Why consumer packaged goods companies must redesign work—not merely reduce the workforce

Consumer packaged goods companies are not simply reducing headcount. They are redesigning the enterprise.

A recent Wall Street Journal article, “Corporate America Is Axing the ‘Micro-Team’ Boss,” put a useful label on a much broader restructuring of management. Across corporate America, companies are removing layers, widening spans of control, moving leaders closer to the work, and expecting more managers to operate as player-coaches. Artificial intelligence is accelerating the shift by changing how work is performed, how teams are staffed, and how much coordination requires a traditional management layer.

The instinct is understandable. Too many companies have accumulated layers that slow decisions, diffuse accountability, and convert capable leaders into coordinators of coordinators. But the solution is not to impose an arbitrary minimum number of direct reports or simply delete boxes from the chart. That may lower cost. It does not necessarily improve performance.

The real question is not, “How many people report to this manager?” It is, “What work must be done here, what results must this role deliver, and how does that work connect to enterprise value?”

> **“Flattening without redesigning the work is not organization transformation. It is cost reduction with consequences.”**

The CPG Restructuring Wave Is Already Here

Campbell’s recently eliminated more than 550 salaried positions—approximately 13% of its salaried workforce—through layoffs and voluntary early retirement. The company is also closing two snack plants as part of a cost program intended to improve margins, speed, and accountability. This is not just a workforce reduction. It reaches corporate structure, operating performance, asset configuration, and leadership accountability at the same time.

Conagra Brands offers an even cleaner organization-design example. The company eliminated the Chief Operating Officer role and moved the presidents of Refrigerated & Frozen and Grocery & Snacks directly under the CEO. Conagra described the change as a way to streamline the structure, improve efficiency, and bring leadership closer to customers and consumers. One layer disappeared, the CEO's span widened, and business leaders assumed more direct enterprise accountability.

The movement is not limited to underperforming companies or isolated plants. Procter & Gamble announced plans to eliminate as many as 7,000 positions—approximately 15% of its nonmanufacturing workforce—while simplifying parts of its portfolio and market presence. Nestlé announced 16,000 reductions over two years, including approximately 12,000 white-collar positions and 4,000 manufacturing and supply-chain roles. PepsiCo has paired workforce changes with SKU reduction, supply-chain review, automation, and digitization.

Tyson Foods and General Mills illustrate the operational side of the same movement. Both are consolidating production and changing facility networks to improve efficiency and competitiveness. In these cases, much of the Work to Be Done does not disappear; it moves to a different facility, team, process, or technology platform. Across CPG, the pattern is becoming unmistakable: simplify the portfolio, consolidate the network, remove layers, widen spans, digitize work, and redirect investment toward fewer priorities.

Why CPG Organization Design Is Different

CPG work rarely flows through a clean, single hierarchy. Value is created across brands, categories, customers, channels, geographies, plants, supply networks, and shared functions. A commercial leader may be accountable to a brand P&L, a customer relationship, a channel strategy, and an enterprise growth agenda at the same time. Operations leaders must balance service, cost, capacity, quality, labor, capital, and resilience across interconnected facilities and suppliers.

That complexity produces some small teams for legitimate reasons: a nascent e-commerce capability, a revenue-growth-management group, an integration office, or a specialized quality function. Small does not automatically mean unnecessary. The test is whether the team owns distinctive, value-creating work—and whether that work needs a dedicated manager, a senior expert, or an AI-enabled workflow with clear human accountability.

CPG companies also carry historical micro-structures that no longer earn their keep: layers preserved after reorganizations, separate leaders for work that has converged, brand or regional roles with little decision authority, and managers whose primary output is preparing updates for another manager. Those roles should be challenged—but through the work, not through a spreadsheet ratio.

The Player-Coach Cascade

The emerging player-coach model raises the standard for leadership. A player-coach is not a manager who keeps doing the old individual-contributor job while adding more direct reports. That is two jobs badly combined. The model works only when leaders contribute directly where their judgment, relationships, or expertise create disproportionate value—and lead the rest of the work through others.

For a consumer products C-suite, that might mean a Chief Commercial Officer personally shaping the highest-stakes customer strategies, portfolio choices, or growth tradeoffs while enabling business and sales leaders to own execution. A Chief Supply Chain Officer may dive directly into a network redesign or a critical service failure, but should not remain the permanent escalation point for routine operating decisions. A CHRO may personally architect the leadership system and succession agenda, not become the company's most senior HR business partner.

The same expectation must cascade. If the CEO asks each executive to carry more direct reports and become a player-coach, those executives will likely ask their own leaders to do the same.

