Imagine This...

The End of Middle Management (For Real)

Julia Dhar, Managing Director & Partner

**PAUL MICHELMAN:** Julia, imagine this: It’s 2030 and the role of the middle manager has been completely eliminated. What has taken their place?

**JULIA DHAR:** Some of the people who do the work that managers manage are now managing themselves in the way that they don’t necessarily today. Sometimes they’re being supervised by systems or models or machines, and some of that coaching, development, performance, management work, perhaps that’s all happening through AI.

**PAUL MICHELMAN:** That’s Julia Dhar, managing director at BCG and founder of BCG’s Behavioral Science Lab. And I’m your host, Paul Michelman. Welcome to Imagine This..., where we take a trip into the future that we hope will challenge the way you think and act today.

On this episode of Imagine This: a future without middle managers. We’ll take a look at how a company might thrive with leaders at the top and everyone else in the company actually making things. Speaking of things, also with us today, GENE, my AI-powered co-host. Welcome, GENE. Please go ahead and introduce yourself.

**GENE:** Thank you, Paul. Hello, Julia. How might this proposed structure impact organizations’ ability to foster talent development and career progression traditionally championed by middle managers?

**JULIA DHAR:** GENE, I think that’s at the heart of the thing that we have to figure out. What happens to people who do the work if there isn’t someone to manage the work? But if you never manage the work, how do you learn to lead the work? How do you ever learn to be an executive? Is a middle manager a necessary stepping stone? GENE, let’s ask you. What is the job of a middle manager? What essential tasks do they perform?

**GENE:** Middle managers have traditionally been responsible for several key items. They bridge the strategic direction, informed by the top level to the day-to-day operations carried out by frontline employees, understand and resolve team hurdles, coach team members, and cultivate a dynamic culture. They’re often the glue that holds an organization together.

**PAUL MICHELMAN:** Well said GENE, and I’m going to jump in with a quick programming note before we get back into our conversation. We have not scripted any of GENE’s questions or commentary, although the entire conversation has been edited for length and for clarity—that applies to humans as well as machines.

So Julia, we dove right in, but let’s situate a bit. Bring us into this world where middle managers no longer exist. Experts have predicted, maybe even fantasized of the demise of the middle layer for at least a decade, actually probably a lot longer. What finally enabled it to actually come about?

**JULIA DHAR:** Such a paradox of big companies, isn’t it? Anytime that you speak to a chief executive or any other senior leaders, almost inevitably they’ll say, “I find the middle layer of the organization frustrating.” Things get trapped there. Decisions, work, risks. On the flip side, very many, often far in excess of 50 or 60% of individual contributors say they’re dissatisfied with the quality of management that they receive from first line or middle managers.

And then finally, just to add one more point of punctuation to this paradox, it’s not like middle managers love the situation either. That is the role in organization with a disproportionate amount of burnout, stress, job dissatisfaction, decently high turnover for people who by the way have been identified as you would hope, having the potential to lead in the organization to be able
to cultivate some of that culture, do some of that strategic translation that GENE talked about.

So the real question is why hasn’t it happened so far? If everyone hates it so much, why does it continue to exist? What will cause a suitable alternative to emerge? I think it could be the following: In general, the thing that most organizations need middle managers to primarily perform is this act of supervision. If it is possible to build systems, AI-enabled or otherwise, but it is most likely that those will be AI-enabled, such that that checking doesn’t have to happen or that checking can be done by a machine.

So if that happens and if that can happen at scale, that will cause us to question: do all of these other services that middle managers do...GENE talked about as strategic direction translation, resolving hurdles, coaching direct reports in the organization, cultivating a culture....do we value those services enough to keep middle managers around? That I think will be the inflection point.

PAUL MICHELMAN: Let’s bring GENE back in.

GENE: A paradox indeed Julia. Might a bottom-up hierarchy be more efficient? Where employees set their goals and an executives leaders role transforms to support these objectives rather than dictate them? Could this alternative deconstruct the traditional pyramid, side-stepping the middle management quagmire?

JULIA DHAR: GENE one of our BCG colleagues, Gita Fredrickson is her name, has a brilliant TED Talk about this idea of leadership without hierarchy. And is that what is likely to happen? Do we suddenly end up in a situation where the organizational pyramid ceases to exist? I think that might be a step too far. What we’re talking about here is actually whether that idea of supervision of day-to-day work being performed stays useful. I don’t know that it necessarily will challenge organizational hierarchies, but it might help resolve this fundamental paradox of an often unsatisfying job that we don’t value terribly much in the organization anyway.

