Frontline employees who deal directly with customers are the face of any organization. Not only do they have the most impact on how a brand is perceived, but they are also the most valuable source of insight into what customers want and how to give it to them.

In their book Judgment on the Front Line: How Smart Companies Win by Trusting Their People, management experts Chris DeRose and Noel M. Tichy offer powerful examples of frontline leadership. They also describe how many organizations don't prepare their frontline employees to make good judgments.

What is frontline leadership?

Frontline leadership is about releasing the innovation potential, customer insights, and organizational knowledge of the people who serve customers or directly impact the customer experience. Those on the frontline customer interface are often the largest group of employees in a company. Their daily customer interaction makes them some of the best potential contributors for developing new products or services that will address unmet customer needs. They can also help identify and correct communication breakdowns, unfriendly customer policies, and inefficient work processes that frustrate customers and needlessly waste organizational resources.

Despite their potential contribution, most organizations fail to meaningfully engage frontline employees to generate new ideas, solve problems, or help avert crises. While empowerment and engagement initiatives abound, few companies have truly rethought their organizations in order to unleash the power at their front lines. We like to think of this in terms of leveraging an organization’s capacity. Based on survey data we’ve seen, the typical organization gets 50% (at best!) of the potential contribution by those at the front line. For some reason we tolerate that in human resources but can you imagine a factory manager accepting that level of productivity?

By contrast, organizations like Ritz-Carlton, Amazon, Zappos, Facebook, and Intuit systematically engage their front line to help improve their business. Features that we take for granted—Amazon’s shopping cart or Facebook’s video—were created by people who were new to their organizations but entrusted to run measurable customer experiments. As a result, these organizations are unleashing frontline leadership and developing innovations that are quite literally worth millions of dollars.
How do you prepare frontline members so they make good judgments?

We outline a 5-step process that is based on benchmarking more than 20 businesses as well as noncommercial organizations, such as the U.S. Navy SEALs, Mayo healthcare system, and a police department.

The first step is strategically identifying how the front line can most effectively contribute. Paradoxically, this process has to start at the top. Senior leaders need to interface directly at the front line to listen and see how the company’s strategy and operating tactics are translating into real-life practices.

The second step is teaching people how to think about the business and the customer. Many organizations assume that financial terms or customer segmentation schemes are too complex for salespeople, delivery drivers, hotel clerks, and the like. The real problem is that leaders have failed to make the concepts simple and accessible. We’ve seen part-time retail salespeople master the application of return-on-invested-capital better than many senior executives. Armed with insight about how their business makes money and how to serve customers, the front line is prepared to solve problems.

The third step is teaching the front line to experiment. This requires having an organizational process for testing ideas in the market without requiring layers of approval. We typically recommend a simple version of the “scientific method,” which enables anyone to develop a hypothesis about what customers want, design a lightweight test to see if customer behavior matches expectations, and then develop an action plan based on measurable results.

The fourth step is breaking down the hierarchy. While senior leaders can set up the right conditions for frontline judgment and experimentation, unless there is a culture that encourages frontline action and provides the right toolkit, it will never last. When we look at how frontline personnel spend their time in many organizations, we find that legacy bureaucracy and policies consume a great deal of energy and distract them from serving the customer to their best ability.

Finally, organizations need to have rigor about whom they hire and how they train. In retail or call centers, we often meet managers who half-jokingly say they need “warm bodies.” The best organizations invest heavily in the hiring process to ensure not only that people have the required technical skills and learning aptitude but also that they share the organization’s values. Additionally, the best organizations have comprehensive development programs for the level above the front line because they know that these managers most directly impact their local work environments.
What kind of resources does it take to ensure solid frontline leadership?

The most important resource is senior leadership time and attention. For example, at Yum, the parent company of Pizza Hut, KFC, and Taco Bell, CEO David Novak does more than just talk about how their restaurant general managers and store personnel are the most important people in the company; he actively visits stores around the world. He provides positive recognition with awards for frontline cooks or counter personnel. He sets policies that enable the front line to do its job, such as prohibiting any calls to stores during the busy lunch-hour rush. And he was personally involved in both the design of training and teaching people at all levels of the organization. Novak and Yum are a great case study of how an organization can create the right culture, reinforce personnel through rewards and recognition, support people through the use of tools and training, and find the right balance between operating discipline and local innovation.

