

# nsu. the papers.

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*a series of briefings from the frontline*

Issue 01 / 2017

**Too big to ignore.**



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**Frontline managers are  
running your company.**

Their effective support and  
long-term development is a  
problem hiding in plain sight.



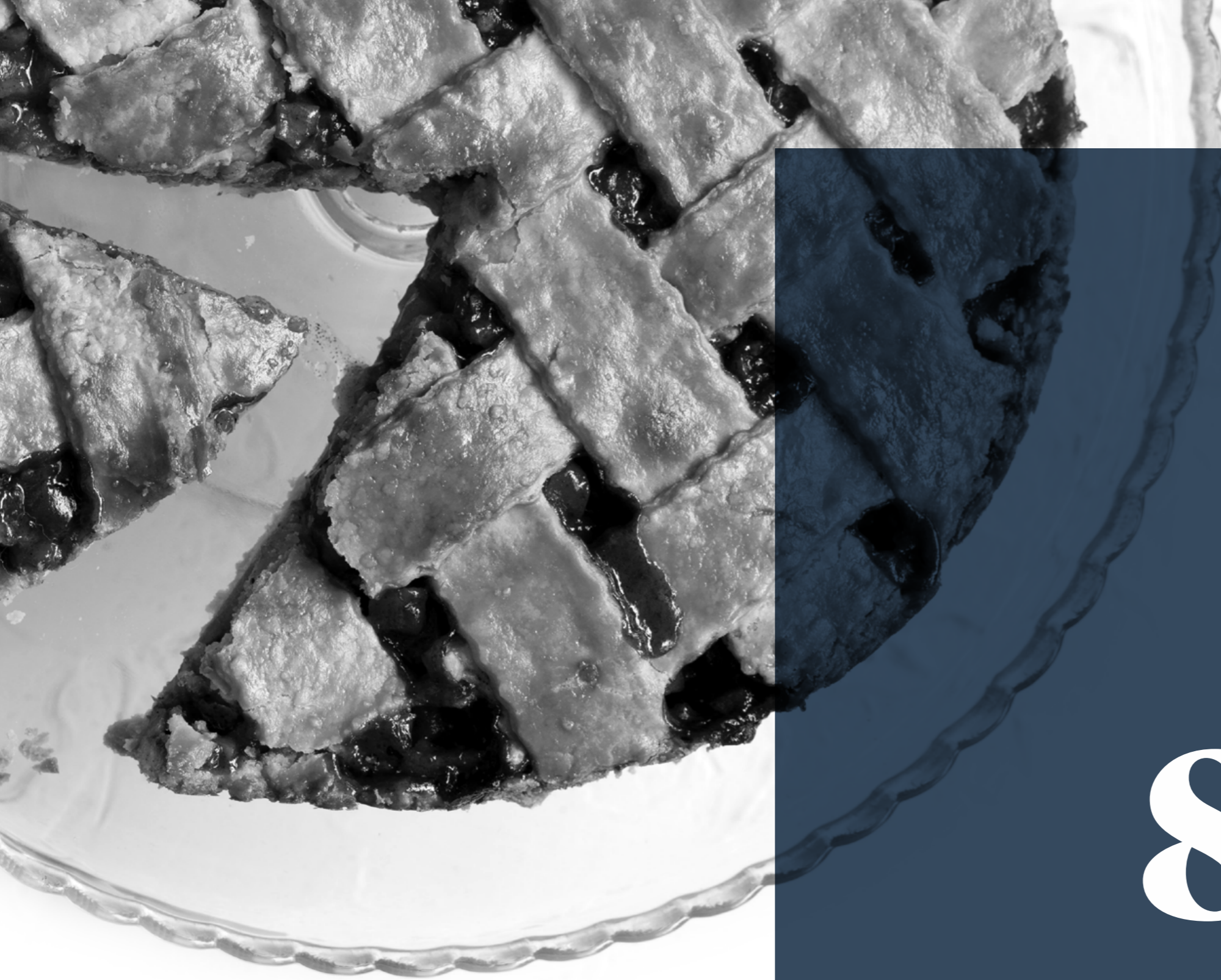
# 77%

of people say frontline  
managers are important in  
helping their organisation reach  
its business goals.<sup>1</sup>

# 12%

of people say they are investing sufficiently in frontline leadership development.<sup>1</sup>





# 80%

or more of a large organisation's  
total employees are led by its  
frontline managers.

