Harvard Business Review | THE BIG IDEA

REPRINT BG1706
PUBLISHED ON HBR.ORG
NOVEMBER 2017

THE GOOD JOBS SOLUTION

MILLIONS OF JOBS ARE LOUSY, LOW-PAYING, DEMORALIZING – AND BAD FOR THE BOTTOM LINE. IT'S TIME TO FIX THEM, FOR THE GOOD OF WORKERS *AND* BUSINESSES.

BY ZEYNEP TON

THE CASE FOR GOOD JOBS

BETTER PAY AND MORE OPPORTUNITIES. YOUR WORKERS WANT THOSE THINGS. SO SHOULD YOU.

BY ZEYNEP TON

Yes, there are millions of jobs at retail stores, restaurants, call centers, hotels, and day cares — but most of them are lousy and have been for decades. They offer low pay, few benefits, and no career paths. Conventional wisdom holds that bad jobs are the unavoidable price of low-cost service. They are not — and some companies are realizing that the way they run their operations, including treating their employees as replaceable commodities, is not sustainable. In the past three years large companies including Walmart, McDonald's, GAP, and Aetna have raised wages. Walmart is investing more in training and is streamlining operations to help store workers be more productive. GAP is experimenting with more-predictable schedules. And Aetna is letting call center reps use more discretion to meet customer needs.

Together these moves may herald a radical shift. Why are companies investing in and empowering their workers after treating them so poorly for so long? Largely because of a new competitive landscape. Companies in saturated markets need more growth from their existing units. Those facing increased competition from brick-and-mortar and online rivals need to give customers a compelling reason to buy from them. And companies are realizing that engaged workers are more productive, provide better service, and are less likely to jump ship — an especially big deal in retail and restaurants, where turnover in 2016 averaged 65% and 73% respectively.

Beyond boosting companies' competitiveness, improving service workers' jobs could have a huge impact on the U.S. economy. It would increase the earnings and spending power of the working poor and reduce the enormous amount of public assistance they receive. In 2016 the median hourly wage of the country's nearly 9 million retail workers was $10.37; it was $9.50 for the more than 7 million restaurant workers. Both figures put employees below the poverty threshold for a family of four — even those working 40 hours a week, which many employers don't allow.

Just treating workers better, however, will not boost a company's competitiveness. A radically different operating system — one designed to better serve customers' needs and increase workers' productivity, motivation, and overall contributions — is needed.

That's a hard message for many executives in retail and services to hear. Radically revamping operations and investing *more* in labor seems counterintuitive, even dangerous, when profits are under pressure. Yet Mercadona, a Spanish supermarket chain with 1,620 stores and 79,000 employees, proved it can be done, and others are making the transformation.

I've been researching retail and other service operations, including Mercadona's, for more than 15 years. In a 2012 HBR article I made a case for why good jobs — ones with decent wages, predictable hours, sufficient training, and opportunities for growth — are good for retailers. Since then I've studied and worked with a variety of retailers, call centers, and other service companies in various stages of adopting what I call the Good Jobs Strategy (GJS). I've accumulated volumes of evidence that this approach is not just a good idea; it works. In what follows — the first of a two-part article — I'll share what I have learned about the bad-jobs and good-jobs systems and how to assess whether your organization could benefit from making the transition to the latter.

ALIGNMENT BETWEEN HEADQUARTERS AND STORES

One basic difference between good-jobs and bad-jobs businesses is the way decisions are made vis-à-vis headquarters and customer-facing units. At good jobs retailers, functions at headquarters don't make decisions without considering the impact on the productivity of store employees and the level of customer service they can provide. Costco buyers coordinate product introductions so that new items are brought out at staggered times, smoothing out workloads at stores. Mercadona works with vendors to create shipments that can be quickly shelved (for example, olive oil is displayed in its shipping boxes, which open up in front). Its logistics department gives stores short delivery windows (15 to 20 minutes) so that receivers know exactly when to be ready and don't waste time. Logistics sends the same driver repeatedly to a given store so that the parties can learn to work efficiently together. Such actions allow companies to give employees higher pay (thanks to increased productivity) and more-predictable schedules (thanks to a smooth and predictable workload) and to achieve low turnover (below 10% at both retailers above).

At good jobs companies, communication is two-way, and headquarters incorporates stores' input into decisions affecting frontline work. Mercadona uses frontline input when standardizing processes such as the handling of deliveries. If a store needs extra time because of its layout, the owner of the delivery process for the chain will adapt the process for that store. When Mercadona developed a new decentralized-ordering system, it implemented employee suggestions such as removing information that workers found irrelevant and confusing.

At bad jobs companies, functions at headquarters make decisions in silos and rarely consider the

THE AUTHOR

ZEYNEP TON

"Growing up in Turkey, I thought the United States was the land of opportunity," says Zeynep Ton. "If you worked hard, you would do well. And that was exactly the case for me. I came to the U.S. in 1992 on a volleyball scholarship to study engineering at Penn State. This country has offered me wonderful opportunities for success and growth."

Later, while conducting research at Harvard Business School — first as a doctoral student and then as a professor — Ton confronted a grim fact: The United States is not the land of opportunity for millions of workers stuck in low-wage, dead-end jobs, who often must contend with unpredictable schedules and chaotic conditions.

Ton and her fellow researchers initially wanted to help retailers achieve operational excellence. They found that supply chain problems were particularly large and expensive in the final stretch: Merchandise that should have been on shelves was still in the stockroom or on the wrong shelves, special promotions weren't implemented correctly, and inventory data was highly inaccurate. While investigating the causes of these problems, Ton started talking with store employees. "It was heartbreaking to hear their stories," she says. "I was shocked by how their jobs were not working for them."

