

# Invest In Your Middle Managers: They Can Make or Break Your Business

7 min read



## Key Takeaways

- **How Middle Management Can Make or Break Your Business:** Middle management is responsible for connecting the top level to the bottom level, facilitating communication and negotiations between the two groups.
- **What to Include in a Middle Management Employee Retention Strategy:** Recognize the complex nature of your middle managers' responsibilities by offering them career development and training opportunities that focus both on successfully leading and following.
- **Measure The Impact Of Your Investment:** You can't manage what you don't measure- here's how to track employee turnover.

It's the year of the great resignation– Businesses everywhere are currently facing an unprecedented turnover surge and labor shortage, so focusing on employee retention to avoid high turnover rates and their costs is more important now than ever before!

While the highest level employees are the most expensive to lose and replace, we're here to warn you not to overlook your mid-level employees: **the middle managers.**

Often overlooked and regarded as easily replaced, middle managers play a more integral role in the day-to-day operation of your business than you might realize. In fact, they have the power to make or break your business.

So, during this wave of employees jumping ship to move to greener pastures, business leaders must carefully select the individuals they choose to fill these roles and then invest in their ongoing satisfaction as employees to ensure business success – not from the top down or the bottom up but from the middle out.

## **How Middle Management Can Make or Break Your Business**

The center of your business consists of middle managers. Middle management is responsible for connecting the top level to the bottom level, facilitating communication and negotiations between the two groups. They help you implement strategies from the top down and provide helpful insights that can improve strategy and operations from the bottom up

**Read More:** [2021 Turnover Surge: Investing In Your Employees Pays Off](#)

In addition to connecting the top to the bottom and directly implementing strategies, middle management also has a direct impact on the bottom tier of your

business, the people they're responsible for training, supervising, encouraging, rewarding, correcting, and recognizing.

In the workplace, job dissatisfaction spreads like a disease. If middle management is unhappy, then you can pretty much count on the people working beneath them being unhappy, too. The less successful your middle managers, the less successful the lower tiers of your business, the people who are likely in direct contact with your customers.

## **The Importance of Choosing the Right Leaders for Middle Management Positions**

Bad leadership is expensive, and this is just as true in middle management as it is in the c-suite. Appointing the wrong people to middle management can lead to a breakdown in workplace culture, missed opportunities, slowed production, and high employee turnover rates.

Due to the position of middle management in a business and the nature of the role, individuals selected for these positions must be agile enough to walk the tightrope between executive management and lower-level employees. They need to have the ability to shift from the role of dutiful follower into the role of fearless leader and back again throughout daily operations.

**Read More:** [The Cost Of Bad Leadership: How To Choose The Right Leaders For Your Business](#)

They must be able to build up your workplace's culture while successfully implementing business and financial strategies. They must understand how to delicately deliver difficult messages to their staff while recognizing when it might be

appropriate to push back against the top – and be brave enough and competent enough to do so with confidence and respect.

## **What to Include in a Middle Management Employee Retention Strategy**

Simply having the right people in the right positions isn't enough to hold onto them. To make sure your employees are satisfied with their jobs, you'll need to implement an employee retention strategy. This should be part of your larger human capital management strategy.

### **Aim Career Development and Training Opportunities at the Middle**

In Maslow's Hierarchy of Needs, self-actualization occupies the top of the pyramid. It's one of the highest and most important needs that an employer needs to help his or her employees satisfy. Professionally, self-actualization is obtained through opportunities for career development, challenges, learning, and creativity.

**Read More:** [Lower Turnover & Boost Profits By Honoring Maslow's Hierarchy Of Needs](#)

Recognize the complex nature of your middle managers' responsibilities by offering them career development and training opportunities that focus both on successfully leading and following.

These opportunities not only increase job satisfaction through personal development, but they also improve the productivity and efficacy of your middle managers.

### **Operate With a Growth Mindset**

Middle managers often find themselves stuck between a rock (the c-suite) and a hard place (their staff). The tension between the needs and desires of those above and those below them creates delicate, difficult situations for middle management every single day.

Cultivating a [growth mindset](#) in your business will alleviate this pressure, boost workplace culture, improve productivity, and ultimately drive business growth.

A growth mindset means to:

- Promote risk-taking by celebrating failures as learning experiences
- Open up pathways for honest communication, practice humility in the c-suite and actively listen with humble, open minds

Both aspects of the growth mindset in business create psychological safety for everyone in your business. As a result, employees will be more creative, more open, more honest, and they'll be more willing to communicate their insights across employee/supervisor boundaries.

**Read More:** [Your Meetings Are Costing You More Than You Think: Lessons to Increase Productivity and Profitability](#)

## **Automate Manual Processes**

Middle management employees can often become frustrated when their schedules are weighed down by menial tasks that drain their time, energy, and feelings of self-worth.

For this reason, it's essential to invest in technology and tools that can automate as many processes in your business as possible. This will free up your employees' time so that they can focus on higher-level tasks that are more rewarding for them and also generate a greater ROI on your labor costs.

## Reward and Recognize Achievements

Strategically rewarding employees for meeting benchmarks or going above and beyond in their jobs is not only essential to employee satisfaction but also to increased productivity. Offer a combination of monetary rewards and recognition (either public or in front of their peers).

In addition to rewarding and recognizing achievements your employees make in their jobs, it's also worth incentivizing your employees' loyalty. You can encourage them to stick with your company longer by increasing benefits, offering other enticing rewards, or at the very least recognizing employees who meet employment milestones with your business.

## Measure the Impact of Your Investment by Tracking Your Employee Turnover Rate

You can't manage what you don't measure. Before you implement changes to the way you handle middle managers (and other employee levels in your company), the first step is to measure the success or failure of strategic changes.

Tracking your turnover rate is one of the best ways to assess ongoing employee satisfaction.

### Turnover Rate Formula

You can calculate employee turnover rates by looking at your business as a whole or by assessing different levels of employees.

Start with this calculation:

**Employee Turnover Rate = Number of Terminates During a Given Period /  
Number of Employees at Beginning of the Same Period**

For example, to calculate the annual turnover rate, you would divide the number of employees who quit, retired, or were fired during the previous twelve months by the total employees in your business twelve months ago.

If you start the year with 150 employees and lose 20, then your turnover rate equals 20/150, .13, or 13%.

Tracking turnover rates for entry-level employees, middle management, and top-tier management can help you assess your workplace culture and human capital management strategy and how they affect each type of employee in your business.

## **Aligning Your Human Capital Management and Financial Management Strategies To Boost Your Bottom Line**

The key to running a successful business is aligning your human capital management strategy with your financial management strategy.

It starts by getting the right Key Performance Indicators (KPIs) at your fingertips. In addition to tracking your turnover rate, you should identify and monitor additional employee-related metrics to ensure your human capital management strategy and financial strategy are aligned.

Tracking metrics like revenue per full-time employee, labor costs per full-time employee, and ROI on total labor costs, will help show how changes to your strategies affect productivity and profitability.

These numbers can help you identify which management strategies work and which don't, so you can make data driven decisions designed to reduce turnover and keep your middle managers happy.