

# IT'S THE MANAGER

Jim Clifton and Jim Harter

## How to Read This Book

As you read this book, keep in mind that the quality of your managers and team leaders is the single biggest factor in your organization's success.

## Introduction: The New Will of the World

One large global professional services company estimated that it was wasting \$1 billion of leadership time per year on managers filling out ratings forms rather than developing employees and having ongoing coaching conversations with them. Like so many CEOs and CHROs are discovering, there's no evidence anywhere in the world, in any institution of management science, that existing massive employee evaluation and rating processes are effective.

### **WHY WALL STREET IS RUNNING ON EMPTY**

**Note to boards of directors:** Rather than pay unrecoverably high prices for acquisitions, Gallup recommends immediately implementing an authentic organic growth strategy—one built on a fully transformed workplace culture of high employee development with great managers.

### **WHAT THE WHOLE WORLD WANTS**

A “great job” has all the qualities of a good job but with one big differentiator: Employees are engaged in meaningful and fulfilling work and feel they are experiencing real individual growth and development in the workplace.

People with great jobs have very different life outcomes. Besides booming your business, they inspire teams, solve problems instead of create them, volunteer in their community, have far better health and wellbeing, and have fewer workplace accidents and little to no mistakes and defects.

### **IT'S THE MANAGER**

Of all the codes Gallup has been asked to crack dating back 80 years to our founder, George Gallup, the single most profound, distinct and clarifying finding — ever — is probably this one: 70% of the variance in team engagement is determined solely by the manager.

If, of your 5,000 managers, 30% are great, 20% are lousy and 50% are just there — which are about the U.S. national averages of employee engagement — double the 30% to 60%, and cut the 20% to single digits. Do this, and your stock price will boom. Literally nothing a CEO or CHRO does will authentically, structurally and sustainably change the value of your organization more.

So what is this lever? Usually, there isn't a single lever to create change. In this case, there is: It's the manager.

When you have great managers who can maximize the potential of every team member, you have delivered on the new global will: a great job and a great life.

That is the future of work.

## STRATEGY

### CHAPTER 1: WHAT EXACTLY SHOULD CEOs AND CHROs CHANGE?

Changing your culture begins by changing what CEOs and CHROs believe. Then changing what their organization's managers believe. And then changing how those managers develop every single team member.

### CHAPTER 3: TWO NON-NEGOTIABLE TRAITS FOR LEADERS

- Bring multiple teams together.
- Make great decisions.

## CULTURE

### CHAPTER 7: WHY CULTURE MATTERS

Gallup's analytics finds that employees and teams who align with their organization's culture consistently perform better on internal key performance metrics than those who do not.

### CHAPTER 8: HOW TO CHANGE A CULTURE

**2. Audit all programs and communications** — including human capital practices, performance management, values and rituals, and team structures — for alignment and consistency with your organization's purpose and brand. Gallup has found that this can be a quick process and recommends performing this audit annually.

## EMPLOYMENT BRAND

### CHAPTER 11: HIRING ANALYTICS — THE SOLUTION

Gallup researchers have spent five decades asking questions, studying responses and tracking individuals' performance in hundreds of jobs across more than 2,000 clients. Our scientists have discovered five general innate traits, or tendencies, that predict performance across job types:

1. Motivation — drive for achievement
2. Workstyle — organizing work for efficient completion
3. Initiation — taking action and inspiring others to succeed
4. Collaboration — building quality partnerships

5. Thought process — solving problems through assimilation of new information

## CHAPTER 12: WHERE TO FIND "GAME FILM" ON FUTURE STARS

In further research, the Strada-Gallup Alumni Survey (formerly the Gallup-Purdue Index) — designed to measure the quality of the college experience from the perspective of college graduates — has identified six positive college experiences with a strong link to post-collegiate success:

1. Having at least one professor who made them excited about learning
2. Professors who cared about them as a person
3. Having a mentor who encouraged them to pursue their goals and dreams
4. Working on a project that took a semester or more to complete
5. Having an internship or job that allowed them to apply what they learned in the classroom
6. Being extremely active in extracurricular activities and organizations while in college

## CHAPTER 13: FIVE QUESTIONS FOR ONBOARDING

1. **“What do we believe in around here?”**
2. **“What are my strengths?”**
3. **“What is my role?”**
4. **“Who are my partners?”**
5. **“What does my future here look like?”**

## CHAPTER 14: SHORTCUT TO DEVELOPMENT — STRENGTHS-BASED CONVERSATIONS

**If you're a manager, ask yourself, “Am I an expert on my team members' weaknesses or on their strengths?”**

Serious review of an individual strengths *and* weaknesses is essential to exceptional career development. Critical feedback is necessary at times, and everyone needs to be aware of and accountable for their weaknesses. But to inspire exceptional performance, managers have to lead with — and continually revisit — meaningful feedback based on what each person naturally does best. This is the starting point to building trust, which increases the likelihood that the critical feedback will result in growth and development.

