Frontline Employees Can Make or Break Retail and Service Companies

**Consumer Goods**

ANN ARBOR, Mich., Dec. 6 – The University of Michigan issued the following news release:

Retailers and service companies still utilizing a top-down management structure likely don't see the connection between the frontline and the bottom line until it's too late, according to University of Michigan professor Noel Tichy.

In the U.S., alone, retail and service workers are estimated to total more than 15 million people, or nearly one-fifth of the U.S. commercial workforce. Despite the common corporate tag line about "people are our most important asset," we don't see many company leaders tap into more than a tiny percentage of the knowledge, creativity and judgment of their largest group of employees.

Tichy, professor of management and organizations at Michigan's Ross School of Business, has studied how companies such as Amazon, Zappos and Ritz-Carlton free employees who work most closely with customers to create "wow" moments for them.

The companies that get it, he says, usually have an enlightened CEO.

"The Zappos and Googles and Amazons of the world are supporting the frontline and driving the success of the company," Tichy said.

Consider these simple examples of how the frontline actively contributes at a few organizations:

* Amazon designers and engineers are encouraged to experiment with the site layout to optimize user interaction, simplify transactions and increase sales. They are given the latitude to test new features, and the results have led to such innovations as shopping-cart recommendations.

* Zappos.com call-center employees have no limit on what they can do for disgruntled customers. Trusted to use their common sense, they know the long-term value of a customer.

* Ritz-Carlton employees are trained to observe customers, noting their likes and dislikes on a "preference pad" each employee uses to anticipate a guest's every need. By studying guest habits, hotel employees have influenced new features that range from debit cards for children to use onsite to security features designed to protect guest privacy.

The research demonstrates how organizations can harness the know-how of frontline workers, creating millions of dollars of shareholder and customer value. It also shows how at embattled organizations such as Best Buy, J.C. Penney, and HP, both the leaders and the analyst community seem to focus on grand changes to the physical assets or product portfolio, neglecting the critical role that frontline workers play at the companies.

"The January Barometer is a test of time. However, as Sam Sees It: Why Are Likely to Continue: The January Barometer is the last of three. However, by applying the concept to..."