Is Management Broken?

A white paper on the current and future state of management skills in Australia

Management as a skill has been heavily influenced by the industrial revolution, the army and US mega corporations. In the 20th Century, we ended up with a hierarchical system designed to produce consistency and efficiency. But does it work in an era of unprecedented speed, complexity and unpredictability? An era when creativity and purpose are also important?

This white paper is written by Realizer. We specialize in management training.

Realizer
insights inspiring action

About Realizer

Realizer is a training company based in Sydney, Australia which specializes in 3 topics: -

1. Management skills
2. Productivity and doing great work
3. Decision-making and strategy

Realizer was founded by Rob Pyne. Rob's background in psychology (before spending 17 years working in marketing) has led us to take a scientific approach to training and development.

We take the latest scientific insights from the fields of organisational psychology, behavioural economics and more, and we turn them into practical, easy-to-use tools for organisations and individuals.

In addition, we know that most of the behaviours that each of us exhibit at work are habitual. So we do a lot of work in behaviour change, habit formation and cultural change to help our clients translate these tools and ideas into real meaningful and valuable progress.

This management white paper was born from our desire to put some science and data behind our approach to management training. We use this data to inform the focus and key content of our training programs.

For more information

For more on this research or to ask about our training programs contact Realizer:

Website: **realizer.com.au**

Email: **hello@realizer.com.au**

Phone: **Rob Pyne on +61 (0) 433 017 198**

Table of Contents

A brief history of management

Until the industrial revolution, very few people worked in organizations big enough to require layers of structure. Only institutions like the army and the church would have needed to think about how to organize their people.

With the advent of mass production came an increasing scale of factories and production, and with it came the need to have people make things consistently and productively. In addition, following Adam Smith's seminal book *The Wealth of Nations*, the idea of specialization of skills was brought to the fore. Suddenly we needed systems of control. And we needed managers.

By the late 19th Century, Joseph Wharton set up the first US business school, investing a large chunk of his fortune because he saw that managers were learning their skills only through trial and error. There was no systematic way of training a manager. Since then, the amount of research and training in management has only grown. It's now seen as a set of acquired skills more than a personality trait.

In the 20th Century, there remained a large focus on productivity, quality control and efficiency (think: Lean Six Sigma), and management tended to see people as pawns to be moved around to achieve tasks. We could call this task-centred management.

In the 21st Century, we appear to have begun a new phase in how our organizations work. Leaders are obsessed with purpose and values, staff engagement, mindfulness training. In 2009, Simon Sinek wrote "Start With Why," and hundreds of thousands of managers said, "But How?"

Due to substantial growth in wealth in our lifetime, and the freedom it affords us, millennials now expect to create meaningful impact within their first 6 months of their career. Money is not always their major driver in picking a job.

In 2011, Jurgen Apelo created an approach called Management 3.0 (M3.0). His insight was that business is no longer predictable, so the old approach of managing for consistency of output needed to be replaced by managing the entire system (the people, environment, culture) to create the right conditions for the organization to continuously and rapidly learn and improve.

© Realizer 2017: Is Management Broken?
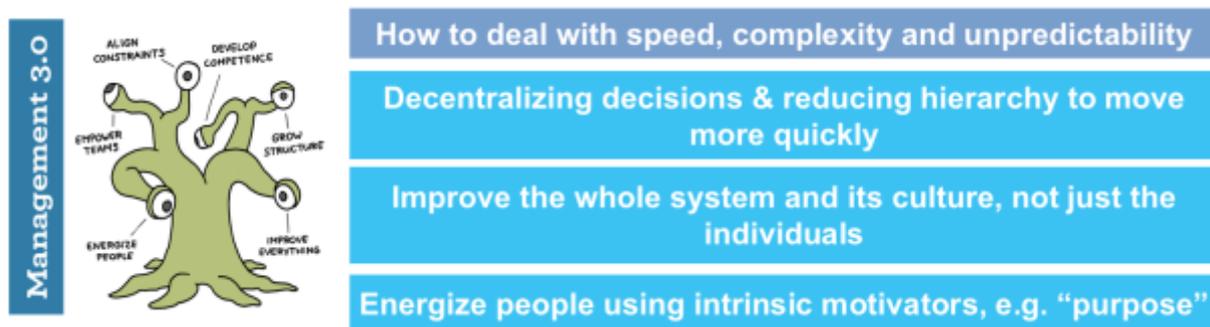
Our unique data

Over the last 4 years at Realizer we have developed a management training course which takes middle managers, with 3-15 years' experience, through an intensive program of 4 face to face group workshops and individual coaching over 10 weeks. In the first session, we share with them the results of a 360-review of their management skills which has been completed by their boss, direct reports, peers and themselves. We then use this to tailor the content of the program to the individuals.

