

MAKING FIRSTLINE WORKFORCES THE NEW FOCUS FOR DIGITAL TRANSFORMATION

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

Many of these people are Firstline Workers who build our vehicles, deliver our packages, teach our children, grow our food, fly our planes, take our orders, and provide our health care—to name just a few. They are the more than 2 billion people performing vital roles in virtually every industry.*

Firstline Workers are a company's first connection to its products and customers. In all, they comprise 80% of the global workforce, and much of their work is mobile. They're in the field and on the floor—almost anywhere but behind a desk. However, as recently as a few years ago, Firstline Workers were rarely considered in business decisions. And even today they are often not given the same attention as information workers and other professionals receive. But this is quickly changing.

Organizations are earnestly embracing the digital transformation of tools and training to empower Firstline Workers. From improved productivity and morale to reduced training times and turnover, it's clear that investing in Firstline Workers benefits everyone—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 partnered with Harvard Business Review Analytic Services to revisit the status of Firstline Workers since its last survey in 2017. Our goal is to give leaders the latest data and best practices as they continue their digital transformation journey. We hope you find these insights informative and actionable.



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*Source: The Rise of the Deskless Workforce, by Emergence Capital, 2018

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Firstline workers are gaining more clout within organizations for a simple reason: this increasingly important group is playing a larger role than ever in helping companies thrive and transform how they operate. That's because their direct interactions with customers and ability to immediately enhance products and services with a human touch is fast becoming a crucial way to boost productivity and customer satisfaction as digital transformation reshapes business models.

The direct link between firstline workers and business results hasn't gone unnoticed, as 88% of the more than 600 global executives recently surveyed by Harvard Business Review Analytic Services assert that digital transformation has increased the need to equip firstline workers with digital tools over the past two years.

This research shows significant changes in attitudes about and investments in firstline staff from just two years ago, when a previous Harvard Business Review Analytic Services study identified the growing importance of firstline workers and the need to equip them with technology to support their contributions to growing businesses. In that 2017 survey, 78% of respondents said their organization must connect and empower its firstline workers with technology and information to be successful in the future. Today, 90% of executives say digitally connected firstline workers will be a competitive differentiator in their industry over the next two years. Executives clearly understand that technology has become an essential resource for this important workforce.

After seeing the business impact of digitally empowered workers, organizations are expanding their bets that firstline—or, alternately, frontline—workers can further improve competitiveness. Some 73% of executives in the latest survey say they've increased investments in digital tools for firstline workers, with 30% of executives saying they have increased investments significantly.

“Forward-thinking organizations are definitely realizing the value of their front line,” 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*. “Even as other organizations are focusing on automating their front line, cutting-edge executives understand there's a huge opportunity to differentiate customer service through the adaptive performance of their front line.”

KEY TAKEAWAYS

88%
OF RESPONDENTS SAY DIGITAL TRANSFORMATION HAS INCREASED THE NEED TO EQUIP FIRSTLINE WORKERS WITH ADDITIONAL DIGITAL TOOLS OVER THE PAST TWO YEARS.

90%
BELIEVE THAT A DIGITALLY EMPOWERED FIRSTLINE WORKFORCE WILL BE A COMPETITIVE DIFFERENTIATOR IN THEIR INDUSTRY.

43%
SAY THEIR EXISTING IT RESOURCES ADEQUATELY SUPPORT FIRSTLINE WORKERS.

73%
OF EXECUTIVES SAY THEY'RE INVESTING IN DIGITAL TOOLS FOR FIRSTLINE WORKERS.

Survey respondents who call themselves “very digital” understand not only the importance of technology but also the other factors that determine the success of strategies designed to use firstline workers for competitive advantage.

But technology gaps are keeping many organizations from fully capitalizing on that opportunity. Less than half (43%) say their existing IT resources adequately support firstline workers. The same percentage cites the cost of rolling out digital technologies to employees as one of the biggest barriers to digitally empowering firstline workers, which is unchanged from 2017.

Still, the way forward for digitally empowering firstline workers is becoming clearer, thanks to a small but highly successful group of leaders. In the latest survey, about a third (32%) of executives describe their organizations as “very digital,” while 13% consider themselves “not digital.”

FIGURE 1 The number of companies that don’t consider themselves digital

has declined over the past two years as more firms have become “moderately digital.”

