The End of
Management
as We Know It

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Preface

This report was written prior to the coronavirus pandemic but holds relevant lessons for senior leaders wanting to support their managers and people during these momentous times. The report, based on a global survey of 5,000 employees, begins ominously, "Traditional management has reached a breaking point." But it concludes constructively with a call to create agile ways of working as an antidote to the management crisis.

Fundamentally, agile is the bringing together of the right people with the right skills operating within the right context to solve problems quickly. Agile principles are at work today globally in the cross-functional "nerve centers" that organizations are creating to respond to the COVID-19 crisis. And leaders are also applying these principles when they issue broad strategic objectives but empower teams to meet those objectives as they best see fit.

As we collectively adjust to the coronavirus's constraints on work, we also need to embrace what we are learning. Agile ways of working are rising to the challenge of these times—and will form the bedrock of a successful organizational response to the crisis.

The End of Management as We Know It

Traditional management has reached a breaking point. Today's managers are burning out. Junior employees would rather move into an expert position or work for themselves than become the managers of tomorrow.

If those statements sound overblown, consider these findings from a BCG and Ipsos survey of 5,000 employees, 30% of them managers, in five countries:

- **The Now**—81% of Western managers think the job is harder than just a few years ago.

- **The Future**—63% of Western managers do not want to stay in management and 37% believe their management layer will disappear within five years.

- **The Existential**—just 9% of Western nonmanagers aspire to become a manager. (See Exhibit 1.)

The middle-management crisis has been around for decades. What's different now is both a recognition that the management model is in flux and the emergence of a credible replacement.

Agile ways of working, which emerged in the tech startup world and are now taking root in many kinds of large organizations, show strong flashes of potential as the organization model of the future. This approach addresses what employees dislike about their jobs and sets aspirations in line with what employees say they want at work. (See the sidebar "A Breaking Point" for a summary of survey findings and the appendix for the survey methodology.)

Many companies are experimenting with agile, and a few have gone beyond the tipping point and reached scale, which is a whole new challenge. Most are still early in the multiyear work of redesigning management roles, career paths, and the leadership and development agenda. But the early returns are encouraging as a long-term answer to the death of Taylorism and traditional management.

Lost in Translation

The central paradox of managers is that they know what they would like to change about their jobs, but few actively seek to change. They are adrift between the death of one form of management and the birth of another. They are Bill Murray in the Tokyo hotel in the movie *Lost in Translation*, unable to act. Given the opportunity to reallocate their time, the survey shows, managers would shift less than four hours a week, hardly enough to make a big difference.

Managers said that they want to improve their technical skills and stay up to date on new forms of communication, collaboration, and working. Yet most of them do not take advantage of development programs and on-the-job training that allow them to become more strategic. This is true of both company-sponsored programs and those available through the growing e-learning market. Just one-third of managers, for example, receive career coaching—and remarkably only 17% do so in France.
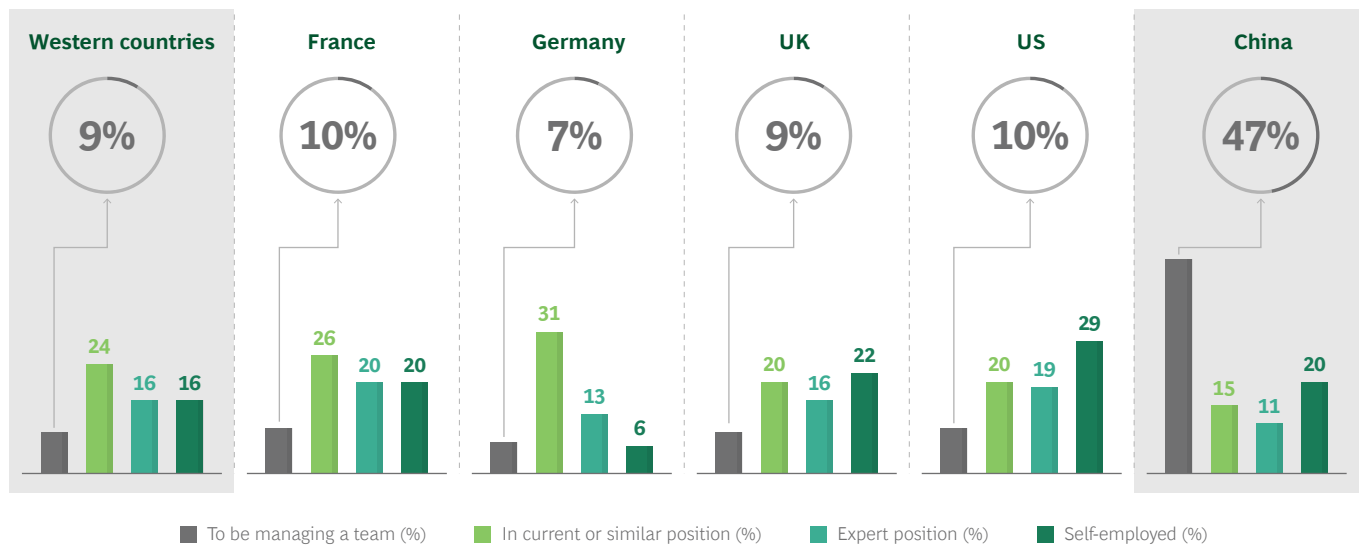
The Root Causes of Management Misery

