A C-SUITE BLUEPRINT FOR EMPOWERING FIRSTLINE WORKERS

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People are at the heart of every organization's success. Technology is an important tool, but it's people who drive the decisions, innovations, and accomplishments that help businesses succeed. In ways large and small, they exceed customers' expectations, encourage their coworkers, and find ways to make products and processes better.

More than 2 billion of these people are Firstline Workers who build our vehicles, provide care to our patients, run our factories, deliver our packages, grow our food, and construct our buildings—to name just a few. The Covid-19 global pandemic has brought into sharp focus just how truly essential the Firstline workforce is to our economy. They perform vital roles in virtually every industry.

Firstline Workers are a company's first connection to its products and customers. In all, they make up 80% of the global workforce, and much of their work is mobile.* They're in the field or on the floor, and rarely behind a desk.

However, as recently as a few years ago, Firstline Workers were rarely considered in business decisions. And even today, they're often not given the same attention as information workers and other professionals. But this is quickly changing, in part due to the unpredictable working conditions brought on by the pandemic.

For example, from manufacturing to retail, you see the commitment to modernization and Firstline Workers in new products incorporating artificial intelligence and machine learning, along with apps and devices that help improve productivity, profitability, and morale. Industries are embracing not just new technologies, but the understanding that their people are ultimately the key to long-term success.

As you will learn in this white paper produced by Harvard Business Review Analytic Services, when organizations invest in Firstline Workers, everyone benefits—from the boardroom to the break room.

At Microsoft, our mission is to empower every person and organization on the planet to achieve more. We build tools for the modern workplace to close technology and culture gaps that separate employees from the data, resources, and expertise they need to do their best work.

We hope this current review of technology and Firstline Workers offers leadership and IT decision makers the latest data and best practices to guide their continuing digital transformation journey.

EMMA WILLIAMS
CORPORATE VICE PRESIDENT, MODERN WORKPLACE TRANSFORMATION

MICROSOFT

A C-SUITE BLUEPRINT FOR EMPOWERING FIRSTLINE WORKERS

While virtually every organization wants to embark on digital transformation these days, many are attempting to do so without their best assets—their firstline workers.

These professionals thrive at the forefront of most industries. They're retail sales agents, flight attendants, bank tellers, field technicians, and nurses. Another important segment consists of people building products and running day-to-day operations. Estimated to be 2 billion people strong globally, they represent the human faces of their organizations, and chances are, the lasting impressions that customers form about a company or its products and services are strongly influenced by these essential resources.

"The final mile of delivering customer experience or overcoming a problem on a production line is where people really make the difference," says Lindsay McGregor, CEO of Vega Factor, a consulting firm, and author of *Primed to Perform: How to Build the Highest Performing Cultures Through the Science of Total Motivation*. "And that difference may translate into higher sales and greater profitability for companies."

Unfortunately, as many organizations pursue digital transformation efforts, their firstline workforce remains hampered by manual processes and a lack of digital tools, which hurt productivity, teamwork, and business success.

The result is that firstline workers represent an untapped resource for promoting growth, sparking innovation, and delivering business value for companies.

The business case is clear for digitally empowering firstline workers. Ninety percent of executives in a recent global survey by Harvard Business Review Analytic Services say digitally connected firstline workers will be a competitive differentiator in their industry over the next two years. That figure represents a significant leap from a similar Harvard Business Review Analytic Services study two years ago, when 78% of respondents said their organization must connect and empower its firstline workers with technology and information to be successful in the future. FIGURE 1

