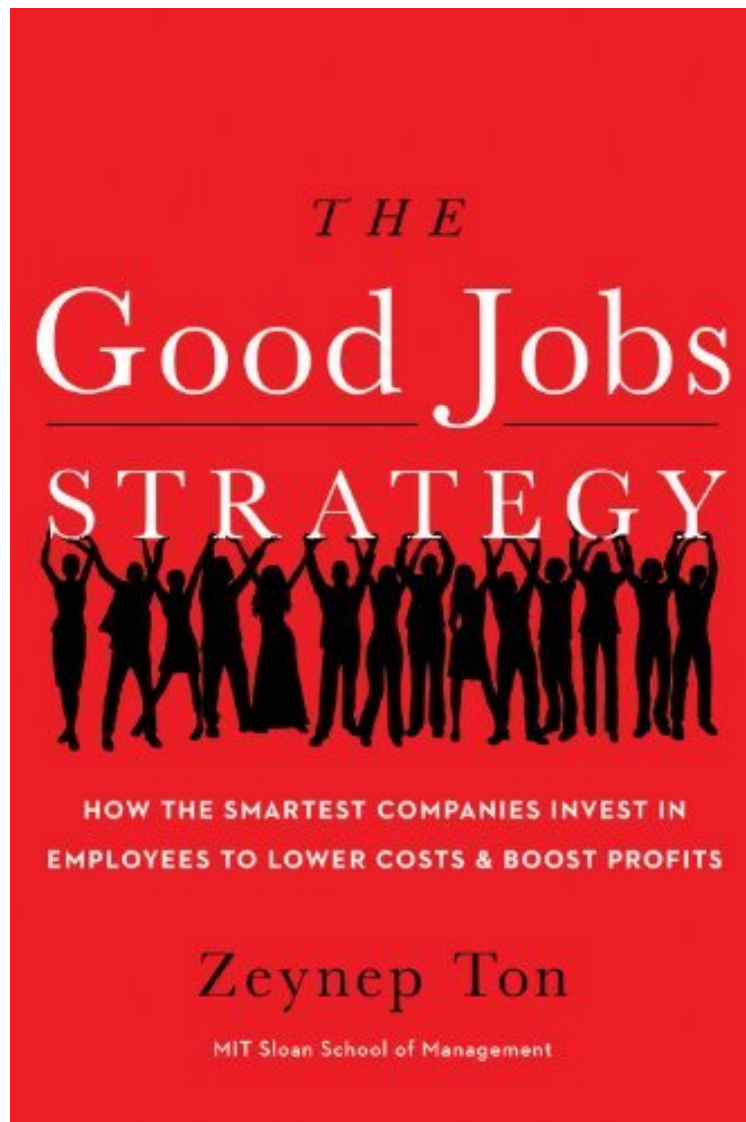


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The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits

Zeynep Ton

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Zeynep Ton : The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits before purchasing it in order to gage whether or not it would be worth my time, and all praised The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits:

1 of 1 people found the following review helpful. this is the best book of the year ndash; bar noneBy Ian MannFor an insightful, unique addition to your practice as a manager of a business, this is the best book of the year ndash; bar