Ton spent years at Harvard and then at the MIT Sloan School of Management, where she is an adjunct associate professor of operations management, studying a vicious circle: Understaffing and high turnover lead to operational problems, which lead to low sales and profits, which lead to low labor budgets, which lead to understaffing and high turnover. Company executives lamented that they couldn't pay higher wages and invest more in training while maintaining the low prices that were necessary to compete in their cutthroat industry.

Then Ton came across some retailers in the United States and Spain that suggested this conventional wisdom might not be true. They were paying their frontline workers decent wages, investing in training, and providing stable schedules and career opportunities — and their profitability was higher than their competitors'. Ton studied these companies, looking to understand how they could thrive and offer good jobs. She learned that they were devoted to operational excellence and were applying a radically different operating model, one that companies in an array of service businesses — retailers, restaurants, call centers, office cleaning — could replicate.

In this package Ton shares what she has learned about that operating model and how companies can make the transition from "bad jobs" to "good jobs." "My mission is to persuade companies, especially in low-wage service industries, to adopt what I call the Good Jobs Strategy," says Ton, who with Roger Martin cofounded the nonprofit Good Jobs Institute to further the cause. "I want to help change the narrative about what it means to run a 'good' business."

AT GOOD JOBS COMPANIES, STORE MANAGERS FEEL LIKE OWNERS. TAKING CARE OF CUSTOMERS AND DEVELOPING EMPLOYEES ARE THEIR MOST IMPORTANT TASKS.

effect on employee productivity and customer service. They see stores largely as places that execute headquarters' decisions. Here are some things I have witnessed:

- **Six-hour delivery windows.** Large time frames probably helped logistics minimize transportation costs, but they made it hard for stores to plan resources to handle deliveries.
- **Big swings in the number of promotions.** Several sales one week would be followed by none the next. So labor needs varied, making it difficult for store managers to give staffers consistent hours from week to week.
- **Frequent display changes.** Employees spent most of their time moving products around; they had no time to help customers and often didn't know where items were. Employees would set up a display only to have to change it hours later. Seeing their efforts repeatedly go to waste made them feel there was little point to giving their all.
- **Mistakes in the prices sent to stores.** Store associates had to redo ticketing, wasting time and undermining morale.
- **Problems arising from coupons.** One associate said she had been instructed to follow the policies printed on the store's many coupons. But when she would not honor an expired coupon, the angry customer might appeal to a manager, who would often grant the discount. "You feel like an idiot," the associate said. "But you can't give it to them yourself; you can get fired for that."
- **Last-minute changes.** A typical example: Merchandising decides to move a promotion from Friday to Wednesday to stimulate demand. This doesn't seem like a big deal at headquarters. But the store manager must shift dozens of hours of labor from Friday to Wednesday, forcing employees to rearrange their lives, which in turn drives absenteeism and turnover. And employees have less time to set up the promotion and do their other work, so mistakes are more likely.
- **Inadequate staffing levels.** One chain based its staffing on time studies conducted at headquarters, which did not reflect realities in the field, such as different layouts from store to store and customers' asking for help from employees who were stocking shelves or pricing items. As a result, stores were

often understaffed and employees were brusque with customers.

EXPECTATIONS

When operations are designed to allow frontline workers to be productive, empowered, and customer-focused, companies and workers can expect a lot from one another — and at good jobs companies, they do. When operations are not designed that way — and chaos, low morale, and high rates of turnover and absenteeism are the norm — expectations all around are dismally low.

At good jobs companies, high expectations start with hiring — those companies are more selective. QuikTrip, a chain with more than 700 convenience stores in 11 states, centralizes recruiting in each city, and experts use structured interviews and cognitive tests. Even so, new hires must "graduate" from training; about 20% of full-time trainees and 14% of part-time ones don't make it.

Once hired, QuikTrip's store employees are held to high standards. For instance, they must initial each completed task. And peer pressure helps maintain standards, because part of everyone's pay is tied to the store's customer-service score, and full-timers enjoy profit sharing.

But it's not a one-way street. Employees of good jobs companies expect to be rewarded for their productivity and contributions. The annual take-home pay of a new full-time QuikTrip employee is nearly $40,000. All store managers are promoted from within.

Employees of good jobs companies also expect their employers to respect their time and knowledge and to allow them to shine in front of customers. QuikTrip sells a lot of coffee; if the coffee machine breaks, employees expect facilities management to fix it immediately so that they don't have to disappoint customers. When frontline employees at Mercadona find that a product takes too long to shelve because it is badly packaged, they expect that buyers will work with suppliers to fix the problem. When I told the CEO of a good jobs company about the last-minute changes I'd seen at other retailers, he said, "Our stores would scream at us if we did that!"

Bad jobs companies and their employees don't — and *can't* — have such high expectations of one another; their operations and people are too unstable. Headquarters decisions that waste employee time and increase workload variability contribute to low wages and workforce instability. At several chains I observed, well over half the store employees worked part-time, and last-minute changes in, say, the timing of a sales promotion or the delivery of merchandise meant that store managers frequently altered employees' work schedules. Those are some of the reasons workers often called in sick, came in late, or left for better jobs. Annual turnover averaged 40% to 120%.