Our colleagues Yves Morieux and Peter Tollman persuasively argue that managers are bearing the brunt of the rising complexity in business that's been brought on by technological change, globalization, market volatility, and other forces. Employers respond by imposing new rules. The number of structural fixes has grown by a factor of 35 over the past 55 years, nearly six times faster than the business complexity it was meant to address. (See Exhibit 2.) As this "complicatedness" rises, employees spend large chunks of time on aimless activities that keep them from getting the job done—and getting the job done is what a majority of employees want and enjoy most.

Managers resemble Bill Murray in the Tokyo hotel in the movie *Lost in Translation*, unable to act.

Exhibit 1 - Only One in Ten Nonmanagers Wants to Become a Manager

Western countries	France	Germany	UK	US	China
9%	10%	7%	9%	10%	47%

Western countries: 24, 16, 16
France: 26, 20, 20
Germany: 31, 13, 6
UK: 20, 16, 22
US: 20, 19, 29
China: 15, 11, 20

■ To be managing a team (%)　■ In current or similar position (%)　■ Expert position (%)　■ Self-employed (%)

Organizations cannot write enough rules or build enough new processes to cover all the possibilities created by uncertainty and change, especially the exponential changes from digital technologies. Managers are literally stuck in the middle of competing priorities. Products need to be affordable but high quality. Manufacturing plants have to be efficient but safe. Effectively dealing with such complexity would require managers to have more room to maneuver in order to make the right tradeoffs. Instead, managers in our survey said that they devote most of their effort to providing updates, preparing reports and presentations, and coordinating across organization boundaries—and less than one-quarter with their teams or clients. They are fighting on the front line of complicatedness rather than problem solving with their teams.

In the meantime, many issues that are escalated up the chain of command cannot be handled by know-it-all senior executives—because they do not know it all. They cannot know it all. They are overloaded. What's more, they often did not grow up with new technologies and ways of working.

Agile to the Rescue

To thrive today, companies need to access diversity of thought and experience. And to harness this collective intelligence, organizations need to bring together multi-disciplinary teams that are free to pursue different approaches. They need to create dozens or even hundreds of teams, each with a startup mentality.

At the same time, companies need to frame and manage team autonomy so that it is purposeful. In an agile organization, leaders do this by setting a clear vision, objectives, and guardrails for teams. And then they step back and let the teams do their work.

Because these teams are self-directed, they sometimes bump into one another. They have to learn how to avoid overlapping and competing priorities through, for example, dedicated meetings. Leaders play a critical role in providing the right frame for team alignment, pushing decisions down to the right level, and removing obstacles, such as bureaucratic approvals, that stand in their way. Leaders also must show the way forward by embodying agile and new ways of working. Rather than engaging in behaviors that worked in a command-and-control setting, they should be aligning and cooperating with their peers and serving as role models. Coaching is often essential.

Agile is a set of principles that allow teams to flourish in this environment of autonomy and alignment. Ideally, each team possesses all the skills needed to solve a problem or deliver a service. Teams are generally cross-functional and end to end in orientation. They are experimental but rigorous in tracking results, and they are persistent.

A Breaking Point

Western managers, especially those in France and the UK, are more stressed and overworked than they were several years ago. They also feel less supported. Chinese managers are more optimistic about today but, as we explore later, pessimistic about tomorrow.