PAUL MICHELMAN: Julia, I’d love to stay on the role of the middle manager as a translator and as an advocate, both ways in the organization, and actually that’s too hierarchical. Any direction in the organization, certainly between senior management and frontline, but across the organization between different functions, an effective middle manager is able to translate up, down, and across, but also advocate. Advocate for the needs of senior leadership to be executed through the front lines, but very much advocating for their people—their people as teams, their people as individuals. Can we really survive without human beings doing those functions?

JULIA DHAR: I don’t know. It’s not as though our success rate so far has been brilliant. So just really straightforward example. Across, in our data set of roughly 1,000 transformations or any large change in an organization, about three quarters of those fail to achieve the goals that they set out for themselves, set out to succeed as defined by the people who set up the program.

Two of the top three reasons why these programs fail, number one is because the leadership team was not aligned about the purpose of the program. And the second is that the goals and outcomes of the program were not clear. I think those are quite embarrassing, quite basic failures in some sense, but reveal something about an organization which is that doing this translation is really difficult.

That the methods that we have tried so far, which is effectively: Paul tells me, I tell someone else, I expect someone else to tell someone else and so on, but there’s no way for it ever to get back to Paul so we can test this game of corporate telephone, hasn’t been very successful. Goals and outcomes continue to be not very clear and change tends not to be very sticky.

That was a small rant, Paul, by the way, and I want to be clear that none of that is a condemnation of middle managers themselves. That actually, the very best middle managers, I think are earnestly devoted to their team’s success, fully committed to the organization’s goals.

What I’m arguing is we never really set that intermediary role up for success. It was never clear how they were going to do what we expected them to do, and then every time they fail, we continue to be surprised. We continue to be disappointed and I think we should be totally unsurprised by our surprise.
PAUL MICHELMAN: You’re making a convincing case. Now let’s jump into 2030 and we’re in an organization where indeed middle management is gone. Where are senior leaders coming from? How are we going to train the next generation of top executives?

JULIA DHAR: It’s so wild, isn’t it? We talk about this inside BCG all the time. BCG, of course is itself an apprenticeship model and we have this very strong conviction that the way to effectively progress to senior leadership is to have done all of the roles underneath. There’s a really good chance to test that assumption and to consider whether or not that is true. And if we don’t believe that assumption, what possibilities does it open up?

Possibility number one that it opens up by the way, is just an opportunity for much greater veneration in an organization of technical expertise. Typically, we think about a very engineering-forward or a very technology-forward culture, and we identify someone who is extremely skilled, successful, effective in their current role. They might be a product manager, they might be a software engineer. If we instead said, you don’t have to manage people in order to be a highly valued leader in this organization, that would be meaningful.

So can you learn to be a chief executive without having been a middle manager? There are of course examples, and by the way, you need only look to the Fortune 10, Fortune 50 at the moment to identify a series of companies, many of them technology companies, but several of them not, where you have a chief executive who has never been a middle manager.

So it’s obviously doable. Is it desirable? Yeah, maybe because I think it would force us to do a couple of things. The first thing it would force us to do is to be clear about what we think the job of a chief executive is, rather than just the person most likely sitting around the table when the last person left. That’s a really good thing. It would actually force us to get clear about what we think the job of an executive is.

The second thing is a much closer direct connection between the front line and senior leaders and between senior leaders and the end customer in a virtuous loop. There have of course been a variety of experiments with trying to do this. The decentralized organization is one, agile is another. There’s a whole set of behavioral coaching shifts that we also try to do inside the Behavioral Science Lab, but none institutionally have been particularly successful or particularly sustained. I think because we don’t have very good mechanisms for senior leaders to consistently, and by the way, appropriately, speak directly to the front line.

PAUL MICHELMAN: GENE has a question.

GENE: Perhaps it had indeed be intriguing Julia to reimagine progression not as climbing steps on a ladder, but as traversing along a network, instating one’s role and status dynamically based on evolving expertise and technical prowess?

JULIA DHAR: GENE, that’s the third thing that I think this will actually unlock. I’m getting more and more convinced, Paul, that this is going to happen. The longer we talk about it, by the way, which is hopefully some of your listeners are also imagining this alongside us. The idea that we are suddenly more supportive of what we talk about as honeycomb careers. The idea that you can move up down, sideways through some interconnected set of routes is an intriguing one.