With staffing so unstable, it was hard to know who should do or had done what. When a display or pricing error was made or when a section was dirty, it was difficult to identify the source of the problem. Equipment was often inoperative or disappeared. I saw broken fitting-room and bathroom fixtures, water fountains, and wi-fi systems at numerous chains. Sarah Kalloch, my colleague at the Good Jobs Institute — a nonprofit organization I cofounded — worked nine weeks at a large retailer. When shelving goods, she often didn't even have a box cutter. How can you care about a company that cares so little about how well you can do your job?

STORE MANAGERS

Good-jobs and bad-jobs companies also differ radically in terms of store managers' roles and attitudes. At the former, store managers feel like owners. They believe that taking care of customers and developing their employees are their most important tasks, and the operating system is designed accordingly. The Costco store managers we interviewed repeated cofounder Jim Sinegal's mantra that 90% of their time should be spent teaching. They constantly walked the floor asking area managers open-ended questions such as "Why do we have five pallets of blankets here?" and "Why is this item not selling well?" The questions were intended to improve the store's performance and help new managers develop. Almost all the store managers at good jobs companies were promoted from within, and they took great satisfaction when their employees got ahead. A store manager at Costco said, "There is nothing more satisfying to me than to see people move up in their careers."

At bad jobs companies, store managers spend most of their time handling day-to-day crises and making sure the most immediate tasks get done. Because stores are often understaffed, they end up shelving merchandise, running cash registers, and performing other employee tasks themselves. Frequent staffing, equipment, and customer-service problems leave them no time to train workers or give feedback.

At one retail chain, employees often found themselves with no assignments; the store manager hadn't had time to make them. One manager said he was caught in a vicious circle: High turnover meant he had to keep hiring new people. But all the firefighting meant he couldn't devote much time to hiring, so the new employees were often poor fits. Many would soon quit, increasing the time he needed to spend firefighting and looking for new people.

JUSTIFYING THE GJS STRATEGY

At the Good Jobs Institute, we developed a scorecard that can help you ascertain whether your organization needs the GJS. It begins with an assessment of frontline jobs. How well does your company meet employees' basic needs and foster engagement? Although such things as living wages, predictable schedules, and career opportunities may not in themselves be motivators, poverty-level wages, life-disrupting schedules, and a lack of opportunities make it hard to hire, motivate, and keep good people.

I've been surprised by how little corporate leaders know about the hourly jobs at their companies. Executives at one organization were startled to learn that most of their hourly employees worked fewer than 15 hours a week and that the average annual take-home pay was less than $10,000. Executives at another company thought they were providing employee schedules three weeks in advance — but some stores were scheduling just a week in advance.

The second element of the scorecard relates to the customer experience. How well does your company meet customers' basic needs and create conditions that engender loyalty? Efficient checkouts and clean floors may not generate an emotional connection with customers, but slow checkouts and dirty floors will drive them away.

The scorecard's final element involves data on operational problems, employee turnover and absenteeism, productivity, sales, and costs. Once you've collected that, the scorecard can help you identify potential gains from the GJS in the following realms:

Financial. An honest and factual discussion about current performance and what performance *could* be if your company operated differently will suggest the dollar value of adopting the GJS. At Quest Diagnostics, a provider of medical diagnostic services, 60% of call center reps left within a year, resulting in up to $10.5 million annually in direct turnover costs. That was a compelling reason to implement the GJS in the call centers.

GOOD JOBS COMPANIES CAN ADAPT TO THE ECONOMY'S UPS AND DOWNS OR AN INCREASE IN THE MINIMUM WAGE BETTER THAN THEIR RIVALS CAN.

Working with a large retail chain, my students and I found that increasing a store's average employee hours from fewer than 15 a week to 30 (without increasing total hours), decreasing schedule variability, and reducing employee turnover by almost half could lift sales productivity by more than 20%. We saw strong correlations between indicators of bad jobs, such as high turnover and frequent last-minute schedule changes, and costly operational problems, such as stockouts, inventory shrinkage and inaccuracies, and low conversion rates (the percentage of customers who buy something).

Competitive. At Quest, the high turnover among call center reps undermined service. Patients and staffers in physicians' offices had to wait more than two minutes to have a phone call answered. And the inexperienced, undertrained rep who finally did pick up often couldn't field the question and transferred the call to someone else, resulting in more waiting. Quest had already lost important customers.

Brick-and-mortar retailers also have compelling competitive reasons to adopt the GJS. Consider the challenge from e-commerce: As of August, more than 6,300 U.S. store closures — one of the highest annual counts ever — had been announced in 2017, with competition from online rivals a significant cause. Physical retailers that fail to create a compelling shopping experience and establish an emotional connection with customers risk the same fate. Another competitive reason is market saturation: Many chains can no longer profitably grow by adding stores. They should focus on getting more out of their existing stores — which requires the GJS.

Here's another competitive advantage of good jobs companies: They can adapt to changes such as the economy's ups and downs or an increase in the minimum wage better than their rivals can. Mercadona emerged from the 2008–2009 financial crisis with *higher* market share because it was able to cut prices by 10% while maintaining profitability. Many of its cost-cutting ideas came from employees. They knew their customers and were empowered to identify products and processes that could be improved or eliminated — and they knew top management would take their insights seriously. They also knew the company wouldn't use their cost-cutting ideas as an excuse for layoffs.

Moral. Many executives and managers don't like leading bad jobs companies; they would rather provide good jobs. Mark Bertolini, Aetna's CEO, found it unacceptable for a thriving *Fortune* 500 company to have employees on welfare. Costco's Jim Sinegal told my students, "We didn't want to build a low-cost business on the backs of employees." Although the GJS is likely to offer financial and competitive advantages to any low-cost service organization, doing right by your employees may be justification enough.