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**A number  
too big  
to ignore.**



**Houston, we have a problem.**

If there was a group of people in your company that you knew were mission-critical, had the biggest impact on employee engagement, were a critical driver of performance and were integral to your overall success, would you make them a priority? Would you invest in their development and take steps to ensure they felt valued and were empowered to make a difference in your business?

Would you? Really?

## The numbers speak for themselves.

In a 2014 Harvard Business Review survey, 77% of respondents said that frontline managers were important in helping reach their business goals.<sup>1</sup> Across nearly every performance metric (customer satisfaction, employee engagement, productivity, effective communication, etc.), they identified frontline managers as the linchpin of their organisational success. Despite this, only 12% said they were investing sufficiently in frontline leadership development and instead they believed that most managers at the frontline were not equipped with the resources they needed to excel.

## ‘Only 12% said they were investing sufficiently in frontline leadership...’

Respondents confirmed that ‘the gap between what is expected of frontline managers and what is provided to them adversely impacts organisational performance in myriad ways’. Harvard Business Review described the survey as a call to action for senior managers to eliminate the barriers to success that frontline managers face.

In large multi-site organisations, frontline managers typically lead over 80% of total employees... and the majority of people interacting with paying customers. In some operations, this number is far higher and is as high as 92% and 93% in two of NSU Media's clients. Frontline managers regularly make up well over half of a company's management population.<sup>2</sup>