The leaders in this area—the segment of survey respondents who call themselves very digital— understand not only the importance of technology for improving firstline performance but also the other factors that determine the success of strategies designed to use firstline workers for competitive advantage.

A Fresh Look at Firstline Workers

Firstline workers represent 24 million people¹ in the U.S. alone, or about 15% of the total workforce.² This worker bloc consists of two important subgroups. The first—service workers—includes shop clerks, nurses, flight attendants, call center reps, and a host of others who typically are the first point of contact between organizations and their customers. The second—task workers—encompasses behind-the-scenes employees who may work on production lines or perform maintenance. No matter their responsibilities, firstline workers have a direct impact on productivity, efficiency, customer experience, and customer loyalty.

“Because frontline workers are the face of organizations, it’s crucial that they are skilled and engaged so they can represent the firm effectively,” says CC Cameron, senior consultant with Right Management, a career and talent management unit within the ManpowerGroup.

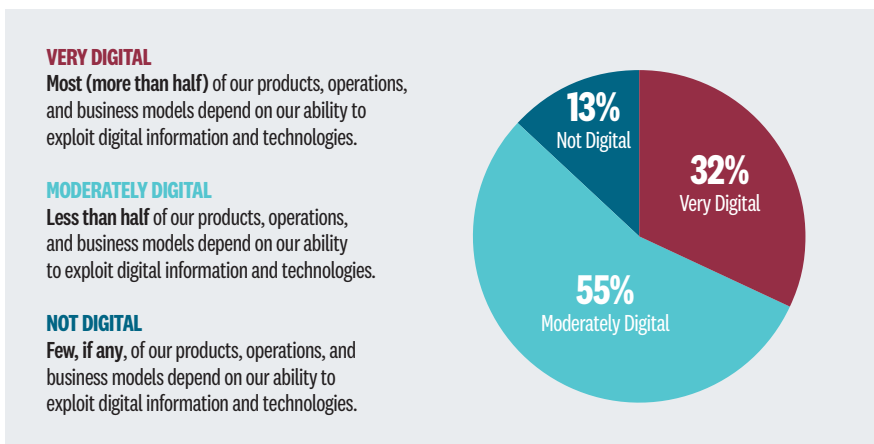
Respondents to the recent survey point to a variety of important business benefits to justify their

FIGURE 1

VERY DIGITAL COMPANIES REMAIN A MINORITY

Technology leaders continue to differentiate themselves in firstline strategies and other areas.

In your opinion, how digital is your organization today?



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

investments in firstline staff: increased productivity, improved quality, and enhanced customer satisfaction top the list. **FIGURE 2** While these three leading business drivers mirror what executives reported two years ago, the latest survey shows interesting differences in the benefits of digitally empowering the two subgroups of firstline workers. Sixty-one percent of the survey respondents name increased productivity as the most attractive business benefit for producers/operators. Ranking second for this group is improved quality (39%). This potent combination shows this workforce can become more efficient without shortchanging quality.

Fifty-three percent of the respondents also name the potential for increased productivity as the most compelling benefit for customer-facing workers. Executives rank enhanced customer engagement as a close second. These workers play a vital role in determining how people judge customer service, which management consulting firms and others say is a key factor in competitiveness, customer loyalty, and generating repeat business. Even a modest improvement in customer experience may increase revenue at large enterprises by \$775 million over three years, according to one report.³ In addition, digital tools can help firstline workers communicate and collaborate more effectively with each other, which may make them feel more connected to their companies. “Technology, information on demand, and digital resources help frontline workers collaborate, which eliminates departmental silos that can get in the way of serving customers better,” Cameron says.

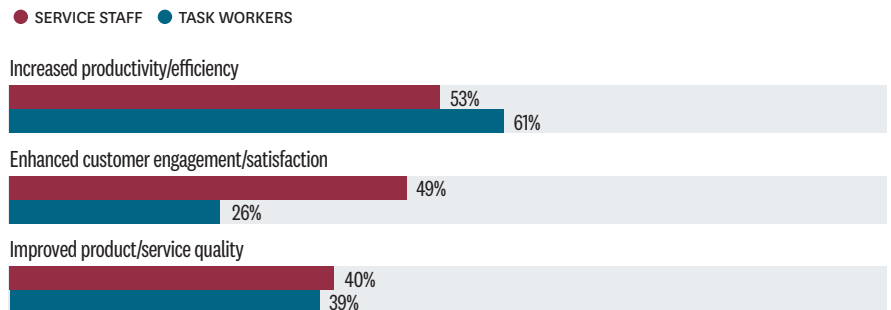
Despite the clear business advantages that become possible with tech-equipped firstline workers overall, organizations have targeted investments differently for service- and task-oriented employees. Now companies better understand how both groups of workers contribute to business success. The 2017 survey found a much lower percentage of task workers were digitally empowered

FIGURE 2

DIGITAL EMPOWERMENT IS GOOD FOR BUSINESS

Various core business benefits come from giving firstline staff new technology.