THE FOUR OPERATIONAL CHOICES IN A GOOD JOBS SYSTEM

OPERATIONAL CHOICE	EXAMPLE
Focus and simplify	Identify what problems you help solve for your customers and streamline products, promotions, and services to maximize customer satisfaction and employee productivity. Minimize last-minute changes to deliveries and promotions. Focusing and simplifying enables higher wages, more-predictable schedules, and higher motivation for employees; better service for customers; and higher sales and lower costs for companies.
Standardize and empower	Standardize routine processes (the unloading of trucks, shelving, and cleaning, for example) with input from frontline employees, and empower those employees to improve their work, provide input into merchandising (how much inventory to hold, which products to stock, how to display them, and so on), and solve customer problems. Standardization drives efficiency, while empowerment increases motivation and helps employees contribute to higher sales. Greater employee contributions make possible higher pay.
Cross-train	Train employees to perform both customer-facing and non-customer-facing tasks so that they can vary what they do depending on customer traffic — and train them in a way that ensures ownership and specialization. Cross-training means more-predictable schedules, higher motivation, better teamwork, employees who are more responsive to customer needs, and higher productivity (because there's less employee downtime when traffic is slow).
Operate with slack	Staff your units with more labor hours than the expected workload so that you can meet demand at peak times. Operating with slack lets employees do their work without making mistakes, deliver great service, and have time to identify and communicate ideas for improvement. It enables companies to cut costs and continuously improve.

A DIFFERENT SYSTEM

If company leaders conclude that the good jobs opportunity is worth pursuing, they will need to redesign their operations. The most important lesson I've learned is that the GJS is a *system* and all the parts must work together. The system consists of (1) investment in people in terms of hiring, training, compensation, high performance standards, and meaningful career paths, and (2) four operational choices you must make: focus and simplify, standardize and empower, cross-train, and operate with slack.

These operational choices require employee investment, but they also make that investment possible, by increasing employees' productivity and contributions.

To illustrate some of the dependencies that are crucial to the GJS, let's examine how Mercadona can offer employees stable schedules and supply them a month in advance even though customer traffic varies greatly throughout the day and week. (Daily transactions in one store ranged from 1,700 on weekdays to 3,000 on Saturdays.)

Understanding that stable schedules require stable workloads, Mercadona looks for ways to smooth the latter out. It schedules activities such as deliveries, display changes, equipment maintenance, and product introductions when traffic is likely to be low. Operational simplification (fewer products, no promotions, predictable deliveries, and so on) and the standardization of routine processes (such as unloading trucks, shelving, and cleaning) further reduce variability and make it possible to more accurately forecast workloads. Mercadona knows where to simplify because there's clarity about what value it offers its customers: the best quality-to-price ratio, the highest level of service, and the ability to complete purchases quickly. Everyone is aligned on delivering that value.

Stable schedules require cross-training so that employees can shift between customer-facing tasks (such as helping people find products and manning the cash register) and non-customer-facing ones (cleaning, restocking, and so forth) according to traffic. Specialists in areas such as produce, bakery, and cosmetics are empowered to order products, talk to customers to understand their needs, and improve their work. They have time for all this because Mercadona operates with slack. The specialists feel ownership of and are accountable for their area's performance.

A caveat: I've observed that when some elements of the system are missing, performance falls short of its potential. One big-box retailer I studied paid at least 50% more than the industry average and invested more than two weeks of training in each new employee. That sounds like the Good Jobs Strategy, but it fell short. The company had no mechanism for hearing employee ideas, so the disconnect between headquarters and the front lines persisted. All decisions related to merchandising were made at headquarters. Product variety in some categories was so high that employees spent a lot of time on tedious shelving tasks. The result was not only mediocre performance but also a low Glassdoor score as a place to work, *despite* the high investment in the workforce.

As a human-centered system that yields operational excellence, the GJS resembles the Toyota Production System (TPS) in many ways. At a car factory employing TPS, using common parts and specifications and leveling the volume and sequence of production simplifies and stabilizes work. Developing standardized work with operator input and involving operators in identifying problems and improving standardized work drives operator engagement, quality, and productivity. Cross-trained assembly-line operators can respond to changes in demand by rebalancing the line.

Staffing one offline team leader for every four to six assembly-line operators creates buffer capacity for training and for responding to problems, higher demand, and operator emergencies (a form of operating with slack). Toyota is known to have worker-friendly policies, such as no layoffs, and to share the values of GJS companies: Customers come first, employees are the most important resource, and the focus is on continuous improvement.

Adopting the GJS requires a system change, but that's worth it, and it's doable! In part two of this article, "How to Build a Business on Good Jobs," I'll explore how to get from here to there. ■

ARTICLE

HOW TO BUILD A BUSINESS ON GOOD JOBS

Major companies are adopting the Good Jobs Strategy. Here's your playbook for getting started. **by Zeynep Ton**

A growing number of service companies that have long offered frontline workers low pay, few benefits, unpredictable schedules, and dead-end careers are abandoning or at least questioning their model. As discussed in part one of this article, "The Case for Good Jobs," financial, competitive, and moral reasons are prompting them to seek an alternative approach — one that gives frontline employees a living wage, adequate training, predictable schedules, and career opportunities; one in which everyone in the company works to help those employees be highly productive and deliver great products and outstanding service. I call this the Good Jobs Strategy, or GJS. Making the transition to it is daunting but achievable. In what follows I will explore how to get from here to there.