The bottom line: it is no longer a debate about when but about how to successfully empower firstline workforces.
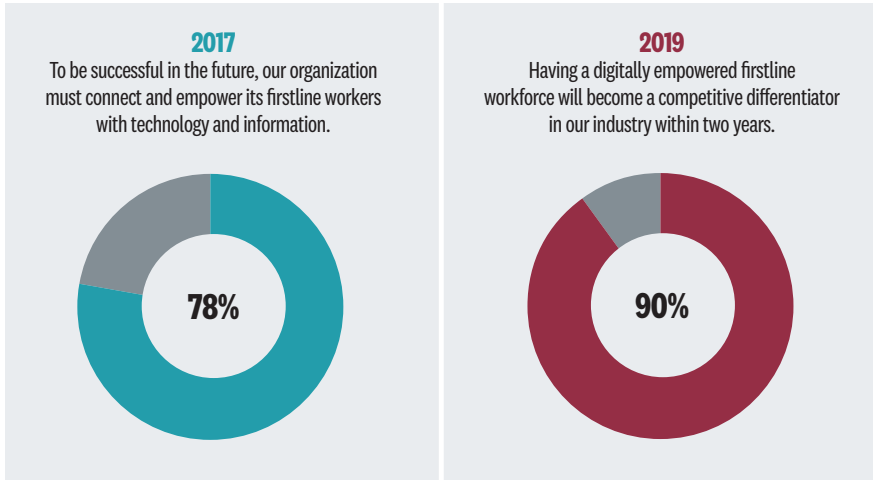
HIGHLIGHTS

- Estimated to be 2 billion people strong globally, firstline workers represent the human faces of their organizations.

- 90% of executives say digitally connected firstline workers will be a competitive differentiator in their industry over the next two years.

- The bottom line: it is no longer a debate about when but about how to successfully empower firstline workforces.

FIGURE 1

FIRSTLINE WORKERS ARE GOOD FOR BUSINESS

Similar questions show a leap in the stature of firstline workers over the past two years.

Percentage of executives who agree with the following statements

2017
To be successful in the future, our organization must connect and empower its firstline workers with technology and information.

78%

2019
Having a digitally empowered firstline workforce will become a competitive differentiator in our industry within two years.

90%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

Benefits Cut Across Industries

The diversity of the executives participating in the Harvard Business Review Analytic Services survey shows firstline workers are becoming more valuable for a wide range of industry sectors. These benefits directly link to the efforts of both customer service and task workers.

For example, the firstline impact is apparent in retail companies. "The landscape has fundamentally changed for retailers in recent years, and to succeed, we must provide the best customer experience possible," says Jo Hutchinson, head of retail activity and communications at the British retailer Marks & Spencer Group. "With the right digital tools, our frontline colleagues have up-to-date information about the latest product innovations and sales promotions. That means they can focus on highlighting the quality, value, and innovation of our products for customers."

Manufacturers are also capitalizing on firstline workforces. At French tiremaker Groupe Michelin, firstline workers who run the production systems are smoothing the evolution to digital manufacturing. "This group

of people is becoming super critical in our Industry 4.0 efforts," says Josh Sullins, senior information technology manager. "They know what the pain points are, and they know what improvements will help them do their jobs better. At Michelin, we're pushing hard to empower people to make decisions at the levels where the information is."

Advocate Aurora Health, with approximately 20,000 nurses in facilities throughout Illinois and Wisconsin, understands the pivotal role health care professionals play and the need for more, not less, patient interaction. It is investing in digital tools that give nurses fast access to clinical information while they're on the move. The digital toolkit includes smartphones, tablets, and specialized mobile devices that let nurses download medical records, log vital signs and medication dosing, and locate medical supplies. Communication and collaboration applications make it easier for all members of the clinical staff to coordinate patient care. Some nurses also pin sensors to their ID badges that carry their digital identities, so when they walk into a patient's room, their names display on the TV screen for more personalized interactions.

"Our clinical staff is constantly focused on patients. They're always thinking about how to keep patients safe and comfortable," says Bobbie Byrne, Advocate Aurora Health's chief information officer. "Technology helps nurses be as mobile and efficient as possible so that then they can spend more time at the bedside doing hands-on patient care."

With the right digital tools, these workers also create a direct pipeline of valuable information to help managers and C-suite executives identify emerging business opportunities and ideas for new products and services. "A commitment to making frontline workers digitally connected creates a more-nimble workforce and helps organizations be more responsive to competitive pressures," says CC Cameron, senior consultant with Right Management, a global career

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But it takes more than technology quick fixes and ad hoc change management initiatives to digitally support firstline workforces. Maturing best practices and technologies are now providing a foundation for digitally empowering firstline workers. This paper offers a step-by-step guide to drafting a firstline strategy that builds on that foundation and may help executives address their organization's unique requirements.

