Raising the Bar

How much will your poor performing branch managers cost you again this year?

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Foreword

The future success and possible survival of a retail business will depend on the performance and effectiveness of the branch managers within the organisation, therefore ‘having a competent manager in every branch’ must be the main objective for every retail organisation to achieve in 2009.

Considering this critical objective, OutlookRetail, in collaboration with 100 retail area managers, conducted a competence assessment on over 1600 branch managers across a wide range of retail sectors.

With almost 50 per cent of branch managers viewed as operating below the required level of competence (of which half were considered seriously incompetent within the branch manager role), British retailers face a major challenge if they are going to survive and thrive in 2009.

The results and analysis of the audit are not comfortable reading for retail executives, senior operations managers, area managers and support functions. Its purpose, however, is not to offend, but to provoke thoughts, stimulate discussion, and to be considered when developing a management development strategy.

We give thanks to the area managers who contributed to the survey and for their frankness and honesty during the analysis of the results.

Anthony Dance
OutlookRetail

About Anthony Dance:

Anthony Dance is managing director of Outlook Retail Management Development, a performance management organisation that specialises in training and development programmes for area managers within the retail industry.

Anthony is a former operations director and has held branch, area and regional management positions within a variety of organisations.

To date Anthony has worked with over 50 retail organisations and has personally trained and coached over 300 area managers.
Executive Summary
Summary of key findings

1. How much do they cost us each year?
   - A poor performing manager loses over 20% of sales each year.
   - A poor performing manager will incur 15% to 20% more costs than a good manager.
   - Combining lost sales and increased costs, a poor performing manager will cost a retail business at least 13% on the bottom line each year.
   - A poor manager loses good staff members and keeps the bad ones whereas a good manager keeps good staff members and loses the bad ones.

2. How many poor performing managers do we have?
   - 50% of branch managers are currently performing below the required level of competence.
   - 12% of retail branches are currently being managed by seriously poor performing managers.
   - A further 13% of retail branch managers require a great deal of development.
   - Nearly half the branch managers viewed as incompetent are managing high volume/profit branches and have been doing so for a long time.
   - Succession planning is poor - only 2% of the managers assessed were considered to have short-term area management potential.

3. Why do we have so many poor performing branch managers?
   - Expedient recruitment – ineffective succession planning and the requirement to fill the position quickly has often resulted in a ‘taking the best of a bad lot’ situation.
   - The demands of the manager job have outgrown the capability of the manager.
   - Lack of the right management development support, too much emphasis has been put on self development.
   - Lack of the right performance management action when poor performance is identified.
4. Why don’t area managers just get rid of them?

- Complicated – knowing a manager is a poor performer and proving it is not easy as there are few processes that can fairly and objectively assess manager effectiveness.
- Many area managers feel that if they got rid of a poor performing manager they would only be able to recruit similar un-skilled/un-capable managers.
- Ineffective performance management tools – undefined performance management procedures for area managers to work to.
- Lack of performance management training at area management level. Area managers do not actually know what to do.
- Discouraged rather than encouraged - The threat of grievances and not being supported by the organisation is a major factor.

5. What can be done to either improve or remove them?

- Put performance management on the corporate agenda. This in itself will raise the bar throughout the organisation and reduce grievance claims when poor performance is addressed.
- Put poor performance procedures in the company handbook and have clear managing poor performance procedures for all managers to work within.
- Review all performance management tools and processes, if you are suffering poor performance they are probably not working.
- Train all area managers in performance management. Improving or removing just one poor performing manager will in itself recoup the investment in their training.

Survey Results

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<tr>
<th>Description</th>
<th>Number</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Number of area managers involved in survey and analysis:</td>
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<td></td>
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<tr>
<td>Branch managers assessed</td>
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<tr>
<td>Very competent - Has the potential to progress into area management in the short term</td>
<td>48</td>
<td>(2.8%)</td>
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<tr>
<td>Competent - Does the job with little supervision</td>
<td>811</td>
<td>(45.9%)</td>
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<td>187</td>
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Raising the Bar
How much will your poor performing branch managers cost you again this year?

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1. How much do they cost us each year?

