

Strategic Jobs

By Jeff Weekley, Ph.D., Kenexa

The “war for talent” is not over; organizations have merely called a truce until the global economy recovers enough to support renewed hiring. However, when hiring does resume, the clever organizations will participate only selectively in the talent struggle that follows. Over the past decade or so, many organizations have come to realize that winning the war for talent is not possible, at least not in the broadest sense. Instead of trying to win the war for talent, these organizations are increasingly “picking their battles” and have focused on winning those key battles.

Reducing the metaphorical scale of the conflict from a war to series of key battles does nothing to reduce the importance of winning. However, it does greatly sharpen focus. What becomes essential is winning the war for talent in a select number of jobs. These are the jobs that are the most important or “mission critical” in the company. The first step is deciding which jobs are the most important, just as medical officers in a war decide which of the injured should be treated first in a war. This is called triage.

The concept of triage in corporations, or top grading of management talent, was popularized by GE and its legendary CEO Jack Welch. Individuals were graded roughly as “A” players (top 20%), “C” players (bottom 10%) and “B” players (everyone else). The same concept is now being applied to jobs. There are “A” jobs (mission critical, drive value creation), “B” jobs (important, but not the source of competitive differentiation) and “C” jobs (candidates for outsourcing or being automated out of existence).

The defining of “A jobs” intensifies focus and identifies where organizations can expect the greatest return on investment in HR activities. Most organizations have finite resources to invest in maximizing the performance of their people. Typically, there are limited resources available for recruitment, selection and training,

restricted promotional and developmental opportunities, and insufficient rewards to meet demand (not to mention the time and people to manage it all). Identifying the mission critical jobs indicates where this investment should be made.

It also reinforces the growing idea that equality in human resource investment is unsustainable, but that equity is. Treating all jobs the same from an HR spend perspective is ultimately wasteful—the returns are substantially unequal. Instead, the HR spend should be in proportion to the job’s strategic importance. Jobs that have a disproportionate impact on the firm’s ability to create value for its customers, and ultimately wealth for its capital providers, should receive a disproportionate amount of available resources.

Finally, identifying mission critical jobs suggests specific metrics by which HR should be judged—those related to talent levels in key jobs. The successful HR function will be the one that ensures the key jobs are filled with top tier talent. This perspective also underlines the waste that can occur when top-notch talent is found in “C” and even “B” jobs. Nothing else has the impact of putting “A players” into “A jobs.”

“A” jobs are not necessarily found at the top of the organizational hierarchy. At UNICCO, a facilities management company, the strategically critical jobs are the account managers, operations directors and business development executives. These three jobs account for less than 4% of the more than 6,000 employees and are not in the C-suite (Kaplan & Norton, 2003). Carlos Brito, chief executive of brewer InBev SA, which recently acquired Anheuser-Busch in a \$52 billion takeover, is even more focused. He believes there are about 250 people who truly make a difference to the company; this out of a workforce of 85,000.

The differential importance of jobs is not a new idea; pay systems have long been constructed to reflect, in part, differences in impact (although proximity to the CEO and firm size matter more). What is emerging, however, is the recognition that a total HR systems focus on a small number of key jobs can have a disproportionate impact on firm performance. As sensible as this idea might appear, it is not in fact what typically happens. Instead of following potential impact, HR investments usually track population size. The greater the number of incumbents in a particular job, the more likely that an organization will invest in systematic HR programs for selection and training. (It is simply more cost efficient to develop a training program that applies to many people in the same job, which drives down cost per trainee.) A focus on strategically important jobs shifts the conversation from cost minimization to return on investment.

Channeling his inner Yogi Berra, Mickey Rivers once opined, "Pitching is 80% of the game and the other half is hitting and fielding." Earl Weaver, one of the most successful managers in the history of the game put it more simply: "Nobody likes to hear it, because it's dull, but the reason you win or lose is darn near always the same—pitching." The point, it seems, is that pitcher is the most important "job" on the team. Get that right and the other positions (jobs) are less critical to winning. Dominant pitching can compensate for weak hitting or weak fielding more than the reverse. A recent academic study confirmed this point empirically. Baseball teams that invested a disproportionate amount of their resources (payroll dollars) in pitching had more wins per payroll dollar than those investing more heavily in positional players. A similar focus on "A" jobs enables organizations to excel by selectively investing in talent acquisition and development where it matters most.

How are those "A" or strategic jobs identified? As with talent identification, there is no single, guaranteed method. Instead, there are a number of useful guidelines that increase the odds of getting the identification correct. Before reviewing those, however, it is important to note that in most organizations there is a very small number or percentage of total jobs that are strategically important. Usually, this means a small number of incumbents are in "A" jobs. Although a high population job also can be a strategically important one (e.g., front-line customer service providers for Nordstrom's), this is usually not the case. For most organizations, a small number of jobs disproportionately determine success.

The organization's strategy itself is the most important indicator of which jobs are important. Execution of any strategy relies on possession of certain capabilities. The jobs bearing most directly on those capabilities are, of course, the most important. As an example, Wal-Mart is well known for being a cost leader in retail. Its critical capability is in its supply chain, enabling it to wring

costs out of the system. Jobs related to logistics, then, take on a higher strategic importance than they would at a jewelry retailer. Similarly, 3M is noted for its ability to innovate and develop new products. Creativity and innovation, for this company, are important capabilities and the jobs allowing expression of these capabilities are strategically important. At least one bank identified loan officer as a strategically critical job, given the impact this job has on growth within its retail segment. It is important to note that which jobs are important depends on the strategy, not the industry. Two firms in the same industry often pursue very different strategies and emphasize, as a result, very different skills (e.g., sales versus service). This in turn, has direct implications for the jobs most directly relevant to strategy execution.

