

# Unlocking the potential of frontline managers

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By Aaron De Smet, Monica McGurk, and Marc Vinson

**A** **retail manager responsible** for more than \$80 million in annual revenue, an airline manager who oversees a yearly passenger volume worth more than \$160 million, a banking manager who deals with upward of seven million questions from customers a year. These aren't executives at a corporate headquarters; they are the hidden—yet crucial—managers of frontline employees.

Found in almost any company, such managers are particularly important in industries with distributed networks of sites and employees. These industries—for instance, infrastructure, travel and logistics, manufacturing, health care, and retailing (including food service and retail banking)—make up more than half of the global economy. Their district or area managers, store managers, site or plant managers, and line supervisors direct as much as two-thirds of the workforce and are responsible for the part of the company that typically defines the customer experience. Yet most of the time, these managers operate as cogs in a system, with limited flexibility in decision making and little room for creativity.

In a majority of the companies we've encountered, the frontline managers' role is merely to oversee a limited number of direct reports, often in a "span breaking" capacity, relaying information from executives to workers.<sup>[1]</sup> Such managers keep an eye on things, enforce plans and policies, report operational results, and quickly escalate issues or problems. In other words, a frontline manager is meant to communicate decisions, not to make them; to ensure compliance with policies, not to use judgment or discretion (and certainly not to develop policies); and to oversee the implementation of improvements, not to contribute ideas or even implement improvements (workers do that).

This system makes companies less productive, less agile, and less profitable, our experience shows. Change is possible, however. At companies that have successfully empowered their frontline managers, the resulting flexibility and productivity generate strong financial returns. One convenience store retailer, for example, reduced hours worked by 19 to 25 percent while increasing sales by almost 10 percent. It achieved this result by halving the time store managers spent on administration; restructuring their work (and that of their employees) to focus on the areas most relevant to customers, such as the cleanliness of stores and upselling efforts at the cash register; and creating easy-to-understand performance metrics that managers now had enough time to coach employees on daily.

The key is a shift to frontline managers who have the time—and the ability—to address the unique circumstances of their specific stores, plants, or mines; to foresee trouble and stem it before it begins; and to encourage workers to seek out opportunities for self-improvement. In difficult economic times, making employees more productive is even more crucial than it is ordinarily.

## **The reality of the front line**

To unlock a team's abilities, a manager at any level must spend a significant amount of time on two activities: helping the team understand the company's direction and its implications for team members and coaching for performance. Little of either occurs on the front line today. Across industries, frontline managers spend 30 to 60 percent of their time on administrative work and meetings, and 10 to 50 percent on nonmanagerial tasks (traveling, participating in

training, taking breaks, conducting special projects, or undertaking direct customer service or sales themselves). They spend only 10 to 40 percent actually managing frontline employees by, for example, coaching them directly (Exhibit 1).

Exhibit 1

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Even then, managers often aren't truly coaching the front line. Our survey of retail district managers, for example, showed that much of the time they spend on frontline employees actually involved auditing for compliance with standards or solving immediate problems (Exhibit 2). At some companies we surveyed, district managers devote just 4 to 10 percent of their time—as little as 10 minutes a day—to coaching teams. To put the point another way, a district manager in retailing may spend as little as one hour a month developing people in the more junior but critical role of store manager.

Exhibit 2

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In our experience, neither companies nor their frontline managers typically expect more. One area manager at a specialty retailer with thousands of outlets said, "Coaching? A good store manager should just know what to do—that's what we hire them for." A store manager in a global convenience retailer told us, "There are just good stores and bad stores—there's very little we can do to change that." Another store manager, in a North American electronics retailer, said, "They told me, 'We don't pay you to think; we pay you to execute.'"

These shortcomings are rooted in the early days of the industrial revolution, when manufacturing work was broken down into highly specialized, repetitive, and easily observed tasks. No one worker created a whole shoe, for example; each hammered his nail in the same spot and the same way every time, maximizing effectiveness and efficiency. Employees didn't necessarily know anything about the overall job in which they participated, so supervisors

(usually people good at the work itself) were employed to enforce detailed standards and policies—essentially, serving as span breakers between workers and policy makers. Many manufacturing companies still use this approach, because it can deliver high-quality results on the front line, at least in the short term. In many service industries, the same approach has taken hold in order to provide all customers in all locations with a consistent experience.

Although attention to execution is important, an exclusive focus on it can have insidious long-term effects. Such a preoccupation leaves no time for efforts to deal with new demands (say, higher production or quality), let alone for looking at the big picture. The result is a working environment with little flexibility, little encouragement to make improvements, and an increased risk of low morale among both workers and their managers—all at high cost to companies.

The effects of poor frontline management may be particularly damaging at service companies, where researchers have consistently detected a causal relationship between the attitudes and behavior of customer-facing employees, on the one hand, and the customers' perceptions of service quality, on the other. In service industries, research has found that three factors drive performance: the work climate; the ways teams act together and things are done; and the engagement, commitment, and satisfaction of employees. Leadership—in particular, the quality of supervision and the nature of the relationships between supervisors and their teams—is crucial to performance in each of these areas.<sup>[2]</sup> Clearly, the typical work patterns and attitudes of frontline managers are not conducive to good results.