Business drivers for creating more digital connectedness and empowerment



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

compared to service staff. Just over a quarter (26%) of respondents said a majority of their task workers were digitally connected, which was significantly less than the 47% of technology-provisioned service staff.

Recent increases in investment since 2017 are helping to close the digital gap between service and task workers. Today, more than half (57%) of the companies in the Harvard Business Review Analytic Services survey say their task workers are digitally connected, which is still behind but closer to the 66% of service workers who are now digitally connected. As noted above, opportunities for increased productivity and other benefits are pushing executives to invest in task workers.

Challenges Still Hobble Firstline Strategies

Global executives clearly see the importance of firstline workers, and they’re responding with increased investments. But companies are still facing a variety of obstacles to fully empowering this staff. These barriers range from technology issues, such as the cost of rolling out digital technologies to employees (43%), to managerial ones, like a deficiency when it comes to dealing with change (39%) or commitment from the top (22%). **FIGURE 3**



EVEN A MODEST IMPROVEMENT IN CUSTOMER EXPERIENCE MAY INCREASE REVENUE AT LARGE ENTERPRISES BY \$775 MILLION OVER THREE YEARS, ACCORDING TO ONE REPORT.³

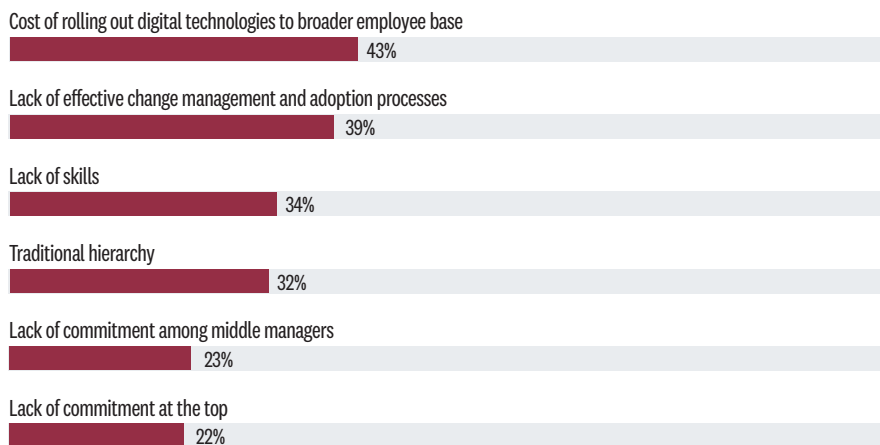
Organizations may need to update security policies and oversight to mitigate shadow IT.

FIGURE 3

STUBBORN PROBLEMS DERAILED DIGITAL EMPOWERMENT

Executives fight to overcome costs and change-management challenges.

Barriers to digitally enabling firstline workers at your organization



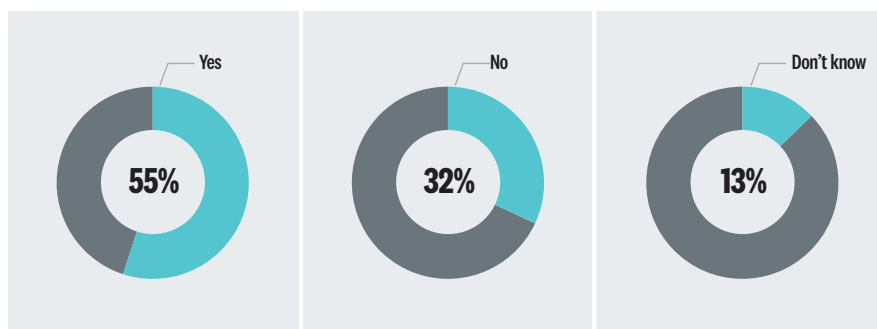
SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

FIGURE 4

NEW RISKS FOR CYBERSECURITY

Companies must update policies and practices as more workers get access to data.