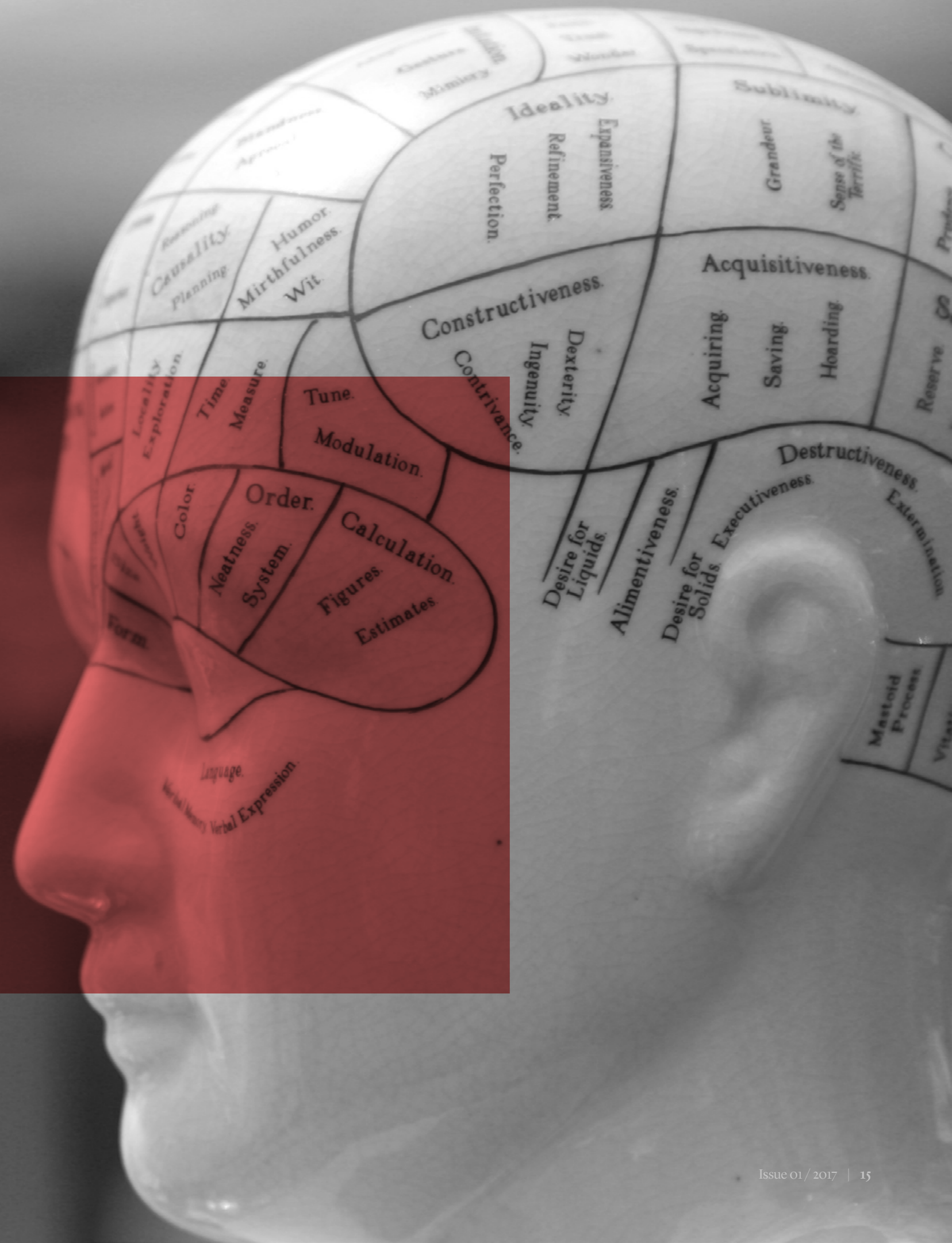
Figure A

The importance of frontline managers to an organisation in helping achieve the noted business priorities.<sup>1</sup>



‘...the transition from individual contributor to manager is a profound psychological adjustment, as managers contend with their new responsibilities. Managers must learn how to lead others, to win trust and respect, to motivate, and to strike the right balance between delegation and control. It is a transition many fail to make.’<sup>3</sup>

LINDA A. HILL, BECOMING A MANAGER





## The elephant in the room.

Many senior leaders know that an organisation's results are driven by the performance of leaders at its frontline; most organisations sense it and yet very few do enough to make the most of it. According to the Harvard Business Review, frontline supervisors rather than senior managers are the opinion leaders in an organisation<sup>1</sup> and yet research suggests they are often 'the most uninformed, ill-equipped and under-utilised population in a company'.<sup>4</sup>

A study by UWE Bristol confirmed that in their role as people managers, frontline leaders have a critical impact on operational success,<sup>5</sup> although alongside this, there is evidence that nearly 60% underperform during their first two years in the role, driving performance gaps and employee turnover across the entire frontline.<sup>6</sup>

## 'The most uninformed, ill-equipped and under-utilised population in a company.'

A survey by DDI concluded that one in four organisations reported a loss in profit due to frontline manager failure and nearly 60% of their survey respondents indicated that poor leadership resulted in high turnover of the frontline managers themselves or their team members.<sup>7</sup> A loss of productivity was reported by 65% and 69% reported a negative impact on team member engagement.



Frontline managers could be described as the civil servants of our large-scale organisations. While governments (senior leaders and executives) often change, tenure of frontline management tends to be longer than any other leadership category. They are therefore a critical population when it comes to team engagement. Their daily interactions with frontline employees create the working environment, cultural and behavioural conditions in which employees operate. When the people in your company grab a drink after work and their friends ask them how work's going, they don't chat about your corporate strategy, the broader market conditions or the recent performance of your C-suite; they talk about your frontline managers and what it's like to work with them every day.

**Effective support and the long-term development for frontline management is a problem hiding in plain sight. And the numbers are simply too big to ignore.**

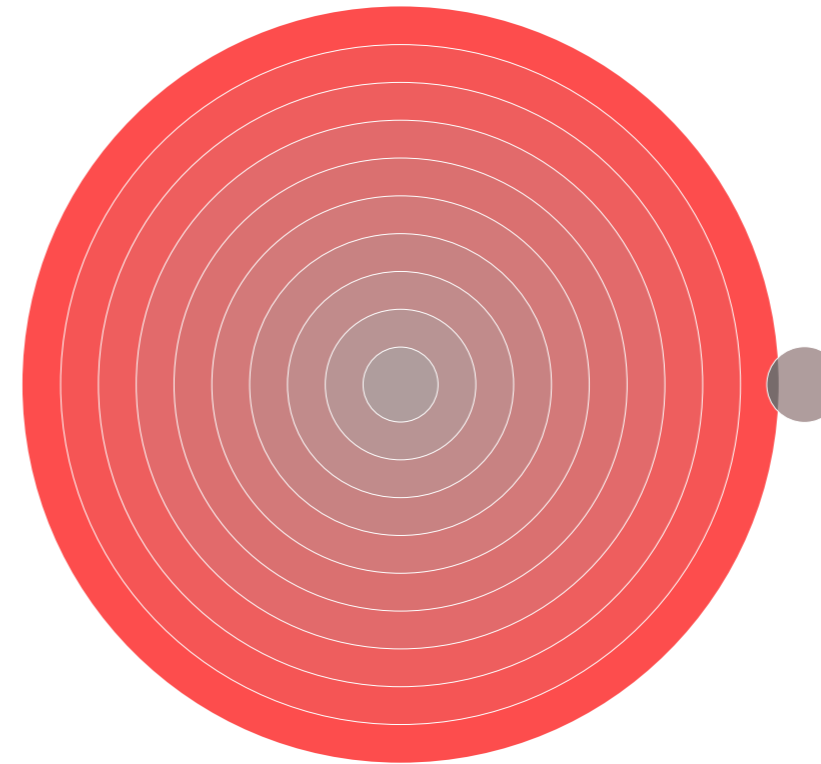
## The money goes north.