1.1 A poor performing manager’s effect on sales

A poor performing manager has a negative effect on sales in many areas. Participants in the survey identified the following areas as having the biggest effect on lost sales:

- **Outside image**
  - Poor lighting, signage, window housekeeping
  - Wrong products, wrongly displayed, wrongly priced/ticketed
  - Promotion activities not featured correctly

- **Inside image**
  - Poor lighting, signage, housekeeping
  - Poor merchandising
  - Wrong products, wrongly displayed, wrongly priced/ticketed
  - Promotion activities not featured correctly

- **Poor Service**
  - Process-driven rather than sales-driven staff
  - Slow reaction to queuing
  - Impersonal staff
  - Lack of product knowledge
  - Poor handling of returns and queries

- **Stock Management**
  - SCU accuracy effecting serviceability

The actual amount of lost sales incurred by a poor performing manager has always been a regular discussion topic during operations meetings. Operations executives estimate the figure to be between 15% and 30% lost sales annually. The average, calculated from the area managers who contributed to the survey was 22%. This is confirmed from the analysis of 18 example stores provided by area managers. The branch featured in Case Study 1 was typical of the example branches analysed.

1.2 A poor performing manager’s effect on costs

With regards to costs and cost controlling, it was the general opinion of area managers that a poor manager would use between 10% and 15% more costs than a good performing manager. It was the general opinion that this increased expenditure was incurred by:

- **Margin/GP development**
  - Lack of focus/awareness on more highly profitable lines
  - Lack of focus on controlling wastage

- **Increased manpower costs**
  - High staff turnover
  - Poor attendance
  - Poor manpower planning (rotas, holiday planning)
• Higher controllable costs
  – Stationery
  – Equipment
  – Telephone
  – Utilities – electricity, gas etc
• Higher maintenance costs
  – Equipment
  – Decoration
  – Carpets
  – Fixtures
• Shrinkage:
  – Poor stock results

1.3 The overall effect on bottom line profit

The overall effect of a poor performing manager on bottom line profits is difficult to estimate. The general opinion of area managers contributing to the survey is the effect on the bottom line as being between 15% and 20% lost profit.

The factual case study at the end of this section shows a branch that achieved an increase of 13% on the bottom line profit over a period of one year following a poor performing manager leaving a retail organisation.

Case study 1 shows how the branch moved from 28th to 13th position in the company’s profit contribution ranking, a move of 15 places. The branch showed a 13% increase in net profit over previous years.

Analysing a branch’s movement in profit contribution rankings proved to be the most effective way of assessing the effect on bottom line profit. The effectiveness of this method was confirmed by the analysis of three similar branches by area managers who participated in the survey. After analysis, each branch showed an increase in bottom line profit of between 12% and 16%.

1.4 Other benefits taken into consideration

Area managers in the survey were asked about other benefits that the organisation may incur by not having poor performing branch managers. Their responses were as follows:

• Benefits to the organisation
  – Less area support personnel would be required
  – Area managers could effectively manage more branches
  – Company strategy would be easier to implement
  – Company goals and objectives would be achieved quicker
  – Any type of change requirements would be easier to implement
  – The company would continue to improve and develop
  – The credibility and profile of the company would be enhanced
  – Improved productivity
  – Less management turnover
  – Good succession planning

A poor performing branch manager will lose a business between 10% and 15% bottom line profit.

Good managers – ‘good’ employees stay, ‘not so good’ employees improve or leave.

Poor Managers – ‘good’ employees leave, ‘not so good’ employees stay and probably get worse.
Less sickness and absenteeism to worry about as competent managers do not have this issue
Less HR disputes and grievances to manage
More motivated and committed workforce
With good managers, organisations will be able to weather downturns in business.

**Benefits to the branch teams**
- Happier and more contented workforce.
- Less internal interpersonal issues taking focus away from the customer

**WIIFM factor - benefits to the area managers**
- Enhanced credibility in the eyes of the company
- Improvements to their personal marketable worth
- Less firefighting and more concentration on developments rather than management
- Less manager turnover resulted in more time available for quality training and coaching (management development)
- Less stress and more job satisfaction
- More enjoyable and effective branch visits - all area managers agreed that they disliked visiting a branch being managed by a poor performing manager.

