

No company sets out to become complicated.

Complexity builds up one reasonable decision at a time, until the organization spends more energy coordinating itself than serving customers.

3,000

Corporate jobs Kroger will cut over three years. CEO Greg Foran: the company has “more layers, more handoffs and more overhead than we need.”

"A simpler, more focused company that gets the basics right every day."

Albertsons executive chair Meg Whitman, after a third straight quarter of slowing comps. Earlier changes had added complexity, unnecessary processes and higher costs.

HOW COMPLEXITY GETS OUT OF HAND

**It rarely arrives in one big decision.
It builds up in small, sensible steps.**

A layer for every growth spurt

The founder can no longer see everything, so a management layer is added. Then another.

An approval for every mistake

A launch goes badly, so a new sign-off is added to make sure it never happens again. It never goes away.

A coordinator for every gap

Two teams don't talk, so a role is created to connect them.
Its main job is passing information to other roles.

A report for every question

A leader wants visibility, so every team starts a weekly status update. Old spreadsheets stay “just in case.”

Each step makes sense on its own.

Together, they create a company where the people closest to the customer wait on people further away from it. That is the complexity tax.

THREE WARNING SIGNS

You are paying the complexity tax when:

Decisions get escalated that should be made one level down.

More time goes into preparing for meetings than doing the work.

When something goes wrong, nobody is sure who owned it.

WHY SIMPLICITY IS POSSIBLE NOW

**AI can take over much of the work
the layers were built to do.**

1 in 5

Organizations Gartner predicted would use AI to flatten their structure through 2026, eliminating more than half of current middle management positions.

12.1

Average direct reports per manager in 2025, up from 10.9 in 2024 (Gallup). Manager headcount fell 6.1% from 2022 to 2025.

15 to 1

Coinbase's new employee-to-manager ratio after it replaced "pure managers" with "player-coaches" and capped the company at five layers.

What AI replaces: moving information around.

Collecting updates, consolidating reports, translating data up the chain and passing decisions back down. That work existed because executives couldn't see the business directly.

Liquid Death's media chief no longer waits for updates.

He checks the business himself, retail media is optimized daily instead of weekly, and his goal is to run a sizable budget with two people in-house.

What AI doesn't replace: judgment, relationships, accountability.

It won't sit in a line review or build trust through change.
43% of employees at flattened companies say leadership alignment suffered (Korn Ferry).

THE EXECUTIVE A SIMPLER COMPANY NEEDS

Less manager of managers. More hands-on operator.

Does some of the work

Builds the forecast, joins the retailer call, writes the brief. A player and a coach at the same time.

Reads the data directly

Uses AI tools to ask their own questions instead of waiting for the monthly deck.

Owns outcomes, not departments

Responsible for margin, velocity or on-time delivery across functions, not a box on the org chart.

Coaches by working alongside

Develops people by solving real problems with them, which rebuilds the bench flattening can erode.

Decides with less process

Fewer layers mean fewer checkpoints. That takes experience, because the safety net of multiple reviews is gone.

Growing brands have a choice the giants no longer have.

Stay lean on purpose: a small, capable team, AI handling reporting and coordination, and **hands-on executives** at the top. A fractional CEO, COO or CMO is built for exactly that.

Simple is a choice.

Kroger and Albertsons are paying the complexity tax all at once. You don't have to.

Full piece: marc-drucker.com