### A barrier to entry.

What frontline leaders do, their teams do... and what their teams do, customers are talking about. However, the scale and geographical spread of a frontline management population is a barrier to providing them with high quality ongoing development and support (for example, the population in Marks & Spencer plc is 4000 managers working across 800 locations). Perhaps this explains why high quality leadership development resources and development budgets remain targeted at C-suite or middle management.



‘What frontline leaders do, their teams do... and what their teams do, customers are talking about.’



For every **\$10** spent on senior leaders, just **\$1** is spent on frontline leaders.

**Figure B**

Difference in spend between ● senior leaders and ● frontline leaders within the Asia-Pacific region.<sup>10</sup>

Companies tend to spend around twice as much per middle-level manager as they do a first-level manager and depending on the size of the company, anywhere between two times (small companies) to five times (medium and large companies) more per senior and top-level executive compared with a first-level manager.<sup>8</sup> Victor Lipman, author of *The Type B Manager*, discussing development budgets and priorities in Harvard Business Review noted that he'd received 'more management training in the final five years of his career than he did in the first 20 years combined'.<sup>9</sup> A 2016 report by the Study of Australian Leadership showed that across the Asia-Pacific region, for every \$10 spent on senior leaders, just \$1 is spent on frontline leaders.<sup>10</sup>

To exacerbate this, in many frontline teams the training they do receive tends to focus on the essentials of operational delivery and what's required to keep the enterprise safe and legal, leaving it overly task-focused and technical. Soft skills development such as leadership, communication, brand and behaviours execution or performance coaching is often classed as discretionary and regularly de-prioritised or de-scoped in favour of more tactical interventions, or other activity perceived to be more urgent.

**Critically under-served... but investment works.**

According to Investors in People, failing to develop the people skills of junior managers breeds a culture of bad leadership, estimated to cost companies £39 billion each year.<sup>11</sup> Frontline managers remain critically under-served in terms of high quality engagement, coaching and peer-to-peer group learning opportunities.

And yet, investing in the people skills of frontline managers works. According to McKinsey, development programmes that empower managers to make decisions, act on opportunities and focus on people-driven activity 'on the floor' through individual coaching deliver far greater results than low value individual-contributor or other technical activities.<sup>12</sup>