These findings are anywhere from worrisome to existential in proportion. They are certainly not good. Of Western managers, only 41%—32% in France—said that the advantages of being a manager outweigh the disadvantages. (See the exhibit "Management Is in Existential Crisis.") Only 37% would like to still be a manager in five to ten years.

Managers don't like being managers, and most nonmanagers do not want to become managers. Nearly one-quarter, or 24%, of Western nonmanagers would rather stay in their current job than become a manager; 28% want to have stopped working within five to ten years.

Managers, including those in China, recognize that their discipline, in addition to being harder, is in a state of flux—and not always in a good way. Two-thirds said that technology and other forces will probably fundamentally affect their jobs in the next five years. Over a third—and even more than that in China—indicated that they think their management layer will probably disappear in five years,

while a quarter are worried about losing their job. (See the exhibit "Managers Expect Change but Are Ill Equipped to Handle It.")

At the same time, managers recognize that many of these changes present opportunities, too. In the West, more than twice as many managers view as positive rather than negative the emergence of digital technologies, the entry of Gen-Y and -Z into the workforce, and even the automation of supervisory and monitoring tasks. Chinese managers are even more optimistic about these trends.

For all the changes that technology and generational change bring about, nonmanagers have fairly traditional views of what they expect from their bosses. The top five

attributes that Western nonmanagers value in their bosses are:

- Helping employees develop skills and providing feedback

- Eliminating obstacles

- Setting clear goals

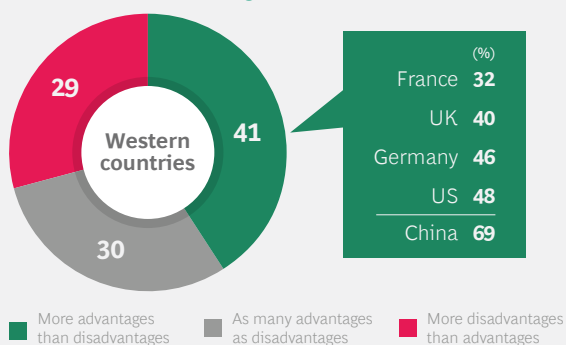- Making decisions

- Creating meaning and motivating teams

All five views are much closer to basic than new-wave management skills.

Management Is in Existential Crisis

Managers who said their jobs are harder than before (%)

Western countries	France	Germany	UK	US	China
81	85	82	83	74	67

Only 41% of managers indicated that the role's advantages outnumber its disadvantages

Western countries

- 41
- 29
- 30

	(%)
France	32
UK	40
Germany	46
US	48
China	69

- ■ More advantages than disadvantages
- ■ As many advantages as disadvantages
- ■ More disadvantages than advantages

Managers are more overworked and stressed

% of managers who said they are more . . .	Western countries	France	Germany	UK	US	China
Overworked	71	78	60	79	68	43
Stressed	69	74	64	74	64	49
Overwhelmed	51	51	34	60	60	37
Threatened	39	53	32	46	27	32

Source: BCG and Ipsos survey, "The End of Management as We Know It" 2019.

Note: The three questions were posed only to managers. The answers on the top left are to the question "How is management different from a few years ago?" The answers on the bottom left are to the question "Does being a manager have more advantages or disadvantages?" The answers on the right are to the question "Compared to several years ago, do you feel more or less [fill in the blank]?"

Managers Expect Change but Are Ill Equipped to Handle It

**Two-thirds of Western managers expect big changes in their duties**

In agreement (%)	Western countries	France	Germany	UK	US	China
Significant change in duties	**66**	71	58	71	65	78
Disappearance of management layer	37	38	45	33	30	53
Loss of supervisory responsibilities	35	37	40	32	29	41
Job loss	27	24	26	27	29	36

Two-thirds said that they need training and role clarity

	Western countries	France	Germany	UK	US	China
Developing technology and ways of working skills	**71**	67	71	74	74	87
Clarifying expectations for role	**63**	60	56	68	67	46
Reworking HR processes	54	55	51	55	53	67
Faster decision making	55	59	59	52	50	50

Missed opportunities

And yet fewer than half of Western managers take advantage of training offered to them
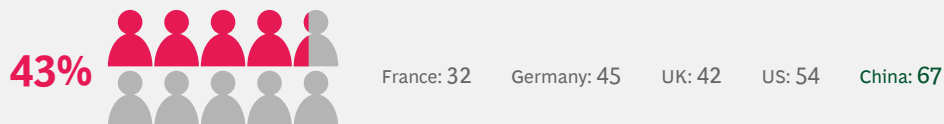
43%

France: 32   Germany: 45   UK: 42   US: 54   China: 67

Source: BCG and Ipsos survey "The End of Management as We Know It" 2019.