As organizations ask managers to interact with employees more frequently, managers must be careful not to turn ongoing conversations into ongoing criticism. Constant criticism makes it nearly impossible for a manager and employee to build a relationship of trust, which makes it difficult for the employee to accept any critique with an open mind. It also makes it difficult for employees to be engaged at work.

Engaged employees spent four times as much of their day focusing on their strengths compared with what they don't do well. *Actively disengaged employees spent about equal time focusing on their strengths and on what they don't do well.*

## CHAPTER 16: FIVE STEPS TO BUILDING A STRENGTHS-BASED CULTURE

Strengths-based organizations have strengths-based teams as their cultural default — the norm for how they get work done. And strengths-based teams have higher engagement, better retention of top performers, better customer service and higher profitability.

## CHAPTER 17: THE RIGHT EXPECTATIONS — COMPETENCIES 2.0

**Seven expectations that are necessary for success in any role:**

- **Build relationships.** Create partnerships, build trust, share ideas and accomplish work.
- **Develop people.** Help others become more effective through strengths, expectations and coaching.
- **Lead change.** Embrace change and set goals that align with a stated vision.
- **Inspire others.** Encourage others through positivity, vision, confidence, challenges and recognition.
- **Think critically.** Gather and evaluate information that leads to smart decisions.
- **Communicate clearly.** Share information regularly and concisely.
- **Create accountability.** Hold yourself and your team responsible for performance.

## CHAPTER 18: GETTING SUCCESSION PLANNING RIGHT

High-performing leaders were more likely to position the top performer in the profitable territory. They knew they could get a greater return on their investment immediately if they combined a somewhat successful territory with a highly skilled manager — and research supports their decision. The high-performing leaders chose a data-driven decision that corrects for the loss-aversion bias.

## BOSS TO COACH

## CHAPTER 20: THREE REQUIREMENTS OF COACHING

1. **Establish expectations.**

2. **Continually coach.**
  3. **Create accountability.**
- **Extraordinary changes in technology, globalization and overwhelming information flow are shaping the future of work.** Today's workers, particularly millennials, are asking for something different. They want a coach, and not a boss. They want clear expectations, accountability, a rich purpose — and they especially want ongoing feedback and coaching.

On the positive side, the research reveals that there are better, newer ways to dramatically improve management and productivity — how to turn traditional performance management into performance *development*. Yet Gallup also found that organizations overlooked, or bypassed, established scientific findings. They appear to have been swept away by performance management fads over the years.

- **Employees who receive daily feedback from their manager are three times more likely to be engaged than those who receive feedback once a year or less.** But the feedback needs to be meaningful. It has to be based on an understanding of the individual's strengths. As a rule, managers should give their employees meaningful feedback at least once a week. These coaching conversations can vary from daily Quick Connects to recurring Check-ins to Development Coaching. (See Chapter 21.)

## CHAPTER 21: THE FIVE COACHING CONVERSATIONS

*If leaders were to prioritize one action, Gallup recommends that they equip their managers to become coaches.*

### **THE FIVE CONVERSATIONS THAT DRIVE PERFORMANCE:**

1. **Role and Relationship Orientation.** Coaching starts with first impressions. The primary objective of this initial conversation is to get to know each individual and their strengths — and to establish expectations that align with the person's strengths and the organization's overall objectives.

In this conversation, which typically lasts from one to three hours once a year or when a person's role changes, managers define what success looks like in the individual's role and how their work relates to their coworkers' expectations. This conversation should serve as a prelude to the semiannual Progress Review (the fifth conversation) and include discussion of the employee's purpose, goals, metrics, development, strategy, team and wellbeing.

2. **Quick Connect.** While it's important for employees to have the autonomy to “own” their work and how they do it, ongoing daily and weekly conversations serve many purposes. For one thing, employees hate feeling ignored — it's even worse than focusing on their weaknesses. *Some attention, no matter what form, is better than no attention.* Ongoing conversations that are rooted in the individual's strengths are the most engaging.