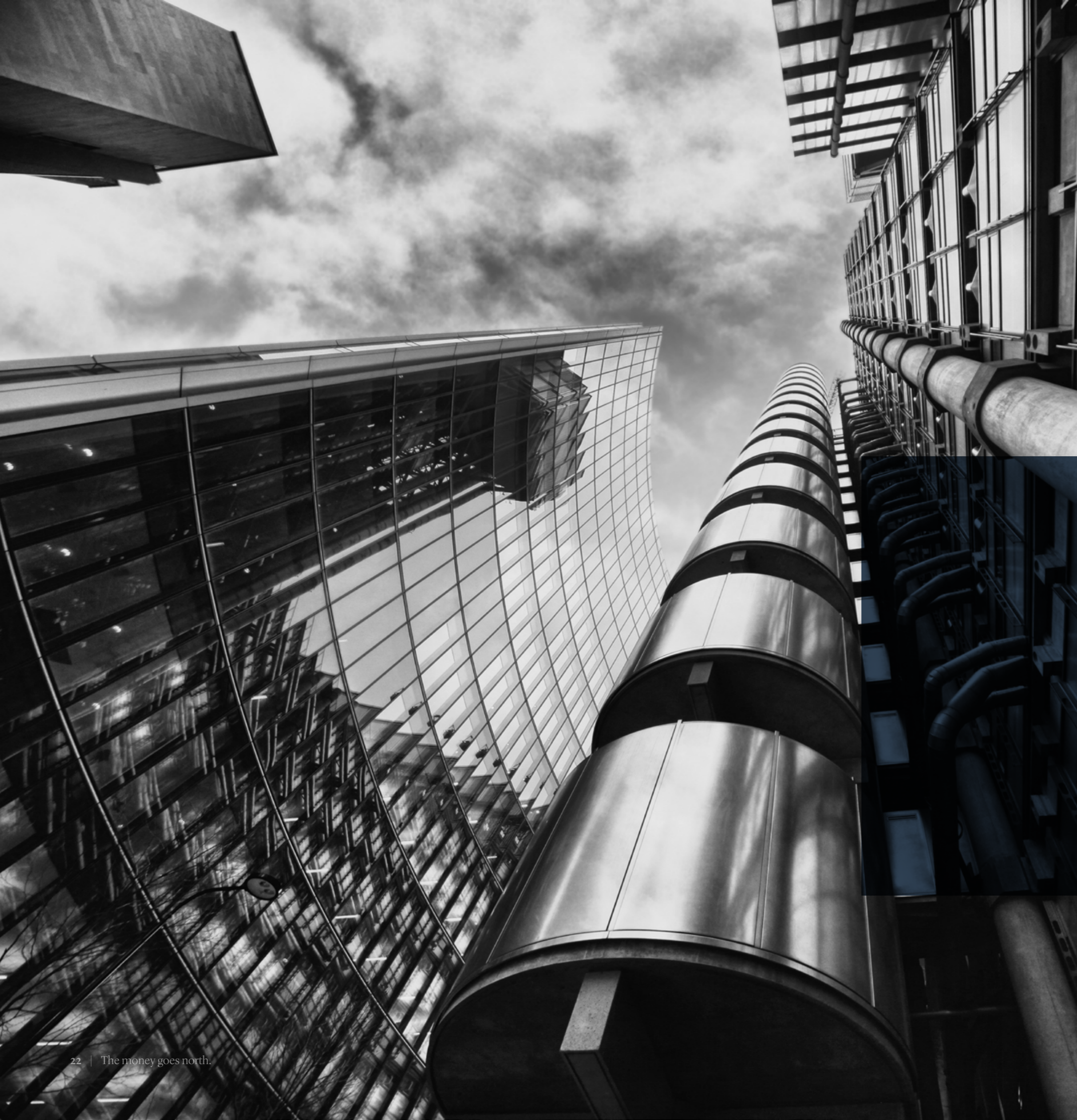
A mining company that adopted this approach saw a 10% increase in tonnage per frontline employee; cross-selling in a bank branch went up by 24% in a year and total sales at a department store rose 2% in a six-month period. These results are mirrored in our own experience, where one of NSU's long-term programmes in retail saw customer satisfaction increase by 5% over a six-month period having remained static for two years.

Our work with a Premiership football club resulted in matchday spend per head increasing by over 20% in one season with the club achieving number one position for fan experience across the league in the process.

The evidence is unequivocal.  
Long-term investment in frontline managers works...  
and a failure to do so is damaging.

*Evidence confirms that investing in the people skills of frontline managers works.<sup>14</sup>*





‘And as I neared the end of my corporate days, I realised I’d received much more management training in the last five years than I did in the first 20 years — when I really needed it — combined.’<sup>9</sup>

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VICTOR LIPMAN, THE TYPE B MANAGER