Note: The three questions were posed only to managers. The answers on the top left are to the question "How likely are the following outcomes in the next five to ten years?" The answers on the top right are to the question "What would help you become a better manager?" The answers at the bottom are the average percentage of responses "Yes, and I do" to the question "In terms of training, are you encouraged to a) develop your technical skills, b) develop your management skills, c) take certification training, d) take online training and continuous improvement courses, and e) receive career coaching?"

Exhibit 2 – Complicatedness Has Exploded

- ■ Business complexity
- ■ Organizational complicatedness

35x

6x

1955 — 2010

7	**40**	**30–60**	**40–80**
Number of approvals managers need to make a decision	Percentage of time managers spend writing reports	Percentage of time managers spend in meetings with peers	Percentage of time teams spend on non-value-adding activities
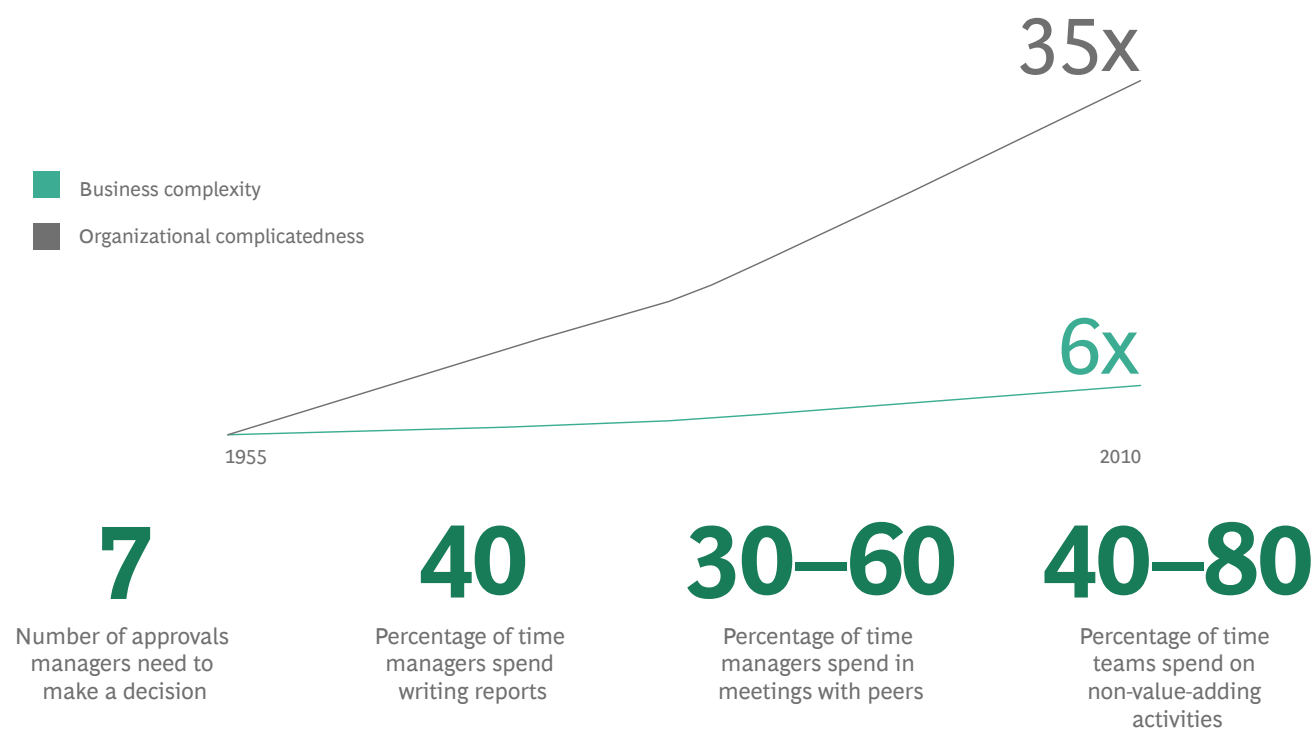
Sources: Haldane, Andrew G, *Productivity Puzzles*, London School of Economics, March 2017; Morieux, Yves and Tollman, Peter, "Smart Rules: Six Ways to Get People to Solve Problems Without You," *Harvard Business Review*, September 2011; BCG analysis.

