

Employees Stuck in the Middle?

How to Transform the Average Joe
into an Everyday Superhero

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Executive Summary

The terms “high performer” and “low performer” are firmly entrenched in the lexicon of talent management – and for good reason. High performers are your company’s superheroes and the low performers are a constant management challenge. But what about employees that fall in “the middle”? What about the Average Joes?

Average Joes are usually middle managers, supervisors, technical experts, specialists and other skilled employees across an organization. They have a proven track record of adequate or good job performance and are crucial because they bring depth and stability to the companies they work for, slowly but surely improving both corporate performance and organizational resilience.

In years’ past, the biggest challenges for many organizations in transforming Average Joe or ordinary performers into superheroes were performance perceptions, limited training budgets and limited development resources. However, as automated and integrated talent management technology has become cost effective and readily available, those challenges are shrinking.

By using integrated talent management solutions and leveraging strategies for internal recruitment, succession management, career pathing, development planning, goal alignment and enterprise social networking, savvy organization leaders and managers have been able to identify, nurture and transform Average Joe performers into superheroes. In embracing these new talent realities, organizations are increasing employee retention, engagement and productivity, as well as creating talent pools for those roles that are mission critical to corporate success.

Finding the hidden superheroes in the vast middle of your organization isn’t impossible. It requires commitment, effort and a talent management technology infrastructure. More than anything else, it requires an awareness that the make-or-break talent that your organization needs to surpass your competitors isn’t all in the top 10 percent. Far from being simply average, many of these employees who fall in the middle are superheroes waiting for the opportunity to be discovered.

Introduction

Clark Kent and Superman are the same person. You know this. But did you ever think about why Lois Lane and Jimmy Olsen treat him differently? When they see Clark, they think: Kind of an Average Joe. When they see Superman, they think: Wow, a superhero.

The difference is simply perception. Lois and Jimmy see Clark as the Average Joe who is never around when the action happens. Superman is the guy who flies faster than a speeding bullet and twists guns into pretzel shapes. In many ways, most organizations look at internal talent the same way. Top performers are the superheroes. Bottom performers are a constant management challenge. As for everyone else in between? All too often, organizations fail to recognize the value in the middle, much less take the steps to motivate, engage and empower the largest part of the workforce. They look and only see average performers.

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However, many potential superstars go unnoticed and unappreciated while waiting for an opportunity to contribute. When you look at the majority of your organization – your middle performers – do you see a bunch of Average Joes? If you do, you may be looking at a superhero and not even know it.

The biggest challenge for many organizations is encouraging the transformation of ordinary performers into extraordinary ones. Unlike Superman, it takes more than a phone booth. Instead, it requires leveraging the power of integrated talent management suites to provide an organization's leaders and its line managers with a way to identify and nurture above-average performance.

The Old View: Why Bother with the Middle?

The terms "high performer" and "low performer" are firmly entrenched in the lexicon of talent management – and with good reason. High-performing employees can have a powerful business impact on an organization by driving revenue, productivity and sales. Low-performing employees are seen as unproductive liabilities. But what about the employees in between? All too often, the only development resources directed toward the middle have been annual performance reviews.

This has been the traditional view of talent in most organizations, which could be broken down this way:

