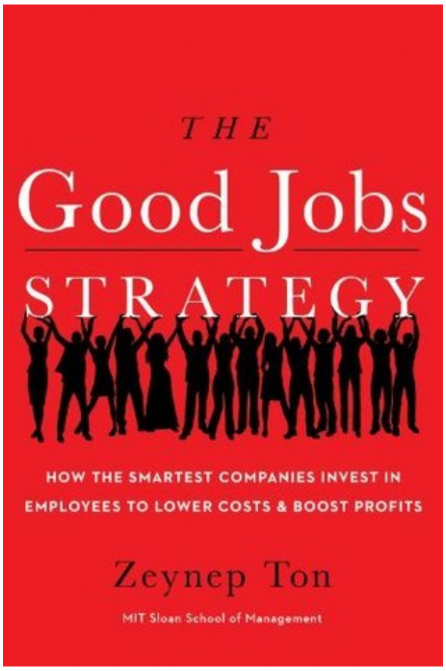

The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits

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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—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, Mercadona, 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.

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

Date	:	Published January 14th 2014 by Amazon Publishing
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From Reader Review The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits for online ebook

Paco Nathan says

Costco, Trader Joe's, Mercadona, etc., are all examples of companies that pay better than their competition, provide better customer experiences, and have demonstrated their resilience by being profitable over time -- even through recessions. OTOH, companies like WalMart are cited as "exemplary" for being just the opposite. Considering the factors of operational discipline, cross-training, customer and employee focus over short-term financial games, Zeynep Ton deconstructs the fallacy of the contemporary transnational corporation. She illustrates the dynamics of virtuous cycles vs. vicious cycles.

I'm not exactly a big fan of Trader Joe's, etc., given that their approach to packaging and sources has been relatively disproven by Mercadona, etc. Even so, their business strategies are a welcome respite from the utter nonsense and retardedness of a Fox News Nation.

Ton presented a talk about this at Next:Economy 2015, which drew my attention. The book itself is brief though a bit wordy: could have used some editing to make its points clearer, some portions ramble, and arguments get strewn across non-contiguous pages like airplane wreckage. It reads like an HBR article drawn out to book length -- somewhat typical for East Coast publishers. Even so, high marks.

Carter Hemphill says

I got this book on special through Amazon.com as an ebook. The audiobook was quite inexpensive as well. The author gets a little too redundant and the book could have used an editor. Nevertheless, the author makes a very compelling argument that if companies focus on investing in their employees (through cross-job training and high pay) while also limiting choice, sales promotions and stock-outs, then the companies will be leaders in the cutthroat retail market. I found it interesting to learn about how effectively Quiktrip, Trader Joe's and Costco operate and how well they treat their employees. I like that the author challenges the "Walmart" approach to extreme cost-cutting that results in low employee morale, poor customer service and inventory shortages. Recommended as a good expose of the retail market and its problems.

Stephen Kreeger says

Very helpful

But the salient points could have been elucidated equally well in a journal (e.g. HBR) article. About 40% longer than needed to be

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Jay says

Focused on retail, “The Good Jobs Strategy” describes organizational strategies that lead to pleased customers. To get there, create “good jobs” instead of bad jobs. Companies providing good jobs tend to pay more, have less variety in the parts of the jobs that are drudgery, and include a lot of training. Key were limiting the number of different items to eliminate stockouts and to make managing a store easier. Another key was cross-training, so when the customers aren’t there, retailers can work on stocking or other functions. If you are not in retail, this doesn’t provide direct correlation to the jobs in your company. But you will be able to see how the basic changes in strategy could provide the same kinds of benefits to your company and your employees.

I found the examples were interesting and entertaining throughout. I have worked on a project in retail, starting a new convenience store concept that targeted QuikTrip. QuikTrip is one of the main examples in this book, and I can now see why we did things that didn’t make sense to me at the time, those many years ago, having world-class training and paying employees well. When I visited that first convenience store twenty years later, I talked to a lady that was one of the first hires, who I had opened the store up with. To stay with that job for twenty years, and to know as many customers as she knew, was a great example of how this strategy can work.

The book was a bit repetitive, but overall I enjoyed it and learned from it. (And I agreed with a lot of it - it makes sense.) Were I in a job that involved creating and implementing strategies concerning the workforce, I would have found this an excellent resource.

