncovered an uncomfortable problem hiding in plain sight: nine out of ten managers then were undermanaging their direct reports. In the twenty years since 2004, our research has continued and intensified. Today we find that undermanagement is still widespread and chronic.

The solutions are clear, challenging and achievable. The fundamentals are all you need.

Let's have a conversation.

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