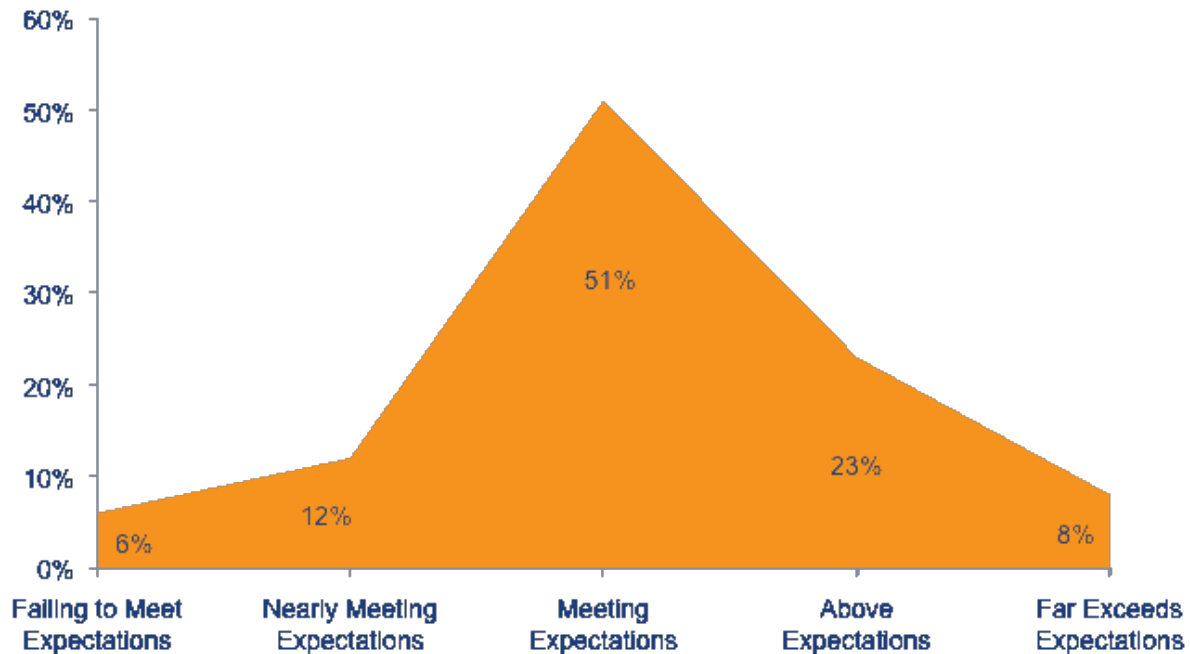
- **High Performers:** These are typically upper- to mid-level management superstars, future leaders and top producers.
- **Low Performers:** These employees are not productive, have low-quality output and few ideas. They are not engaged and are squeaky wheels who require valuable attention until they leave the organization.
- **The Middle:** These are usually middle managers, supervisors, technical experts, specialists and other skilled employees across an organization. They have a proven track record of adequate or good job performance. They may be loyal to the organization but may not feel engaged or appreciated by the organization.

According to Bersin & Associates research, consistent performers that fall in the middle of an organization make up about 74 percent of most companies. However, managers indicate they spend about 80 percent of their time focusing on high and low performers. "The challenge with being a consistent performer is while they typically get more work done, they get less attention from their managers, and they have fewer professional opportunities available to them," said Stacia Garr, senior analyst, Talent Management for Bersin & Associates.¹

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Defining the Middle:

Consistent performers make up 74 percent of most companies



Source: Upcoming Bersin & Associates High Impact Performance Management Research Report. 2011.

With this view of the organization, HR departments typically manage these groups as follows:

- **High Performers:** This group tends to be the focus of precious training and scarce development budgets. These employees are enrolled in leadership development programs and gain further attention as part of talent pools and succession plans.
- **Low Performers:** The best case for these employees is a performance improvement plan. The worst case is termination.
- **The Middle:** Generally nothing.

1 Harris, Stacey and Garr, Stacia. Upcoming Bersin & Associates High Impact Performance Management Research Report, 2011.

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In the past, this approach was based on two limitations:

- **Limited budgets:** Training was expensive, and most organizations were unable to spend money on everyone. As a result, they chose to focus on high-performing employees.
- **Limited resources:** In the days of paper-based development processes, rolling out development initiatives was far more time and labor intensive. It was far easier and more feasible to focus on top performers.

In defense of HR departments and line managers, this approach made sense years ago. Not anymore. Given the great strides in technology over the past decade, it is now far easier (and less costly) to implement development initiatives for all employees. Still, this old view persists, and the Average Joe remains an untapped resource and underleveraged asset in many organizations. According to a 2003 study called "Shifting the Performance Curve" by the Sales Executive Council, a 5 percent performance gain from the middle 60 percent of a workforce yields over 70 percent more revenue than a 5 percent shift from the top 20 percent of high performers.