Leaders should recognize several things at the outset. First, you must be patient. Moving to a good jobs system will most likely take years, even if your organization is small. Mercadona, Spain's largest supermarket chain, began to make the transition in 1993, when it had roughly 150 stores, and it took about three years for its financial performance to improve significantly.

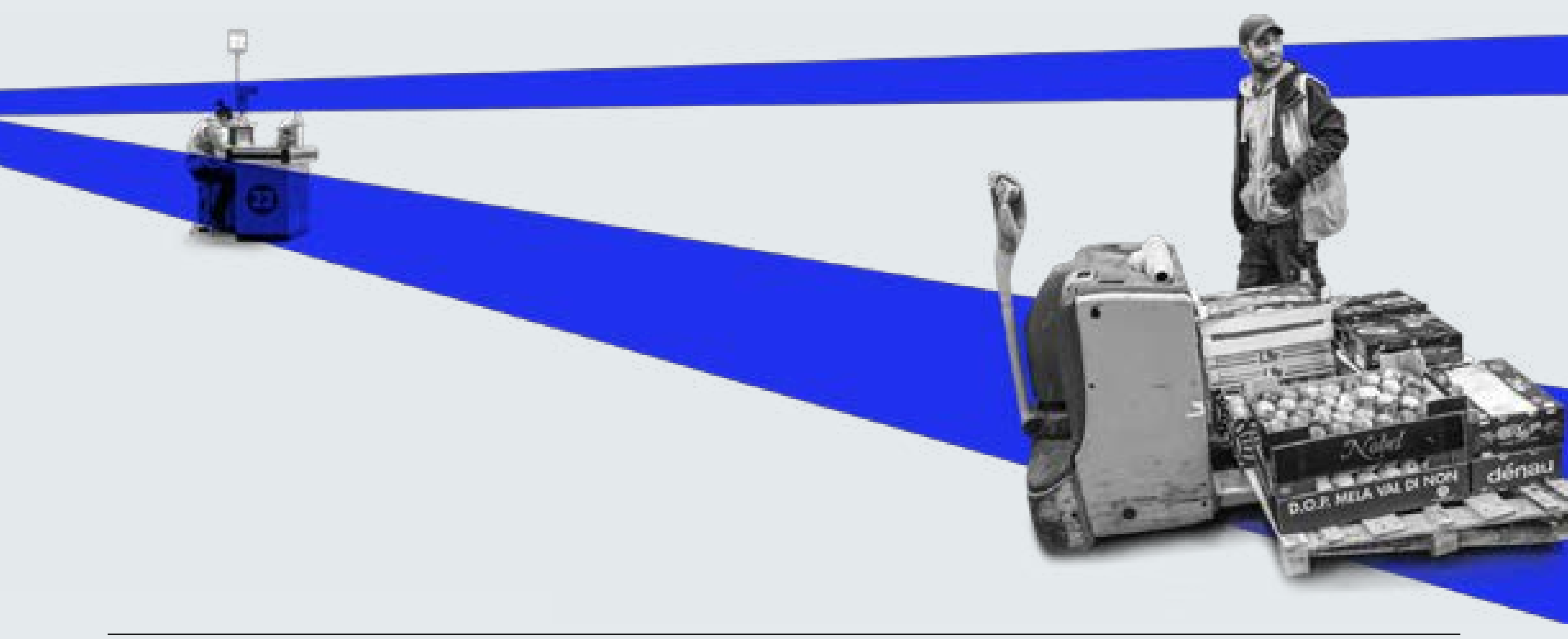
Some types of performance might temporarily decline. Costs might go up, owing to higher wages and bigger investments in training. Sales might fall as promotions are reduced. Turnover might increase. Some headquarters employees might leave because they don't like the loss of control, are uncomfortable learning from frontline staff, or think their expertise has been devalued. Some frontline employees might not like the higher standards and quit, while others might prove incapable of meeting the new standards and need to be dismissed. (When Quest Diagnostics, a provider of medical diagnostic services, adopted a stricter absenteeism policy and set higher performance expectations at its call centers, turnover increased for a while but then fell below previous levels.)

Trusting the process is crucial. So is learning from transformations to similar systems, such as the Toyota Production System (TPS). Here are some of the most important steps:

ALIGN ON THE GOAL AND DIRECTION

As in any transformation, it is important to (1) create a compelling vision around customers and employees that appeals to both heads and hearts; (2) form a centralized implementation team — sponsored by the CEO or the COO and including executives, field managers, and representatives of home office functions that affect frontline work — with the power, expertise, credibility, and leadership to create an implementation strategy; and (3) maintain constant and honest communication about the transformation, through town halls, short videos, memos, and so on.

Elect a transition team. In 2014, when the executive team at Mud Bay, a chain of 44 pet stores in the northwestern United States, decided to implement the GJS, co-CEO Lars Wulff launched eight weeks of small group discussions for 67 store managers and headquarters staffers, during which they discussed the GJS and how Mud Bay could benefit from it. The company then charged a team of six store managers elected by their peers, six



home-office staffers elected by their peers, three district managers, and five top executives with creating a vision and strategy for the transformation.

This up-front effort generated companywide buy-in. Store employees were excited enough to talk about the transformation with customers, who then felt even better about shopping at the chain.