Emily Antonen says

Trader Joe's and Costco are a couple examples of good jobs strategy companies. Read the book and find out how they do it, then support businesses who use this strategy, and avoid others until they comply. Here's a blueprint for a better tomorrow, which is threatening to come too late for many of us unless we all smarten up.
This strategy is the antithesis of the current standard of corporate policy, which has weakened our middle class - a level of society crucial to a stabilized government. It is a resolve for the gets-us-nowhere arguments about the economy between conservatives and liberals. Save costs and make more profits? Check. Treat people like human beings with rights and dignity and create ethical businesses that consumers need and love? Check.
Author Zeynep Ton produces research to prove that the best way for businesses to lower costs and boost profits is by investing in their employees. Offering employees a living wage right from the hiring, benefits and proper training, normalized work hours, and a positive work environment, companies discover that retention rates soar and employees enhance their services and production. Despite increased cost for HR at the beginning, studies show that well-trained healthy employees, able to maintain a decent home and family life, do a consistently greater job at work. The author logically details how costs get lowered and profits increased through the good jobs strategy. She is an adjunct associate professor at the MIT Sloan School of Management and was previously on the faculty of the Harvard Business School.

Jason Girouard says

Incredibly well researched and understood! Zeynep Ton analyzes QuikTrip, Mercadona, Trader Joe's, and

Costco to explain the "Virtuous Cycle of Retailing" and how seeing people as an engine of sales, service, profit, and growth can lead to reinforced success for employees and companies. These lessons can be applied to retailers but also expanded to any company dealing with customers - which as far as I know is most.

Jill says

I was happy to learn that there is a way to pay retail workers a healthy, living wage AND have successful companies. In fact, as Ms. Ton points out in the book, many successful companies make taking care of their employees the cornerstone of their business strategy. Some of the companies profiled in this book are Costco, QuickTrip, Trader Joes, and Mercadona (Spanish supermarket), as well as other companies that have applied this strategy a less consistently (think original Home Depot). Taking care of employees often entails more than just paying them well. For retail, it includes providing consistent schedules, offering more full time positions to include benefits (Hobby Lobby take note--this means health insurance that covers birth control!), and empowering employees to provide meaningful jobs. This employee-investment translates into better trained employees who enhance the customer experience, creating loyalty from both the customer and the employee. That these companies often have disciplined supply chains and limited product selection is no accident. They cut costs in these areas too. But cutting product choice doesn't work if you don't have employees to explain to customers why the products on the shelves are superior to what they may have come in to purchase. I don't know how many times I've said I like shopping at Costco because they may only have one toothbrush on the shelf, but they already did the research and it is probably the best toothbrush on the market at a great price.

When I think about the cycle of immigration in the U.S., I often think our economy needs the constant stream of cheap labor to fill positions that others won't take. While this book doesn't quite provide a solution for all those jobs, it does provide a roadmap for the next tier of employers who want to increase profits by doing right by their employees. The only question I was left with was whether there are enough motivated employees available to fill positions if all companies switched to this model. We probably won't have to worry about that, but it would be nice if we could get a few more companies to move this direction.

Kwang Wei Long says

This book challenges the conventional thinking of cost cutting and maximizing your resources head on especially with how the business climate has changed over the years to it's present state and business management books advocating cost cutting and squeezing your employees dry.

Zeynep has shone light on a different way of doing business and still be able to succeed.
Definitely worth a read into the unconventional way of doing things.

Hilary says

Anyone involved in business should read this, whether MBA student, startup entrepeneur, business owner, bank manager or investor. It's very readable, with clear examples drawn from 4 retailers (Costco, Trader Joe's, QuikTrip and Mercadona) chosen as models for the "good job strategy", revealing how investing in employees may have fewer tangible or measureable benefits in the short-term but makes the long-term prospects incomparably good.

Minjung says

Ton talks about business strategies made backed up with concrete examples from Trader Joe's to SouthWest Airlines. Business strategies seem intuitive and hard to implement as companies are operating in tight environments.

Jadrian Wooten says

Started real strong and then got repetitive.

KC says

In this slim, surprisingly readable book, MIT business professor Zeynep Ton delivers an exciting, counter-intuitive message: miserable, low-wage jobs do not help business profitability or deliver low prices to consumers. Instead, good jobs can go hand in hand with profits, low prices, and customer satisfaction.