With appropriate attention and development, however, these Average Joes can benefit an organization in many ways:

- **Reduced recruiting costs:** It's easier and less expensive to develop talent than to hire it. Plus, there's no guarantee a new hire will be a fit with your culture.
- **Maximized productivity:** Even after the downturn, many organizations continue to run very lean. To stay ahead of the competition, every employee needs to be on the value chain.
- **Improved retention:** Employees are more likely to stay if they see advancement opportunities. Also, employees who move into new roles within the organization can help train their replacements.
- **Increased engagement:** Employees who feel valued and see career paths and development opportunities are more likely to be motivated to go the extra mile. It has been estimated that non-engaged and actively disengaged employees could erode an organization's bottom line by \$300 billion in lost productivity alone.²

Where Can Average Performers Contribute?

In Cornerstone OnDemand's global survey of 200 organizations, the top Talent Management challenges reported were:

- 67 percent (138) stated "improving employee engagement and retention"
- 62 percent (128) stated "identifying and developing future leaders"
- 42 percent (86) stated "improving employee productivity"

Productivity, engagement and retention certainly apply to average performers. And who knows how many future leaders are flying under the radar because they're in the middle.

² Employee Engagement: What's Your Engagement Ratio? Gallup, Inc. 2008.

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Far from being simply average, many of these employees in the middle 80 percent are everyday superheroes walking in your midst, ordinary people waiting for an opportunity to be extraordinary.

The Case for the Average Joe

There is a business case for focusing on the people in the middle of an organization. A recent HR Magazine article examines the benefits of training and developing middle managers – the vital link between senior leadership and employees.³ Middle managers are essential to coaching superhero performances from their teams. Championship teams aren't loaded with home-run hitters. Instead, many winning teams look something like this:

- Bona fide superstars
- Past-their-prime veterans who find a way to overachieve
- Up-and-coming rookies
- Role players who know how to do one thing and do it well

This diversity of talent, properly nurtured and developed, can produce a winning combination. For middle managers, talent management works the same way. Top performers, superstars, A players – however you want to define them – certainly are an asset to an organization. But your B players – long-tenured employees, new hires and role players – can also bring substantial value to your organization when properly developed, managed and motivated.

Meet the B Players

Mike Dodd:

- Former top performer who opted out of the fast track to focus on family and achieve a better work/life balance.

Jim Smith:

- Average/satisfactory performer who doesn't have the potential to be a top performer but has the ambition to take on any task.

Sarah Williams:

- Average/satisfactory performer who could be a high potential in another role within the organization that fit more with her interests and expertise.

Karen Howard:

- High potential who has nowhere to grow in the organization and is actively looking at opportunities in other companies.

Robert White:

- High potential who isn't being engaged. Although he is young, he is ready for more responsibilities and development opportunities.

From these profiles, it's easy to see that these are employees who, given opportunities and guidance, could have a tremendous business impact on an organization.

3 Tyler, Katherine. The Strongest Link. HR Magazine. 2011

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The role of the manager

Identifying and engaging middle performers requires the assistance and intervention of frontline managers. These are the catalysts to transform Average Joes into extraordinary performers. Here is the challenge: Line managers may excel within their functional areas but may not have a clue as to how to be a career coach. Whether through classroom or online training, or access to development tools within a talent management system, take the time to cultivate the skills of the people who will have a direct impact on the development of your employees.

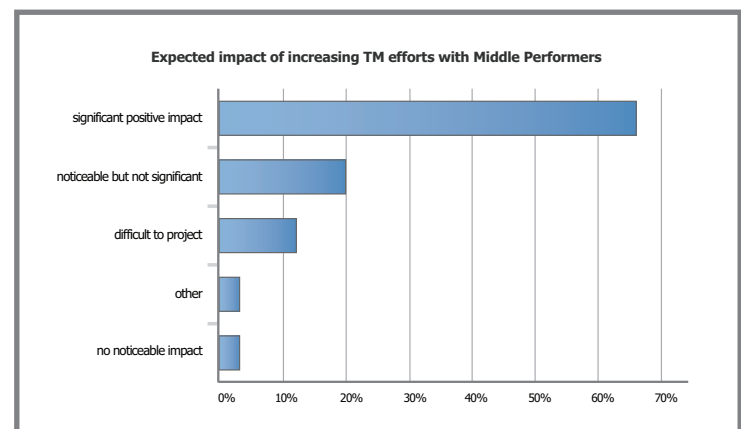
Empowering line managers in ways that improve employee knowledge, customer service, workflow and other areas can yield immense benefits to an organization. Also, organizations should create incentives for managers to recommend employees for promotions and new assignments. Providing conspicuous recognition and work awards can help to better engage middle performers – and inspire them to be top performers.