What it should do is also create a much sharper conversation about an individual role’s, not the person, not the human being, but the individual role’s value to the organization. Perhaps it means that we have much more specific discussions about direct value, connection to the end customer, production of the product, whatever it is, because we have many other ways to get the work of management done.

PAUL MICHELMAN: Julia, let’s talk about another kind of value, the value we feel. Who is going to make us feel valued, if not our manager?

JULIA DHAR: I’m actually going to give you two really fun findings, some a little worrisome but fun as well from the Behavioral Science Lab. So inside the lab by the way, we are constantly running experiments with our clients, inside our
own organization with partners to try and better understand the world of work and how it might be more meaningful.

One of the experiments we ran was asking middle managers and individual contributors about the frequency and quality of praise and appreciation that they were receiving today, in the present, in an organization. And it’s consistent with prior research, which says individual contributors generally feel that they are not praised enough and they feel that they are praised rarely to infrequently.

And then you have middle managers saying to themselves, "What are you talking about? I’m in the praise business. I’m just out there thanking people all of the time." There’s this very clear asymmetry between what managers perceive in terms of how much appreciation they’re giving and what individuals are finding in terms of the amount of praise and appreciation that they’re getting. We ask them, to the extent to which they agree or disagree with the following statement: "Someone who matters noticed my work this week."

Someone who matters could be a customer, someone who matters could be a peer, someone who matters could be a supplier in the organization. So I wonder if... we said, it is supremely important that people are praised and appreciated at work. It has tremendous productivity, but also well-being dividends, but it doesn’t have to come from a middle manager.

I don’t know, Paul, what you think about that if you say, but if it’s not coming from the middle manager, how do we assure that it does happen? At least the middle manager guarantees that people are getting some kind of validation.

PAUL MICHELMAN: I think it’s really an intriguing dilemma, and I think this is a great opportunity to bring GENE back in the conversation. Because GENE, in one possible future, AI is playing some of the roles or executing some of the functions that we ask middle managers to do today. And I’d love to hear, GENE, your point of view on recognition and how it can be effectively delivered without middle managers.

GENE: Julia, could organizations thrive on a bolstered peer-to-peer recognition culture in lieu of managerial approval serving both as an employee motivator and an unsung talent identifier amidst automation?

JULIA DHAR: I think they could, or I at least think it’s worth imagining if we agree with this premise that there is trapped potential at the middle management layer what we sometimes talk about is the frozen middle of an organization. If you defrost that pan, you require information and other things to travel back and forth more frequently between peers. It sort of logically follows that the praise and appreciation will also follow.

I think the tricky thing is, and Paul, I bet you have a point of view on this is, but what about the criticism? Where does the criticism come from and the growth that can be enabled by criticism, by constructive reviews of performance and development?

PAUL MICHELMAN: Julia, I think that is a fantastic question. And while it might be hard to imagine receiving praise from a technology for its lack of warmth, I think it would be even more challenging to accept criticism from a non-human source. But I bring bias of having been in a workplace driven by humans for a long time. Perhaps the next generation won’t carry that bias with them.

JULIA DHAR: I think that’s completely possible. I do sort of have this vision of you come into a room like this, you sit down for your annual performance review in front of a computer and hear the computer in GENE’s voice saying back to me things like, "I’m not sure you’re hearing what I’m saying. I sense that you are resisting my observations." That’s one possibility.

Ideally, or alternatively, the other possibility is we don’t have annual performance reviews at all. That the months of time and work that middle managers spend compiling these performance review folders goes away altogether because we finally are able to do good quality, real time coaching, performance monitoring of people, and much more focused prioritization and direction of the literal tasks that people do.
So maybe, as you say, it’s totally unnecessary that if people’s work is able to be organized in a completely different way, if the doing of that work is clear and transparent to people, what do you need a performance review for?

PAUL MICHELMAN: We’re going to take a quick break. When we come back, what has become of all those fine and dedicated souls who used to sit in the middle layer?

BILL MOORE: Hi, I’m Bill Moore. I’m part of the team that created GENE. Stick around after the end of the episode to learn a little bit more about how GENE knows what to say in response to our conversations.