Does your organization have sufficient security and governance practices in place as more autonomy is pushed to the edge?



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

Related to these obstacles to digitally empowering firstline workers are cybersecurity challenges. A slight majority (55%) of the respondents say they have adequate security and governance practices, which leaves a third (32%) saying their policies are lacking and a large segment unsure about their organization's defenses. [FIGURE 4](#)

Very digital companies appear to have made security a higher priority than their peers have. Sixty-two percent of the digital leaders give security policies a vote of confidence compared to the half (49%) of not-digital organizations that flat out say their security practices aren't sufficient as they push out digital autonomy of firstline staff. Security shortfalls may include inadequate authentication and access-management systems that reliably manage what applications and data are available to firstline workers. In addition, organizations may need to update security policies and oversight to mitigate shadow IT, which arises when employees use consumer applications and devices that aren't authorized by the IT department.

Lessons from Leaders

Executives are addressing the ongoing roadblocks to firstline digitalization with a series of targeted investments in technology and other important areas.

When it comes to technology, very digital companies are significantly outspending their peers; 45% say their digital investments grew significantly, compared to 26% of moderately digital and 10% of not-digital organizations.

The spending differences point to how organizations prioritize investments for firstline workers based on the enterprise's digital maturity. Organizations at the not-digital and moderately digital stages

