

## “Middle Management - Asset or Liability”



Weekly Learnings 17 / 2024

A few days ago, Bayer put out this message and I think they have it wrong.

Bayer plans to save 2 billion USD by removing middle managers, cutting its 1362-page rule book to 13 pages and it expects employees to organise themselves as self-directed teams who will decide the projects to work on. Sounds great in theory but it will fail in under two years is my prediction. Many organisations go with the view 'Middle management is expandable when needed and expendable when required'.

I looked at the history of middle management and here are my learnings:

1. Middle management came to the fore with the arrival of Management Science and IT systems. Technology moved the middle manager from supervision to collaboration and information collection.
2. Technology increased span of control for senior managers, thus limiting the number of middle managers.
3. A recent McKinsey study said that middle managers are spending half their work time on admin activities. That's a gross underuse of their talent.
4. A company that's poor in middle management is a company poor at execution and poor middle management means there's no pipeline of future leaders, ie CXOs and CEOs. All your future leaders will come from outside.
5. Middle Managers are more important than ever. Invest in them.
6. Middle Managers are like half backs in soccer. They do the running; a half back runs 8 to 10 kms every match. They collect the ball from the back and feed the

forwards to execute. They also block competitive moves. They could literally feel like footballs in a company.

7. A matrix organization challenges middle managers' loyalty as well as the ability to prioritise between function vs business.

8. Middle managers are the engine room; they are the glue of the culture and are important in a hybrid workplace that needs more coordination. Middle managers are leaders to their teams and followers of the leadership team.

9. There are many types of middle managers, but I see four dominant archetypes - 1. The VOL - voice of leadership. VOLs drop names of bosses to move things and get things done. If a VOL has influence with the bosses, this works, else it fails. 2. The Diplomat who balances the needs of different functions from a company perspective and tries his or her best to help the organisation move forward. 3. The Spy whose sole job seems to be gathering information that is not discussed and go running to the boss with it. and 4. The Rule Book who only quotes rules to stall things. this person has a problem for every solution proposed.

10. Middle managers are crucial, however when organisations bloat, they go to cut fat in middle management. Organization's bloat because of ill-conceived entry into new areas, new initiatives and not because middle management wants it so.

Time will show the mirror to everyone who cuts middle management in the name of lean, self-directed and empowered teams.

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Insights

**160-yr-old pharma giant Bayer to remove managers, cut 99% of its rulebook**

German pharmaceutical giant Bayer is removing middle managers to allow employees to self-manage and choose the projects they want to work on. CEO Bill Anderson recently also said the company will cut 99% of its 1,362-page corporate rulebook. The move is expected to trim costs by \$2.17 billion. Bayer's workforce will consist of 5,000-6,000 self-directed teams in future, Anderson said.

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