As a result, we have 360-reviews for hundreds of Australian middle managers. The majority of these are in the media and marketing industry due to the nature of Realizer's client base.

The 360-review asks 60 behavioural questions about the manager. These are then grouped into 7 areas, which ladder up into 3 spheres.

The first sphere is *Culture Builder*. This aligns neatly with the Management 3.0 of managing the system and creating an environment which energizes people.

The second is *Direction Setter*, which includes a strong focus on both decision-making and communication. Again, the M3.0 principle of empowering people to make decisions is represented well here.

The final sphere is *Task Achiever* – this related to the M3.0 principle of continuous improvement, whilst also including elements of Management 2.0 around delivery and efficiency. We find that in real life, many companies still have inefficient processes and mediocre productivity so there remains a role for Management 2.0 skills.

We selected a random group of 100 x 360 reviews and analyzed the trends.

Five insights stood out for us which can inform how we support our managers to be successful in this changing era. We detail each of these in the next few pages.

How to read the data

On each of the 60 behaviours, we asked reviewers whether the manager should do the same amount of this behaviour, or a little more, or a lot more. We created a score by assigning 0 for same, +1 for a little more and +2 for a lot more. We then analyzed the scores for the manager (in green below), the self-rating (blue) and direct reports and peers combined (red). When we crunched all the 100 x 360 reviews together that gave us a score for each behaviour.
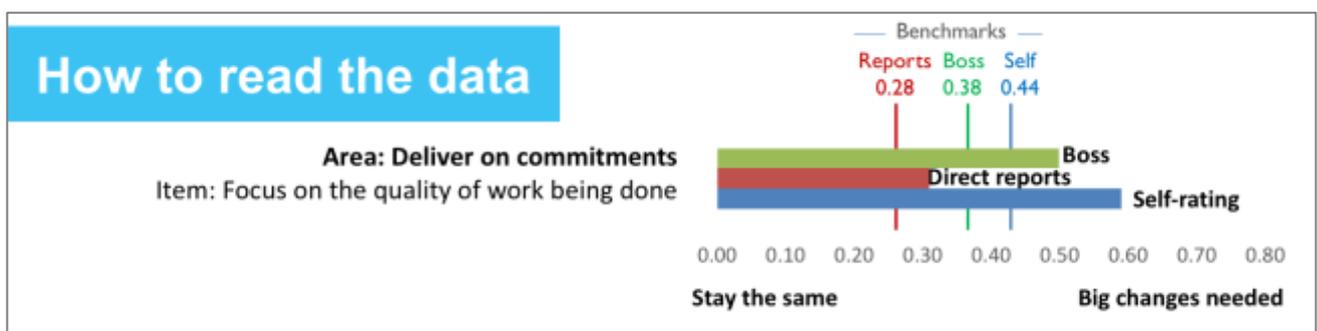
A score tending towards zero is good: it means most people are saying, "keep doing what you're doing." A score tending towards 1 means a lot of people are asking managers to change and to do more of that behaviour. In the diagram, benchmarks are shown (the vertical lines) which represent the averages across all 60 questions for each of the 3 groups.

Trends and insights come from comparing the red bars with the red benchmark line, the green bar with the green benchmark line, and the blue bar with the blue benchmark line.

The structure of the report

After analyzing thousands of data points, we uncovered five insights which we believe are important for you to know. We present each one separately, and then summarize the overall implications at the end.