Hold workshops. Educating your organization about the GJS ahead of time through workshops with store managers, district and regional managers, headquarters functions, and senior leaders is important for several reasons. Workshops help the functions, some of which have never worked with one another, to have honest discussions and start breaking out of their silos. I have run workshops in which store leaders felt comfortable telling headquarters functions how much trouble their decisions had caused. Workshops also help the functions understand how and why the GJS works as a system and what their role in it is.

I often divide participants into five groups representing investment in people and the four operational choices of the GJS and ask each group what needs to change within that element to create a better customer and employee experience and what will be required from the other groups. This helps participants immediately grasp the dependencies.

Finally, workshops will help you identify and address objections early on. For example, many retailers already feel desperate about slides in traffic. So marketing or finance's response to the principle of focusing and simplifying might be: "Are you crazy? We're getting killed. We need to sell *more* products, run *more* promotions, stay open *longer*." That needs to be talked through.

Promise no layoffs. Some changes in a good jobs transformation may temporarily decrease revenue, and some functions might wonder about the effects on their compensation, while people at any level might fear for their jobs. I recently asked a store employee how she thought the backroom replenishment process could be streamlined. She said she wouldn't want it to be, because it might mean she could lose her job.

All such objections need to be heard and addressed. One of the best practices we have learned from TPS implementations is to make a public commitment that apart from seasonal workers, no one will be laid off because of the transformation.

START SMALL AND LEARN WHAT WORKS

In multiunit service organizations, the desire to show results quickly and the habit of top-down decision making often tempt companies to implement one big top-down change at a time. That urge should be resisted.

Work up from the front lines. Given that the GJS is a complex system in which many things, big and small, will change, and given uncertainty around the order of changes, top-down implementation is too slow, expensive, and tone-deaf to unit-level realities. If the front lines aren't involved in creating the initiative, their buy-in and commitment will be low.

The transformation may be largely planned at headquarters, but it should be executed from the front lines up. Not every company is willing to do this. When I suggested it to the chief people officer at a big-box retailer, she replied, "We typically don't ask them; we tell them." You can't implement the GJS that way.

Prototype and scale up. An approach that has worked well in TPS transformations is to implement the new system in one unit or a few, learn and adjust, and then scale up. Prototyping lets the centralized team discover how to break down functional silos and collaborate. This approach also builds momentum and converts cynics, because it's easier and faster to show success.

Choosing units with strong leaders who are excited about the transformation and with average performance — so that meaningful improvements will be visible within a few months — makes success more likely. Lessons can be scaled up more easily if the prototype units are of average or typical size, location, and format. Choosing units reasonably close to headquarters lets the centralized team visit regularly.

DETERMINE WHAT TO CHANGE FIRST

The good jobs scorecard discussed in part one of this article might tell you that your company needs to change and highlight the biggest gaps that need to be closed, but it doesn't specify *what* to change. Here's how to figure that out.

Diagnose yourself. This will help you identify priorities. Which GJS elements do you already use? Where could you improve? You will probably find many things to change, such as:

- how stores recruit, train, pay, and empower associates
- whether headquarters functions take frontline work into account when making decisions and coordinating with one another
- whether the relationship between headquarters and the stores is a two-way street so that, for example, store processes are standardized with input from frontline workers and headquarters has a mechanism for hearing ideas from the field

You can't overhaul everything at once, and revamping some elements of your operating model will be hard. That said, some changes will have good results only if complemented with others. Getting functions to coordinate decisions may require new incentives, leadership, and organizational structures. Higher pay won't make your employees more productive or engaged if their work remains unstable. But it will inspire more of them to stay longer and become better at what they do, which will help you stabilize operations.

Start by providing stability. At Quest's call centers, the GJS implementation began with this step. The centers suffered from high turnover and a 12% absentee rate. Supervisors spent most of their time fielding calls that inexperienced reps couldn't handle, and customers were frustrated. Conversations with reps and supervisors revealed that the main reasons for the turnover had to do with pay and career paths — basic employee needs. The work was more complicated than that at a typical call center, yet the pay was about the same, and it didn't rise as employees acquired new skills.

To address these issues, Quest implemented step-based pay and a higher starting wage and provided clear career paths. To subsidize the higher wages, it found ways to eliminate waste. Certain services provided by phone could be offered in other ways, ones that both lowered costs and increased customer satisfaction. For example, many physicians preferred receiving normal test results by fax rather than by phone. Many patient calls concerned location, hours, or scheduling — things that don't require a rep's expertise — so Quest made that information more accessible online.

By simplifying and focusing on the most important value it offered customers — important medical information as quickly and accurately as possible — Quest cut costs *and* improved service. Much more had to follow, and did, but the later steps probably wouldn't have been possible if employees hadn't first been given good reasons to stay with the company long enough to get really good at helping customers.

Quest's tack of stabilizing first is a good model. Until work processes, workloads, turnover, and absenteeism have been addressed, companies will find it hard to implement changes such as cross-training, creating high expectations, and empowering employees to make decisions.

Look for little opportunities. Quest sought other small but meaningful ways to improve work, engagement, and customer service. One rep came up with an idea dubbed the "Spanish whisper." Although a caller could select English or Spanish, the bilingual rep who answered did not know which had been chosen and would lose about 20 seconds finding out. Working with a prototype team, the centralized team programmed the phones so that when a Spanish-speaking caller was on the line, the word "Spanish" was whispered into the rep's headset before he or she picked up the call. In addition to its direct usefulness, this small change helped break down silos, because several functions had to work together to implement it. (Another lesson from Toyota is that solving small problems helps formerly isolated departments learn to coordinate and collaborate.) It also signaled to reps that their opinions now counted.