At a North American medical-products distributor, for example, one supervisor reflected that the company “is like California—forest fires breaking out everywhere and no plan to stop them. A lot of crisis-to-crisis situations with no plan. We’ve been in this mode for so long, we don’t know how to stop and plan, although that’s what we desperately need to do. I wish I knew how to intervene.” Because frontline managers were so busy jumping in to solve problems, they had no time to step back and look at longer-term performance trends or to identify—and try to head off—emerging performance issues. It’s therefore no wonder that the company’s performance had begun to decline: inventories were increasing and errors in shipments became more frequent. Companies can also get into frontline trouble if they fail to maintain well-managed operations (see sidebar, “The danger of complacency”).

# Time better spent

At best-practice companies, frontline managers allocate 60 to 70 percent of their time to the floor, much of it in high-quality individual coaching. Such companies also empower their managers to make decisions and act on opportunities. The bottom-line benefit is significant, but to obtain it companies must fundamentally redefine what they expect from frontline managers and redesign the work that those managers and their subordinates do. The examples below explain how two companies in different circumstances and industries made such changes.

## Manufacturing and the front line

Sometimes a corporate crisis drives frontline changes. A global equipment manufacturer, for example, was facing backlogs, capacity constraints, and quality and profitability issues in its core vehicle assembly business. The company's senior leaders concluded that they would have to change operations at five plants by running two shifts rather than three while also raising production levels and quality. "Substantial" results would be needed in no more than seven weeks. Frontline managers were to have a critical role in the changeover—indeed, it couldn't succeed unless they adopted a new way of working. To communicate the importance of the changes being introduced, senior leaders, among other things, ordered vice presidents to spend full days in vehicle assembly stations and sent the company's director of operations to participate in daily shift start-up meetings at each plant. More on the importance of the senior leadership's role in driving change can be found in Carolyn B. Aiken and Scott P. Keller, "[The CEO's role in leading transformation](#)," mckinseyquarterly.com, February 2007.

Meanwhile, the jobs of frontline managers changed. They were to spend more time in active roles: critical processes and workflows were redesigned according to lean principles,<sup>[3]</sup> and the managers played the principal part in implementing these changes. Administrative activities, such as writing reports to plant managers and gathering data to prepare for site visits from regional managers, were eliminated. Innovations spouted—boards posted on factory floors, for example, were continuously updated with performance information, such as hour-by-hour tracking of lost time, as well as long-term problems and the solutions found for them. End-of-shift reports let each shift know exactly what the previous one had

accomplished. Weekly reports informed workers about the five most important defects to correct and the five most important actions needed to improve performance. A typical manager's span of control fell to 12 to 15, from 20 to 30.

Such changes freed managers to spend more time providing on-the-floor coaching and helping teams solve immediate problems. Managers received on-the-job training in lean technical skills as well as in coaching, team building, and problem solving. They also moved their desks from offices to the shop floor and spent at least five hours a day there, literally putting themselves in the middle of the transformation.

As a result, managers and workers identified and implemented other improvements—for example, making parts more available, with fewer defects, and routing materials more efficiently—so that lost production and the need for rework fell. Overall, though the transformation took ten weeks rather than seven, the initial targets were exceeded. Across the five plants, the number of completed vehicles rose by 40 percent a month—despite the elimination of a shift—and quality by 80 percent. Worker hours fell by 40 percent.

## **Retailing and the front line**

Changing the mind-sets and capabilities of individual frontline managers can be the hardest part. In our experience, many of them see limits to how much they can accomplish; some also recognize the need to restructure their roles but nonetheless fear change. At times, before the job of coaching can begin, companies must address more insidious mind-sets—such as a belief that employees can't learn, their negative attitudes toward customers, or a lack of confidence that frontline managers can influence performance.

The first step is to help frontline managers understand the need for change and how it could make things better. At the convenience store retailer mentioned earlier, for example, an analysis revealed that store managers spent, on average, 61 percent of their time on administration and that they struggled with poorly defined processes for interacting with customers. In addition, these managers felt that they had no control over key performance drivers (such as sales in important product categories), lacked simple tools to monitor daily performance, and had inadequate leadership and coaching skills. They were also tired of “flavor of the month” corporate-improvement initiatives that dictated more work without addressing the fundamental causes of problems.

To give store managers a sense of what could be, this company showed some groups of managers a radically different model store. There, work processes such as stocking took much less time than it did in the company's ordinary stores, because similar products were grouped together, and high-volume stock was stored in a common and much more accessible location. Cleaning was easier because the layout had been improved, employees had the equipment and supplies to clean more frequently and quickly, and an if-it's-simple-clean-it-now policy had been introduced. Such steps created a more attractive store environment, simplified the work of employees, freed them to interact with customers, and reduced the amount of time managers had to spend dealing with problems in these areas.