“Consistent performers play an integral role in supporting a company’s culture and employment brand,” said Stacey Harris, principal analyst and director of HR and TM Research, Bersin & Associates. “They enable ‘A players’ to execute and perform, and they become the go-to people within the organization. They also are more likely to focus on what is best for an organization or their team.”⁴

A report from Harvard Business School titled “Let’s Hear It for B Players” addresses this very point. The key point of the report: “B players bring depth and stability to the companies they work for, slowly but surely improving both corporate performance and organizational resilience.” However, that value is impossible to achieve without effort and attention.⁵

In a Cornerstone OnDemand worldwide survey of HR leaders in 200 organizations, roughly two-thirds of all survey participants believe that an increased focus on talent management efforts with employees in the middle could have a significant positive impact. (Figure 1)

Figure 1



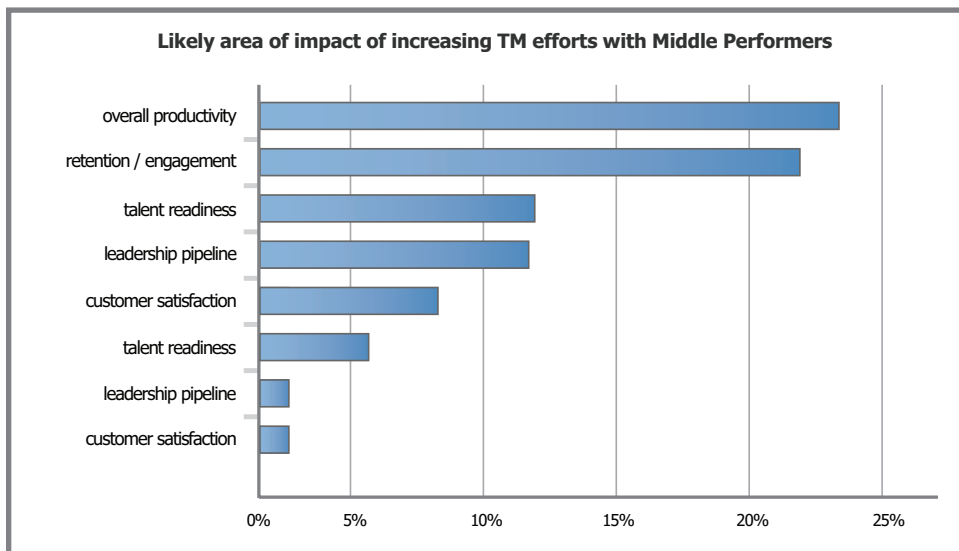
4 Harris, Stacey and Garr, Stacia. Upcoming Bersin & Associates High Impact Performance Management Research Report, 2011.

5 Delong, Thomas J. and Vijayaraghavan, Vineeta. Let’s Hear It for B Players. Harvard Business School. 2003.

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Survey respondents also believe that focusing talent management efforts on middle performers would increase overall productivity, as well as drive retention and engagement. In fact, talent management responses led all other types of business outcomes. (Figure 2)

Figure 2



Scottrade

At online investing firm Scottrade, the workforce philosophy is, "Hire for attitude; train for success."

"We are a developing organization and have to find ways to grow our talent from within," said Jane Wulf, Scottrade's chief administrative officer. "We have a set of core values, one of which is individual development, and we will want to drive [that] through the organization so that we can grow the talent we need as we continue to engage and develop the firm," said Wulf, who is responsible for the company's HR, training, branch development and national service center.