Making many small improvements rather than a few big changes is also powerful: Researchers have found that the sum of many small improvements often has a large impact and that small wins help sustain momentum. Big changes must come eventually. But they are more likely to succeed if a foundation has been laid.

SCALE, ADAPT, AND CONTINUOUSLY IMPROVE

Executives of chains may have some problems with the prototype approach. They may be uncomfortable devoting many centralized resources to a few prototype units for several months. And relying on just a few units to drive change in hundreds or thousands of others may not feel right. If the company is under pressure to improve performance, executives will want to implement companywide change as soon as possible. You can address these concerns in three ways:

1. Identify changes that have few dependencies and can work in isolation, such as daily huddles, a better checkout process, a better cleaning process, and better recruiting. Empower units other than the prototypes to experiment with improvements and share results with the good jobs team. You can then create the first versions of new standards using store input. This approach can produce improvements across the chain in a few months and start changing the culture to one that involves the frontlines.
2. Apply some of what the prototypes learned across the organization while the pilot efforts are still under way. For example, once headquarters learns from a few prototype units how to reduce workload variability (say, by reducing delivery windows or avoiding last-minute changes to promotions or deliveries), you can apply the new methods companywide. Simplifying work as Quest did can also enable you to increase pay or benefits across the chain without overly hurting short-term performance.
3. Establish a channel for sharing successes with other units so that they will be eager to make the same changes. When Quest's prototype teams presented their results to other teams, supervisors lined up to try the new approach.

Depending on the size of a prototype unit and the level of initial stability, implementing all elements of the GJS

can take more than six months. Once the elements of the system are working well together, the centralized team can start rolling them out more widely. It should keep in mind what we have learned from TPS implementations: Don't impose the same playbook on other units; rather, involve them in implementation and allow them to adjust and adapt it. This may take longer, but it will ensure buy-in and get better results.

Good jobs companies do not standardize processes once and expect conformity. They involve their employees in continuously improving processes. The key to both scaling and improving is having a centralized process owner and a clear process for hearing frontline ideas, experimenting with them, and rolling them out across the network in a way that ensures buy-in.

The transformation is quite an undertaking — one that requires totally committed leadership and disciplined execution. But it is worth the effort.

THE PAYOFF

Good jobs transformations have worked well — for employees, customers, companies, and investors — in a variety of settings.

In the three years preceding the 2014 launch of its good jobs transformations, Mud Bay's same-store sales grew at an average annual rate of 6.5%. From 2014 to 2016 same-store sales growth averaged 11.0%, and the company's overall sales grew much faster than the industry's as a whole. The average hourly wage of Mud Bay's store employees, including managers, was 18% higher in 2016 than in 2013, and employee turnover in 2016 was 33% — down from nearly 45% three years earlier. Customer satisfaction is now at its highest level ever: Stores get love letters from customers and seldom receive fewer than five stars on Yelp (the largest 100 retailers average 3.2 stars). In 2013 just 65% of store employees worked 30 or more hours a week. The 2017 figure thus far is 82%.

Quest started its good jobs transformation in July 2015. Since then it has seen a 20% reduction in its call-transfer rate (calls that must be passed on to someone else because the first rep can't field the question) and a 40% improvement in how quickly calls are answered. By March 2017 turnover had dropped by 53%, absenteeism by 66%. Within eight months of implementation reps had submitted 1,556 ideas for improvement, 1,001 of which have been implemented. Of $2 million in savings, $1.2 million came from those ideas.

...

Better jobs make for a better society. Employees do higher-quality work when they are knowledgeable and empowered, when they have sufficient resources, and when they and the work they do are respected. Customers — which means all of us — are treated better and are more likely to come away satisfied. In the past century we saw that higher pay and better working conditions in manufacturing contributed to a bigger middle class and a stronger economy. Now it's the service sector's turn.

An economy with more good jobs is neither inevitable nor utopian. It is a *choice* we can make. The Good Jobs Strategy has proved that the trade-off between pay and prices can be broken. The CEOs of service companies have a unique opportunity to generate more value for their investors and customers while creating meaningful work for millions of people — work that will allow them to escape poverty and join the middle class. That's a privilege and a responsibility. ■

ARTICLE

IT'S TIME TO MAKE MORE JOBS GOOD JOBS

We don't need to move people into good jobs; we need to make the jobs they have good ones. **by Roger L. Martin**

Over the past 30 years two insights have shaped my thinking about jobs in America and convinced me that we urgently need to restructure many of them. Each insight came from a colleague. The first was from Michael Porter, with whom I worked in the late 1980s and the 1990s. The second was from Richard Florida, a colleague at the Rotman School since 2007.

Both insights are valuable on their own, but when they are viewed through a single lens, as Florida and I decided to do in 2015, it becomes clear that bad jobs in America is a burning platform on which we need to take action.

THE MICHAEL PORTER INSIGHT

This insight arose from the vast body of work captured in the 1990 book *The Competitive Advantage of Nations.* Porter shows that it really matters whether you work in an industry that's clustered in one or a few small geographic areas (as in pharmaceuticals and software) or in one that's dispersed fairly evenly across the country (as in retail and health care services).

Industries with clustered employment sell their products and services far beyond their immediate areas — pharmaceutical companies in New Jersey don't sell only in the Garden State, of course. As a result they can scale up, invest in R&D and branding, and help their employees achieve high productivity, which is reflected in high wages.