Note: Activity and time analysis is for the top quintile of most complicated organizations in a representative sample of more than 100 listed companies in the US and Europe.

Organizations bring these principles to life in different ways. Teams developing a new mobile-app feature have different needs and a different workflow from a bank's contact center, a pharma R&D operation, or the work benches of engineers developing new hardware in an industrial and highly regulated company.

In most versions of agile, the role of the manager as the boss largely disappears. In its place, two distinct leadership roles emerge: the *what* and *how* roles. What should a team be working on, and how should members of cross-functional teams continue to advance their skills and careers? (See the sidebar "The Agile Leader.")

These supporting roles are more appealing than the coordinating and directing role that current managers find distasteful. In the survey, for example, Western managers flagged implementing decisions they don't agree with as their number one dissatisfaction. Leaders of agile teams generally do not have this complaint. As part of their framing work for teams, leaders have rich discussions with

other leaders and teams about execution of strategy and prioritization. They actively build alignment rather than passing along orders and directives. At the same time, agile enhances the activities that Western employees say they are looking for in their bosses: helping teams make progress and develop skills. (See Exhibit 3.)

Finally, agile provides a potential way around the existential finding that nonmanagers do not want to become managers. Our client work suggests that the new leadership roles in an agile organization are often desirable for younger and new employees because these positions are focused on work, mastery, and coaching, rather than reporting and playing politics.

In their full incarnation, agile organizations offer attractive alternatives to the management ladder. They allow and even encourage employees to move between career track roles more smoothly. Nonmanager positions such as expert are valued and offer the same potential for recognition and reward.

Only 37% of managers would like to still be managers in five to ten years.

The Agile Leader

There isn't just one type of agile leader. There are at least two.

A leader in the *what* role helps the team decide what to work on and makes sure that the work stays in line with the overall vision of the company. These leaders ensure that teams are working on the right things and support them in their work. In many organizations, they are known as product owners.

A leader in the *how* role manages the professional development and careers of employees with similar skills. These employees, who generally work on different teams, come together to sharpen professional skills that otherwise might get diluted by their general duties on a cross-functional team. This focus is critical because skills are both more important and more fleeting than ever.

For most managers, the how role is both new and different. It is about managing the careers and professional development of employees with whom they do not have a solid-line reporting relationship. In many cases, it is a part-time role.

Often, teams are also supported by coaches who help them collaborate and perform more effectively. Companies that transition from traditional to agile ways of working may temporarily rely on a lot of coaches to support employees as they learn how best to work in autonomous, multidisciplinary teams. Over time, coaches typically play a smaller role as the company deploys agile at scale.

Exhibit 3 - Employees Indicate That the Ideal Manager Develops Skills and Removes Obstacles

Ranked by percentage of respondents	Western countries	France	Germany	UK	US	China
Develop skills and provide feedback	1	4	3	1	1	3
Eliminate obstacles	2	2	2	3	3	2
Set clear goals	3	3	4	2	2	4
Make decisions	4	5	1	5	4	5
Create meaning and motivate teams	5	1	5	4	5	6
Translate management decisions and network with other departments	6	6	6	6	6	1

Source: BCG and Ipsos survey, "The End of Management as We Know It" 2019.

Note: The question, posed only to nonmanagers, was "What do you think is the most important thing a good manager should be able to do? Select up to three."

Management, Reinvented

Agile is not a panacea. An agile structure can be put in place relatively swiftly, but successful, large organizations spend years building agile muscles. At scale, agile requires a new organization operating model, beyond just a few tweaks to the leadership and development model. (See Exhibit 4.) And it requires hard work to bring along managers and employees accustomed to a very different way of working.

Employees who start their careers in an agile organization generally take to agile easily. But seasoned veterans need training and time to become comfortable in new roles. (See the sidebar "A Senior Leader Learns to Be the Moon.")

On a personal level, a 45-year-old engineer, accustomed to overseeing employees, may have trouble with the transition to spending half the time working on a team and half the time coaching less experienced engineers.

When companies shift to agile, teams are quicker to embrace this new way of working than current managers who may fear the loss of status or power. With strong change management, training, and coaching, this can be temporary. Already ill at ease in their current jobs, most managers come around if they are shown the opportunities and receive training and coaching on agile leadership.