In addition, it's best to discuss on business issues while they're happening so managers can make quick decisions and steer the employee in the right direction. For managers to become effective coaches, they need to develop the Quick Connect habit — either through email, phone calls, hallway conversations or other brief interactions (one to 10 minutes) at least once a week.

## CHAPTER 25: MAKE “MY DEVELOPMENT” THE REASON EMPLOYEES STAY

We found that 59% of millennials say that opportunities to learn and grow are extremely important to them when they apply for a job. Comparatively, 44% of Gen Xers and 41% of baby boomers say the same. And 87% of millennials rate “professional or career growth and development opportunities” as important to them in a job — far more than 69% of non-millennials who say the same.

### **FROM CORPORATE LADDER TO COPORATE MATRIX**

Your mangers can use these three elements as a guide to meaningful conversations with employees about their progress and potential. Here are eight questions to get you started:

1. What are your recent successes?
2. What are you most proud of?
3. What rewards and recognition matter most to you?
4. How does your role make a difference?
5. How would you like to make a bigger difference?
6. How are you using your strengths in your current role?
7. How would you like to use your strengths in the future?
8. What knowledge and skills do you need to get to the next stage of your career?

## CHAPTER 26: MONEYBALL FOR WORKPLACES

### **12 elements of team success:**

- Q01.** I know what is expected of me at work.
- Q02.** I have the materials and equipment I need to do my work right.
- Q03.** At work, I have the opportunity to do what I do best every day.
- Q04.** In the last seven days, I have received recognition or praise for doing good work.
- Q05.** My supervisor, or someone at work, seems to care about me as a person.
- Q06.** There is someone at work who encourages my development.
- Q07.** At work, my opinions seem to count.
- Q08.** The mission or purpose of my company makes me feel my job is important.
- Q09.** My associates or fellow employees are committed to doing quality work.
- Q10.** I have a best friend at work.
- Q11.** In the last six months, someone at work has talked to me about my progress.
- Q12.** This last year, I have had opportunities at work to learn and grow.

# CHAPTER 27: THE TEAM LEADER BREAKTHROUGH

**One of Gallup's biggest discoveries is: The manager or team leader alone accounts for 70% of the variance in team engagement.**

Great managers learn the strengths of each member of their team, develop and position them, and make tough decisions about who can best perform each role as the team evolves and grows. Through their reputation, they are more likely to attract top performers and retain them longer. They build connections to the rest of the organization through their own networks and through the networks of key influencers on their team.

The best managers and team leaders shape team performance using the 12 elements of team success. (See chapter 26.) A team's performance is also influenced by team members' connectedness to the rest of the organization, the composition of the team's strengths, experience working together and team size.

## **CONNECTEDNESS TO THE REST OF THE ORGANIZATION**

Likewise, in multiple studies, Gallup has found that teams that are highly socially connected to the rest of the organization are also more engaged and higher-performing. The *influencers* on a team are not just the team members who have more personal connections. They are also those who are connected to *other* influencers in the organization. Through these connections, the team can rely on others in the organization to support and complement their work. This is a *reputational resource* that makes the entire team more effective.

## **COMPOSITION OF THE TEAM'S STRENGTHS**

While it was rare to find teams with extreme imbalance in their collective strengths, Gallup found that *awareness* of team members' strengths was far more predictive of team's engagement and performance than the *composition* of the team's strengths. Teams whose members know their own strengths and those of their teammates can more quickly and efficiently do what they do best. They understand and appreciate the idiosyncrasies of their teammates.

# CHAPTER 28: WHY EMPLOYEE ENGAGEMENT PROGRAMS HAVEN'T WORKED

Engagement is nearly three times higher when employees strongly agree with the statement: "My organization acts upon the results of surveys I complete."

# CHAPTER 29: CREATING A CULTURE OF HIGH DEVELOPMENT

- educate managers on new ways of managing
- hold managers accountable

# CHAPTER 31: HOW TO DEVELOP YOUR MANAGERS

Gallup finds that learning and development programs that acknowledge the strengths of individual managers outperform all others.

3. Deploy curricula that teach managers to shift from being a boss to being more like a coach.

# THE FUTURE OF WORK

## CHAPTER 32: A QUICK REVIEW OF WHAT HAS CHANGED IN THE WORKPLACE

However, most full-time employees consider the option to use mobile technology away from work an advantage rather than a hindrance, probably because of the flexibility it allows. With the help of great managers, engaged employees can take advantage of this flexibility without feeling extra stress. And though some organizations set blanket policies and assume indifference among employees, they might be better off engaging them first. Policies are important — but they shouldn't be any manager's starting point.