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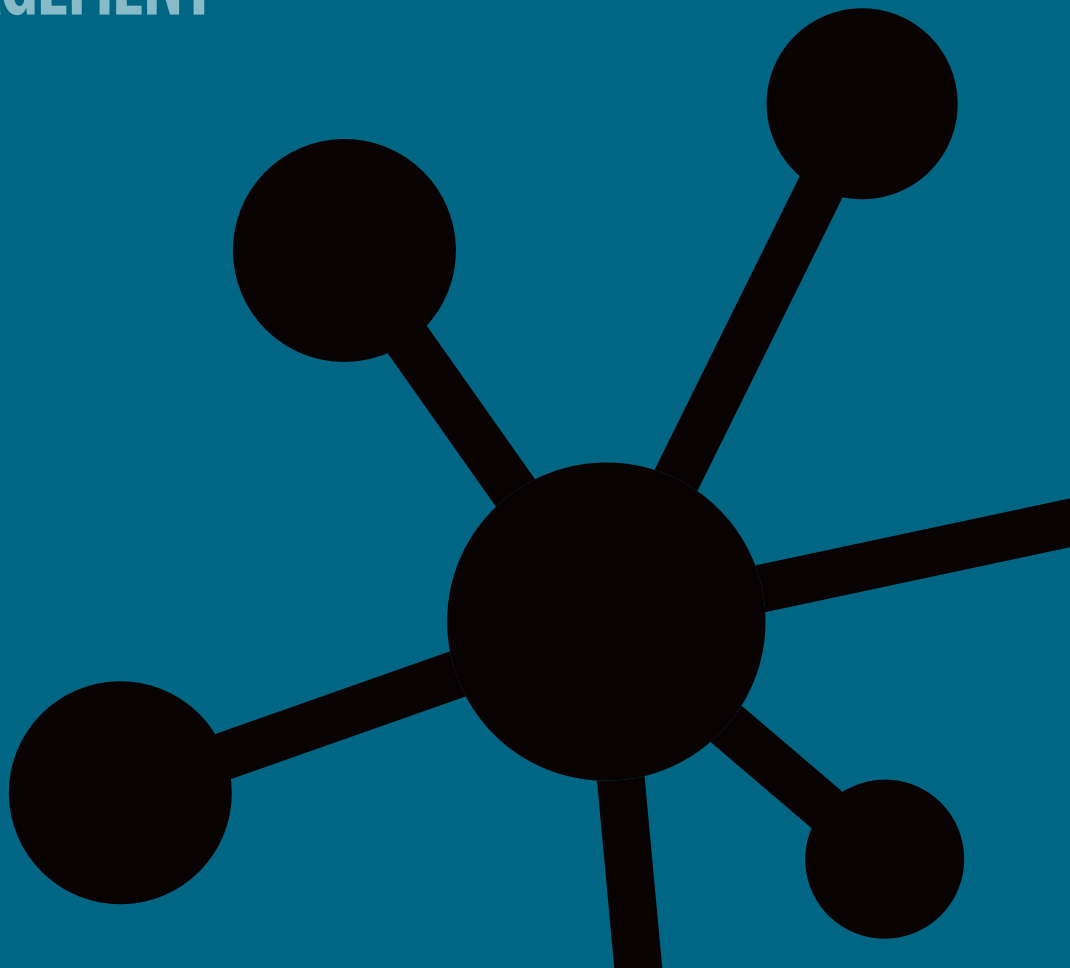
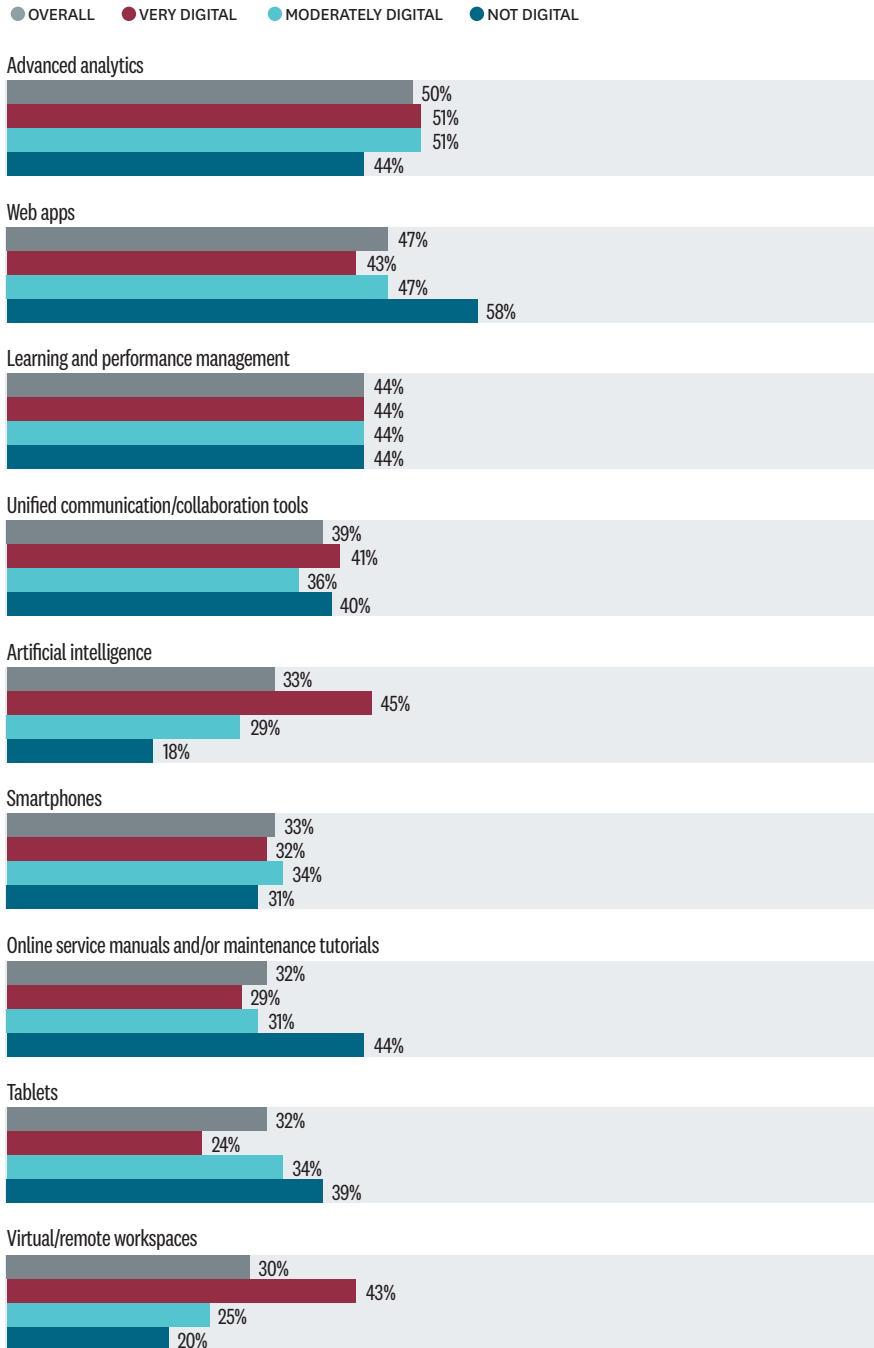


FIGURE 5

TECHNOLOGY WISH LISTS TARGET ADVANCED CAPABILITIES

Decision makers look to give new power to firstline mobile devices.