Rethinking the Path to Business Success

Investing in the digital empowerment of firstline workers represents a change in how many executives used to think about this segment of employees. Because of relatively high turnover rates and an underappreciation of the firstline workforce's impact on business results, some leaders considered them a cost center and opted to equip only knowledge workers with mobile devices and business applications, such as communication and collaboration tools. Now that mindset is evolving, and firstline workers are seeing not only new tools but also the cultural changes that must accompany them. "When companies turn their front line into an adaptive workforce, it can become a revenue-generating resource," McGregor says.

For example, the right technology not only retains top talent but also attracts it. Advocate Aurora Health's Byrne points to Advocate Aurora Health's nursing staff. "In a competitive

employment environment, we want to be seen as the best place to work," she says. "To do that, we want to give people the best technology for delivering high-quality, best patient care. It's part and parcel of cultivating a top-notch culture."

In addition, digital tools can increase productivity and efficiency and give firstline workers the ability to focus on the high-value aspects of their jobs. For example, store clerks are becoming key players in optimizing supply chains and inventories for large retailers. These companies have become adept at using technology to ensure each store receives the right products at the right times based on customer demand. This process avoids the costs of having too much or too little inventory.

But while inventory may be well maintained in back-end storerooms, it may not make it to store shelves in time to satisfy customer demand. "People can't buy the items they want because they can't find them in the store and there's nobody to ask," says Peter Cappelli, professor of management at the University of Pennsylvania's Wharton School of Business. One chain of convenience stores overcomes these problems with the help of firstline employees who pay attention to storefront inventories, and if they see supplies run down, they can track down replacements using their digital devices and restock the shelves. "It's about empowering people to act and creating a culture where being proactive is something they should do and want to do," Cappelli says.

THE RIGHT TECHNOLOGY NOT ONLY RETAINS TOP TALENT BUT ALSO ATTRACTS IT.

Then there's improved customer service. Digital tools, including smartphones, tablets, and communication applications, can connect both customer-facing and production workers to the latest information to help consumers make smart buying choices. Service Management Group (SMG), a management firm that specializes in customer- and employee-experience management, worked with one quick-service restaurant that boosted customer satisfaction scores by 17%, in part by increasing investments in communication technology for customer-facing staff. "Great customer experience is table stakes for companies today," says Paul Tiedt, senior vice president for research at SMG. "Organizations can draw a direct line between improved customer satisfaction and better business outcomes."

Providing digital tools for firstline workers is also part of a broader trend toward increasing the access to data and modern technology at all levels of organizations. The goal: improved employee and customer experiences and ultimately better bottom-line results.

Digital tools also create a two-way flow of information to improve communication throughout a company. First, it promotes a culture of closer engagement, where the entire workforce can coalesce around the corporate mission, making it a compass for decision making.

"The pace of change today means companies don't have the luxury of time to update and make changes

to products," says David Burkus, associate professor of leadership and innovation at Oral Roberts University and author of *Under New Management: How Leading Organizations Are Upending Business as Usual.* "In the past, companies relied on skunk works, where R&D was conducted by a dedicated group that was off in some silo. Now, problem solving is everyone's job, not just people in a certain department. Companies need to respond much more quickly to ongoing customer feedback, and the best channel for that is the front line."

While digital tools provide a solid foundation for empowering firstline workforces, organizations must also cultivate cultures that more fully capitalize on this resource. For example, collecting feedback from firstline workers isn't enough; they also must have the power to proactively respond to customers, within guidelines set by managers. One large hotel chain lets customer-facing workers spend $2,000 per guest per day without a manager's approval to solve a customer's problem. "The message that sends is 'We value your brain,'" Burkus says. "Letting them flex their creative muscle and then report back on their results enables the company to learn from their improvisation."