Insight 1: on managing up

The future of management will include flatter structures. But right now, every one of our reviewee managers had their boss[1] fill in their 360 review. We asked their bosses three questions relating to managing up, and here is the data.
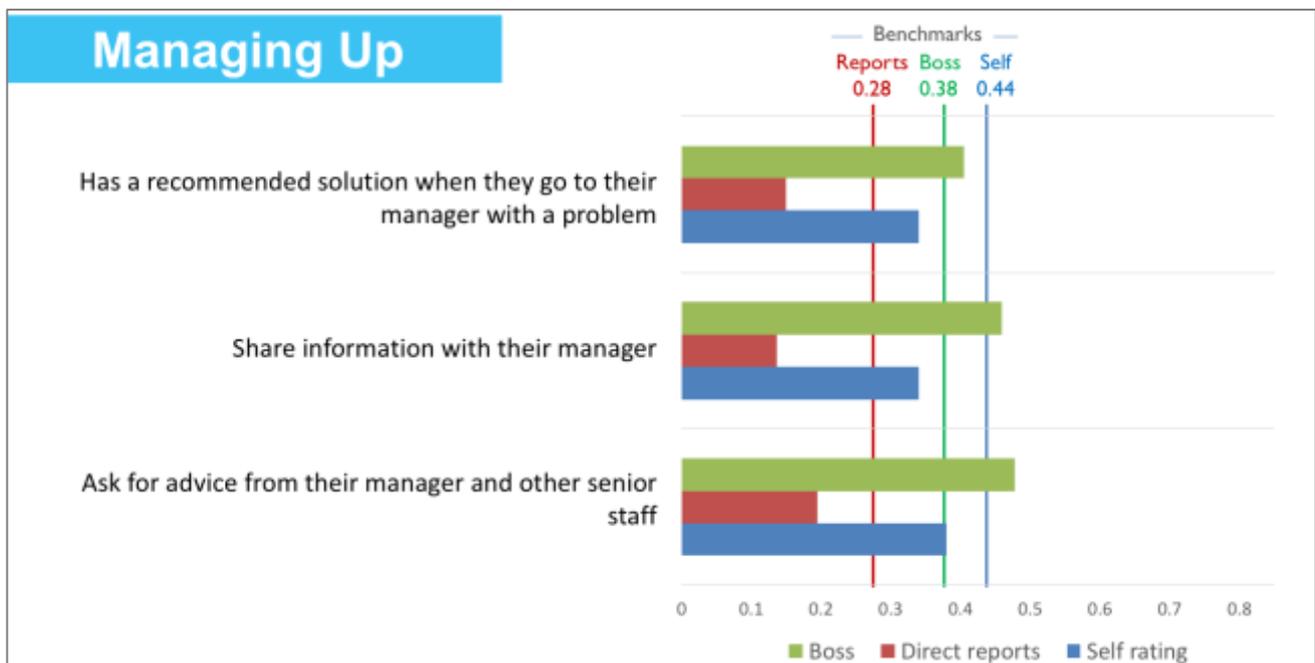
We can see that for self-ratings (blue) and direct reports / peers (red), both groups are under their respective benchmarks. However, their bosses in green have all three questions above the green line.

Is there a contradiction here, where bosses are asking their managers to share information more *and* come with a solution *and* ask for advice?

We don't believe so. We believe that bosses often want a 3-step approach to manage up: -

1. Proactively share relevant information or updates without me having to chase you
2. Include more than 1 option, and have a recommended solution
3. Ask for your boss to give their advice on your recommendation, and make them feel valued and listened to

---

[1] We refer to line managers, i.e. the reviewees' managers, as "bosses" for clarity

Where we see managers typically get managing up *wrong* includes the following areas (based on our training program and 1:1 coaching experience): -

1. Failure to negotiate a working style with their boss, failure to understand the boss's communication preferences
2. Failure to listen and show respect to their boss
3. Failure to understand the objectives and needs of their boss
4. Failure to deliver what the boss asked, and making the boss chase you for updates
5. Over-reliance on the boss to develop a learning and growth plan, and a career path
6. Acting like an island instead of being a team player

The recommended solution for managers is to audit their managing up approach with their boss on these 6 factors and then initiate an open dialogue to fine tune the working relationship. It's amazing that most people start a new job and DON'T have an explicit conversation with their new boss on how to work with them.

Image: Realizer's 6 step framework for managing up
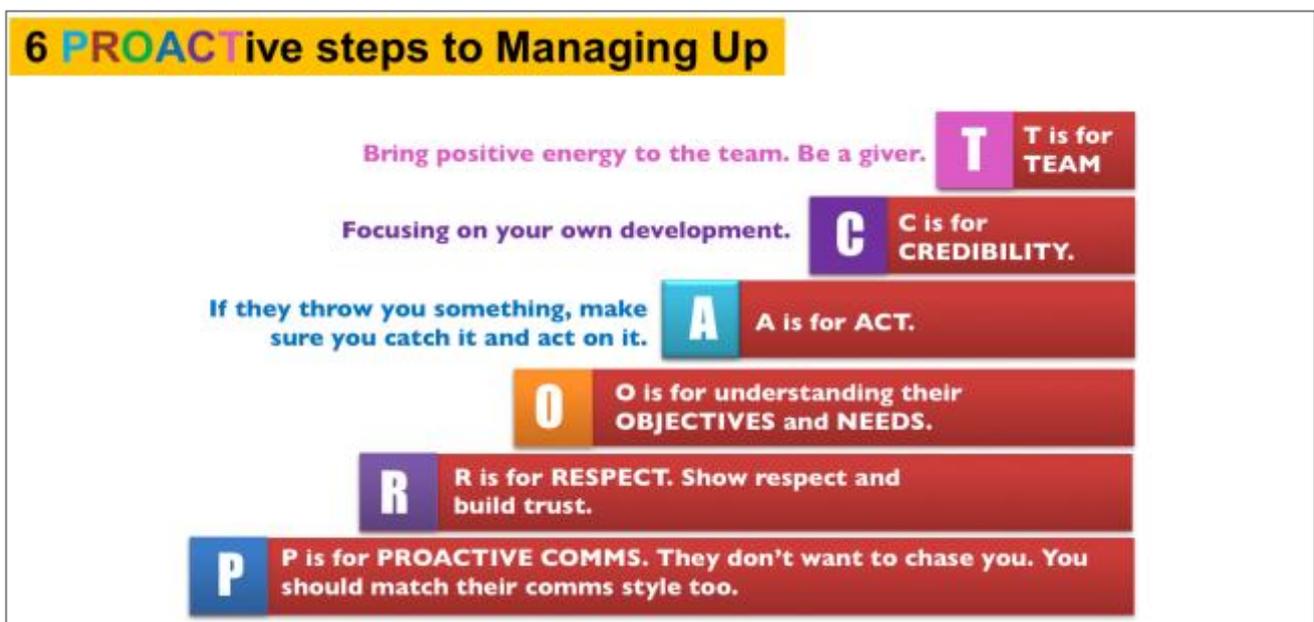
In the old-fashioned command and control, hierarchical school of management, it is your job to work out and bend to your boss's style. In the new version of management, we'd hope this becomes more of an equal negotiation where a boss also adapts their style to bring the best out of their individual team members.