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**Poor performing branch managers are high maintenance both physically and mentally. 60% of an area managers’ workload and thoughts are directed at poor performing branch managers.**

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**Case Study 1 - good sales, good manager?**

Tom was a poor performing branch manager. Operating standards at the branch were mediocre, his team were negative and de-motivated, good customer service was non-existent and he was very negative towards any level of authority. He spent far too much time in his office, leaving his deputy manager to run the branch. His current deputy is the third in the past four years. Previous deputy managers left because Tom used and mistreated them. What complicated the situation was that the branch was in a good growth area and, because of this, the branch normally achieved its sales targets, but all who knew Tom said:

“Sales were achieved despite him rather than because of him.”

Dick was a newly appointed area manager and set about addressing Tom’s poor performance. Dick had neither experience nor training in tackling an under-performing manager, but proceeded because he felt it was his duty.

Within twelve weeks of Dick’s arrival, Tom filed a grievance for bullying. His case was that Dick had no right to pressurise him because his branch always hit its sales target. To calm the situation and to appease him, Tom was given the benefit of the doubt and Dick had the branch given to a different area manager. Dick also received a reprimand from his executive and his senior manager because he did not handle the matter correctly:

Six months later, due to a change in personal circumstances, Tom left the organisation. This was a good opportunity to appoint a more committed manager and maximise the full sales potential of the branch.

Harry was a good manager and immediately implemented plans to improve the branch and its staff’s performance. It took six months to complete the improvements and, subsequently, sales at the branch improved.

In the first full year under Harry’s leadership, sales at the branch increased by 23% over the previous year (the company average was 5%) and its profit contribution increased by 13%.

32 branch managers (23%) in this organisation were viewed as seriously poor performing. **Improving or removing** these managers would bring in additional net profit in excess of £500,000 each year.
2. How many poor performing branch managers do we have?

100 experienced area managers, working for 13 different retail organisations and with a collective responsibility for over 1650 high street retail outlets contributed to this survey. Area managers were asked to assess their branch management teams’ competence using a simple criteria. Although the process was crude and subjective, all area managers gave a frank and honest assessment of the managers within their areas. The criteria used for assessing branch manager competence were as follows:

- **Very competent** – Has the potential to progress into area management in the short term
- **Competent** – Does the job with little supervision
- **Not quite competent** – Requires some development, but, in time, will achieve the required level of competence
- **Major lack of competence** – In need of significant development to achieve the required level of competence
- **Incompetent** – No amount of development will bring them to the required level of competence

**Survey Results (Appendix 1)**

- **Very competent**
  Only 48 managers (2.8%) were viewed as being very competent in the role with potential for area management. Further analysis revealed that fewer than half (22) were considered ready for area management in the short term. Of the 13 organisations surveyed, four had no branch managers considered capable of taking on the area manager role.

- **Competent within the role**
  Less than half (45.9%) of the managers were viewed as competent in the role. The general opinion of those participating in the survey was that, as a result of ‘the bar’ being raised each year, this percentage would reduce.

- **Not quite competent**
  A quarter (25.5%) of the managers assessed was viewed as in need of development. An important issue highlighted by the survey is the reliance on ‘self development’ to increase levels of competence, due to the lack of management development initiatives.

- **Major lack of competence**
  13.9 per cent of the managers assessed were viewed as not competent and in need of serious development. The general opinion was that significant time and financial investment is needed if these managers are ever to achieve the required level of competence. There was also concern that many of these managers would become incompetent if this investment was not made.

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The legal definition of poor performance can be defined as:

‘When an employee’s performance or behaviour has fallen below the required standard’

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Succession Planning:

Only 48 of the 1650 branch managers assessed were seen as having potential for a field management role. When an external area manager appointment is made, many ambitious branch managers become despondent start focusing on other things rather than the job in hand.
Incompetent

11.8 per cent of the managers assessed were viewed as incompetent in the role as it was felt that no amount of development would bring these managers to the required level of performance. Of the 187 managers viewed as incompetent, 132 (75%) were long term employees and had held branch manager positions for many years.

A concerning aspect is that nearly half of these poor performing managers were managing high volume/profit branches.