## **Stop the crack-hits.**

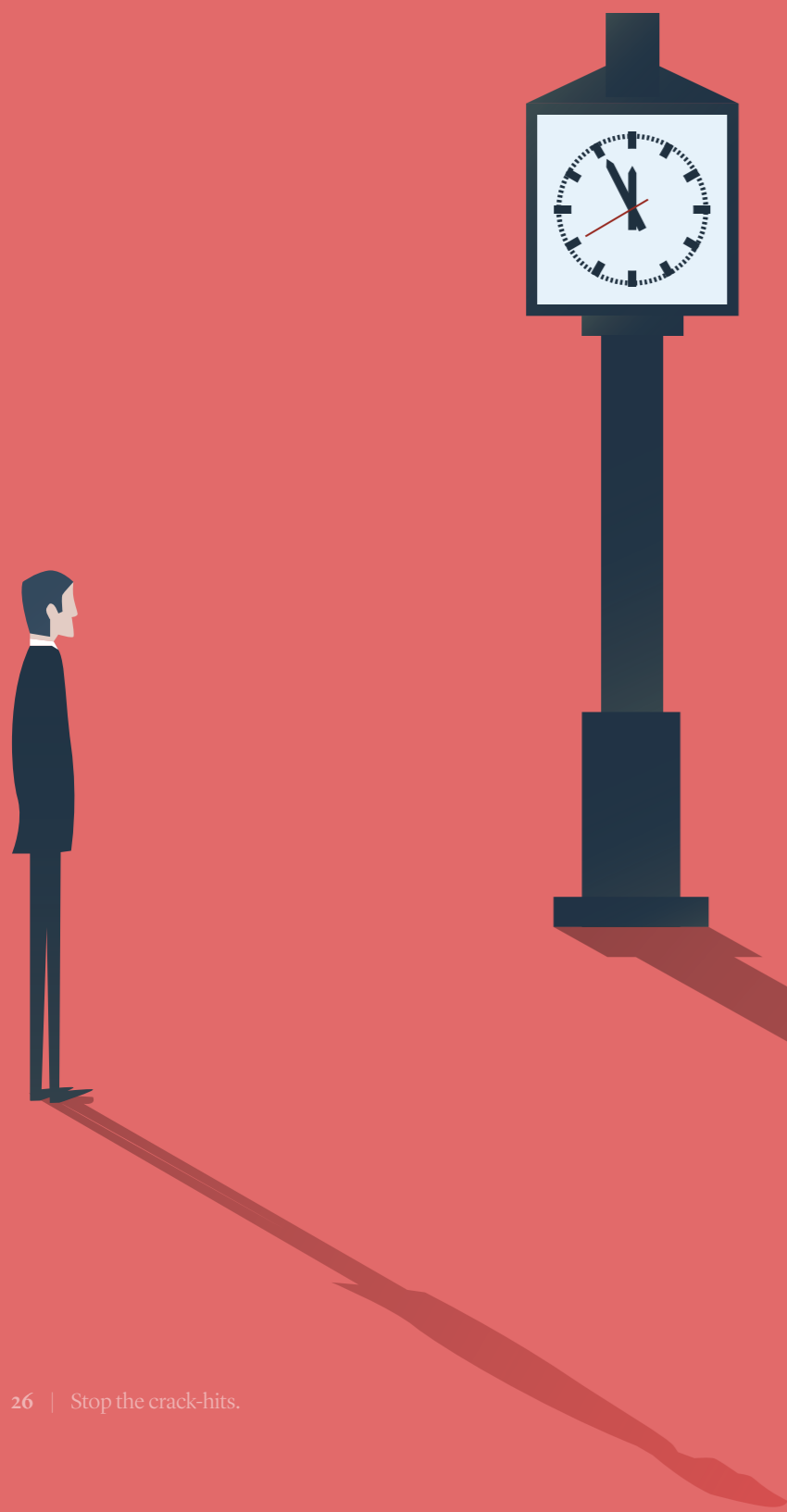
### **Know your place.**

Over the years at NSU, we've supported a variety of conferences, retreats and awaydays for senior people. These all have their place and are in many ways critical for effective planning, decision making and defining strategic direction. However, as we've already described, those same organisations provide so-called more 'junior' leadership communities with precious little access to the same sorts of activities. Since when did greater seniority mean increased central support, with lower ranking managers who are closest to the action being left painfully short of attention?

Where they do happen, engagement and training activities for large leadership populations also tend to default to single day events or one-off training interventions. These can sometimes be hugely successful, establishing 'memory moments' for the people who attend them and drawing a line in the sand for organisations in communicating business direction and objectives. The problem here is that's often how they remain; memory-moments, referred to in 'do you remember when?' conversations. And when this actually means 'do you remember when we were developed, got trained, learned about teamwork, grew as individuals, learned something new, improved our skills, solved a problem, arrested a decline, got pumped for the future, set compelling new targets or remembered again why we joined this company in the first place', there's a problem.

**do you  
reme-  
mber  
when?**

**'Since when did greater seniority mean increased central support?'**



One-off events and interventions that aren't sustainable become like corporate crack-hits of engagement; they're experienced powerfully in the moment but eventually normality returns and managers are left waiting for the next event date to drop in their diary. In practice, a one-off approach means that little on the ground changes or improves over the long-term and is more likely to be replaced by another, newer 'initiative' or message by the time an organisation gets around to repeating it.