Ton's area of expertise is the decidedly unsexy field of operations management, the discipline that studies how businesses turn raw inputs (like supplies and labor) into sales. In the course of over ten years of research and extensive case studies, Ton has found certain "model retailers" have adopted specific organizational practices that have enabled them to beat their competitors. These practices include reducing the variety of their products, dividing tasks into those that need to be standardized and those where workers should be empowered to make decisions, cross-training employees to do multiple tasks, and erring slightly on the side of overstaffing instead of engaging in pervasive understaffing. These strategies and practices, if used together, can increase profitability and customer satisfaction - but they can only be executed by a workforce that is treated with respect and dignity.

Ton's book focuses on the retail sector, because as she sees it, if her ideas about operations work for retail, they can probably work in almost any low-wage area of the economy. To illustrate her points, Ton returns again and again to the case studies of a few successful retailers: Costco (the bulk discount store), QuikTrip (a gas and convenience store chain), Mercadona (Spain's largest grocery chain), and Trader Joe's (the trendy American grocery chain). Ton also uses examples of other retailers than have stumbled along the way (Home Depot, Circuit City, and Borders), as well as non-retailers that have seen success. It's worth noting that none of these are small or obscure companies, but high-profile enterprises with significant market share.

At the core of Ton's book is the idea that business managers relentlessly seek to reduce direct labor costs while being oblivious to the numerous indirect costs those cuts create. In a worst case scenario, this results in a self-destructive cycle of lower profits leading to worse working conditions leading to even lower profits. Even where a business like Wal-Mart has managed to maintain its overall profitability by squeezing suppliers and improving its back-end operations, the obsession over labor costs is counterproductive. Higher wages and working conditions are NOT presented as a panacea, but as a necessary enabler of good customer service, efficient operations, and continuous improvement in business performance.

In the hands of a lesser writer, this message could be lost in pages of dry, academic prose. But Ton has won awards for her teaching from the Harvard Business School, and it shows: Her book is barely 200 pages long, with easy to understand examples. When Ton moves into business school jargon, she does so judiciously and provides clear explanations of core concepts. And yet there is never a sense that the author is "talking down" to her audience or oversimplifying the issues involved. This book should be studied as a model for academics trying to describe their research to a broader audience.

At the very end, Ton acknowledges what most readers will have instantly grasped - that her suggested business practices offer a massive potential benefit to society. But the first nine-tenths of the book focuses almost exclusively on the economic benefits to the businesses themselves, building an impressive case that business managers are leaving money on the table by treating their workers so poorly. It's deeply satisfying to read about how Mercadona paid out bonuses to 95 percent of its employers at the start of the global recession, cut prices 10 percent, and then proceeded to increase sales and market share even while Spain's economy sustained serious damage. It's a stunning rebuke to those who insist that poor working conditions are necessary for success in retail, and a challenge even to those critics of capitalism who believe businesses are inherently exploitative. Ton makes a persuasive case that the real fault lies with our short-sighted businessmen and their lack of vision, rather than with the workers themselves.

This is an incisive, sophisticated criticism of mediocre business thinking whose stories of real-world success have you rooting for large corporations and questioning a lot of the conventional wisdom about the relationship between labor and capital.

Alex says

This book is backed up with great research and interviews with people affected by both the "Good jobs strategy" and the "Bad jobs strategy." It has a compelling point and is well laid out. My only complaint is how repetitive the book is. It literally could be cut down to half the length and everyone would still get the point. You could easily get a cliff-notes version of this book and still get everything from it. It is well written, but just get monotonous after a bit.

Carissa Brown says

The Good Jobs Strategy seems like a great strategy. Invest in employees, care about quality, and stay competitive with your prices. Many companies claim to follow the strategy and yet when you get into the upper management you realize that it is a dream or a story they tell but not an actuality. All the companies mentioned in this book that follow the strategy, I have personally heard good things about. Quik Trip which is mentioned multiple times in the book is a great place to work and they really do seem to care about their employees. Hopefully in the future we will see more companies follow their lead.

Laura Carpenter says

Should be a must-read for every business school student. The book has common sense recommendations that - if implemented effectively - can significantly improve quality of life for scores of people. Profits and good jobs are not mutually exclusive.