Insight 2: on setting standards

In a recent management training workshop with the 9 most senior staff of a business, including the Managing Director, we asked the group to define the most important qualities of a manager. They settled upon "*setting high standards*" as their number 1 quality, followed by the ability to motivate people to hit them.

In our 360-review data, both the bosses (green bar) and managers (blue bar) agreed - holding the team accountable for hitting goals, delivering results and high quality work needed to be focused on more. Below is the data to illustrate this.

There are two deeper insights here.

First, note that across the bottom 4 questions, managers (i.e. self-ratings in blue) are in total agreement with bosses (green). The team needs to be held more accountable.

But on the top question, the green and blue diverge. Bosses say, "you need to hold yourself accountable too" while managers self-assess and say, "nothing to see here."

In other words, everyone needs to be more accountable – except me.

Second, note the red bars, these are on the red benchmark like, which means there isn't a particularly large desire for this to change from direct reports and peers. Again, we could interpret this as saying, "I don't need to be held more to account."

© Realizer 2017: Is Management Broken?

We find this fascinating. Our hypothesis is that people don't like to be accountable themselves, but they do like the *idea* of holding other people more accountable (although we're not sure they know how to do it well in practice, or are truly comfortable doing it).

This discomfort about accountability has a potential solution, in the form of coaching. In our experience, the majority of managers are not familiar with coaching techniques, nor even the definition of coaching. They nearly always see coaching as something "to do to under-performers". In reality, the management skill of coaching is best applied to help mid- to high- performers figure solutions out for themselves (using good questions) and, crucially, to own the solution. That is, to be self-accountable.

We therefore believe coaching to be an important skill in building self-accountability. And we believe in the importance of creating a culture of positive accountability, where it's seen as your friend, not a stick to hit people with. These factors will be important for managers as we move from hierarchical management 2.0 into more self-directed work and flatter structures in Management 3.0.

In an era where we move to more empowered workers, it's this particular type of accountability called self-accountability, that we need to train and coach.

Realizer's best practice on accountability includes the following further findings: -

1. Accountability is not just for the boss to hold their team accountable, it's also about self-accountability, and peer-to-peer accountability – it's a part of your culture.
2. Accountability should not just be for results (i.e. outputs), but also should focus on inputs (behaviours, how you get results; how you live the organization's values).
3. A quick way to drive accountability is to end meetings having everyone state what they are going to do, by when - in their words.

Ultimately, how can you make accountability a positive word in your organization, one which is owned by everyone?

Insight 3: on decision-making

To deal with a complex, fast-paced and unpredictable world, Management 3.0 theory suggests that we need to empower our people to make decisions close to where the issue is happening. For example, if a client is kicking up a fuss and wants some kind of compensation, we need to empower the client's day to day contacts to make these decisions – at least up to a pre-agreed financial limit.

Likewise, if someone in your organization spots an opportunity that fits with the long-term goals and strategies, the number of layers of management they need to get through to make a decision should be minimized.

When you think about decision-making, it's clear that in an unpredictable world, the ability to make the most of the information to hand and use it to make wise decisions is not going to get less important.

