The Good Jobs Strategy

Zeynep Ton
Phantom stockouts

- 25-30% in CPG
- 60% at a specialty retailer

Promotion compliance: 50%
65% of SKUs have inaccurate data.

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Assumption: People=Cost

- Low sales & profits
- Low labor budgets
- Low quantity & quality of labor
- Operational problems

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Vicious cycle hurts everyone

Investors
Customers
Employees

$10.30, $9.20  35, 27
Unpredictable schedules

Schedule of a full-time hourly manager during a week (7 years, several promotions later)
“We are throwaways who are a dime a dozen... Just human robots, really”
Little stability $\rightarrow$ no time for managing

Turnover: 120%

Worked more hours than scheduled that week

Worked fewer hours than scheduled that week

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Source: BLS Occupational Employment Statistics Survey (Major OCC Group)
## Largest Occupations, May 2016

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Average Annual Salary</th>
<th>Number of Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and Operations Managers</td>
<td>$47.74 $99,310/year</td>
<td>2,188,870</td>
</tr>
<tr>
<td>Secretaries &amp; Admin Assistants (except Legal, Medical, Executive)</td>
<td>$16.74</td>
<td>2,295,510</td>
</tr>
<tr>
<td>Waiters and Waitresses</td>
<td>$9.61</td>
<td>2,564,610</td>
</tr>
<tr>
<td>Laborers and Freight, Stock, and Material Movers, Hand</td>
<td>$12.49</td>
<td>2,587,900</td>
</tr>
<tr>
<td>Customer Service Representatives</td>
<td>$15.53</td>
<td>2,707,040</td>
</tr>
<tr>
<td>Registered Nurses</td>
<td>$32.91 $68,450/year</td>
<td>2,857,180</td>
</tr>
<tr>
<td>Office Clerks, General</td>
<td>$14.70</td>
<td>2,955,550</td>
</tr>
<tr>
<td>Combined Food Prep. &amp; Serving Workers (inc Fast Food)</td>
<td>$9.35</td>
<td>3,426,090</td>
</tr>
<tr>
<td>Cashiers</td>
<td>$9.70 $20,180/year</td>
<td>3,541,010</td>
</tr>
<tr>
<td>Retail Salespersons</td>
<td>$10.90 $22,680/year</td>
<td>4,528,550</td>
</tr>
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Conventional wisdom

bad jobs & bad service necessary for low prices
Spain’s low-cost leader
Profit/store: 89% > TQ
Sales /hr: $142 vs. $94.7 (TQ)
Shrink=0.7% vs. 1.52%
What’s their secret?
Higher wages, more benefits

Higher performance

... not that simple!
Human-centered operating system

Operational Choices
- that increase contribution, productivity, involvement

Need for capable, motivated people

Investment in people

Need return on people investment

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Operational choices that are different than the norm

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<td>Standardize &amp; empower</td>
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Choices support continuous improvement

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The Good Jobs Strategy

Invest in people

- Operate with slack
- Cross-train
- Offer less
- Standardize & empower

Values/mindsets: Customers, Employees, Improvement

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Research agenda: spread the GJS

Too many companies

Too few companies
Jobs with meaning and dignity
Thank you!