

# Strategy and the Middle Manager



Strategy is vision. It is the articulation of an organization's nature and direction and the foundation for its culture. Middle managers who don't think they are getting sufficient guidance from their organizations' strategy have three options.

- **Whine.** They can bemoan the lack of clear direction from the top.
- **Guess.** They can set priorities based on assumptions about strategy.
- **Step up.** They can proactively force strategy clarification and carve out a meaningful strategic role.

Middle managers don't create an organization's strategic plan—they just determine whether it succeeds or fails. And they won't manage strategically if you don't help them fulfill their strategic role.

Just as all of an astronaut's in-flight behaviors (e.g., navigating, eating, conducting experiments) are carried out within the context of the spacecraft environment, an organization's behaviors (e.g., research, marketing, quality control) should be carried out within the context of its strategy. Like the atmosphere in the capsule, an effective strategy is not separate from an organization's day-to-day operational endeavors; it surrounds, permeates and guides them.

Because of the paramount role that strategy plays in an organization, formulating strategy is the responsibility of the top management team. It cannot be delegated to specialized strategic planners (although they can make significant staff contributions) or forged from the long-range plans that percolate upward in an organization. Only the chief executive officer and the small number of managers that constitute his or her senior staff are in a position to answer the key questions listed above.

But planning is worthless without implementation. Strategic weakness can be traced as often to the failure to implement a well-formulated strategy effectively as it can to a lack of clarity or thoroughness in the strategy itself. Just as an organization must consciously create its strategy, it must consciously plan its implementation. That's where middle managers come into the picture.

No matter how clearly the top team has articulated its vision of the future, that vision will not become reality without significant contributions from "middle management"—a loose term for a group that can span the spectrum from managers who report directly to the top team all the way to second-level and, in some cases, first level supervisors. While middle managers do not participate directly in the formulation of strategy—deciding what the organization is and will be—they are instrumental in its implementation—determining how the organization will get there.

Few middle managers understand their pivotal role or know how to play it. What about your organization's middle managers? Figure 1 below offers some questions to help you gauge their "Strategic I.Q.".

**Figure 1**

### Assessing the Middle Management "Strategic I. Q." in Your Organization

Do middle managers in your organization:

- Have a unified vision of the organization's strategic direction?
- Understand the specifics of the organization's strategy?
- Have the ability to define the organization's product-market scope, emphasis and mix?
- Distinguish the statement of organization strategy from its long-range plans?
- View their responsibility as one of implementing the organization's strategy?
- Use the strategy as the basis for making decisions regarding products/services, markets, resource allocation, facility/equipment needs, information systems, organization structure and budgets?
- Regularly provide to top management information on product performance, market needs/reactions, competitive activity, economic trends and technological advances?
- Provide top management with feedback on whether the organization's strategy is the best one for the future?
- Get measured on strategic accomplishments and rewarded for "thinking strategically" (carrying out their job responsibilities in a way that meets strategic, as well as operational, goals)?

### Dangerous Assumptions

In public and private-sector organizations, in the United States and abroad, a certain series of assumptions holds sway regarding strategy and the middle manager. They're traps. They can hamstring the implementation effort. Among them:

- **Top management has established a clear strategy for the organization.** If the organization in fact has not formulated a strategy that, at minimum, answers the questions listed in the first paragraph, middle managers will be hampered in carrying out their strategic role.
- **If the organization has a clear strategy, middle managers know what it is.** Middle managers should not have to read between the lines of policy memos or decipher patterns in top management behavior to learn the strategy. If the top team has not formally communicated the strategy (and, typically, there is no reason to keep it secret), middle managers may not know what it is. And if they don't know the strategy, how can they use it to guide their decision-making?
- **Since middle managers' responsibilities are primarily operational, they don't have to understand the details of the organization's strategy.** The preceding assumption is that middle managers already know the strategy. This one presumes that they don't need to know it. Middle managers do function in the operational arena ("how to do it") rather than in the strategic realm. But they cannot be optimally effective in carrying out their operational responsibilities if they lack a strategic context in which to function.



Operational issues include decisions about selecting and training personnel, purchasing equipment, improving productivity, assigning research priorities, designing marketing programs, establishing reporting relationships, selecting sites for new facilities and designing accounting systems. Middle managers are functioning in a strategic vacuum if they are asked to make these kinds of decisions without clear guidance from top management on the scope of the organization's various products and services, its customer groups, the types of new business it intends to pursue, the markets it intends to emphasize, the skills and capabilities it intends to develop, and its growth and return expectations.

The subject of sharing information tends to be discussed as if the primary issue is niceness: "It's nice for top management to tell employees what's going on, because it makes everyone feel like part of a team," etc. Spelling out the organization's strategy to middle managers is not a matter of being nice. Middle managers need to know the strategy if they are to do their jobs in a way that contributes to the future of the organization.

For example, suppose a company manufactures pumps and sells them exclusively to utilities. Suppose its strategy is to pursue customers in other industries, as well as utilities, for its existing products. Research and marketing decisions to support that strategy need to be entirely different from decisions that would be appropriate if the strategic direction involved adding product lines to meet a wider range of needs for the company's present utility customers. The middle managers making those decisions must know the strategy.