That's why we see, time and again, that in a manager's 360 review, their decision-making skills often come out as the area needing most change. When we aggregate that data over 100 managers, we see the following picture: -
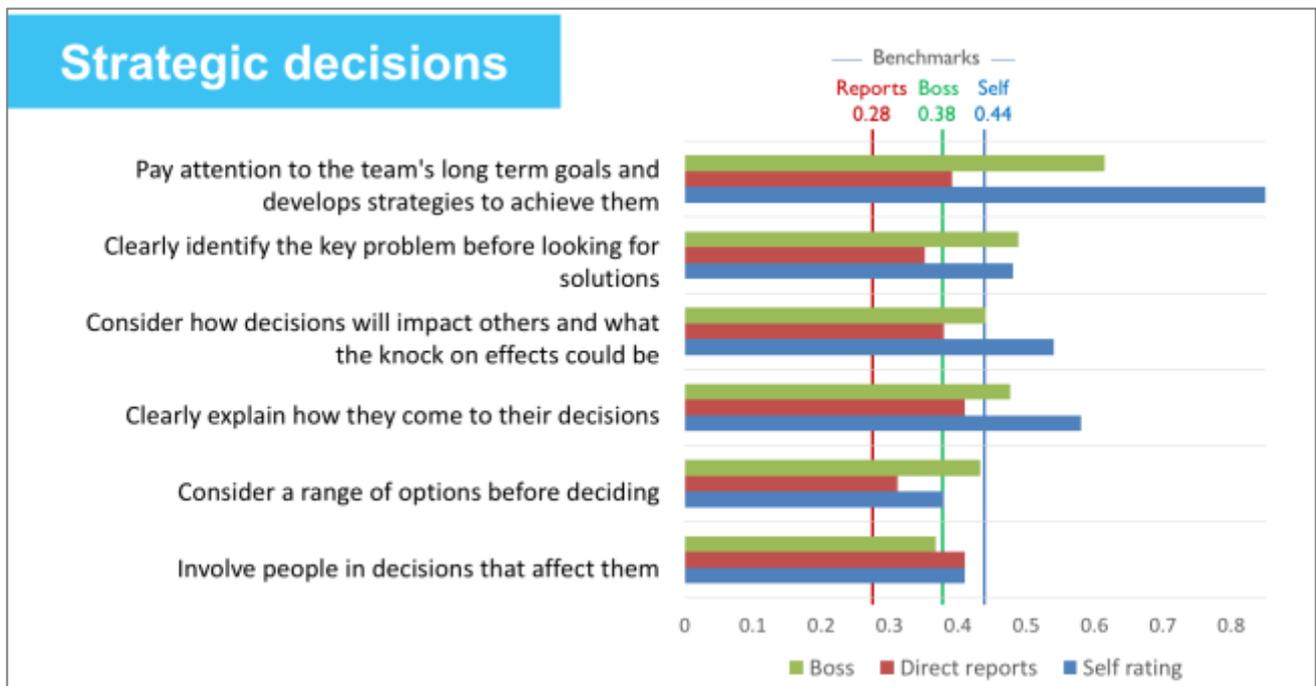
The first thing you probably notice is the extended blue (and green) bars on the top question around paying attention to long term goals. Of all the self-ratings in the data, this is the highest number. Managers are essentially castigating themselves for not paying enough attention to the long term. And their bosses and direct reports / peers agree. This is a significant insight.

Moving down the chart, we can get more specific. All 3 groups of raters are in agreement that managers need to be better at: -

1. Defining the problem carefully before looking for solutions
2. Developing a range of options
3. Thinking about how their decisions affect others
4. Explaining the decisions to others

The bottom question is the only one where there isn't agreement: direct reports / peers say, "involve people in decisions that affect them" but bosses and managers don't agree this time, i.e. their bars are below their benchmark lines.

If we do believe that the future of management is empowerment, involvement, flat structures – then this data shows that we aren't there yet – at least not in the eyes of those who currently hold the power.

We believe this lack of desire to involve people in decisions, even ones that affect them, may be because bosses and managers don't trust their team's judgement and / or they don't believe they need buy-in from their team before they decide.

Either way, if you are a manager, it will make you think about how you can create some trust to involve a wider group in some decisions. There are many proven benefits to involving a diverse range of people in decisions, especially subject matter experts. But there is also some evidence that you don't want to involve too many people (typically more than half a dozen gets unwieldy), and that you shouldn't prioritise the opinions of people with no expertise.

At Realizer, the way we address decision-making skills - which few people have ever been explicitly taught - is to create a shared language and framework for making decisions. That way, managers and bosses know the value of plugging in their team, and they know exactly how to do this effectively in one of three ways:

1. Getting the clearest possible view of the problem, the options and what success looks like
2. Judging the options fairly against the success criteria, trying to remove biases
3. Making the decision and then sharing the decision with the 3 E's: explanation, empathy and clear expectations

Insight 4: on motivation

The 8th most popular TED talk of all time is called the Puzzle of Motivation, and is delivered by a writer named Dan Pink who spent two years researching the facts around motivation and turned them into a book called *Drive*.