Two-way communication and a culture of closer employee engagement may also solidify employee commitments to their organizations. "Having a voice is important for employees," says Anant Nyshadham, assistant professor of business economics and public policy at the University of Michigan, who also cofounded the Good Business Lab, a research organization that focuses on firstline workforce trends. "If people can't express dissatisfaction, they may conclude that the only option is to exit the firm."

By reducing turnover, companies mitigate the costs and lost productivity associated with recruiting, onboarding, and training new workers. "For years, senior managers have considered high turnover as a cost of doing

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business—we calculated that in 2016, retail companies lost $9 billion due to voluntary frontline turnover," says Fay Hanleybrown, managing director of FSG, a research and consulting firm. "When organizations change their practices in ways that value and retain their frontline talent, they not only reduce those costs, but their employees are more engaged with the company."

Challenges Derail Firstline Empowerment

Stubborn problems continue to stall firstline success, however. The top three challenges named in the 2019 Harvard Business Review Analytic Services survey were unchanged from what executives were grappling with two years ago. The top roadblock, identified by more than 40% of the respondents to the survey, was high costs for rolling out digital technology to firstline workers. FIGURE 2 Expenses include upgrades needed for existing IT infrastructures to support and manage a freer flow of information to employees who aren't knowledge workers. Costs also add up for purchasing and rolling out smartphones, collaboration applications, and other IT resources for firstline workers.

In addition, when asked if their organization has sufficient security and governance practices in place regarding the access to and sharing of internal information, almost half of the executives (45%) said no or weren't aware of such policies.

Failing to update the technology and security infrastructure presents material risks for organizations. Most notable is shadow IT, where employees use applications and devices outside IT's control because they believe the tools will help them

be more productive and perform their roles more effectively. This can open up new security risks that result in the loss of customer financial data and corporate intellectual property. Companies may also fail to comply with important regulations, such as the Health Insurance Portability and Accountability Act in health care or the Payment Card Industry Data Security Standard in retail. Failing compliance audits can result in fines and legal penalties. Chief information officers can close these gaps by requiring workers to use company-provisioned devices and applications or by managing employee technology with security programs that control access to and use of corporate resources.
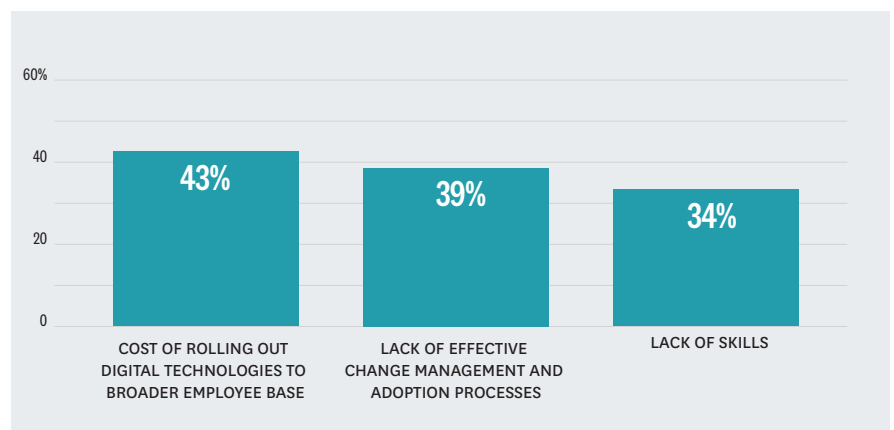
Other leading challenges identified in the survey range from the lack of effective change management and adoption processes (39%) to workforce skill shortages (34%).

FIGURE 2

BARRIERS TO DIGITAL EMPOWERMENT

Firstline strategies must overcome stubborn challenges.

What are the greatest barriers to digitally enabling firstline workers at your organization?

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

"Team members said it was the first time somebody respected their insights. Previously, they felt like they were hired just for their hands, but **now they felt they were valued for their hands and their brains**," says Lindsay McGregor, CEO of Vega Factor.

A Digital Strategy for Firstline Empowerment

While the roadblocks are real, the path toward firstline empowerment is becoming clearer. Here are five steps to developing an effective digital strategy for this important segment of the workforce.

STEP 1:
Assess the current state of firstline technology, security policies, organization structures, and other business areas.