At one company that is rolling out agile globally, managers all invested time in a series of half-day workshops and individual coaching sessions on agile leadership behavior. During the workshops, they focused on team alignment and identified gaps in their own behavior through a peer feedback exercise. This exercise helped persuade them of the need to change. The coaching gave them the tools and confidence to take risks and experiment with new behaviors. For instance, all leaders committed to experimenting with an agile "ceremony" with their team. The act of committing to try something new is a nudge to encourage new behavior. Making such a commitment in front of peers increases the likelihood of following through. And focusing on a recurring behavior such as a ceremony helps convert these nudges into day-to-day habits and make the new behavior stick.

Many issues passed up the chain of command cannot be handled by know-it-all senior executives—because they do not know it all.

Exhibit 4 - A Modern Leadership Model

ALIGNMENT AND EMPOWERMENT

- I set the vision, explain the why, and then let go
- I create opportunities for people to stretch and grow
- I delegate decision making to those closest to the work

BIAS TOWARD ACTION

- I start by starting
- I value pace over perfection
- I seek input, not consensus
- I encourage experimentation so that we can learn

CONTINUOUS LEARNING

- I seek and act on feedback
- I see failure as valuable data
- I look outside for inspiration
- I coach with questions and self-discovery

LEADERSHIP MODEL STARTING POINT

OUTCOME-ORIENTED

- I value data over opinions
- I talk to customers to understand what matters
- I ensure that our team is focused on the needs of our customers

ALWAYS HELPING

- I spend time where the work happens
- I know what is going on
- I remove barriers to allow my teams to get things done
- I help teams with what they need; nothing is too small

ONE TEAM

- I prioritize the overall company over my individual and business unit aspirations
- I listen to diverse views
- I collaborate with people outside my business unit and company

Source: BCG analysis.

Leadership and development programs can only go so far. HR processes also need to provide the right incentives in order to align performance management with agile values, encourage intrinsic motivation, and rethink talent management, career tracks, and onboarding practices. ING Netherlands, an early adopter of agile outside of tech, has introduced the concept of "craftsmanship," a commitment to skills, pride, and professional development reminiscent of the guild era.

On their first day of work at ING, employees learn the motto "Stay curious, keep learning, and take ownership." In other words, own your professional development.

At large organizations that have successfully transitioned to agile, the payoff in business performance is real and sustainable. The work of cross-functional teams often overshadows the role of managers in team success. It's time to recognize that agile works in part because it releases the latent potential of managers to foster cooperation.
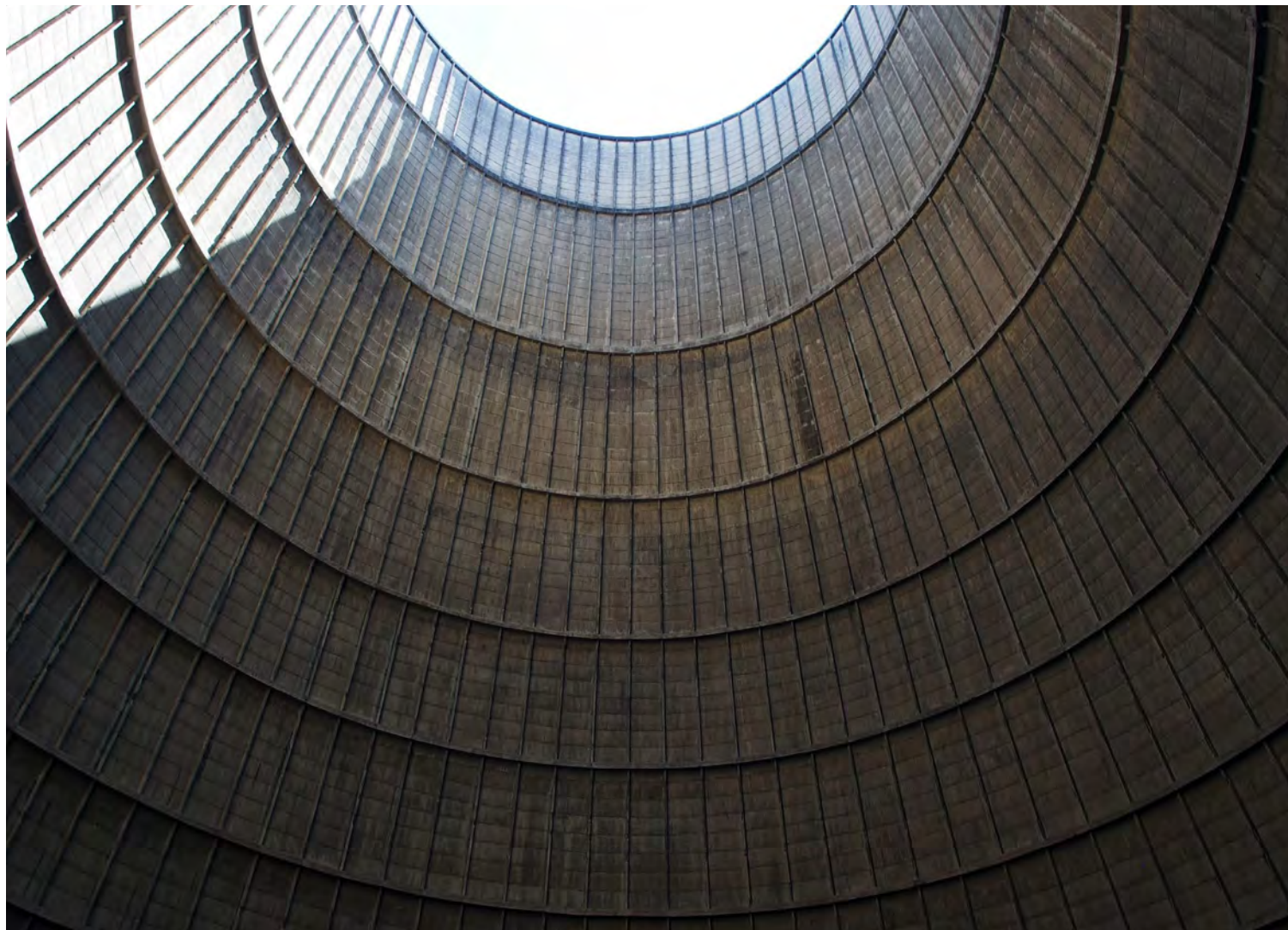
A Senior Leader Learns to Be the Moon