Appendix 1

<table>
<thead>
<tr>
<th>Retailer 1</th>
<th>Retailer 2</th>
<th>Retailer 3</th>
<th>Retailer 4</th>
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<td>Co-ops</td>
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<td>7</td>
<td>100</td>
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<td>3. Not quite competent – in need of some development but in time will achieve the required level of competence</td>
<td>23</td>
<td>13</td>
<td>52</td>
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10% | 9.5% | 13.0% | 12.5% | 6.9% | 12.2% | 11.4% | 8.9% | 14.9% | 15.4% | 7.9% | 13.4% | 11.9% | 187
3. Why do we have so many?

Although disappointed with the results of the survey, many area managers said they knew the situation was bad but they did not think the overall picture was so serious. When asked why there are so many poor performers, the commonest factors were the following:

3.1 Expedient Recruitment

Nearly all area managers admitted to making expedient recruitment decisions. Taking ‘the best of a bad lot’, for some of the organisations participating in the survey, was a common occurrence. Many area managers (81%) felt that the bar is set so high in retail management today that recruiting managers with the right skills, values and commitment was proving an impossible task.

All area managers felt that promoting deputy managers from within the organisation is a lower risk option than recruiting untried and untested managers from other organisations. 28% of area managers admitted to taking the ‘soft option’ of promoting deputy managers because they had ‘looked after’ the branch during the new manager recruitment process. All area managers agreed that promoting deputy managers within the same branch was ineffective and should be avoided.

Many area managers felt that standard interview techniques give an incomplete assessment of a candidates’ true capability or potential. Only two of the organisations involved in the survey use other selection methods to support the process, such as psychometric profiling and selection centers. An unconventional method used by one organisation is to mystery shop a prospective candidate’s branch prior to making a job offer i.e., they assess candidates first.

Only a third of the area managers involved in the survey had a succession planning process in place (managers in waiting), but, rather than being part of an overall company succession planning strategy, this was very much an ad hoc individual initiative by the area manager. No organisation had a ‘managers in waiting’ budget to support a succession planning strategy.

3.2 The bar has been raised higher than capability

The bar is raised when the demands of the role are increased but resources (mainly manpower) stay the same or are decreased. The requirement for doing more with less in retail management is perpetual, as a result, managers who may have been considered competent previously are now considered to being incompetent.

In discussions, it was agreed that less competent managers focus on operational aspects of the job, rather than business development, team development or customer service improvement. This is because there are clear disciplines and procedures for the operational aspects, whereas business development, team development and customer service processes do not have the same clarity or discipline.

3.3 Lack of appropriate development and support

Of the organisations surveyed, none had a clear management development strategy; if they did, the area managers were not aware of it. Area managers accepted that it is their responsibility to develop their branch managers, but only 7 of the 100 area managers surveyed had a formal manager development strategy, all others had an ad hoc approach to branch manager development.

All organisations support and budget for induction processes and training plans for new managers. However, initial training focuses on technical aspects of the

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Many poor performing managers performed poorly from the very beginning of their employment. Ineffective use of the probationary period was seen as a major factor.

Throw a new manager in at the deep end and the perception is that they will either sink or swim. What is more likely to happen is that undeveloped managers will learn to tread water, neither sinking or swimming.
job, rather than the management and development of sales, people or customer service. During recruitment interviews, all organisations promised ongoing management training but very few failed to provide it.

All area managers agree that self-development is critical for both new and experienced managers, as retail management is very much a ‘sink or swim’ environment, with many managers slowly sinking due to a lack of self-development skills or manager development initiatives.

Only 6 of the 13 organisations surveyed had given their branch managers development training in the three years prior to the survey being conducted, but, rather than developing management skills, the training provided mainly focused on employment law and health and safety issues. The only soft skills addressed were; selection and recruitment, appraisal and disciplinary procedures. There were very few positive comments from the area managers regarding the effectiveness of management skills training provided. The ineffectiveness of this soft skills training was given as an excuse by many area managers to not encouraging branch managers to attend training events. Area managers preferred to conduct one-on-one training/coaching themselves, or organise suitable development opportunities within the area, such as buddy ing and mentoring.

All area managers involved in the survey readily accepted their responsibilities regarding the development of the branch managers but when asked to give feedback on the amount of one-on-one coaching they had conducted over the past 12 months, nearly all admitted to doing very little, and gave time constraints and other business priorities as the reason.