In the book, he distinguishes between intrinsic motivators (those motivations that come from within you) and extrinsic motivators (those which are based on rewards and punishments – if you do this, then you get that). His analysis of the research indicated that in 21st Century jobs, which require dealing with novel, complex tasks & the need to be creative, intrinsic motivators were more effective. In fact, research tends to show that extrinsic motivators are counterproductive in tasks that require innovation and creativity.

The three types of intrinsic motivators he identified are: -

1. Autonomy – the desire to have a sense of control over what you do and how you do it
2. Mastery – the desire to learn important new skills
3. Purpose – the desire to feel like your work has meaning and helps others

In our 360 reviews, we were able to examine the real role of these 3 types of motivators in Australia management.
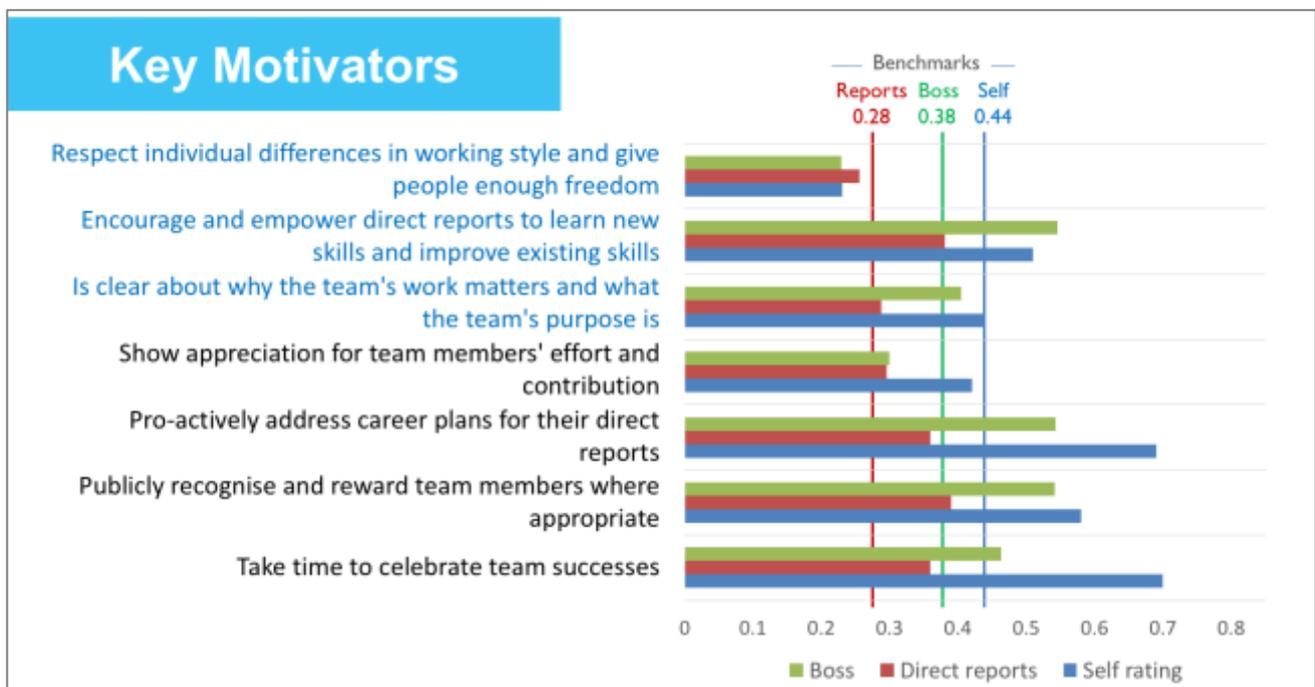
The first three questions above refer respectively to autonomy, mastery and purpose. The autonomy bars are low for all three groups, suggesting that all groups feel like there is enough freedom.

The mastery bars all beat their respective benchmarks, indicating a real need to spend more time helping people master important new skills.

And the purpose bars are around benchmark levels, so no major need to prioritize purpose.

Our conclusion is that when it comes to Dan Pink's trio of Autonomy, Mastery and Purpose, Australian managers that we deal with are doing ok on 2 of them, but need to dial up mastery.

The picture continues to get more interesting in the bottom 4 questions.

Whilst all three groups think we are doing enough to show private appreciation, it's a different matter when it comes to public recognition, celebration of success – as well as pro-actively addressing career paths.