This comprehensive audit will help executives identify gaps in firstline empowerment as well as untapped opportunities that could be seized when workers become more connected with the organization's overall operations and goals. By tying the gap analysis to business goals, such as improved customer engagement, managers make the case for additional investments in firstline staff. Improvements in core business metrics, such as customer engagement or revenues, will also help. The key is to use metrics consistently. "We sometimes see metrics creating a whack-a-mole culture," says McGregor. "One month the emphasis is on improving sales and quality declines; the next month quality is the focus, and sales numbers go down. Instead, use dashboards to help front-line people better understand the business so they can be collaborators in achieving the improvements that lead to the overall success of the organization."

STEP 2:
Evaluate the impact of new technology.

Start by communicating closely with people on the front lines to understand what resources would help them become more successful at their jobs. For example, unified communication and collaboration platforms let firstline staff share insights and ideas with each other and with managers. Workflow automation programs can enhance performance by electronically passing purchase orders or service tickets for action by all relevant stakeholders, eliminating the need to shuffle paperwork from office to office.

In addition, IT departments are rolling out a diverse range of more specialized mobile devices. Advocate Aurora Health, for example, is investigating hardware that can combine the capabilities of the multiple devices nurses now carry. The new digital tools would enable phone calls, texts, and chats that comply with industry regulations to support medication barcode scanners and alert systems that would sound when a patient's cardiac monitor detects an abnormal heart rhythm, for example. The devices also would include location-based services so clinicians can be located quickly in an emergency.

Manufacturers and logistics firms are among those also adopting specialized technology, such as a growing array of wearables that includes smart watches and smart glasses that come with task-specific software to support different firstline responsibilities. For example, digital glasses may display the locations and barcodes of components used in assembly lines and let workers use both hands to pick the items without having to juggle order sheets. In other cases, smart glasses with augmented-reality training applications help train new production-line workers or walk maintenance people through the process of inspecting and servicing complex machinery.

Whether applications and mobile devices come from general-purpose or purpose-built roots, they can give firstline staff fast access to important capabilities that have proven to be

important for knowledge workers. These capabilities include fast access to enterprise data, business intelligence applications, and guidance from artificial intelligence systems, which together help firstline workforces interact more effectively with customers or address problems that threaten productivity.

STEP 3:
Update security and compliance technology and policies.
While empowering firstline workers with sophisticated applications offers potential benefits, it also requires organizations to update security and compliance practices. For example, companies need effective identity management and authentication applications to ensure employees can access only the IT resources they need to perform their duties.

In addition, clear policies must be in place restraining the use of software-as-a-service-based file-sharing and collaboration platforms that aren't authorized by the IT department. Organizations should insist that workers use only company-approved, enterprise-class applications in order to ensure tight control over corporate data, which is essential for a workforce characterized by high turnover rates. Company-provisioned applications mitigate the danger of shadow IT, where staff connect unauthorized personal devices to internal digital resources.

STEP 4:
Create a plan for change management.
Understanding the needs of firstline workers will smooth the transition to new tools and new ways of working. McGregor advised executives at a toy manufacturer where surveys showed low employee engagement. To better motivate these workers, executives first gave everyone on the production line the title of process engineer, which symbolized that their work was not simply assembling products. Leaders underscored this message by scheduling 30 minutes a day when firstline staff would identify any problems they were encountering and discuss ways of fixing them.

"Efficiency rose 8%, which is a huge lift in performance for a production line that supposedly was already optimized," McGregor says, adding that employee engagement rates saw similar gains. What explains the improvements? "Team members said it was the first time somebody respected their insights," she says. "Previously, they felt like they were hired just for their hands, but now they felt they were valued for their hands and their brains."

Cultural change doesn't apply only to firstline workers. Managers must also revise how they interact with this segment of their workforce to enhance firstline performance. Executives should be open to new ideas about product enhancements and customer service that bubble up from firstline staff. An open mind is important not only to increase employee engagement with the organization but also because these workers are valuable sources of marketplace information. The key for executives is to respond in ways that encourage employee participation. "When you're presented with a new idea or feedback, the default response should be to ask what it would take for the idea to work," Burkus says. "That way, executives aren't immediately judging whether the idea is good or not, and it invites the other person into the process of testing how viable the idea is."