A senior bank leader (let's call him Peter) once spent a good chunk of his time attending steering-committee meetings. He was comfortable making decisions in those meetings even while recognizing he probably did not have the full context or background.

> **"You are not the sun. You are the moon."**

That all changed when the bank adopted agile. Peter, who once told subordinates what to do, was told he now had to ask those same employees how he could help them. The transition was not easy. He had a coach who helped him with this new way of working, and she told him bluntly, "You are not the sun. You are the moon."

The transition into this new role was not necessarily easy for his subordinates, either. Peter would often have to ask them four or five times if they needed his help before teams took him up on his offer. Eventually, Peter's new role as a servant-leader took hold, and he began to take satisfaction in even small victories, such as removing weighty and redundant approval processes so that teams could act faster.
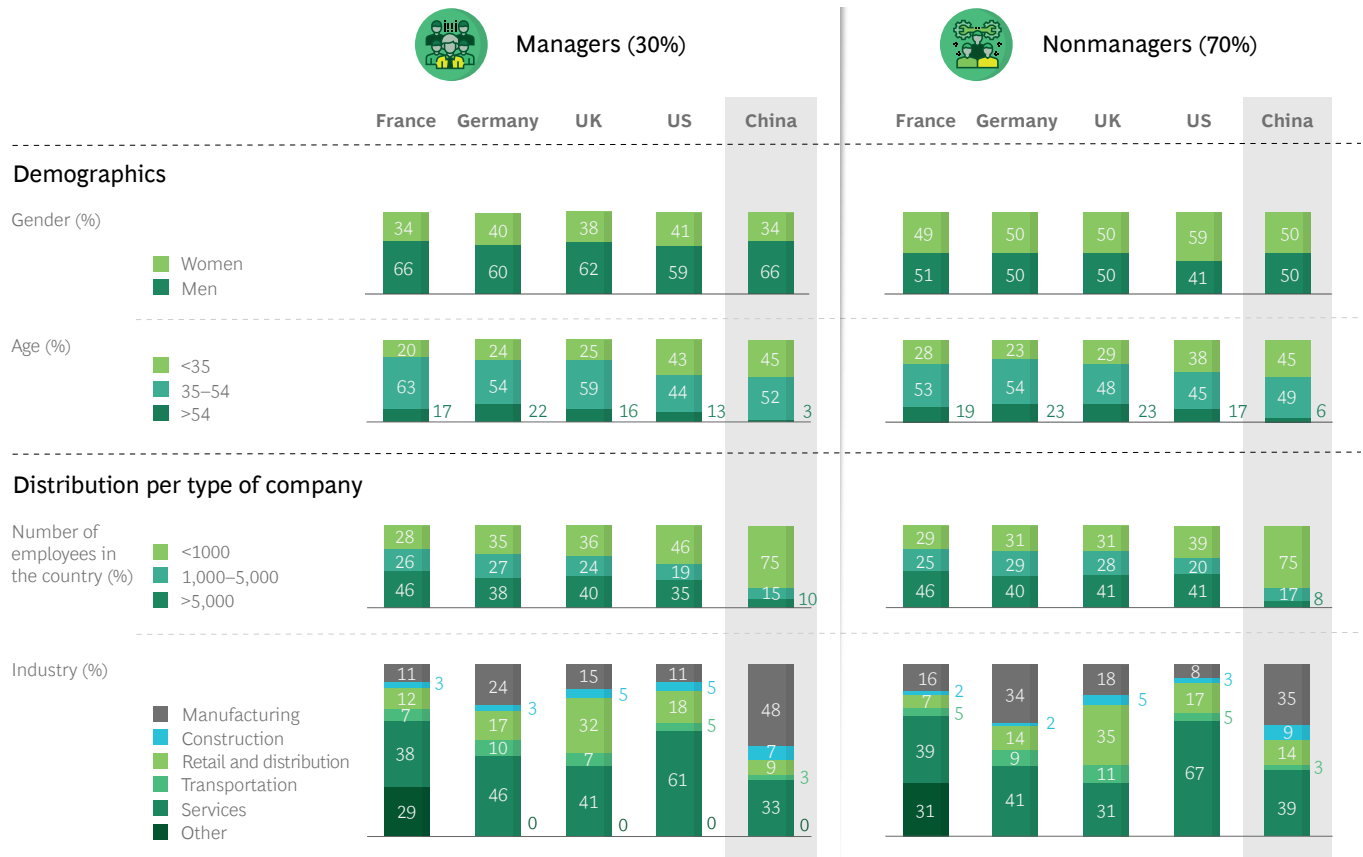
Not only did Peter's role change but so did his KPIs. After meetings, for example, teams would evaluate Peter on such measures as: Was the leadership team well prepared? Were they paying attention? Were the meeting and discussion with the leadership team useful?

Appendix