Technology investments that organizations are focusing on in the next two years



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019

will be focusing on foundational technology for the next two years. **FIGURE 5** This technological effort includes investments in web applications, including programs for accessing company data, such as inventory levels. In addition, these organizations will earmark funds for learning management systems to hone skills directly related to each worker’s assigned role. Online service manuals and maintenance tutorials, combined with tablets, give workers fast access to technical information to keep production lines and facilities systems running optimally. Spending for these areas will shore up the IT-infrastructure weaknesses cited earlier that hobble firstline efforts. Very digital firms, which the survey shows have stronger IT foundations, will focus on more sophisticated technology that presumably builds on a technology foundation that’s already in place. Very digitals will pair advanced analytics with investments in artificial intelligence (AI) technology, a sign, perhaps, that they see AI’s potential for addressing the top business drivers of productivity by automating and streamlining business processes and performing many routine tasks that are currently performed by people. Freeing firstline workers from mundane duties gives them more opportunities to interact with customers for enhanced customer experiences. Advanced analytics further improves customer engagement by giving service and task workers faster access to information. In addition, the latest analytics tools let firstline workers send real-time results back to managers for better planning and decision making about products, inventory, and customer engagements.

Linked closely with improvements in analytics are tools for unified communication and collaboration. These resources ensure that firstline workers have ready access to the latest insights and to communicate with their team to help them improve customer service, productivity, and other key business benefits. The tools also let firstline workers capture and communicate insights and data

THE LATEST ANALYTICS TOOLS LET FIRSTLINE WORKERS SEND REAL-TIME RESULTS BACK TO MANAGERS FOR BETTER PLANNING AND DECISION MAKING.

that keep corporate executives up to date with the latest business developments.

Looking beyond Technology

Very digital companies are also differentiating themselves by their commitment to overcoming hurdles beyond technology. Sixty-two percent of very digital companies report having an effective communication and change management program to support firstline workers and technologies. This compares to 38% and 33%, respectively, for organizations that are moderately digital or not digital at all.

In addition, a significant majority (75%) of respondents overall say their company is investing in skill development programs and tools to help firstline staff apply new expertise. Very digital companies show an even greater understanding that people need more than just technology to become digitally proficient: 87% say they're spending for skill development, versus 72% of moderately digital and 53% of not-digital firms.

“The rise of automation technology, including artificial intelligence, will dramatically impact frontline workforces,” says Fay Hanleybrown, managing director of FSG, a research and consulting firm. “Managers must understand how to gain the most value out of this trend. That means upskilling their frontline workers to help them take advantage of automation versus seeing automation as a way to reduce headcount and costs.”

Different Roads to Digital Empowerment

Leaders across all industries agree: a digitally empowered firstline workforce is a competitive differentiator. For example, the biggest spenders for firstline digitalization over the past two years have been energy/utility and health care organizations, which, at 39% and 36%, respectively, have surpassed the 30% of respondents overall who described investments as increasing significantly.

Executives across industries, however, have different ideas about what technologies will be most important for achieving digital empowerment in their market sector. **FIGURE 6**

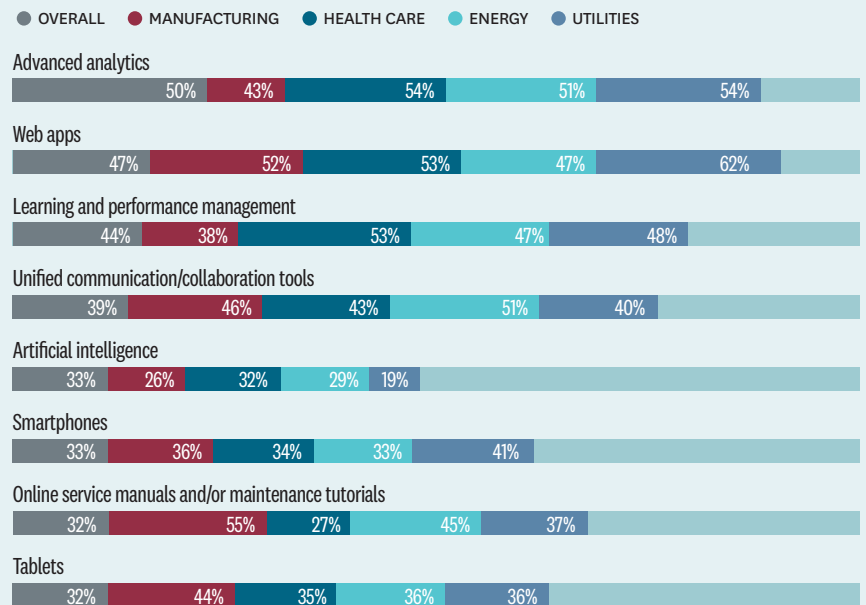
For example, to better support firstline workers, investors in manufacturing will give the highest priorities to web apps, online service manuals and tutorials, and unified communications systems. This combination of tools empowers service workers with faster access to timely data for better engagement with customers. In addition, task workers continuously sharpen their skills and expertise to increase productivity in back-end operations. These resources dovetail with more specialized technology, such as wearables, that can help train producers and operators in manufacturing to run updated assembly lines or service complex machinery.

