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What are the Predictors of a Successful People Manager?

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What are the Predictors of a Successful People Manager?

Abstract

[Excerpt] Managers, who account for 70% of the variance in employee engagement and are the reason for 75% of voluntary turnover, have significant fiscal impact. Therefore, an organization's ability to identify, develop, and retain leaders is a critical competitive advantage. It is estimated that companies with capable leaders achieve, on average, 147% higher earnings per share than competitors, and, that negative employee-supervisor relationships cost some \$360 billion per year in lost productivity. This summary will outline the characteristics of successful people managers, and will provide recommendations for identification processes that better predict performance.

Keywords

human resources, people manager, HR, employee engagement, baby boomers, replacement leadership, culture of accountability, relationships, motivate, managerial abilities, high potential, collaboration, training

Comments

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EXECUTIVE SUMMARY

RESEARCH QUESTION

What are the predictors of a successful people manager? Which traits are innate vs. developed?

INTRODUCTION

Managers, who account for 70% of the variance in employee engagementⁱ and are the reason for 75% of voluntary turnoverⁱⁱ, have significant fiscal impact. Therefore, an organization's ability to identify, develop, and retain leaders is a critical competitive advantage. It is estimated that companies with capable leaders achieve, on average, 147% higher earnings per share than competitorsⁱⁱⁱ, and, that negative employee-supervisor relationships cost some \$360 billion per year in lost productivity^{iv}. This summary will outline the characteristics of successful people managers, and will provide recommendations for identification processes that better predict performance.

IDENTIFYING PEOPLE MANAGERS

As more than 10,000 baby boomers can retire each day over the next two decades^v, the importance of identifying and developing replacement leadership will increase. However, 34% of firms have difficulty filling leadership roles and only 8% of employees believe their organizations use a systematic approach to identify high-potentials^{vi}.

What are the traits of a successful people manager?

Great managers have the following abilities^{vii}:

- To **motivate others to perform** by engaging around a common mission and vision.
- To be **assertive in driving performance** and **overcoming adversity**.
- To **create a culture of accountability**.
- To **develop relationships** built on trust, communication, and transparency.
- To **make informed decisions** based on productivity.

Who can be a successful people manager?

It is estimated that only one in ten employees possess all of the innate abilities to manage effectively, and another two in ten employees exhibit some of the innate abilities, and can adequately develop the other abilities with company investment over time^{viii}.

Why is it difficult to identify successful people managers?

Unfortunately, research suggests that companies fail to choose the right candidate nearly 82% of the time^{ix}. Hiring managers have a difficult time predicting effective leaders, and most companies promote because of prior technical success, as opposed to identifying the traits needed to successfully motivate and develop peers.

DEVELOPING PEOPLE MANAGERS

Identifying successful managers should be made in five distinct phases to remain competitive^x. As Phases I and II are critical to identifying the one in ten employees with innate managerial abilities, it is recommended that the majority of the implementation phase is focused here. Phases III and IV will help to develop and retain the two in ten employees who exhibit some innate managerial abilities. Phase V will assist in manager program evaluation.

Phase I: Align Manager Identification Process to Business Strategy

- **Identify high-potential talent early:** While successful people managers can be identified and developed at any stage in their career, top companies are more likely than other organizations – 60% vs. 37% – to identify talent at the earliest stage^{xi}. In doing so, these companies are able to develop greater bench strength, ensure smoother leadership transitions, decrease risk of failure, increase retention, and ensure a measurable return on investment.

Phase II: Validate Manager Identification Process

- **Administer questionnaires:** Top companies are more likely to use competency-based psychometric assessments, such as the Hogan Personality Assessments, in order to gain insight into an employee's capability and motivation. It is also essential to review assessment results with leadership candidates, so as to keep them informed of their progress and development^{xii}.
- **Utilize manager simulations:** Having high potential employees participate in live simulations of expected managerial situations will allow employers to assess a candidate's judgement and ability to adapt in a controlled environment.
- **Include introverts:** LinkedIn's Quiet Ambassadors program allows them to identify introverted leaders who do not align with the revered former model of promoting extroverted leaders^{xiii}.
- **Map communication patterns and identify collaborators:** TINYpulse, a Seattle-based software company that measures clients' workplace sentiment through ongoing, one-question pulse surveys, analyzed six months of internal data from their Cheers for Peers program. By doing so, executives discovered a strong correlation between employees who received virtual "cheers" and network influence, as measured by email and meeting centrality over the same period. The company also discovered that high performers spent four hours more per week than average performers collaborating internally vs. externally, and that the high performers also had a larger internal peer network than average performers (27 vs. 20 connections)^{xiv}.

Phase III: Develop Potential Managers

- **Deliver training at optimal intervals:** Instead of prepping before a new role, Google trains new managers 45 – 90 days after starting, as new managers will have had sufficient experience to reflect upon. This training is a component of a larger company initiative, Project Oxygen, that identifies common behaviors amongst the best managers, and couples training with a support network and resources (Appendix 1).
- **Plan for on-the-job experience:** Provide appropriate growth opportunities based on the 70/20/10 training rule, where 70% of an employee's learning should be experience-based, 20% should be peer-based, and 10% should be module-based. Growth opportunities should also be tailored to career level (Appendix 2).

Phase IV: Retain Managers

- **Optimize pay outcomes:** Employers should provide differentiated pay to emphasize their satisfaction with high-potential managerial candidates, and should communicate total rewards with an emphasis on the benefit of individualized training^{xv}.

Phase V: Evaluate Process

- **Promotion and retention ratings:** Top companies are more likely than other organizations to use promotion (70% vs. 26%) and retention rates (80% vs. 34%) to evaluate their people manager development process^{xvi}.

CONCLUSION

The proper identification of high potential people managers using a formal, systematic approach from selection to implementation can improve a company's competitive position, employee engagement, and manager retention.

APPENDICES

Appendix 1: Google's Project Oxygen^{xvii}

1. They're good coaches.
2. They empower their team and don't micromanage.
3. They express interest in their team members' success and personal well-being.
4. They're productive and results-oriented.
5. They're good communicators and they listen to the team.
6. They help employees with career development.
7. They have a clear vision and strategy for the team.
8. They have key technical skills that help them advise the team.

Appendix 2: High-Potential Development Activities Based on Job Level^{xviii}

Job Level	Activity
Entry-Level	<ol style="list-style-type: none">1. Special Projects and Teams2. Rotational Assignments3. Signature Development Programs4. Developmental Assignments5. Internal Mentoring
Mid-Level	<ol style="list-style-type: none">1. Signature Development Programs2. Special Projects and Teams3. Rotational Assignments4. Structured Peer Networking5. Exposure to Senior-Level Employees
Senior-Level	<ol style="list-style-type: none">1. External Coaching2. Signature Development Programs3. Developmental Assignments4. Exposure and Visibility to C-Suite5. Special Assignments

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