**‘They’re experienced powerfully in the moment but eventually normality returns and managers are left waiting for the next event date to drop in their diary.’**

We'd love to think this dynamic was far-fetched and cynical but sadly not - it seems to be repeated in almost every organisation we encounter and leaves below-par endings to what were well-intentioned beginnings.

**There's something wrong with this picture.  
We've got the whole thing upside down.**

‘The operational dynamic described to the right requires a long-term and strategic commitment to frontline leadership development as opposed to one-off or time-boxed initiatives.’

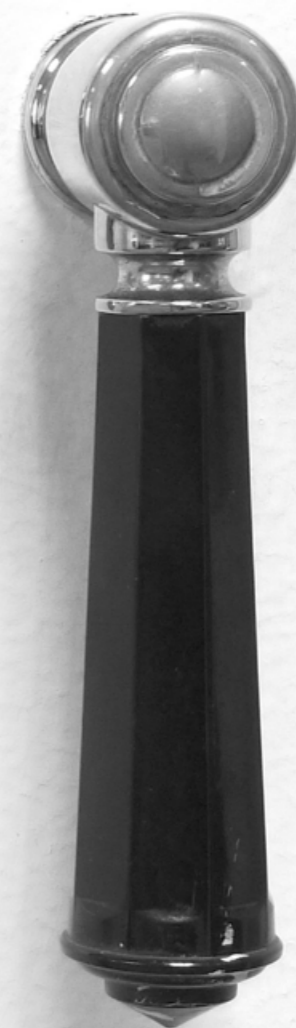
**A long-term, strategic commitment.**

According to McKinsey, the world's top-performing organisations take frontline leaders' and managers' development far more seriously.<sup>12</sup> They create well-defined and comprehensive programmes and fully integrate employee engagement elements into what they do. The operational dynamic described above requires a long-term and strategic commitment to frontline leadership development as opposed to one-off or time-boxed initiatives. For us, the key is to turn dominant learning and development thinking on its head and begin focusing on helping frontline managers become great leaders and performance coaches... and then sticking at it over the long-term.



# \$39bn

the estimated cost to companies of failing to develop the people skills of junior managers.<sup>13</sup>





## **Flipping the food chain.**

### **The engine room.**

Frontline managers look after the people that talk to your customers. If you've got a new corporate message, are pivoting a strategy in a changing market or need a multi-site team to align around a new set of business goals, they're the most important people for you to be talking to. If you want to improve your sales results, service delivery, engagement levels or the competence of the wider organisation, look outside the boardroom and exec awaydays to the frontlines of your company, where your brand meets its customers and your values are revealed through their daily interactions. Managers who understand and are aligned with the vision and values of their company and have the authority and skills to execute decisions through their people will always deliver a brand's promises more effectively in their marketplace.

Frontline leadership teams are the engine room of any organisation. The chairman of one of the UK's largest retailers described them to us as 'the beating heart' of their business. But the problem with the hearts in our bodies or the engines in our cars is that they're unseen and so too easy to ignore, forget about or abuse over time. With a little attention both respond well and tend to start running more effectively. Frontline, so-called 'junior' and new managers matter. Supporting and developing them on a long-term and ongoing basis is the start to truly engaging with them properly... and your people and customers will thank you for it.



## Technology is a game changer.

Why not look to turn your company right-side-up? Flip the food chain when it comes to your communication and performance planning and make frontline leadership development a strategic priority. Technology and new media makes this easier than at any other point in history, but an attitudinal upgrade needs to happen first, starting with every senior leader who's moved above and beyond the frontline.

**‘Technology and new media makes this easier than at any other point in history.’**

A retail executive from one of the UK's fastest growing brands recently said to us 'this is great but it kinda sounds too easy...!' In our experience, it's far from easy and takes passion, effort, fresh thinking and a relentless focus on making something remarkable happen. Frontline leadership development is a long-term commitment. It's definitely not easy... but when all's said and done, the numbers make the decision pretty simple.



**Telling stories  
from the frontline.**

NSU Media is an employee engagement agency focused on telling stories from the frontline of organisations that inspire, support and develop their people.

Our programmes help frontline managers form a strong internal identity and lay a foundation for ongoing learning and sustained improvements in performance and customer satisfaction.

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