- **Middle managers understand the organization's strategic direction because they've seen its long-range plans.** Long-range plans typically include a series of actions to be taken by certain individuals or departments within stated time frames. They are essential tools in the "how" dimension. However, if the plans don't indicate the strategic rationale for the various actions, they are not effective vehicles for communicating the "what" information that the middle managers need. Why, for example, is a product going to be modified, a function realigned or a streamlined production process installed?
- **If the organization's strategy has been clearly established and communicated, middle managers use it to guide their operational decisions.** Knowing does not necessarily lead to doing. Both the top team and middle managers need to link the strategy to middle-management job responsibilities. First, each middle manager's unit ought to have a mission statement (an overall "reason for being") that describes the unit's contribution to the organization's strategy. Second, middle managers need to "think strategically" about their job responsibilities and realize that every action they take should in some way help the organization implement its strategy. They ought to ask and to be asked, "How does this contribute to our strategic direction?"

Furthermore, middle managers should be held accountable for their strategic contribution. The strategy ought to be one source of standards against which each middle manager's performance is measured. A sales manager certainly should be assessed against operational standards in areas such as the amount of revenue generated and the average cost of a sale. However, his or her performance also should be compared to strategic standards. For example, is the pursuit of new business and the percentage of new business consistent with the direction desired by the top team? Are sales activities and results consistent with the emphasis top management wants placed on various products and markets?



To further ensure that middle managers fulfill their strategic responsibilities, they should be rewarded for thinking strategically, even if they need to sacrifice short-term operational results to do so. For example, a key strategic responsibility of a middle manager may be to phase out a product in a particular market, to provide a new customer service, or to invest in training for subordinates so that they acquire skills required by the strategy. Chances are that none of these objectives will be met if the manager is measured solely against quarterly production or revenue numbers.

- **Middle managers are committed to the organization's strategy.** Middle managers probably have not participated in creating the strategy and typically lack a clear understanding of it. Whence the assumption that they support it. Those who see the strategic direction as contradicting their own vision of reality are not likely to be fully committed to the strategy.

Since the active support of middle managers is critical to the effective implementation of the strategy, they need to know not only what the strategy is but also the facts and assumptions upon which it is based. For example, the strategy may assume changes in customer buying patterns, new forms of competition or the absence of government regulation. Sharing the underpinnings and rationale with middle managers—and involving them in planning implementation tactics—helps build commitment.



- **Middle managers are providing top management with timely, high-quality strategic information.** They certainly ought to be, but are they? Strategy cannot be formulated or implemented in a vacuum. The top management team needs two types of strategic information. First, it needs information on the status of the implementation. For example, are the various products and markets receiving the appropriate emphasis? Is the pursuit of new business consistent with the strategic direction? Are the necessary human skills being developed? Second, the top team needs to know if the strategic course it charted continues to be the best one for the future. The strategy may be implemented well, but is it “correct” in terms of factors such as market reaction, competitive activity, social and economic trends, and technological advances?

Since middle managers and their staffs are probably closest to information pertaining to both sides of the coin, another of their strategic responsibilities is to gather, analyze and deliver that information to senior management along with their recommendations. The top team can then use the information and recommendations to manage the implementation and, if necessary, make adjustments to the strategy. The dangerous assumption here is that the whole process occurs more or less automatically. It doesn't.

### The Strategic Role

As we consider each of these dangerous assumptions, the strategic responsibilities of middle managers begin to crystallize:

- To learn about their organization's strategy by asking the top team for answers to specific questions.
- To view their jobs strategically, maximizing their contribution to the strategic goals and using the standards suggested by the strategy to guide their performance.
- To gather information on the implementation of the strategy (how are things progressing?) and on whether the strategy itself is “correct.”
- To provide feedback in terms of both information and recommendations that enable top management to direct the implementation effort and, if necessary, adjust the strategy.

These roles for middle managers suggest a corresponding set of responsibilities for the top management team:

- To communicate the strategy (including its rationale) to middle managers.
- To help middle managers link their unit missions and job responsibilities to the strategy. How? By providing training to educate them about their strategic roles and help build the skills they need to manage strategically; by assessing their performance against strategic as well as operational standards; and by rewarding strategic as well as operational accomplishments.
- To describe to middle managers the sorts of “strategic information” top management needs to direct and fine-tune the strategy.
- To use the information and recommendations provided by middle managers to monitor, evaluate and adjust both the implementation effort and the strategy itself.

Strategy cannot drive an organization's operations if it is a mystical, mountaintop concept known only to the top management team. For the vision to become reality, middle managers must play a critical strategic role. And to play that role effectively, they need training. They need training to help clarify their understanding of the organization's strategy (a process that often helps top management clarify its own understanding); to help them define their job responsibilities and standards of performance in strategic terms; to learn to manage their daily activities in the context of the strategy; and to gather and provide strategic information and recommendations to top management. An organization's success in carrying out its strategy depends to a great extent on the degree to which middle managers learn and practice these skills.



### About Kepner-Tregoe

Founded in 1958, and based on ground-breaking research regarding how people think, solve problems, and make decisions, Kepner-Tregoe provides a unique combination of training and consulting services to improve quality and effectiveness while reducing overall costs. The KT methodology is used at every level of client organizations: to implement strategy, achieve continuous improvement, increase customer satisfaction, and drive effective issue resolution throughout the organization.