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August 15, 2013, 11:23 AM

# A Tough Week for Middle Managers

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By Lauren Weber

It's been a rough week for middle managers.

On Tuesday, H.J. Heinz Co. confirmed that it was cutting 600 salaried office positions in the U.S. and Canada, in an attempt to simplify its organizational structure and "enable faster decision-making, increased accountability and accelerated growth," the company said. The move comes not long after the ketchup maker was bought by Warren Buffet's Berkshire Hathaway Inc. [BRKB +0.38%](#) and private-equity firm 3G Capital for about \$23 billion, an acquisition that observers expected would lead to cost-cutting.

And on Wednesday, Cisco Systems Inc. [CSCO -0.88%](#) announced that it would shed 5% of its workforce, or 4,000 jobs, despite reporting an 18% increase in profits for the most recent quarter. Many of the cuts will reportedly come from the middle ranks of the firm.

"We just have too much in the middle of the organization," chief executive John Chambers said on a conference call with analysts. He indicated that the network-equipment maker needs smaller, more nimble teams that can make decisions and take rapid action.

The layoffs suggest that life is pretty uncertain for middle managers, who are often regarded as "paper-pushers, perpetrators of groupthink and symbols of organizational bloat," as the Journal wrote last week in a series of stories about life in the middle ranks.

And the future remains hazy for this group, who more often go by titles like director, regional manager, or team leader. The Labor Department projects that the employment in the U.S. economy will grow by about 14% between 2010 and 2020, but that middle manager employment would rise at a slower pace, by only 7% by the end of the decade.

That would be a reversal of recent trends, as the Journal found in its analysis of government statistics (See the Graphics tab on [this page](#)). The share of working middle managers in the U.S. labor force grew over the last decade, from about 6.6% in 2002 to 7.6% in 2012, and employment for these workers was more resilient or robust, year-over-year, than for the general population.

Managers as a whole (a category that includes higher-level execs) enjoy a relatively low unemployment rate, at 3.7% in 2012 versus overall unemployment of 8.1%. In the worst year of the recession, when unemployment hit 9.6% in the United States, it only went up to 4.8% for managers.



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Companies do recognize the key role that these bureaucrats play in supervising and motivating employees and seeing upper-level strategies to fruition—even tech startups are ~~giving in to the reality~~ that someone needs to be responsible for projects and people. But that's little comfort to workers about to receive pink slips in the coming days.

Layoffs, Middle Managers

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11:09 pm August 16, 2013

**George Dexter** wrote:

It is healthy for big corporate bureaucracy to reorganize and streamline itself. For one, it helps it see how to make operations more cost efficient, hence more profitable, and the 4,000 people are probably too overwhelmed with overseeing too many people anyway. I think a team leader ought to be a six-by-six proposition and the senior executive folks should do what middle managers do anyway. Cisco is just starting to show a great comeback after 2009 downturn lately, and John Chambers has the savvy and the intellectually honesty to see that he must cut back so Cisco can still "see the trees for the forest"! For myself, although a big Cisco investor, I honestly think I would find myself most perplexed to try and wrap my head around how they are supposed to be organized. I think they are doing this in part due to their sensitivity to what has happened to the Big 3 in Detroit over the years, too much rank and file, and not enough opportunity to take preliminary action. Now that they have, and can better fine tune the level of management and line employees with market demand for their sales and products coming on line, etc. they can start to return to their recent improved conditions of the past two years, and that hopefully will pull their stock price back up with investors' confidence more fully restored in the Cisco business enterprise model.

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1:28 pm August 15, 2013

**Staff Guy** wrote:

I work in a large F50 company and it is safe to say that half of our 'middle-managers' are mostly wasted space. It varies by grp throughout our large org, with HR probably being the least productive of all and way over-staffed with middle-managers.

basically, the sr staff run the place in spite of middle-management.

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11:50 am August 15, 2013

**Csco** wrote:

That is a clear buy signal



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