none. The author, Zeynep Ton, holds a professorship in Operations at MIT. Her assertions are not the product of a creative mind, but the results of solid research into what has been achieved by superb companies. The book's focus is on retail, she explains, because if what is suggested is possible in this most difficult of environments, it is possible elsewhere. It is important to state this upfront so the message of the book is not ignored by those outside of the retail trade. This message has wide applicability. Most employers in businesses with wafer thin margins believe that the only way one can succeed is at the expense of their employees. This is achieved by offering jobs that pay low wages, which have scant, if any benefits, and unpredictable work schedules. These businesses are often understaffed, and lack equipment to do the job well. The result is that it is very hard for employees to perform well, and finding meaning and dignity in the work is impossible. This is the "bad jobs strategy." It produced the "vicious cycle of retail." Customers do not want to buy from these retailers, but do so because they are on tight budgets, and the prices are low enough. Customers are served by harried staff, in chaotic settings. Customers' buying experience is unpleasant, finding what they want is difficult, and getting help, nearly impossible. The store managers need to offer ever lower prices by paying staff less, and spending less on the operations of the store. In the U.S. in 2011 the median hourly wage for the 15 million retail workers was 34% lower than all other workers. To achieve its "everyday low prices", Walmart employees in California were found to be receiving over \$ 85 million in public assistance annually to supplement their paltry wages. In the UK only one in seven people working at supermarkets earned a living wage in 2012. And these are people with real jobs. Decades ago, Sasser and Schlesinger argued in their seminal book, "The Service Profit Chain", that capable, committed and satisfied employees provide good customer service, which then drives customer loyalty to improve sales and profits. This is not difficult to believe this of companies that sell high-end, differentiated products, or that compete on the basis of service. Most people do not believe it is possible to do the same in industries with wafer-thin margins such as low-cost retail. So, our experiences with restaurants, airlines, hotels, hospitals and call centres, must remain disappointing, frustrating, and time-consuming. Ton asserts that the "bad jobs strategy" is a choice. It does not have to be this way, and she has proved this from her studies. The alternative is the "good jobs strategy" and its "virtuous cycle of retail." Ton focus on four "model retailers" and refers to many businesses in other industries able to achieve huge returns to shareholders, great service to customers, and well-paid, challenging and satisfying work for their staff. The model retailers are Costco, a wholesale-club chain that has 580 stores with a turnover \$ 76 billion; Mercadona, the largest supermarket chain in Spain, with 1,400 stores and a turnover of euro; 19 billion; QuikTrip, a convenience store that also sells petrol, with 600 outlets and a turnover of \$ 8 billion; and Trader Joe's, an American supermarket chain with 340 stores and a turnover of \$ 8 billion. All of these businesses outperform their industry and have greatly enriched their shareholders despite spending much more on staff than their competitors in order to have a well-paid, well-trained, well-motivated workforce. The same is found in business such as Southwest Airlines, UPS, Toyota, Zappos, the Wegmans supermarkets, and Shouldice Hospital. The "good job strategy" does not rely on a hefty investment in staff alone. It requires a set of four operational decisions consistently upheld, and rigorously applied. All these companies have limited the number of products and services they offer to a basic set of the necessary and important. They sell, for example, only the six most popular types of tomato sauce, instead of 26. These companies delicately balance job standardization and employee empowerment. They have efficient, proven, and ever improving operational systems which are standard across their huge number of stores. Within these parameters their staff are empowered to make decisions in the best interests of the customers. Staff are taught to multi-task so that customers can be assisted during busy periods by any of the trained staff who might be available. A shelf-packer is able open an additional till to relieve queueing customers. Staffing levels are high so that the slick operational system can be easily and well managed, but no higher than they need to be. Overstaffing is as unprofitable as understaffing, as Ton research shows. There are many common excuses, Ton explains, for not pursuing a "good jobs strategy." This carefully argued books shows that none are valid. Among these excuses are that "Public companies cannot do it" because shareholders expect managers to sweat all assets including people. But Costco is a public company. Another excuse: "Big companies can't do this." Costco employs more than 140,000 people, Home Depot, 200,000. Another excuse: "Those model companies must have idiosyncratic qualities that we don't have." The real reason for there being so few companies offering good jobs, low prices, good customer service, and superb financial performance, is the difficulty. Excellence is much harder to achieve than mediocrity. "I wrote this book for managers, executives, and entrepreneurs who want to offer good jobs but don't think they can, because controlling costs is so important to their business." Read this book carefully if you are one of these managers, executives or entrepreneurs. Readability Light +--- Serious Insights High +--- Low Practical High +--- Low* Ian Mann of Gateways consults internationally on leadership and strategy and is the author of Strategy that Works. 2 of 2 people found the following review helpful. Poor or inefficient operations also damage customer loyalty which also ... By Gary and Darlene Stockman This book is very timely in light of how the american jobs market has evolved over the past twenty or so years. As manufacturing jobs became a smaller and smaller part of total employment, retail jobs grew to become a dominant sector. Unfortunately, jobs in the retail sector generally pay well below those in manufacturing. Competition among retailers exerts constant pressure to reduce costs