Managers also gained time in other ways: for example, they no longer had to complete long weekly sales reports, respond to corporate directives that arrived at unexpected times, and accommodate too-frequent visits by district or regional sales managers. Streamlined sales reporting captured fewer but more essential indicators, such as the volume of sales in key product categories. All visits from district or regional managers were scheduled in advance and followed a predetermined and performance-focused agenda.

As a result, the time store managers spent on administration fell by nearly half, so they could devote 60 to 70 percent of their days to activities such as coaching workers and interacting with customers. These managers spent more time on the sales floor with individual employees and regularly discussed store strategies and performance metrics with them. The discussions took advantage of a new performance scorecard with just a few key metrics, such as the number of customers greeted during peak hours, success rates on "suggestive selling" at checkout, and immediate follow-up with customers to gauge their satisfaction. Because the stores stayed open 24 hours a day, managers weren't always present. They therefore engaged all employees in regular problem-solving sessions to create a better selling and service environment in the stores—for example, by ensuring that more employees would be available at critical times of the week. Furthermore, managers could now adapt the company's general operating model by deciding how many (and which) employees would be present in stores at any given time.

This vision of a well-run store, contrasting starkly with the stores of the managers who visited it, overcame their fears. Once frontline managers have accepted the need for change, however, they must learn the new ways of working required by the demands of their redefined roles. At the convenience store retailer, training sessions and trial-and-error fieldwork helped the managers develop the needed capabilities quickly. Some of these skills were technical,

focused on managing more effective processes and revised daily routines, as well as keeping track of the simplified store performance scorecards. Other forms of training enhanced the managers' interpersonal skills, such as how to engage and empower subordinates; to have regular, constructive conversations about performance; and how to provide feedback and coaching.

Managers were also made aware of the negative mind-sets (such as, "I am just another associate when I go on the store floor," and "My job is to make sure that tasks get done") that made it harder to develop the right skills and capabilities. They learned how to counter these mind-sets and to adopt more positive ones (for instance, "I regularly provide my employees with constructive feedback and tips," and "My job is to ensure that tasks are complete and that customers are served as well"), which promote more appropriate behavior and better performance. When the company rolled out the program broadly, the results were impressive: productivity rose by 51 percent in one region and by 65 percent in another.<sup>[5]</sup>

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Companies that succeed in redefining the job of the frontline manager can improve their performance remarkably. Successful approaches can be applied across many industries. A mining company that implemented such a program enjoyed a 10 percent increase in tonnage per frontline employee. A bank branch found that cross-selling went up by 24 percent within a year. Total sales at a department store rose 2 percent in one six-month period.

The key is to help frontline managers become true leaders, with the time, the skills, and the desire to help workers understand the company's direction and its implications for themselves, as well as to coach them individually. Such managers should have enough time to think ahead, to uncover and solve long-term problems, and to plan for potential new demands.

A nursing supervisor at a European hospital that empowered its nurses offered perhaps the clearest description of the way frontline leaders ought to think—a description that couldn't be more different from the role of traditional frontline managers: "I am a valued member of this team, who has responsibility to make sure my ward nurses have the right coaching to improve patient service while contributing to the overall functioning of our ward—for the first time, I

feel as important as a doctor or an administrator in the success of this institution.” That kind of frontline leader can consistently help employees to enhance their impact on an organization’s work.

1. Various management studies have defined the optimal number of direct reports for a single supervisor as anywhere from 6 to 30. Our case evidence suggests that 12 to 15 direct reports at the front line is typically the most appropriate number, depending on the complexity of individual jobs, the typical number of new problems to solve, and the overall experience of the frontline staff.
2. For example, see Florian V. Wangenheim, Heiner Evanschitzky, and Maren Wunderlich, “The employee–customer satisfaction link: Does it hold for all employee groups?” *Journal of Business Research*, 2007, Volume 60, Number 7, pp. 690–7; S. Douglas Pugh, Joerg Dietz, Jack W. Wiley, and Scott M. Brooks, “Driving service effectiveness through employee–customer linkages,” *Academy of Management Executive*, 2002, Volume 16, Number 4, pp. 73–84; Benjamin Schneider and David E. Bowen, *Winning the service game*, Boston, MA: Harvard Business School Press, 1995.
3. Lean transformations, which focus on removing all waste and improving the flow in a process, typically involve just-in-time supplies, the standardization of work, and continuous tracking of quality and timeliness. This company focused particularly on line layout and line balancing, standardizing work, 5S (organizing and managing workspaces), and index or “takt” time (maximum allowable time to produce a product to meet demand).
4. In this case, the productivity metric is the sales-to-labor ratio. The improvement in individual markets ranged from 34 percent (an increase to 4.0, from 3.0) to 81 percent (an increase to 7.8, from 4.3).

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## About the author(s)

**Aaron De Smet** is a principal in McKinsey’s Houston office, **Monica McGurk** is a principal in the Atlanta office, and **Marc Vinson** is a consultant in the Cleveland office.