

THE GOOD JOBS STRATEGY

How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits

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MAIN IDEA

It is widely accepted in some business circles that to make money, you have to keep your costs down and your prices low by paying employees as little as possible. This can be termed as the "bad jobs" strategy – where employees are treated as a necessary expense you aim to minimize.

Minimize your labor costs by any means possible



Invest in your people so you can pay them more

However, there are successful companies in business today which go in the opposite direction. They utilize what can be termed a "good jobs" strategy – they invest in their people and provide jobs with decent pay, great benefits and stable work schedules so their people can perform well.

What's interesting is that even though the good jobs companies spend more on labor, they are still competing in the marketplace to offer consumers the lowest prices. The good jobs strategy companies excel at operations which is the "secret sauce" of making the good jobs strategy work.

When you have a well-motivated workforce who use operations in savvy ways, you can end up with a company which not only delivers good jobs to employees but also strong returns to investors and low prices to consumers simultaneously. You just have to be able to combine investment in people with operational smarts.

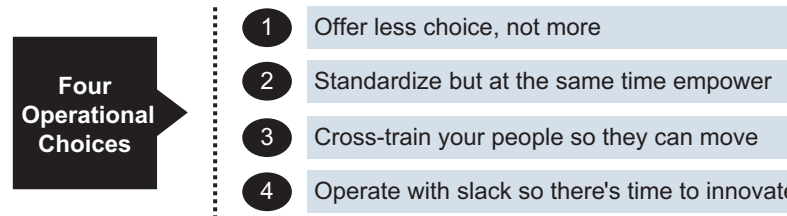
"The good jobs strategy is a blend of investment in people and in operational design. It is the combination of investment in employees with operational choices that produces excellence and breaks the low prices / good jobs trade-off."

– Zeynep Ton



1. Four Operational Choices. Pages 2 - 5

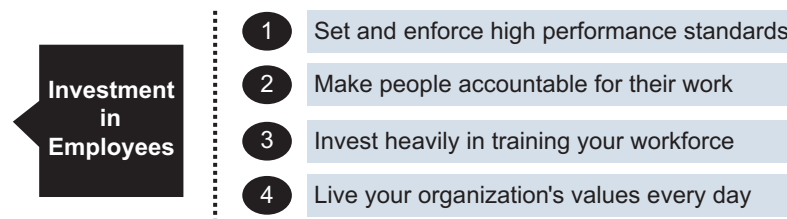
Operations is not usually the most glamorous side of business but to make the good jobs strategy work, firms have to design and manage their operations in such a way that makes their employees more productive, reduces costs and puts those well-motivated people at the center of the company's success. In practical terms, four deliberate operational choices are required:



Note all of these operational choices work together. They come as a package deal and must be used in tandem rather than in isolation.

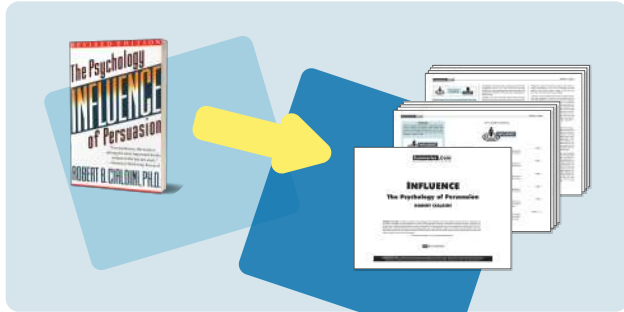
2. Investment in Employees Pages 6 - 8

Once firms have their operations sorted, the second necessary ingredient in the good jobs strategy is investment in employees. If you use the good jobs strategy, you have to view your workforce as a valuable asset which you want to enhance rather than as an expense you need to tightly control. This goes beyond engaging in happy HR talk or giving out employee-of-the-month plaques. To make the good jobs strategy work, you have to invest in employees in four distinct ways:



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