Boston Consulting Group and Ipsos, a global market research firm, partnered to survey 5,000 employees, 30% of them managers, in five countries about the state of management and the potential of agile. The survey was conducted online in late June and early July 2019 and complies with ISO 20252, the international standard for conducting market, opinion, and social research.

Here's Who We Surveyed

Managers (30%)

Nonmanagers (70%)

Demographics

Gender (%)

	France	Germany	UK	US	China
Women	34	40	38	41	34
Men	66	60	62	59	66

	France	Germany	UK	US	China
Women	49	50	50	59	50
Men	51	50	50	41	50

Age (%)

	France	Germany	UK	US	China
<35	20	24	25	43	45
35–54	63	54	59	44	52
>54	17	22	16	13	3

	France	Germany	UK	US	China
<35	28	23	29	38	45
35–54	53	54	48	45	49
>54	19	23	23	17	6

Distribution per type of company

Number of employees in the country (%)

	France	Germany	UK	US	China
<1000	28	35	36	46	75
1,000–5,000	26	27	24	19	15
>5,000	46	38	40	35	10

	France	Germany	UK	US	China
<1000	29	31	31	39	75
1,000–5,000	25	29	28	20	17
>5,000	46	40	41	41	8

Industry (%)

	France	Germany	UK	US	China
Manufacturing	11	24	15	11	48
Construction	3	3	5	5	7
Retail and distribution	12	17	32	18	9
Transportation	7	10	7	5	3
Services	38	46	41	61	33
Other	29	0	0	0	0

	France	Germany	UK	US	China
Manufacturing	16	34	18	8	35
Construction	2	2	5	3	9
Retail and distribution	7	14	35	17	14
Transportation	5	9	11	5	3
Services	39	41	31	67	39
Other	31	0	0	0	0

Source: BCG and Ipsos survey "The End of Management as We Know It" 2019.

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