Today, Scottrade has a well-established learning and development program, supported by its Scottrade University online learning portal that provides training to its 3,400 employees at all levels of the organization. This program provides a blend of learning methods, including classroom training, online training, webinars and simulations.

"We start with onboarding, teaching new associates about our culture, our beliefs in development, and how they can grow and be promoted within the organization. Immediately after, they learn more about the financial services industry and Scottrade," said Wulf. This learning continues throughout the employee lifecycle, helping to ensure a very low turnover rate. "Over half of our current executive team has been promoted from within the organization, while 70 percent of the branch managers in our more than 500 branch offices have been promoted to their position from within the organization," Wulf added.

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Overcoming the Inertia and Engaging the Middle

So, why don't organizations focus on the middle? It seems to be a case of maintaining the status quo: The largest group of respondents (30 percent) to Cornerstone OnDemand's survey cited this as the reason.

As mentioned previously, much of this inertia can be traced back to the days when employee development processes were paper based and time intensive. But today's talent management processes can automate much of the work and provide the opportunity to focus on all employees, not just top and bottom performers.

Beyond antiquated processes, there are other possible reasons for this inertia:

- **The organization has a "performance" culture:** Even in cultures that focus on competitive assessments rather than coaching and development, understanding the benefits of nurturing B players can have an impact. However, as Bersin & Associates research observes, neither approach is superior to the other. What matters more is whether companies do enough year-round support of employees to facilitate improvement.⁶
- **Fear that it will create more work for HR and for managers:** This shouldn't be the case. With the appropriate talent management systems, much of the development work can be automated for employees to leverage on a self-service basis.
- **Belief that middle performers will simply stay middle performers:** You will get out of development initiatives what you put into them. If an organization isn't willing to put in the effort, average performers will certainly stay average.

Today, a modern talent management software platform provides actionable data on more than just the top performers or highest-potential employees. With the right technology in place, an organization can gain insight into the performance of every employee and can understand the knowledge, behavior and skills that can be leveraged as well as implement development plans to get the most out of seemingly average performers.

Organizations can and should continue to focus attention on the very best performers and highest-potential employees, but they no longer have to ignore the vast middle population of employees who are performing average-to-well or who have high potential but no real career or development path within an organization.

⁶ Garr, Stacia Sherman. Development-Driven Performance Management. Bersin & Associates. September 2010.

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From Ordinary to Extraordinary

End-to-end integrated talent management offers a number of ways to find and empower the hidden superheroes in your organization:

- **Talent mobility:** One way to drive engagement and productivity is getting the right people into the right jobs. Not every valuable employee is destined for the C-suite. Creating a career track for technical experts and non-management positions allows employees with specialized skills and knowledge to build a career while focusing on what they do best. Also, employees have different needs at different life stages. A new parent may not be willing or able to access a foreign assignment. A young and rising star may want to focus on graduate school for a few years. Providing opportunities for employees to make horizontal as well as vertical moves can drive both retention and engagement in the long run.
- **Succession planning:** Succession management used to be a top-down process, for top executives only. Today, that idea is changing. Succession management still requires the involvement of senior leaders, but employees at all levels are becoming active participants in their careers. Succession management as an interactive, organization-wide, bottom-up process can help identify middle performers who have value and can then target development initiatives more effectively. However, almost half of survey respondents indicated that they currently practice no formal succession planning process – for Average Joes or anyone else. (Figure 3) This is consistent with 2009 Bersin & Associates research that showed that 48 percent of organizations had no formal succession plans in place. This is a significant missed opportunity.