Although the research Dan Pink used said that specific extrinsic rewards, such as cash, can be counterproductive, it doesn't mean we rule out all extrinsic rewards. In our study, direct reports and peers (supported by their managers and bosses) identified a slightly different set of motivators that need to be addressed for success: -

1. Mastery of important new skills
2. Proactively addressing individuals' career paths
3. Public recognition of individuals & celebrating team successes

On balance, we do support the importance of Autonomy and Purpose (although this latter is hard to get right if you work in a business that wasn't founded for a meaningful reason beyond making money). However, in terms of what we're getting right and wrong at the moment, our research would point Australian managers to focus on the last 3 above.

Insight 5: on feedback

When people do Realizer's management training, the technique they are most likely to be using when we survey them a few weeks after the course is our approach to feedback, which we call Feedback is a G.I.F.T. (see below). We believe this is because managers don't know how to address tough situations. They most often put their head in the sand and walk away from necessary conversations. But deep down, they know that giving their team feedback is crucial for helping people grow, for closing down blind spots, and for getting business results over time.

Our 360-review data shows that all 3 groups – managers, their direct reports / peers and bosses – are in vehement agreement that we need both give, seek and act on feedback in order that we all may improve our performance.
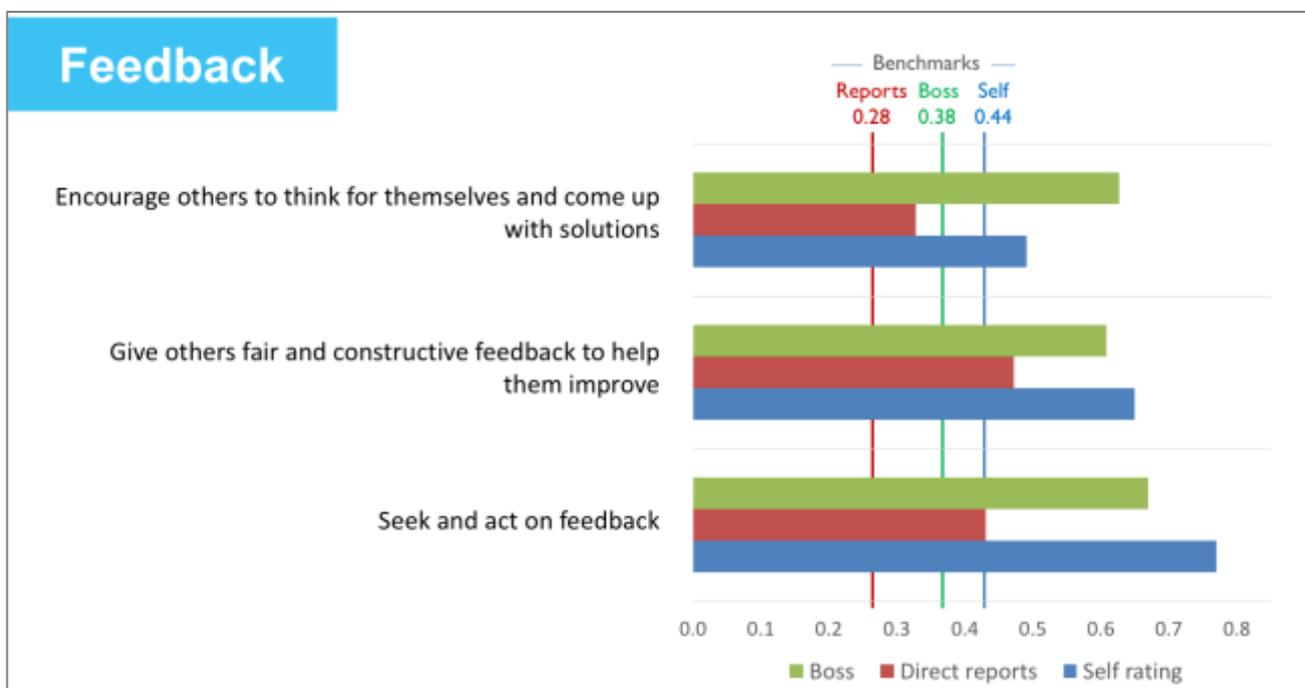
The bottom two questions are about feedback and they reveal very large requests for change from all three groups. This was the single biggest, stand-out issue in the data. We aren't doing feedback well.

The top question refers to coaching, where we help people develop their own solutions.

We combine the two as coaching and feedback can work hand in hand. Let's say you went to a client meeting with one of your team, and it didn't go well. In the taxi back to work, you have the opportunity to discuss how it went, with the aim being to learn from it. We believe that your first management tool is to try coaching: "how do you think it went? What might you do differently next

time?" if your team member identifies the key issues you saw, without you having to say them, then all you need do is to coach them towards solutions, potentially adding an idea or two, but ensuring that they end up owning the solution.