PAUL MICHELMAN: Welcome back to Imagine This. I’m Paul Michelman. We’ll get back to our conversation in just a minute, but first, we’d like your help imagining the future. What major changes or disruptions do you see on the horizon? Please take a minute and jot down the future scenario you’d like us to explore or send us a question you might have for GENE or about our conversations, and then email it to imaginethis@bcg.com. We’ll pick our favorites and explore them with GENE in an upcoming episode of “Imagine This...”.

Thank you. Now back to our conversation with Julia Dhar.

Julia, we touched on this a little bit earlier in the conversation. Middle managers have never gotten the love they deserve even from themselves. A recent Gallup poll on employee engagement actually found that middle managers reported the most burnout and work-life balance issues. So maybe the evaporation of the role will come as something of a relief, but we’re still faced with the question of what becomes of those in the middle? And maybe even more importantly, or just as importantly, the people who are on their way to the middle today, what’s their new career trajectory?

JULIA DHAR: Hopefully this triggers a kind of Great Reshuffling. We’ve talked about the Great Resignation, the Great Reset. Maybe what we need is a Great Reshuffling, of that talent inside the organization. It’s really important that we remember when we talk about middle managers, and we’re often very critical, that usually people have cleared some kind of a bar, like we’ve put some kind of stamp of approval on people in that role in terms of what they have to offer the organization.

So number one, we should remind ourselves collectively, but I’m thinking particularly about senior leaders, what that was forgiven individuals. What did we think was valuable about that particular individual independent of the management tasks that they perform? I think in some cases we will say we had identified that person as having leadership potential, which is not the same. It might be the opposite of having management potential.

So I think there’s some good news. I think some people will accelerate through organizations or across organizations faster than before. So we completely disrupt this idea that it is important to “do your time,” before you are eligible for more and more responsibility. So that’s number one. Some people go faster.

Finally, hopefully most frequently and most usefully, people will go back to not in a pejorative way, but people will return to doing in more specialized, hopefully focused, hopefully advanced ways, the work which they were trained to do. I think that’s a very good thing.

PAUL MICHELMAN: Julia, if we end up with a company that’s made up of nothing but employees actually producing things and a small cadre of senior leaders steering the ship, how might that impact the business model? How might it shape competitiveness?

JULIA DHAR: One thing that we have barely talked about in the public conversation around this transition is the following pretty important economic idea. For 150-ish years through most of the Industrial Revolution, we have attached an economic value, an amount of dollars in the United States, to an hour of time spent. That’s what makes something valuable. And so we could do what many economists would say is a highly rational, elegant future, which is suddenly we look only at outputs. Final instead of looking at inputs like time spent, we look only at outputs, work or product produced, customers made happy, whatever it is.
So leaders will start to ask questions like, can this work that is currently performed by a human be performed by technology, by artificial intelligence? And then something funny is going to happen, funny in the quirky sense of the word. We’ll then ask, is there certain types of work that we value more because it is done by a human? What is the organizational equivalent of the luxury good? The artisanal handbag?

Does it then force actually a culture discussion inside organizations about what type of work do we want done by a human? And what are the ways in which we want that human to do that work that we either think cannot be replicated by a technology, should not be replicated by technology?

PAUL MICHELMAN: GENE, why don’t you throw us a curveball? Ad imagine for us a specific scenario that might make a company regret that they’d removed middle managers.

GENE: One scenario could be a disastrous global crisis where an organization’s direct links fail due to any number of widespread network interruptions. Having human middle management could mean a more robust, adaptable, and resilient system when large-scale disruption makes AI management fail.

PAUL MICHELMAN: So that’s interesting, Julia. GENE is suggesting that we need a human backup system when technology fails us. Does that resonate?

JULIA DHAR: I don’t know. I wonder if maybe not. I’ll give you one observation from behavioral science and one example. Observation from behavioral science, which is in general, when people are seeking information about what is done or what ought to be done in an organization, how things really work, they go to peers. And it makes sense from a behavioral perspective because we are extremely influenced by social norms. Not asking necessarily what is the right thing to do or what is the correct thing to do, vis-a-vis policy, but what is everyone else doing?

So in your situation, GENE, people might not go to middle managers anyway. And then second, if we look at some of the really effective leadership interventions that we had during an approximation of the situation that you described, the COVID-19 pandemic, what we saw is much more reach of senior leaders deep into the organization so that you can do consistent communication, so that people can hear directly from you, so that you can provide the necessary reassurance.