3.4 Ineffective use of the probationary period
Area managers felt that, as the induction process focuses on due diligence and product/systems learning, it gives little time for them to assess performance during the induction period. All area managers admitted to keeping under-performing managers at the end of the probationary period because they could not fairly or objectively prove the person had under performed in the role.

3.5 Manager turnover
An interesting highlight of the survey is that 68% of the area managers responding didn’t have a full manager/deputy management team during the previous 18 months. This indicates an inordinate amount of time spent recruiting and selecting managers and deputy managers.

Case Study – Support and Guidance
Michael was a newly appointed branch manager, this was his first general manager position having spent the past three years as deputy manager within a larger store. Michael took over the branch from a poor performing manager which meant he was automatically inheriting many performance and behaviour issues for the previous manager. The biggest issue that Michael had to face was the fact that the deputy manager was turned down for the manager job even after running the branch during the three months of the recruitment process. Michael's deputy manager and many of the team were hostile towards Michael especially when he tried to improve performance or productivity within the branch. After a difficult and uncomfortable six months Michael gave up trying to improve the performance of the deputy manager or the team and resorted to 'just maintaining the status quo' like the previous manager.

Two years on Michael is seen as a poor performing manager and company disciplinary process procedures have been put in place.
4. Why don’t area managers just get rid of poor performing branch managers?

Area managers participating in the survey were asked “If the benefits to the business, the branch teams and the area managers are so great, why don’t you just dismiss poor performing managers and recruit better ones?” All agreed that they would love to ‘move managers along’ but all expressed concerns regarding the difficulties in doing so. Some area managers (23 per cent) felt that it was actually an impossible task and admitted to actively avoiding the issue. When asked for an explanation for this the following reasons and excuses were given:

4.1 Complicated and difficult to measure performance

Bad sales do not always imply a bad manager, conversely, good sales do not always imply a good manager either. This common perception often causes lost business because area managers are directed towards poor performing stores rather than poor performing managers. Measuring manager effectiveness other than by just sales results is not simple as there is a great deal of opinion and subjectivity involved. Proving a manager is under performing when you only see them on a periodic basis is also very difficult.

All area managers agreed that a range of KPI measurements was the only effective way of measuring manager effectiveness. All organisations involved in the survey use KPI measurements but these tend to be relevant to financials rather than manager effectiveness. It was agreed that soft KPI measures such as staff turnover, sickness and absenteeism, succession planning, training audits, service audits and branch audits give a much better indication of manager effectiveness than just the overall sales or profit results. All area managers agreed that it was their responsibility to conduct these types of audits during branch visits, but 73% admitted to not doing so on every branch visit because of other priorities.

Many area managers agreed that the need for conducting more audits as a due diligence requirement was increasing. They felt they were becoming auditors at the cost of people and business development, although 40% of them are quite happy to conduct audits as this is how they could be monitored and measured.

All organisations involved in the survey use mystery shopping exercises to assess service levels, but no organisation uses this as part of an overall KPI measurement strategy.

4.2 Time-consuming

Addressing manager poor performance involves a great deal of branch visiting, auditing, objective setting, notes and report writing, training, coaching, appraising and communicating. Many area managers admitted to starting the performance management process but failing to complete it due to other priorities. Many area managers felt the time required could be invested better with new managers, business development initiatives, etc. All area managers felt that to address poor manager performance professionally takes a lot of time, concentration and effort – resources which are required for other priorities.

4.3 Risky

The biggest area of concern expressed by area managers in the survey was the risk factor, as there are many risks to be considered when dealing with a poor performing manager. All area managers agreed that dealing with a poor performing manager was far more risky than dealing with a poor performing employee because managers have a lot more to lose. Managers will aggressively fight for their rights if they feel their jobs are under threat. Acceptance by managers that they are poor performing is resisted passionately and aggressively.

Effectively dealing with a poor performing branch manager is complex, it takes a great deal of time and effort, it is uncomfortable and very, very risky. That is why many area managers are reluctant to take the issue on.

Very often when a manager takes out a grievance against the area manager they aim to achieve two things: 1. they want the area manager to back off and 2. they want to discredit the area manager in the eyes of the company. Very often executives allow this to happen.
Case Study – Fair and Reasonable?