to remain price competitive. Traditionally, to meet cost cutting goals, retailers relied on lower labor costs by suppressing wages or reducing hours worked. In either case, the author argues the consumer though rewarded with lower costs in the short term, will find deteriorating operations when retailers rely on this approach that eventually lead to unsatisfactory customer service. Inefficiencies such as phantom "stock outs," inventory that remains shelved or misplaced will inevitably follow leading to loss of revenue through reduced sales. Poor or inefficient operations also damage customer loyalty which also engenders reduced sales. Ms. Ton suggests there is another retail strategy that is employed by "model retailers." Though counter intuitive in many ways, it has been validated as a recipe for growth, living wages for employees and steady gains for investors. The strategy employed by such household names as Costco, Quick Trip and Southwest Airlines have made these companies profitable and growing while remaining cost competitive. These companies also find it necessary to routinely cut costs to remain competitive. However, unlike traditional retailing strategies, they do not rely on reducing labor costs as the means to reduced operational costs. Instead of cutting wages or work hours, they simplify operations, invest continuously in their employees through cross training and empower them to find cost cutting opportunities within operations to help the company meet cost cutting goals. The book lays out a fresh approach to business operations that ensures long term rewards for customers, employees and investors. It is a refreshing approach that provides a potential solution to the stagnation of American wages, particularly in the retail sector. Ms. Ton writes in a clear and easy to understand style providing interesting, salient examples from the retail business world. If you have any interest in this area, you won't be disappointed by this book. 0 of 0 people found the following review helpful. Great Book! Loved the audio add-on! By Benjamin Nicholson This is one of the best books I have read. It is very insightful and easy to follow. A lot of it really stuck and changed my way of thinking. I purchased the ebook for kindle. I loved the format and it always held my place in the book whether I used my iPad or iPhone. I really really enjoyed the audio feature. The reader reads at a good pace and sounds like she knows what she is talking about. She wasn't just reading from a script without understanding. I found that my brain was able to follow along great because she put the emphasis on the right parts.

Almost one in four American working adults has a job that pays less than a living wage. Conventional wisdom says that's how the world has to work. Bad jobs with low wages, minimal benefits, little training, and chaotic schedules are the only way companies can keep costs down and prices low. If companies were to offer better jobs, customers would have to pay more or companies would have to make less. But in *The Good Jobs Strategy*, Zeynep Ton, a professor at the MIT Sloan School of Management, makes the compelling case that even in low-cost settings, leaving employees behind is with bad jobs is a choice, not a necessity. Drawing on more than a decade of research, Ton shows how operational excellence enables companies to offer the lowest prices to customers while ensuring good jobs for their employees and superior results for their investors. Ton describes the elements of the good jobs strategy in a variety of successful companies around the world, including Southwest Airlines, UPS, Toyota, Zappos, and In-N-Out Burger. She focuses on four model retailers: Costco, Amazon, Trader Joe's, and QuikTrip to demonstrate the good jobs strategy at work and reveals four choices that have transformed these companies' high investment in workers into lower costs, higher profits, and greater customer satisfaction. Full of surprising, counterintuitive insights, the book answers questions such as: How can offering fewer products increase customer satisfaction? Why would having more employees than you need reduce costs and boost profits? How can companies simultaneously standardize work and empower employees? *The Good Jobs Strategy* outlines an invaluable blueprint for any organization that wants to pursue a sustainable competitive strategy in which everyone—employees, customers, and investors—wins.

In the last few years, [Zeynep] Ton has become a revolutionary force in a field that would seem unlikely to generate many of the Kafkaesque-titled *Operations Management*. Her central thesis is that many of [the] big-box retailers have been making a strategic error; but she believes her core findings are relevant in nearly every industry. After re-evaluating the relationship between worker management and profit, she argues that many corporate leaders will realize that paying their workers more and treating them better will actually make everyone better off. And this, indeed, would foment a small revolution. The *New York Times Magazine*; at a time when the complexity of workers' jobs is increasing and labour force investment declining, [*The Good Jobs Strategy*] is a methodically researched riposte to cutting staff and wages. Financial Times In this brilliantly conceived and written book, Zeynep Ton shows that companies that view their workforce as an asset to be maximized rather than a cost to be minimized, have both happier workers and better business results. This book is a 'must read' for anyone that wants to think creatively about how they manage their workforce. Marshall Fisher, professor at The Wharton School and co-author of *The New Science of Retailing*; Using years of research and analysis, Zeynep Ton has proven what great leaders know instinctively—an engaged, well-paid workforce that is treated with dignity and respect creates outsized returns for investors. She demonstrates that the race to the bottom in retail employment doesn't have to be the only game being played. In fact, *The Good Jobs Strategy* shows that smart business leaders can create great shareholder value while creating good jobs.

—Joseacute; Alvarez, senior lecturer at Harvard Business School and former president and CEO of Stop Shop—“Stop the presses. Tear out the front page. Employers can increase profits by paying their employees more and treating them better. Raising wages and improving working conditions is not just a matter of public policy. The private sector itself can make a huge difference. Everyone who cares about good jobs—and especially every CEO—needs to read this highly informative and thoroughly readable book.” —Peter Edelman, professor of law at Georgetown Law Center and author of *So Rich, So Poor: Why It’s So Hard to End Poverty in America*—“In *The Good Jobs Strategy*, Zeynep Ton offers insights into how successful companies utilize operational excellence to thrive, and she reminds us that the spirit and culture of an organization—that sparkle in the eye—comes only from fully engaged employees.” —Michael Eskew, former CEO of UPS