Turner Broadcast System

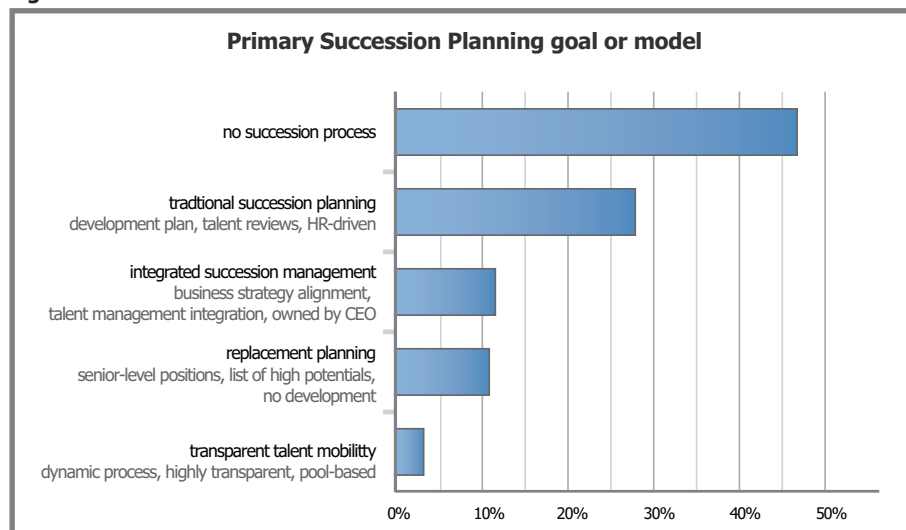
Global media and entertainment leader Turner Broadcasting System Inc. (TBS, Inc.) has 13,000 employees – including 2,000 middle managers. “Middle managers play a critical role in our organization. They’re very important in fostering an engaged and productive workforce, so it’s important that we position them for success,” said Alexis Balkum, Vice President of Learning and Development for Turner.

To prepare middle managers to effectively support business goals and their teams, Turner launched a “Management Essentials” program for employees in the company’s Atlanta, New York and Washington, D.C., offices. The blended learning initiative features courses on policies and procedures for managing a team, as well as “soft skill” leadership traits. Course content is developed based on business needs and performance competencies. This comprises 10 percent of middle manager development and engagement – combined with 20 percent of learning through manager and peer feedback and coaching, and 70 percent on-the-job learning.

Program success is measured through participant and manager feedback, which has been overwhelmingly positive. Behavioral change assessments, comparing performance before and 90 days after the program, also are used to measure success. With leadership support, Balkum and Turner’s Talent Management team will extend the program to newly hired and promoted managers, as well as tenured managers, throughout the organization.

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Figure 3



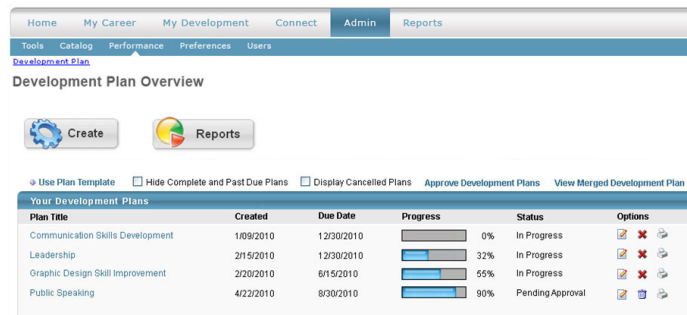
Source: Modern-Day Career Management. Bersin & Associates. July 2009.

- **Career paths:** Clear opportunities for development and advancement can boost employee productivity, retention and engagement. Career pathing is similar to succession management, except that it turns the concept upside down. Employees can look at their current job and other positions up the organization chart to understand how they can move up in the enterprise and what it takes to get there. Employees can easily understand which job is next, identify any knowledge or skills gaps and seek out development and training. More than half (53 percent) are opening up new career path opportunities.⁷
- **Development-driven performance management:** The performance appraisal alone can only identify top, middle and low performers; it's a backward-looking process. By contrast, development-driven performance management is designed to be forward looking and to nurture better performance. Only one-half of companies report that most or all of their employees have development plans. Of these, only 8 percent say that the development plans are high quality and effective. While many B players may want to contribute, most won't be able to do so without coaching and development from the organization. Automated performance management can facilitate this process by giving line managers the tools to have candid discussions with Average Joes about performance, development and aspirations for possible next positions. A manager can provide career coaching, identify development opportunities and recommend employees for job openings.⁸ And, when integrated with learning management solutions, managers have the capability to assign training and development courses to close skill and knowledge gaps. Employees can track performance against goals throughout the year and take steps to reach those goals instead of being surprised about falling short during a conversation at annual review time.