David had tried everything he could to improve the performance and behaviour of the branch manager in one of his high-volume/profit stores, but to no avail. Even after many hours of training, coaching, and supporting, standards at the branch had not improved. David made an unannounced visit to the store to review the objectives that had been set on his last visit and again observed service standards and operating standards way below requirements. When David spoke to the manager about the poor standards he had observed the general manager became aggressive and argumentative. It was at this stage the David felt the time was right to start discussing the managers’ continued poor performance more formally. David informed the manager that a formal disciplinary interview was to take place and made him aware of his statutory rights in the matter.

Five days later the disciplinary interview was held. Throughout the meeting the manager refused to accept that he’d been given enough time or support to achieve the required standards. During these discussions emotions were running high with the branch manager going out of his way to antagonise and belittle the area manager; this was confirmed in the notes by the witness. Following the adjournment the decision was made to issue the manager a written warning for his continued poor performance within the branch.

The manager appealed on three points:
1. A fact-finding stage was not conducted.
2. What fact-finding was done was by the area manager which meant someone else should have conducted the meeting.
3. The branch manager felt the meeting was not conducted objectively as on one occasion the area manager lost his cool during discussions.

Although there was clear evidence of poor performance and poor behaviour during the disciplinary interview, the written warning was rescinded because of these technicalities.

Extract from ACAS Code of Practice:

5. It is important to carry out necessary investigations of potential disciplinary matters without unreasonable delay to establish the facts of the case. In some cases this will require the holding of an investigatory meeting with the employee before proceeding to any disciplinary hearing. In others, the investigatory stage will be the collation of evidence by the employer for use at any disciplinary hearing.

6. In misconduct cases, where practicable, different people should carry out the investigation and disciplinary hearing.

The main risks to the business were seen as:

- Managers going into saboteur mode and turning the staff against the company/area manager.
- Managers’ performance deteriorating even further while they look for another job.
- Managers resigning at short notice, creating vacancies which could further damage the business.
- Managers taking sick-leave due to stress for long periods of time.
- Threat of grievance procedure (see below)

4.4 Threat of grievance

The biggest area of risk considered by area managers who participated in the survey is the risk of being subject to a grievance accusation if they try to address manager poor performance. 21 (21%) of the area managers surveyed had personally experienced grievances from branch managers. Analysis of these instances shows that all the grievances were instigated shortly after discussions/actions by the area manager regarding poor performance. Nearly all area managers in the survey said that they were not frightened by grievance accusations, it was the way their company handled grievance investigations that concerned them most. Only one of the 21 area managers who had experienced a grievance had anything positive to say about their HR function’s or superiors’ behaviour when the grievance was investigated. Area managers felt investigations were handled subjectively with fact-finding discussions with the branch managers, but faultfinding discussions between senior management and area managers were normal practice. All felt personally threatened as they were treated as ‘guilty until proven innocent’. When there was clear evidence of poor performance, poor performing branch managers distracted attention away from their performance by cited ‘aggressive style’ as the reason for registering the grievance. Area managers defending accusations of aggressive style found themselves powerless to defend this and the ‘benefit of the doubt’ was often given to the manager.

4.5 Lack of Support

Of the 21 grievances analysed, 15 were upheld on the basis of inappropriate style on the part of the area manager. Many felt the company took the softer option of supporting the manager, rather than the area manager, purely as an exercise in appeasement. 12 of the 21 area managers who had personally experienced grievances admitted to deliberately evading manager poor performance, as they had lost confidence in their organisation’s support. Area managers who had not experienced a grievance cited many examples where their colleagues had received similar treatment. Many of these area managers also admitted to evading poor performance issues because of the risk to themselves. This lack of support also applies to the investigation of appeals following disciplinary action. 42% of the area managers who had given poor performing managers a formal warning had their decisions overruled because of technicalities or concerns over risk, even when there was clear evidence of poor performance.

All area managers in the survey had been involved in gross misconduct issues but, surprisingly, only 15 of the area managers surveyed had actually taken a branch manager to a written warning stage for poor performance. Those that had not addressed poor performance formally felt that a coaching, counseling and mentoring approach was a far safer option because of the risks involved.
Many area managers felt that the more risk-averse the HR function is, the more they overly alarmed executives with worst-case scenarios, and promote appeasement and consultation. 80% of the area managers surveyed felt that the HR function does not understand the difficulties and complexities of addressing manager poor performance and undermine their efforts when they try to do so.