Officials in health care, energy/utilities, and retail highly rank advanced analytics. Spending for this area will augment business intelligence systems that often use data coming from firstline workers to better understand diseases and treatments, locate new energy reserves, or identify the most profitable customers and prospects.

FIGURE 6

DIFFERENT INDUSTRIES, DIFFERENT NEEDS

Executives choose technologies that will have the biggest impact on their business sector.



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES SURVEY, OCTOBER 2019



“MANAGERS ALSO HAVE TO EVOLVE THE ORGANIZATION INTO A CULTURE WHERE DIGITAL IS EMBEDDED INTO ITS DNA.” CC CAMERON, RIGHT MANAGEMENT

Conclusion

The latest Harvard Business Review Analytic Services survey confirms that executives throughout the world see the business imperative for having an effective digital strategy for firstline workers. And while significant progress has been made in digitally empowering this important resource over the past two years, a large segment of companies are still struggling to overcome many of the same hurdles they have been facing since 2017.

One of the keys to success for overcoming stubborn challenges is highlighted by the investment plans of very digital organizations. New spending for firstline technology, including advanced analytics and AI, along with communications tools, is important, but it’s only part of a viable strategy. “Don’t approach digital empowerment as one and done. You can’t just give people a mobile device and hope for success,” Cameron warns. “Managers also have to evolve the organization into a culture where digital is embedded into its DNA.”

The right combination of digital, organizational, and training investments will help firstline workers thrive and become key players in their organizations’ efforts to improve performance through enhanced customer experiences, improved productivity, and higher-quality products and services.

Endnotes

- 1 Deloitte and the Aspen Institute, “A Guide to Upskilling America’s Frontline Workers,” April 2015, https://assets.aspeninstitute.org/content/uploads/2018/03/Upskilling_Employer_Handbook_042015.pdf?_ga=2.249342479.92293295.1572612408-1383208355.1572612408
- 2 Bureau of Labor Statistics, December 12, 2019, <https://data.bls.gov/timeseries/LNS12000000>
- 3 Bruce Temkin, Qualtrics XM Institute, “ROI of Customer Experience, 2018,” August 2018 <https://www.qualtrics.com/xm-institute/roi-of-customer-experience-2018/?ty=mktowr-thank-you&alid=6894>

METHODOLOGY AND PARTICIPANT PROFILE

A total of 460 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

SIZE OF ORGANIZATION

37% 10,000 OR MORE EMPLOYEES	35% 5,000-9,999 EMPLOYEES	28% 250-999 EMPLOYEES
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SENIORITY

42% MIDDLE MANAGEMENT	25% SENIOR MANAGEMENT	22% EXECUTIVE MANAGEMENT/ BOARD MEMBERS
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INDUSTRY

18% MANUFACTURING	13% HEALTH CARE	9% ENERGY/UTILITIES	8% RETAIL	6% TECHNOLOGY	6% GOVERNMENT/NOT FOR PROFIT
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JOB FUNCTION

25% GENERAL/EXECUTIVE MANAGEMENT	10% SALES/BUSINESS DEVELOPMENT/CUSTOMER SERVICE	10% HR/TRAINING	8% OPERATIONS/PRODUCTION/ MANUFACTURING	6% MARKETING/ COMMUNICATIONS	6% STRATEGIC PLANNING
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REGIONS

49% NORTH AMERICA	24% EUROPE	16% ASIA	6% MIDDLE EAST/AFRICA	4% SOUTH/CENTRAL AMERICA
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Figures may not add up to 100% due to rounding.



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