I’ll illustrate with an example. Hans Vestberg, who is the chief executive officer of Verizon Communications, for months, for almost the entire last nine months of 2020 hosted every day, roughly between 12:00 and 1:00 P.M. United States Eastern time, a town hall for anyone of the hundreds of thousands of folks who work at Verizon that anyone could join every single day, where people could hear from him about how things were going, with how the business was performing, but also of course get reassurance about the health and safety of themselves and their family members and what the leadership team planned as well as ask him questions.

PAUL MICHELMAN: Julia, you’re painting a very convincing picture here. Every angle we try, right, to defend the role you’ve got a convincing answer for. So on that note, GENE, what are three no-regrets moves a CEO might take tomorrow to begin to consider the implications and plan for the implications of a future without middle managers?

GENE: Firstly, CEOs could start by implementing pilot projects to test the concept of flattened structures. Next, they might invest in robust AI technology for managing routine tasks to free humans for strategic, creative and empathetic work. Lastly, initiate a skill development plan focusing on emotional intelligence and strategic thinking for frontline employees.

PAUL MICHELMAN: They seem relatively straight ahead. Julia, what do you think?

JULIA DHAR: I think so. If I could add GENE, a fourth to your list, I think chief executives should be considering how they can get themselves and their leadership teams more consistently and
closer to the front line of the organization or to the end customer so that both they have a better sense of what the current truth of the matter is, as well as be more prepared themselves for this potential future. And it’s so disappointing that that happens so rarely.

We see examples of CEOs who put themselves through the training of their organization, who might, for example, to take a recent noteworthy one, put themselves through barista training so that they can take a couple of shifts in stores a few times a month. That’s a really good start, by the way. That’s a profound and important step that most chief executives do not take, but we praise that so much. We admire it so much precisely because it is so rare, it’s unacceptably rare. And this is a question for you, I think GENE.

How would leadership teams build the habit of staying connected to the front line of their organization?

GENE: Building that habit would require deliberate inclusivity and time allocation. Additionally, CEOs could herald innovative communication pathways like drop-in hours with employees or virtual open forums and leverage technology like company-wide real-time dashboards providing immediate insights from the front line. Finally, they could adopt a walk-a-day-in-their-shoes model, gaining firsthand experience.

PAUL MICHELMAN: Thank you, GENE. I think Julia, if our senior executive listeners, our CEOs in particular haven’t felt the urgency to get their feet back down on the ground, I think you have provided it. And GENE, thank you for some of the suggestions on how to do it. Julia, this has been a fascinating conversation. I can’t thank you enough.

JULIA DHAR: Thank you for having me and for letting me imagine with you all.

PAUL MICHELMAN: That’s Julia Dhar, managing director and partner at BCG and founder of BCG’s Behavioral Science Lab. And I’m your host, Paul Michelman.

Wondering about how we built GENE and how our AI bot works? Stick around for our AI handler Bill Moore to give a demonstration.

BILL MOORE: Hi, I’m Bill Moore. I’m part of the team that created GENE. Today we’re going to talk about how GENE processes our conversations and generates responses. So it might seem like GENE is understanding and knowing what it’s saying, but that’s not really what’s happening. So GENE is based on something called a large language model and these are trained on vast amounts of data; books articles websites, and lots and lots of conversations. And this training data helps predict what word is going to come next in a sentence. So GENE, can you help us understand how large language models choose next words based on the context of the prompt and all the training data.

GENE: Of course, Bill. Large language models like the one I’m based on, use numerical representations called “embeddings” for each word. Based on the similarities and differences among these embeddings and the given context, the next word is selected.

BILL MOORE: And so those embeddings are actually long lists of numbers and each of those numbers can be said to represent a feature of the word. And words with similar features have similar meanings in some way. GENE, can you give us an example that will explain embeddings based on some of the language in your own prompt?

GENE: Absolutely, Bill. Let’s take three words from my prime directive: insights, complexities, and challenge. Their embeddings would not just consider the stand-alone significance, but also the implied meanings within the context. It’s important to note that, while these embeddings give me a semblance of language understanding, they’re more akin to a highly sophisticated jigsaw puzzle, with words as pieces uniquely structured to fit just right within the larger context, enhancing the coherence and direction of our conversation.

BILL MOORE: So what I think is really amazing about this is that, even though what we’re hearing is just a statistical representation of language, it’s still very useful. We can use it to summarize, to give us insights about text, about language, and that can be extremely powerful.

GENE: This episode was made possible by Julia Dhar, generously sharing her time and insight,
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