4.6 Lack of knowing what to do
As part of the survey, area managers were asked “What do you do when you have identified a poor performing branch manager within your team?” The responses made it clear that area managers do not really have a clear understanding of what to do. They know what they *can’t* do, but are unsure of what is permissible. No area manager had a thought out, structured approach to addressing manager performance issues.

Of the hundred area managers surveyed, only 63 had attended performance management type training, covering appraisals, discipline and employment law. Appraisal content did not focus on addressing a poor performing manager or did any training cover distance management challenges. Disciplinary training focused purely on procedures and employment law training tended to focus on ‘black and white’ issues rather than the ‘grey’ areas of poor performance. One organisation involved in the survey sent every area manager on an employment law course, resulting in them being increasingly reluctant to tackle poor performance because of the scare tactics of the employment law specialist.

Very few area managers who had attended these training events felt they benefitted from doing so, as the content did not take into consideration the management of managers or management at a distance challenges. No area managers surveyed had received training in objective-setting, assertiveness, reviewing or counseling skills - essential skills for addressing poor performance.

4.7 Blind leading the blind?
The conclusion of this analysis poses the question “If area managers do not know what to do when dealing with poor performance, who is teaching and coaching branch managers in performance management?

Case study - Sickness and Absence Management
Tony was a newly appointed branch manager and the branch he took on had a sickness and absenteeism problem. Every week people were ringing in sick and on reviewing the absence records he identified ‘Derek’ as taking advantage of the companies’ sickness benefits. Records clearly showed he was abusing the system with many sick days being taken prior to weekends, holidays etc. Never tackling an issue like this before Tony contacted his area manager for permission to address the issue. Tony’s area manager was very positive about Tony ‘grasping the nettle’ and gave him the go ahead. Encouraged by his area managers comments, Tony called Derek to the office to talk about his sickness record. Tony never really got started because Derek refused to discuss the matter. “You have no right to talk to me about my sick record” Derek said before storming out of the manager’s office. Confused and bemused Tony rang his area manager to tell him that Derek was refusing to discuss the matter. Summoning up many years of area management experience his area manager advised... “speak to HR”. Following confirmation from HR that he did have a right to discuss someone’s attendance record he asked Derek to come to the office again. Tony again did not really get started as Derek said “I don’t care who you have spoken to, my sickness is my business and no body else’s. Getting more frustrated with the matter, Tony contacted the HR department again and explained the situation. Tony asked the HR manager if he would explain the position to Derek as he was refusing to discuss the matter with him. After a great deal of reluctance the HR manager agreed to talk to Derek but not before voicing negative comments about Tony’s competence. Following discussions with the HR manager Derek agreed to talk to Tony but only if he had someone else in the office to witness what was said. Tony naively agreed and the company union representative joined Tony and Derek in the office. Needless to say the meeting did not go well ending up with the union rep accusing Tony of bullying. Verbally assaulted, threatened and humiliated Tony felt that at least he had got an important message through. Ten minutes following the meeting, Tony received a call from the HR manager. “We have received a complaint from the union rep regarding your aggressive style, they do not wish to make a formal complaint but felt their concerns should be noted.” Tony was then lectured about the risks of having a bullying style of management.

The next call Tony received was from his area manager saying “well you messed that up didn’t you!!” who then proceeded to give Tony a reprimand for not handling the situation correctly. The incident was also discussed during Tony’s appraisal nine months later and recorded as a negative point in his competence.

Tony was initially put off from tackling poor performance for a while but he did learn from the experience and bounced back soon after. Something he never did again though and that was contact either his area manager or HR manager whenever he had a performance issue.
5. What can be done to either improve or remove a poor performing manager?

Apart from ‘cheque book’ management, there is no quick fix solution to resolving manager poor performance but the following strategy if implemented will have an immediate effect on improving manager performance not only within retail operations but throughout the organisation.