## CHAPTER 35: DIVERSITY AND INCLUSION: “VALUE ME FOR MY STRENGTHS”

A parallel stream of research in academia called the study of “interpersonal congruence” is an approach that quickly enables people to get to know one another by sharing something about themselves. This approach has been shown to improve the performance of diverse teams that otherwise had ineffective working relationships.

## CHAPTER 41: ARE BOOMERS A BURDEN?

### **USE ADVANCED ANALYTICS TO REPLENISH TALENT.**

Experience is also an important ingredient of success. Conduct *experience reviews* with your most successful older employees — especially those in leadership positions — to determine what experience younger employees should invest in. Many organizations rarely discuss or document experience beyond a résumé, but it is important to have a record of the experiences that have shaped your top performers.

## CHAPTER 42: BENEFITS, PERKS AND FLEXTIME: WHAT DO EMPLOYEES REALLY CARE ABOUT?

U.S. employees are the most likely to change jobs for health insurance — an expense that, for most, is increasing and cutting into their discretionary income. More than half the world would change jobs for bonuses, a retirement plan, paid vacation or flextime.

1. **Do you know the ROI analytics for each of your benefits and perks?** Estimating your return on investment (ROI) should include analyzing the use of benefits and improvement in wellbeing throughout your organization.
2. **Do your employees understand the purpose of your benefits and perks?** Your employees need to know how the benefits you offer can improve their physical, social, purpose, community and financial wellbeing.

*Margin Note: Train our mgrs.*

## CHAPTER 44: THE NEW OFFICE

### ARE THESE TRENDS GOOD OR BAD FOR COMPANIES?

The highest engagement falls in a sweet spot of working remotely three to four days in a five-day workweek. This is up from 2012, when the sweet spot was about one day a week.

Some companies have chosen to scale back their remote work options, citing a need to improve collaboration and communication. They have a point. Gallup analytics finds that while remote workers tend to enjoy greater role clarity and other positive benefits, they lack strong relationships with colleagues who encourage their development.

The three office features employees want most are:

- Privacy when they need it
- Personal workspace
- Having their own office

## CHAPTER 46: YOU CAN'T BE "AGILE" WITHOUT GREAT MANAGERS

They need to become far more *agile*. Agility, if it exists in an organization at all, is dictated by culture. Is your culture customer-focused and fast? Or is it inwardly focused and bogged down by bureaucracy and process?

## CHAPTER 51: CAUGHT UP IN TECHNOLOGY — HCM SYSTEMS AND OTHER SOLUTIONS

Here's an example: Aware of research showing that praise is an important factor in employee engagement, one company started using a digital team recognition tool for its employees. Any employee could recognize any other employee at any time. So far, so good.

But there was not much discretion about who received the recognition. Less productive employees were as likely as productive employees to be recognized. Since there was no training for how to effectively give recognition in the first place, the company's good intentions resulted in failure.

## IN CLOSING

If you give every team member in your company a great manager — a great *coach* — one who cares about their development and growth, you have successfully engineered an organization with unlimited potential.  
It's the manager.

## APPENDIXES

### APPENDIX 2: Q<sup>12</sup> The 12 Elements of Great Management

**Q02. I HAVE THE MATERIALS AND EQUIPMENT I NEED TO DO MY WORK RIGHT.**  
the materials and equipment element is the strongest indicator of job stress. Despite the functional nature of this statement, this element measures both physical resource needs and potential barriers between the employer and employee. Employees get frustrated with their manager or organization for creating goals and expectations that seem impossible to achieve. But like expectations, materials and equipment are not just a checklist of tools organizations distribute to employees. They include the tangible and intangible resources employees need to do their job. In today's workforce, information and empowerment are often as necessary as technology and office supplies.

### APPENDIX 3: The Relationship Between Engagement at Work and Organizational Outcomes

#### **INTRODUCTION TO THE STUDY**

The quality of an organization's human resources is perhaps the leading indicator of its growth and sustainability. The attainment of a workplace with high caliber employees starts with the selection of the right people for the right jobs. Numerous studies have documented the utility of valid selection instruments and systems in the selection of the right people (Schmidt, Hunter, McKenzie, & Muldrow, 1979; Hunter & Schmidt, 1983; Huselid, 1995; Schmidt & Rader, 1999; Harter, Hayes, & Schmidt, 2004).