The identification of strategically important jobs might be more effective with consideration of core competencies, leading indicators, and competitive position. To the extent that all point toward the same jobs, confidence in the results of the analysis is increased. Jobs that directly relate to the firm's core competencies assume greater strategic value. Much has been written about developing causal maps of the firms' transformation processes that create value; about leading and lagging indicators and the competencies needed to drive those leading indicators. Strategic jobs, of course, are those having the greatest impact on the leading indicators of value creation. Boudreau and Ramstad (2007) talk of pivot points—those areas within the firm that offer the greatest leverage. Pivot points can refer to how the firm differentiates itself from the competition (what it does better than the competition) or the resources it has that competitors do not.

A review such as that described above might still yield too many jobs to truly comprise strategic focus. There are a number of secondary considerations that can help sharpen the focus. Performance variability is one such consideration. The difference between top performers and average performers is not equal across all jobs. In some jobs, the difference can be quite small (e.g., consider the impact of having top-notch tollbooth collectors as opposed to merely average collectors). In fact, technology is often used to reduce between-person variability in performance. In call centers, for example, call routing software is used to keep everyone on the phone as much as possible (e.g., to reduce between-person variability in calls handled).

In other jobs, the impact of the performance of people in the top 10% can be many, many times greater than average. In many professional services firms, for example, there are a small number of "rain makers" who account for a disproportionate amount of the firms' sales. Software developers likewise often find substantial differences in "lines of code per programmer." Jobs for which there

is high variability in incumbent performance are those offering the greatest leverage. Where the differences are small, there is simply less benefit to improving the performance of those in the middle. It is not easy to move incumbent performance from average to top 10%. Given this, focusing efforts on those jobs offering the greatest differential (and potential benefit) only makes sense.

Another consideration that might help narrow the search for strategically important jobs is a job's risk management profile. All organizations manage risks, from sources of uncertainty to outright threats to existence. Some jobs are naturally positioned to deal with these risks on behalf of the organization. Jobs that manage important risks on the organization's behalf are more likely to be strategically important. For example, all airlines face uncertainty in both demand and costs. Fuel prices, in particular, are prone to rapid, short-term swings. Organizations such as Southwest Airlines have a small group of jobs dedicated to fuel hedging (a complicated series of bets designed to reduce the impact of significant fuel price swings). Get these bets right, and the airline might remain profitable while competitors struggle. Get them wrong, and these bets can exacerbate an already difficult situation. Jobs that manage significant risks have potential impact greatly out of proportion to their numbers.

A final issue influencing a job's strategic impact is the scarcity of talent (or lack thereof) to fill the job. Jobs with requirements that makes them hard to fill take on greater importance in the scheme of things than do jobs easily filled from the labor market (internal and/or external). That is why, for example, buyers are usually more strategically important to a retailer than are sales associates. While the latter are important (they do interact directly with the customer, something the buyer can't claim), the skills needed to function effectively in the job are fairly common on the external labor market. Conversely, the fashion sense to accurately predict what will sell 12 months from now is not a skill set easily located on any labor market. In healthcare currently, pharmacists and nurses are both high-demand jobs and scarcity of these skill sets already might have impacted growth plans for some organizations.

Identifying the firm's "A" jobs is only the first step. The next step is creation of a comprehensive HR plan addressing these key jobs. The plan should address all questions related to maximizing talent in these jobs and rely on processes familiar to HR professionals. What types of skills are needed in these jobs (job analysis)? Where will we find them (sourcing)? How will we attract qualified candidates (recruiting)? How will we confirm candidates' skills (selection)? How will these employees be on-boarded and trained (development)? For what will they be accountable (performance management), and how will they be rewarded (compensation)? Finally, what will the working environment be like for these employees (culture/

employee relations)? These questions must be addressed not only for the target "A" jobs, but for those that might feed talent into these jobs.

Developing a comprehensive HR plan for "A" jobs has two distinct advantages. First, examining all components of the HR system at the same time increases the odds of designing a plan that demonstrates "internal fit" or congruence. Internal fit is evidenced when all components of an HR system elicit and/or support the same set of behaviors. It is surprising how often this is not the case (e.g., companies recruit and select for innovation, yet appraise and reward compliance). Looking at the entire HR system with a single purpose in mind enables the planner to look beyond legacy systems, personal biases and other causes of incongruence and create an integrated, self-supporting plan. Second, a comprehensive, congruent plan maximizes the effect. Aligning one or two elements of a plan (e.g., recruiting and selection) is marginally helpful, especially when other components of the HR system are working at cross-purposes. The greatest impact comes from aligning all facets of an HR system around a common objective.

One final issue to consider is execution of the plan. Some organizations have centralized control of "A" jobs, in much the same manner that succession plans are often under centralized control. We are aware of one client who has created a department focused solely on talent management (assessment, development and placement) of the senior leaders and incumbents in strategic jobs. Relatively unique is this organization's focus on both the jobs it has identified as important and those that feed into those jobs. While this degree of control might be undesirable in many firms, it does seem reasonable for HR to partner with line managers to deliver on the promise. For example, HR often has taken a lead (with line management's support) in identifying strategically critical jobs and creating the HR plan specifically for those jobs. Execution of the plan might then be decentralized, with appropriate line managers being primarily accountable for implementation (with HR's support).

Quantification of the results of such efforts is only now beginning. The concept of focusing an unequal amount of attention on a small number of jobs is relatively new and the number of organizations pursuing it is small. It is, however, merely the continuation of a trend that has been underway for years; e.g., organizations have for years been shedding "non-core business" and outsourcing "non-core jobs." Further distinguishing core jobs into basic versus strategically important categories helps companies invest their scarce resources most efficiently. Intense competitive pressure will ensure that organizations focus ever more closely on those assets that truly provide competitive advantage. ■

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