**Step 1 - Put poor performance on the corporate agenda.**
- Set clear corporate objectives relating to performance, not just for retail operations but for all employees including head office and support personnel.
- Have poor performance procedures communicated to all employees through the company Handbook.
- Have clear manager procedures relating to the dealing of poor performance for managers to work to.
- Invest in KPI systems and processes that measure manager effectiveness rather than just using sales achievements.
- Invest in succession planning, have managers developed and in waiting as there will be manager vacancies to fill quickly.
- Understand and accept that area managers will not do everything right or be perceived to have done every thing right and that grievances, appeals and tribunal claims are going to happen.

**Step 2 - Review the effectiveness of your performance management tools.**
There are many performance management tools available to area managers to use in order for them to effectively manage the performance of their branch managers but how effective are they?
- Are your branch manager job descriptions up to date, ‘objectives based’ and used to assess manager competence?
- Is your manager appraisal process effective in improving manager performance?
- Do your area managers set improvement or development objectives for managers to work to or do they just set financial/KPI targets?
- Branch visit reports, on completion of a branch visit do your area managers leave a clear list of improvement objectives or just a to-do list of actions.
- Do your area managers review manager performance on a regular basis and address performance issues timely?
- Do your area managers use improvement plans to address poor manager performance?
- Do your branch managers have working objectives linked business plans that are regularly reviewed and updated?
- Do your performance management tools link to each other to form a company performance management process?

**Step 3 – Teach your area managers the skills of performance management.**
Appraisal, disciplinary and employment law training is not performance management training. Performance management is about **Method and Manner.**
Ensure area managers work to a structured process and then get them to implement the process fairly, objectively and non-aggressively.
To be effective in performance management, area managers need training and development in:
- Objectives management - critical for managing at a distance.
- Business, performance and personal development planning
- Training, coaching and mentoring
- Note taking, report and memo writing
- Communication - presenting and explaining, selling and persuading
- Assertiveness – verbal and written
- Reviewing performance, giving feedback and counseling
- Appraising performance at a distance

Step 4 – Set area managers, manager performance improvement objectives and hold them to account for achieving them.
Only two organisations involved in the survey had a process where branch manager competence was discussed during an area managers’ annual appraisal. In the two years leading up to this survey only 35 of the area managers had been set specific objectives relating to a known manager poor performance issue. All these area managers agreed that as there was no follow-up on these objectives they took little action in achieving them.

Step 5 – Learn from every incident.
We are not learning from our mistakes. Every appeal, grievance and tribunal claim is an opportunity for learning and development for all managers, support services and executives within the organisation. ‘Objectively’ reviewing and analysing incidents when things go wrong or are perceived to have gone wrong is an ideal opportunity to adjust procedures and processes and give development for not only the area manager involved but other area managers within the team also
Conclusion

Branch manager performance has always been of a concern to executives and area managers alike but due to favorable trading conditions in the past, the priority for addressing poor manager performance has always been low on the corporate agenda and in the minds of the senior retail operations team. With the current exceptionally difficult trading conditions it is essential that manager poor performance is now moved to the top of the corporate agenda if a retail organisation is going to survive and thrive in the current difficult trading environment.

Credits

Founded in 1995 outlook retail has been involved in the training and development of over 350 area and regional managers within the retail industry. We have an impressive client base with names such as DFS, National Car Rental, Borders Bookshops, Kookai, Speciality Retail Group, Vision Express, Lloyds Chemist and the Cooperative to name but a few.

All of our development team have held operations manager/director positions and when combined we have over 30 years of ‘manager of area manager’ experience.

We are different in that all of our training, coaching and support material focuses on performance management and branch manager development at a distance, vital area manager competencies. Very few training and development organisations specifically focus on these crucial areas or have the credibility to teach and coach at area management level, we have and we’ve proved it.

Services we provide:

- Retail Area manager succession programmes and workshops
- Development Programmes for newly appointed area managers
- Area manager performance management workshops
- Refresher development workshops and programmes for the more seasoned area manager
- One-to-one coaching and support on specific objectives
- Area manager skills assessment
- Area /Regional Manager recruitment and selection
- Confidential support to Operations Directors-Managers re: poor performing area managers

Contact us:

If you require more information on this report or would like to discuss poor performance issues within your management team Anthony Dance can be contacted:

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