

Matching People to Jobs

“For decades, managers have wrestled with the increasingly important challenge of organizing the workforce in the most effective way possible. Value is now created by the productivity gains that come from workforce innovation and more sophisticated people management. In the United States, the service sector’s share of employment has grown from less than half of the economy in the 1950’s to more than 70 percent today. Labor costs are the single largest component of US business expenses: in 2000 they represented 44 percent of GDP. And as the proportion of information workers in the overall workforce has risen, from one-third of all workers in the 1930’s to over two-thirds today, so too have the interaction costs required to conduct business. The cost per interaction might have fallen sharply thanks to technology. Even in traditional manufacturing environments, most people no longer perform simple, isolated tasks but are part of complex production chains. That creates a need for sophisticated tools to coordinate and manage interactions among workers.”

According to a recent report from the *McKinsey Quarterly*,¹ every executive faces a similar people problem: sorting out how best to deploy the managers and employees driving the organization.

Faced with so many possibilities, most larger companies don’t attempt to make rational choices and end up intuitively guessing how best to assign employees. By treating people with diverse skills as all the same, companies lose the opportunity for significant gains in productivity and profitability. An effective method to fit the right person to the right job at the right time has long been the Holy Grail. As a result, human capital—the skills and knowledge of employees—usually stays an untapped performance lever.

McKinsey believes this is about to change. A new generation of tools has made it increasingly possible to fashion a more sophisticated approach to the management of your workforce. Succession-planning tools can reach across the entire company to find unnoticed talent. Much as supply-chain management software changed the rules of inventory management, the coming-of-age of human-capital management will revolutionize workforce management.

Before a company can exploit the new technology, it must identify its pivotal workers, know how to improve their productivity, and understand the connection between these resources and financial performance.

McKinsey suggests three steps:

- 1. Identify your key employee positions**
- 2. Identify the key factors that drive productivity**
- 3. Identify the skills (and training) needed to grow productivity**

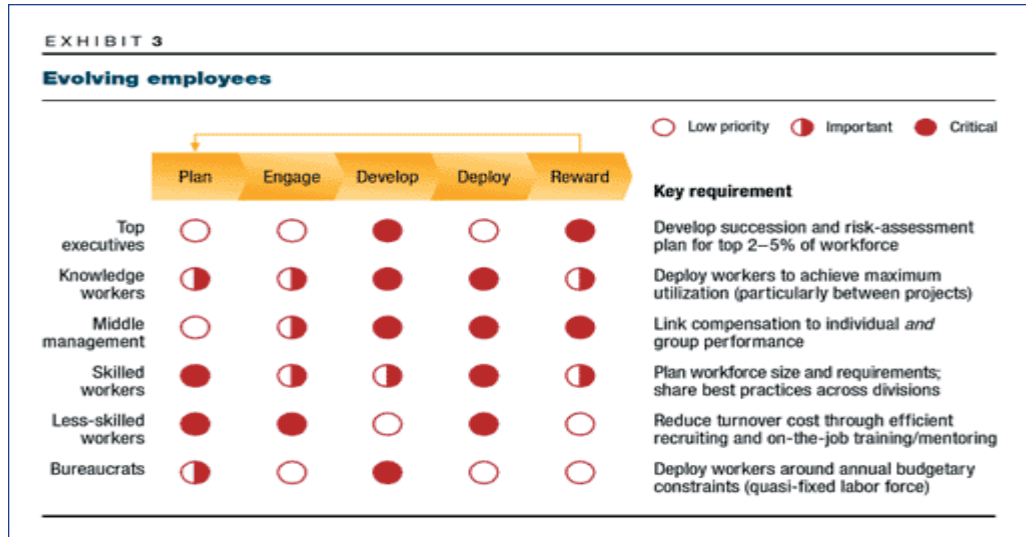
KEY EMPLOYEES

The first step is to identify key positions. All positions and all employees are not equally key. McKinsey identifies six employee groups: top executives, knowledge workers, middle management, skilled workers, less-skilled workers, and bureaucrats. Depending on the industry, any of these groups can emerge as the most pivotal.

To identify the key groups, you need only evaluate your business model. If innovation and intangible assets are your competitive advantage, top management and knowledge workers are key. For example, a pharmaceutical company depends on its research scientists to develop new drugs. However, a restaurant chain, where costs and services differentiate competitors, skilled and semiskilled workers might play the key role.

PRODUCTIVITY

McKinsey suggests you map the biggest productivity challenges that occur as workers move through the stages of their life cycle at the company (exhibit below), which few businesses do. They interviewed 50 senior managers from different industries and found that while some challenges are common to all employees, others are specific to their own business model.



SKILLS

Identifying which employees have the key skills and significant potential, and how best to train and deploy them is the next step. In addition, workers should be offered varied incentives and continual development opportunities.

McKinsey also suggests ways to link human resource management to financial results and reports examples of significant savings in production costs, 25-40% in an IT firm as just one example.

McKinsey predicts, “A new era in human-capital management is approaching. Value increasingly comes from boosting the productivity of individual workers and from greater workforce innovation. Meanwhile, the technological infrastructure needed to map out human capital is rapidly falling into place. By achieving the most productive possible combination of workers and work, companies can find a lasting source of competitive advantage.”

Chally is proud to be one of the leading developers of the new human resource tools. The Chally Organizational Development Analysis (ODA) provides an efficient, easy to implement system to identify the strengths (and developmental needs) of all employees with predictively valid accuracy across all key positions.

¹ Vivek Agrawal, James M. Manyika, and John E. Richards. “Matching People to Jobs. (Achieving the most productive combination of workers and work is about to become a great deal easier.)” *The McKinsey Quarterly*, 2003 Number 2 Organization