7 Has the great recession changed the talent game? Deloitte. April 2010.

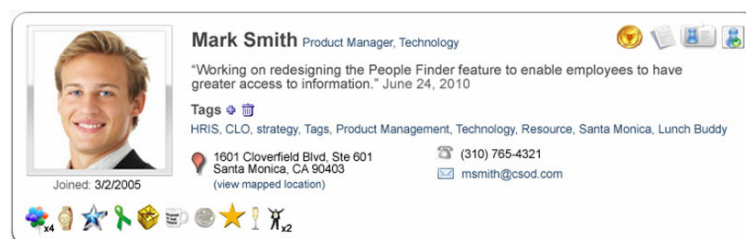
8 Modern-Day Career Management. Bersin & Associates. July 2009.

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Turn Average Joes into superheroes with dynamically generated individual development plans.

- **Goal alignment:** Middle performers need to understand how they are contributing to the organization. In a 2010 Cornerstone OnDemand survey of employed Americans, 82 percent of respondents had not established their career goals with their superiors. Another 53 percent of participants didn't feel they had a clear understanding of how their role contributed to company objectives. Goal alignment allows senior leaders to develop organizational objectives and connect these to employee activities. Providing clear direction to employees turns seemingly abstract goals into actionable ones. It also allows employees to modify behavior and enhance skills in ways that benefit both themselves and the organization.
- **Social collaboration tools:** New technologies can level the playing field and give all employees access to information that allows them to do their jobs better and faster. Connecting employees with the knowledge they need, when they need it can increase productivity and drive innovation as well as facilitate informal learning and business collaboration. Content on social collaboration networks can also be leveraged for workforce and succession planning by revealing subject matter experts and other key players in the organization's social learning environment and then examining where these people are in the existing hierarchy. This technology can highlight an Average Joe as a high-potential employee who might not have been recognized, or can present managers with evidence that an Average Joe has the ability to move into a position for which he or she may not have previously been a candidate.



Employee recognition functionality with awards and badges offer another option for managers to provide ongoing performance feedback.

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Conclusion

Finding the hidden superheroes in the vast middle of your organization isn't impossible. It requires commitment, effort and a talent management technology infrastructure. More than anything else, it requires an awareness that the make-or-break talent your organization needs to surpass your competitors isn't all in the top 10 percent. For companies willing to make the effort, the reward will be a competitive advantage.⁹

The first step in this process is awareness. When you look at your middle performers, do you see an Average Joe or a Superman? Perhaps it's time to take a second look.

Demographics

Cornerstone OnDemand surveyed 206 organizations via email in September 2010 about attitudes related to middle-performing employees. Each respondent answered the questionnaire via an online survey tool and was assured of confidentiality. Their responses were used to drive the results and conclusions of this report and will be used only in this aggregate analysis. The key findings herein are based at the 95 percent confidence level with a margin of error of plus or minus 5 percentage points.

In the survey, 108 out of 206 responding organizations had over 1,000 employees, and 73 out of 206 responding organizations are headquartered outside the U.S., across all continents.

About Cornerstone OnDemand

Cornerstone OnDemand is a leading global provider of a comprehensive learning and talent management solution delivered as software-as-a-service (SaaS). We enable organizations to meet the challenges they face in empowering their people and maximizing the productivity of their human capital. Our solution consists of five integrated platforms for learning management, enterprise social networking, performance management, succession planning and extended enterprise. Our clients use our solution to develop employees throughout their careers, engage all employees effectively, improve business execution, cultivate future leaders and integrate with their external networks of customers, vendors and distributors. We currently empower more than 4.9 million users across 164 countries and in 23 languages.

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Tips for Finding Your Hidden Superheroes

- Turn first to your present employees for internal advancement
- Implement a talent management program with up-to-date employee profiles that include skills and competencies
- Provide career development opportunities with career paths
- Work toward succession plans for all salaried employees

⁹ O'Leonard, Karen. 2009 Talent Management Factbook. Bersin & Associates.