What kind of culture do you need to build a smart company that can trust its people?

So many organizations today say “people are our most important asset” but very few seem to genuinely act on that statement. A successful frontline-focused organization starts with the conviction that the untapped potential for human creativity is the greatest resource a company possesses. A paradox for all organizations is that they require control yet succeed most spectacularly when they unleash the imagination and energy of their employees. It’s the perceived inability to manage the operational risk of putting more power in the hands of rank-and-file employees that tends to tilt the balance in most organizations toward control through a reliance on policies and hierarchy.

A store manager at a big-box retailer in San Diego gave us a lesson on this. He noted that turtle owners in apartments often undernourish their pets and keep them in small aquariums to stunt their growth. Intrigued, we naturally asked, what do turtles have to do with frontline leadership? He told us that most places where he had worked had boxed him in with rules, procedures, and administrative work that stunted employees’ development and their potential contribution.

We learned from Amazon that many companies do this because they are dominated by “HiPPOs.” HiPPO stands for the “highest-paid person’s opinion,” in other words, cultures that defer to hierarchy tend to be dominated by gut decisions on the assumption that the most senior person has some sort of acquired omniscience. As Scott Cook, the founder of Intuit, told us, many managers think their job is to act like Caesar and give a “thumbs up or thumbs down” on every decision.

Building a strong frontline-focused culture requires the following leadership behaviors that start with the CEO and permeate at all levels:

- Leaders truly realize that the frontline interactions with customers define their company’s brand and competitive position in the market
- Data is the driver for decision making
- Experimentation to get real data is encouraged at all levels
- Failure is both appreciated and expected, and there are organizational routines for capturing learning from failures

How much freedom can you give employees to innovate in direct customer contact?

There clearly need to be some boundaries, but there’s much more scope for frontline action than most organizational leaders assume. If an organization has followed the 5-step process we outline, it will have frontline associates who understand the business model, know the
customer, have problem-solving routines, and know how to experiment to measure outcomes. If you’ve hired good people, trained them, and built an organization based on shared values, you should be able to trust them to take action that’s simultaneously good for the business and good for the customer.

The reality is that most innovations start small. At Facebook, employees are challenged with “hackathon” events in which they have 24 to 48 hours to code a new product and demonstrate that it works. They may release it to see the results but can kill it quickly if it fails—“move fast and break things,” as they like to say. At Amazon, software engineers will play with small design changes such as the positioning of a feature on a page or varying the amount of text. We may be on their site simultaneously, but you’ll see version A on your computer while I see version B. Then they measure the results and make decisions based on the best customer experience that drives the greatest sales increase.

Again, if you’ve invested in educating, skilling, and supporting your frontline with the right knowledge and tools, it’s incredibly unlikely it can do anything that will endanger the business.

What are some kinds of mistakes companies encounter if they do all of this wrong?

Most companies never give the 5-step process a sincere try because models for how organizations should work—models that originated in the industrial era—are deeply embedded in everything from senior leader perceptions to Wall Street analyst opinions. One unfortunate customer service example we encountered was at a high-end luggage company. After ordering a product online, the company shipped the wrong product; it wasn’t just the wrong color but an entirely different product in a different color that had no resemblance to what was ordered. Since it was the company’s mistake, and since the bag was needed for an upcoming trip, we expected the company to send the right bag. Instead the policy insisted that the company had to receive the bag sent incorrectly before it would send the replacement. This entire process would have taken 7 to 10 business days, and we wouldn’t have had the bag for travel. Everyone we talked to starting with the call-center employee, then her manager, and ultimately the head of North American sales was dumbfounded by the policy’s ridiculousness. Only the corporate sales vice president actually had the power to fix it.

Such horror stories happen because while companies talk about engagement or net promoter scores, they don’t fundamentally change the assumptions about how they can trust and support frontline people to do the right thing for their customers.

Noel M. Tichy is the coauthor of Judgment, Control Your Destiny or Someone Else Will, and many other business bestsellers. He is a professor at the Stephen M. Ross School of Business at the University of Michigan and advises CEOs around the world. Chris DeRose teaches executive education at the Ross School of Business. He has consulted and taught throughout the world with companies such as Royal Dutch/Shell, Ford Motor Company, Intel, 3M, and HP.