If they have a blind spot, i.e. an issue that they aren't aware of, then you can move to feedback: "may I give you some feedback to help you be even better at client service?"

Across the data presented in insight 2 and insight 5, we can see that managers are not confident in these 2 core conversations: the coaching conversation and the feedback conversation. In the coaching conversation, if they are having it at all, typical managers today are much, much too quick to give answers instead of asking good questions. And when it comes to feedback, people fear confrontation, so they back away.

We train people to overcome these issues using two frameworks. One is well known, the G.R.O.W. model of coaching. And the other was created by Realizer, the G.I.F.T. approach to feedback.

Image: The GROW model of coaching and Realizer's GIFT framework for feedback

in our experience the single most important factor in giving feedback that works, is to do it from a place of generosity, goodness and genuineness – all the G's – rather than a place of frustration and criticism. If you do that, then the other three things to remember are to ask permission before giving feedback, to make it really focused on specific behaviours (not vague) and to give the feedback in a timely way – typically within 24 hours of an event, but not straight away if you're emotional, angry, disappointed, frustrated. Wait until you cool down, and can see your way to helping the other person, to give your gift of feedback.

The good news is that not only is feedback the biggest change people are asking managers to make, but it's also relatively easy to fix as demonstrated by the results from our training.

Turning insights into action

Summary

Is management broken? We see a transition to a new era of management which needs new skills. But most of our management techniques have come down from the 20th Century. What's more, many managers have very little training and few effective role models. So, yes, we believe management is in danger of breaking - which would result in increasing staff turnover, dissatisfied clients, poor quality products and services.

There is some cause for optimism though. The seeds of new approaches can be seen in many companies who are addressing autonomy (e.g. through workplace flexibility), who are addressing purpose & meaning (by creating values, visions & missions albeit with mixed success), who are experimenting with flatter structures.

To develop your own experiments, we explored 5 insights which can help you, or your managers succeed in a new era where we face more complexity, more speed, and more unpredictability.

Insight 1: learn how to manage expectations better, especially of key stakeholders like your boss.

Insight 2: set high standards for others – but also learn how to help yourself and others be self-accountable.

Insight 3: create a framework for decision-making so you can involve people more, devolve decisions more, trust each other to see the problem clearly, judge options fairly, and explain the decision to affected parties with empathy.

Insight 4: intrinsic motivators are important, particularly mastery. But your team also want you to recognize individual contributions and celebrate team success.

Insight 5: learn the skills of coaching and feedback to help everyone in your team keep improving, and eliminating any blind spots.

What you can do

If you are a boss who has multiple managers report into you, then how are you and your team role-modeling these behaviours? What do you believe makes a good manager? How do you believe your team need to change to manage people in the 21st Century? It's a great time to be having these conversations amongst your senior team, and the managers themselves. Managers need your support. Managing isn't easy. What can you do to help them succeed? After all, having good managers

is essential for your product, client satisfaction, staff engagement, staff turnover, and many other drivers of your organization's success.

If you are a manager, try something new. Management is a skill worth mastering and it takes time to learn. So, run some experiments, test new approaches and take note of whether they work. Perhaps you can start by changing the way (and frequency) that you give feedback to your team, and how you ask for it. Get a 360-review done so you can prioritise where you can grow most. Read some books: *Drive* by Dan Pink; *The Coaching Habit* by Michael Bungay Stanier; The Harvard Business Review *Guide to Managing Up and Across*; *Radical Collaboration* by James Tam and Ronald Luyet.

What we're doing

Over the last 4 years we have invested in developing a training and coaching program for managers. It is a 4-12 week program involving a combination of: -

1. A bespoke 360 review on your management style, using the questions we highlighted in this white paper and more.
2. 4 face-to-face workshops, spaced out so that participants can try new approaches between sessions and report back what they learnt.
3. 1:1 follow up coaching to help translate the program into real world impact.
4. Involvement of line managers, to help participants integrate their learnings into their KPIs, and get support from their manager.
5. Post course surveys to test learning, behaviour change and business impact.

The content we feature contains all the topics highlighted in this report's key insights and more: -

We have units on feedback, coaching, managing up, delegating, motivation, managing different people, building teams & culture, decision-making.

Our management course has a fantastic 76% net promoter score across 2016-2017, with an average feedback rating of 9.1 out of 10.

This course details can be found at realizer.com.au/courses.

For more information

For more on this research or to ask about our training programs contact Realizer:

Website: **realizer.com.au**

Email: **hello@realizer.com.au**

Phone: **+61 (0) 433 017 198**