> **If work is not removed, reassigned, automated, or stopped at every level, the organization has not become flatter. It has merely pushed overload downward.**

AI Changes the Work—Not Just the Headcount

AI and AI agents make this more than another cycle of delayering. They are becoming active participants in the Work to Be Done across every functional vertical. In commercial organizations, agents can synthesize point-of-sale, pricing, promotion, category, and customer data and prepare the first version of account plans. In marketing, they can accelerate consumer insight, content development, campaign testing, and portfolio analysis. In supply chain, they can monitor demand signals, model scenarios, coordinate exceptions, and surface risks. Finance, HR, legal, R&D, procurement, and quality are experiencing comparable changes.

This does not mean an AI agent becomes accountable for a business result. Accountability remains human. But it does mean that work once divided among analysts, coordinators, specialists, and managers can be recomposed. A role may need fewer people doing information assembly and more people exercising judgment, setting priorities, managing exceptions, integrating across functions, and making decisions. The unit of organization design is no longer just people and positions. It increasingly includes human work, digital work, and the points where the two must connect.

That is why headcount reduction cannot be the design principle. Leaders must identify which tasks AI can execute, which decisions it can inform, which workflows an agent can coordinate, and which outcomes still require human judgment, relationships, creativity, and accountability. Otherwise, companies will automate fragments of legacy work while preserving the same meetings, approvals, handoffs, and organizational friction around it.

Connecting Talent to Value Starts with the Work

This is where what I detail in my Enterprise GPS and the LeaderShift Architect book become particularly relevant. Organization design should begin with the enterprise's critical value agenda—its Enterprise Value Nodes—not with the existing roster of people or the boxes already on the chart. Leaders must identify the relatively small number of outcomes that will create most of the value, then trace the Work to Be Done and Results to Be Delivered across leadership levels.

Only then should the company decide what roles are required, where accountability should sit, what decisions each role owns, how work must flow across boundaries, and what talent is needed. Talent is essential, but talent does not create value by itself. Directed work does. The objective is not merely to find better people for inherited jobs; it is to align the right talent to the right work, at the right level, against the results that matter most.

This also exposes leadership mis-leveling. Some executives are still personally delivering results that should be owned two levels below them. Some managers have become traffic controllers because decision rights are unclear. Others are supervising work that AI agents can increasingly coordinate. Conversely, some roles look small by headcount but carry enormous enterprise leverage. Span of control is therefore an outcome of sound design—not the starting assumption.

The Direct-Report Number Is Not the Strategy

Gallup found that the average number of direct reports per manager increased from 10.9 in 2024 to 12.1 in 2025, while the median remained roughly five to six. It also found that 97% of managers already perform some individual-contributor work and spend a median 40% of their time on it. The warning is important: widening spans without reducing individual workloads can compromise management performance. There is no universal magic number.

A plant supervisor leading standardized, visible work may effectively manage a larger team. A leader integrating an acquisition, building a new capability, or directing highly interdependent innovation may need a smaller one. A seasoned team with clear metrics and decision rights requires less managerial intervention than an inexperienced team operating amid ambiguity. The right span follows the nature of the work, the maturity of the team, the manager's capability, and the operating system supporting them.

Five Questions Before You Flatten

1. **Where is value actually created?** Identify the few enterprise outcomes, capabilities, customers, brands, channels, and operations that will disproportionately determine performance.
2. **What work must change?** Define the Work to Be Done and Results to Be Delivered before deciding which management roles remain.
3. **What should stop, move, or be performed by AI agents?** Do not widen spans while leaving every meeting, report, approval, handoff, and legacy responsibility intact.
4. **Where must leaders play—and where must they coach?** Reserve hands-on executive contribution for work where senior judgment creates exceptional leverage; clarify what must be delivered through others.
5. **Can the change cascade?** Redesign roles and decision rights through each level so every leader is not simply passing overload to the next one.

A Flatter Organization Must Also Be a Clearer One

The micro-team debate is a useful catalyst. Consumer products companies should absolutely question excess layers, narrow spans, managerial fiefdoms, and roles disconnected from real accountability. They should also resist the belief that fewer managers automatically means faster decisions or greater value creation.

The winning organization will not simply be leaner. It will be clearer: clearer about the value agenda, clearer about the work, clearer about results, clearer about decision rights, and clearer about where leaders must shift from doing to leading, from controlling to enabling, and from functional optimization to enterprise value orchestration.

That is the real LeaderShift.

> **The objective is not to eliminate the manager of the micro-team. It is to eliminate work and structure that no longer deserve management—and to connect every remaining leadership role and every AI-enabled workflow directly to value.**

ABOUT JOE HUNT

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