Even if decision makers ultimately decide to not adopt the suggestion, the employee feels that he or she has been listened to and will likely be more inclined to keep thinking of ways to improve the organization, he adds.

"If executives are quick to say something like, 'That's not how we do things around here,' or 'We tried something similar, and it didn't work,' it sends the message that new ideas aren't welcome," Burkus asserts. "I believe that most organizational leaders don't actually feel that way, but by not paying enough attention to how they're interacting with front-line employees, they could send the wrong signals."

5 Steps to a Digital Strategy for Firstline Empowerment

Step 1
ASSESS THE CURRENT STATE OF FIRSTLINE TECHNOLOGY, SECURITY POLICIES, ORGANIZATION STRUCTURES, AND OTHER BUSINESS AREAS.

Step 2
EVALUATE THE IMPACT OF NEW TECHNOLOGY.

Step 3
UPDATE SECURITY AND COMPLIANCE TECHNOLOGY AND POLICIES.

Step 4
CREATE A PLAN FOR CHANGE MANAGEMENT.

Step 5
CONSIDER ORGANIZATIONAL MODERNIZATIONS.

ENHANCED ENGAGEMENT AMONG FIRSTLINE WORKERS ALSO HELPS ENSURE NEW TECHNOLOGY WILL BE ACCEPTED MORE READILY.

Also important for change management are investments in professional development for firstline employees. Even the most innovative digital technology won't reach its full potential if people don't know how to use it effectively. That's why organizations must invest in training and professional-development resources designed to help employees continuously improve and learn how to do their work better.

Conventional wisdom says that information workers, not those on the production lines, are the segment of the workforce that need communication skills, Nyshadham says. "It turns out that if you teach communication skills to machine operators, they become 20% more productive," he counters, citing statistics compiled by his research unit, the Good Business Lab. "An assembly line will absolutely break down eventually if you can't communicate where you are relative to your target or explain to your manager what's going on with your machine, or if an issue that needs to be fixed isn't addressed."

Professional development has another impact on the most common demographics within frontline staff: Millennials and their somewhat younger Gen-Z peers. Surveys show that career development opportunities are prime motivators for these notoriously high-turnover groups, Tiedt says. "If you help them learn and grow, they'll be more likely to become more engaged with the brand and stay longer because they'll feel like they're being fulfilled," he says.

STEP 5:
Consider organizational modernizations.
Start by expanding internal communications to support two-way collaboration and the exchanging of information among firstline employees and managers. "Communications are like medications: the right dosage at the right frequency is important," says Byrne. "To better engage front-line employees, turn up the dosage of communications and administer them very frequently."

Advocate Aurora Health uses multiple communication channels, including a social network site, demonstration videos, and newsletters, to introduce new digital devices or applications to frontline workers. What doesn't the health system rely on? "Emails," Byrne says. "People just don't read them."

She augments communications with the help of peers respected by the target audience. For example, if nurses will be asked to adopt a new device, Byrne will seek out a nurse who's excited about the technology to help explain the goals and potential benefits of the change. Enhanced engagement among firstline workers also helps ensure new technology will be accepted more readily and become integrated into existing business workflows and IT systems.

Conclusion
With the right digital tools and training, firstline workers can evolve from being not just the faces of the organizations they represent but also potent forces gaining competitive advantage and delivering vital services to customers. That evolution often translates into enhanced customer experiences, gains in productivity and efficiency, and improved financial performance.

But while the potential for digitizing firstline workers is clear, success isn't a given. Organizations must not only identify which digital tools are right for each firstline job but also update back-end IT infrastructures and cultural attitudes to support and secure a free flow of information through the entire organization. That mission takes financial investment, senior-level commitment, and, in many cases, new business processes and training. But the payoff can be worth it.

"Companies may see significant returns from investments in frontline workers," Nyshadham says. "You could even make the case that because of the size of this workforce and economies of scale, frontline workers may be the most cost-effective segment in which to invest."