



The Not-So-Hidden Costs of Untrained Managers

Middle managers are the backbone of business. It's up to them to translate policies and procedures and to manage the employee experience to ensure that programs achieve their goals and customers' needs are met.

Effective managers know how to delegate, communicate, coach, set expectations, create a safe working environment, oversee employee performance, and provide timely constructive feedback, among other responsibilities.

These management skills do not develop automatically when an individual contributor is promoted to a manager position. Without training in communication and management skills, managers can cause low employee engagement, poor performance, and high attrition.

STATISTICS

Gartner found that 60% of new managers fail within their first two years. This is not surprising, given the following findings:

- According to research from Gallup, 75% of employees leave their companies because of their manager. The survey found that employees feel like they're given little guidance for understanding what is expected of them.
- A survey conducted by Interact found that 69% of managers are often uncomfortable communicating with employees and 37% are uncomfortable having to give direct feedback about employee performance if they think the employee will respond negatively to the feedback.
- 50% of employees indicated that their manager allows workers to get away with bad behavior.
- 32% rate their workplace culture as poor. Of the 32%, 70% are most likely to dread going to work.
- A Gallup poll found that 33-35% of managers feel burn out very often or always.
- Managers account for at least 70% of the variance in employee engagement. Managers may be overwhelmed and overworked, but employees look to them for training and guidance. If they don't get it from them, they're guaranteed to be disengaged.

- According to a SHRM survey, 84% of American workers say poorly trained people managers create a lot of unnecessary work and stress.
- 57% say managers could benefit from training on how to be a better people manager.

COSTS TO ORGANIZATIONS OF NOT TRAINING MANAGERS

Let's consider **the organizational costs** if their managers are not adequately trained:

1. Decreased productivity. Managers create confusion and inefficiencies when they are ineffective at delegating tasks, setting clear goals, and providing guidance to their employees.
2. Poor decision-making. Managers, who lack the necessary knowledge and skills to make informed and effective decisions, demonstrate poor judgment, make inaccurate assessments, and have suboptimal outcomes.
3. Low employee morale and engagement. Managers need to know how to communicate effectively, provide constructive feedback, and address employee concerns to foster a positive work environment- otherwise, the results are low morale, decreased engagement, and higher turnover rates.
4. Increased employee dissatisfaction. Managers who do not recognize and address employee development needs cause talented employees who want growth opportunities to become frustrated and leave.
5. Lack of consistency and alignment. Managers who do not understand organizational goals, values, and policies may be inconsistent in their decision-making and actions, leading to confusion and a lack of alignment across the organization.
6. Legal and compliance risks. Managers who aren't trained may inadvertently violate laws or regulations, resulting in legal consequences and reputational damage to the organization.
7. Missed opportunities for innovation. Managers may stifle innovation or overlook valuable opportunities for growth and improvement if they lack the skills to foster creativity, encourage new ideas, and drive innovation.
8. Reduced customer satisfaction. Managers who do not manage their people and their programs effectively, so employee morale and productivity are high, and goals are met, will cease meeting customers' needs and expectations, with a devastating impact on the organization's bottom line.

COSTS TO MANAGERS IF THEY ARE UNTRAINED

There are also **costs to the managers** themselves if they are not trained in the skills they need:

1. Reduced job satisfaction. If managers feel ill-equipped to handle their responsibilities effectively, this can lead to increased stress, frustration, and a diminished sense of job satisfaction.
2. Lack of career growth. If managers lack the opportunity to develop new skills and expand their knowledge base, they may struggle to meet the evolving needs of their jobs.
3. Increased professional errors. Managers may make more mistakes due to a lack of knowledge or understanding of best practices, potentially leading to rework, delays, or even financial losses for the organization.
4. Strained relationships with their employees. Managers who cannot effectively communicate, motivate, and engage their employees will have strained relationships, decreased trust, and a breakdown in teamwork.
5. Increased risk of burnout. Managers without good time management skills, who cannot effectively balance their workload, prioritize tasks, and delegate, will experience increased stress and a higher risk of burnout.
6. Damaged reputation. Managers who make poor decisions or exhibit ineffective leadership behaviors may damage their professional reputation, with long-term consequences for their career advancement.

COSTS TO EMPLOYEES IF MANAGERS ARE NOT TRAINED

There are also **costs to employees** if their managers are not adequately trained:

1. Lack of guidance and direction, leaving employees uncertain about their roles and responsibilities, which leads to confusion and a decrease in productivity.
2. Reduced professional development opportunities, hindering professional advancement.
3. Ineffective feedback and communication, leading to a lack of clarity, misunderstanding, and frustration.
4. Lower job satisfaction and morale, having a negative impact on overall employee well-being.

5. Reduced engagement and productivity, due to the lack of a positive work culture and managers who fail to inspire and motivate their employees.
6. Increased conflicts and misunderstandings, leading to strained relationships among employees.
7. Higher employee turnover because they feel unsupported, undervalued, or lacking growth opportunities.

COSTS TO CUSTOMERS IF MANAGERS AREN'T TRAINED

When an organization's managers are not adequately trained and effective, it can have negative consequences that affect its customers:

1. Poor customer service. Untrained managers may not recognize or prioritize the importance of providing excellent customer service. This lead to longer response times, unresolved issues, and a lack of empathy toward customers' needs, resulting in the potential loss of those individuals.
2. Product or service quality issues. Untrained managers may not have a sufficient understanding of quality control processes or fail to properly enforce them. Then the products or services delivered to customers may have defects, errors, or subpar performance, resulting in customer complaints.
3. Inconsistent policies and procedures. Untrained managers may implement and communicate inconsistent policies and procedures, thereby confusing and frustrating customers. These inconsistent practices can also result in unfair treatment or different levels of service for different customer groups.
4. Miscommunication and misunderstandings. Untrained managers' inability to clearly communicate with their employees or other departments can lead to a misinterpretation of customers' requirements and expectations. The result is errors in delivering products or services, causing inconvenience to customers.
5. Lack of innovation and improvement. Untrained managers who don't know how to foster a culture of innovation and continuous improvement may resist change or fail to identify opportunities to improve products or services to meet evolving customer needs.
6. Employee turnover and morale issues. Untrained managers may have lower employee morale and higher turnover rates which can disrupt customer relationships and lead to service delivery inconsistencies.

7. Slow problem resolution. Untrained managers may lack the skills to efficiently handle and resolve customer issues, leaving customers frustrated while they wait for solutions.
8. Financial mismanagement. Untrained managers may make poor financial decisions or fail to allocate resources effectively. Their mismanagement can impact the organization's stability and appeal to customers, and eventually affect the affordability and quality of their products and services.
9. Loss of business. Untrained managers can cause customers to look elsewhere. The result is that the organization can lose revenue, struggle to attract new customers, and face a damaged public image.

We've considered the costs of NOT training managers to the organization, the managers themselves, their employees, and the organization's customers.

What gets better in the organization when managers ARE trained?

HOW THE ORGANIZATION BENEFITS FROM TRAINED MANAGERS

What gets better in the organization when managers ARE trained?

1. Leadership effectiveness. Trained managers have the knowledge and tools to effectively guide and motivate their employees. They know how to communicate goals, provide constructive feedback, and inspire employees to achieve their best performance. As a result, there is better team alignment, higher employee morale, and increased employee productivity.
2. Employee engagement. Trained managers are able to create a positive work environment that fosters employee engagement. They understand the importance of recognizing and leveraging employees' strengths, providing growth opportunities, and promoting work-life balance. This enables them to build strong relationships, establish trust, and empower their employees, leading to higher employee satisfaction.
3. Decision-making. Trained managers gain critical thinking and decision-making skills. They can analyze situations, consider multiple perspectives, and make informed decisions. This reduces the likelihood of errors, improves problem-solving capabilities, and contributes to better outcomes for the organization.
4. Team collaboration and communication. Trained managers know how to facilitate open and transparent communication, encourage and demonstrate active listening, and promote constructive dialogue within their teams. They also gain conflict resolution skills, which improve team collaboration and foster a positive and cohesive work environment.

5. Talent development and retention. Trained managers know how to identify employee strengths, provide targeted feedback, and create personalized development plans. They gain performance management, career progression, and succession planning skills. In these ways, they enhance talent development, increase employee satisfaction, and reduce turnover rates.
6. Customer satisfaction. Trained managers who are able to mobilize their employees, keep them engaged, provide a workplace culture that sets them up for success, and encourage productivity and innovation, are able to meet and exceed customer expectations.

WHY I TRAIN MANAGERS

My Story: I know from personal experience how stressful and debilitating it can be when you have a poor and vindictive manager- and I never want another employee to suffer the way I did. Upper management asked me to investigate employee allegations against a poor manager. I conducted the investigation and, based on my findings, upper management demoted the manager. I was unpleasantly surprised when my reward for a job well done was to be placed under that manager's supervision!

I felt betrayed, abandoned, angry, afraid, and in a panic to leave the agency before I had to report to the demoted manager. I was so stressed and anxious I lost the use of my left arm and was in constant pain. When a manager in another agency ultimately offered me a safe haven, I was so relieved that I cried. His welcome was like the warmth of strong sunshine after a terrible ice storm. I could finally breathe again and start to heal.

My Commitment: As a result of my experience, I believe that employees have a right to a psychologically safe place to work, where their manager supports them, recognizes their achievements, and helps them thrive. I am committed to seeing that managers, particularly new managers, have the interpersonal and management skills to do their job well and maintain a safe and supportive work environment.

The Reality: Employees don't leave companies, they leave managers. I certainly did. Seventy-five percent of employees who leave companies voluntarily leave because of a poor manager. And if the employees are unhappy and don't leave, their morale and productivity plummet. A company knows it has a problem if their customer complaints have increased, more production deadlines aren't being met, and their revenue is down. Few companies can afford for this to continue.

Real Costs: If a company's managers are struggling and its employees are thinking of jumping ship, it will cost the company 6 to 9 months of the employee's salary to fill each vacancy. If the disengaged employees stay, it can cost the company \$3,400 for every \$10,000 they make in salary.

Sixty percent of new managers fail in the first 2 years. A key reason is that they are promoted from staff positions but don't have the management skills to be successful. It will cost \$20,000 to replace a manager making \$60,000 a year.

It's time to see that they have the managerial and interpersonal skills they need to create a positive and productive work environment, so they and their employees want to stay and, even better, do their best.

My Credentials: My name is Deborah Laurel and I'm the President of Laurel and Associates, Ltd., where we focus on workplace learning and performance improvement. I bring 50 years of practical experience with developing managers in a variety of different industries, based on my years as a management consultant and as an adjunct instructor in the Small Business Development Center and the Executive Management Institute in the School of Business at the University of Wisconsin-Madison.

Top Management Skills That Need Improvement: According to a SHRM survey, employees feel the top five management skills that need improvement are:

1. Communicating effectively – 41%
2. Developing and training the team – 38%
3. Managing time and delegating – 37%
4. Cultivating a positive and inclusive team culture – 35%
5. Managing team performance – 35%

Our Approach: When we work together with companies, we identify the specific concerns they have regarding their managers' skillsets and the results they desire. We often ask the managers themselves what their development needs are. The company's managers participate in our workshops, develop the desired skills, and use them to create an engaged and productive workforce. These skills include interpersonal communication, delegation, motivation, coaching, teambuilding, conflict management, performance management, change management, and presentation skills.

Training Results: Eight added values of training managers include:

1. Employee morale will improve.
2. Employee productivity will increase.
3. The cost of replacing employees will be saved.
4. The cost of replacing managers will be saved.
5. Production and service goals will be met.
6. Customers will be more satisfied.
7. Potential applicants will be attracted to the organization.
8. The organization will have a healthy bottom line.

Managers are not born, they're made. If they're not made well, an entire organization suffers the cost. No organization can afford that. Avoid having to let them go and stop losing your high performers. Give the managers the training they need.

Next Steps: Contact Deborah Laurel at dlaurel@laurelandassociates.com for a white paper on [Why Managers Don't Manage- and How to Help Them](#).

Schedule time to discuss your management development needs at <http://bit.ly/44yLO5l>.

Or simply call Deborah at 608-219-3594.