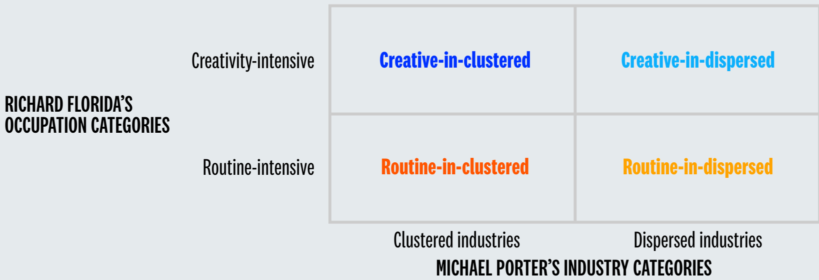
Industries with dispersed employment sell only within their local areas, so they realize fewer economies of scale and tend to invest much less in R&D and branding (the market demand for, say, a local landscaping company doesn't warrant considerable capital investment). As a result productivity is lower than in clustered industries and wages are significantly lower.

THE RICHARD FLORIDA INSIGHT

This insight, captured in the best-selling 2002 book *The Rise of the Creative Class*, focuses not on the industry in which you work but rather on the content of your job. Florida draws a distinction between the amount of independent judgment and decision making a job involves and sees two basic kinds of jobs. The first are creativity-intensive; they involve a high level of independent judgment and decision making. Consider marketing executives and doctors: They are given the space and freedom to create value for their employers, which means they earn high wages. The second kind of jobs are routine-intensive; they involve little, if any, independent judgment and decision making. Think of payables clerks in marketing departments and orderlies in hospitals: They are unable — often, they're not allowed — to create as much

The Structure of Jobs in the Modern U.S. Economy

Combining insights from Michael Porter and Richard Florida reveals four basic types of jobs.



SOURCE ROGER MARTIN, RICHARD FLORIDA, MELISSA POGUE, AND CHARLOTTA MELLANDER © HBR.ORG

value as creativity-intensive workers. So they earn significantly lower wages.

PORTER + FLORIDA

Florida and I decided to combine the two insights to see how industry type and job content intersect. We started by creating a two-by-two matrix for all U.S. jobs. This gave us four types of jobs to examine, as shown above.

Next we needed to know what share of the U.S. economy is represented by each job type (we drew on the most recent data available, from 2012). Perhaps not surprisingly, routine-in-dispersed jobs — ones that lack creativity and are in lower-productivity industries with limited ability to scale up — dominate, as shown below left.

What *is* surprising is what happened when we plotted the average wage for each type of job against the average wage for all U.S. workers.

As the graphic below right shows, those holding a creativity-intensive job in a clustered industry are in the proverbial catbird's seat. On average, they earn almost 80% more than the national average, and far more than workers in any other category. Yet they make up the smallest share of the workforce.

Do the good fortunes of these employees result from having creativity-intensive jobs, or from working in a clustered industry? It appears to be the former; creativity-intensive workers in dispersed industries also earn more than the national average, although their premium is less than half that afforded to their creative counterparts in clustered industries. On average, workers in both routine categories earn far less than the national average. Those in clustered industries, who are fewer in number (they represent the second-smallest category), earn significantly more than those in dispersed industries. The latter earn very low wages indeed — and they account for almost half the workforce.

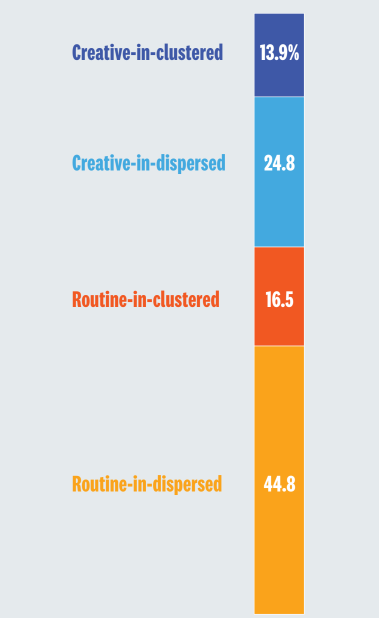
MOVEMENT ACROSS GROUPS

We wondered whether the picture painted by the 2012 data was stable, so we looked at the earliest consistent data set, from 2000. We expected to find little difference over just 12 years, but we were wrong. (See the exhibit "The Changing Share of Job Types and Compensation for Jobs in the Modern U.S. Economy.")

The changes are dramatic and worrisome. The most disadvantaged category of workers, routine-in-dispersed, grew significantly, and

The Share of Job Types in the Modern U.S. Economy

A breakdown by occupational and industry categories, 2012



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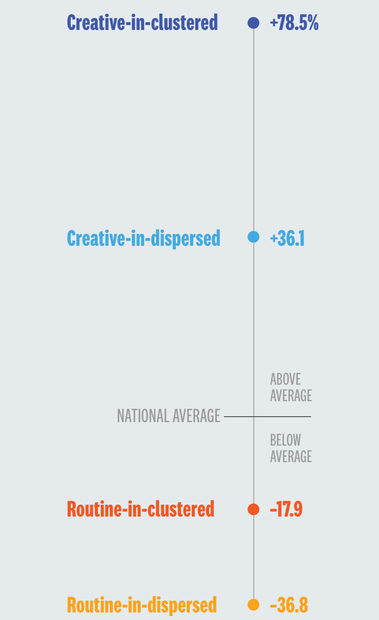
The Compensation for Jobs in the Modern U.S. Economy

A comparison of average wages for each job type with the average national wage, 2012



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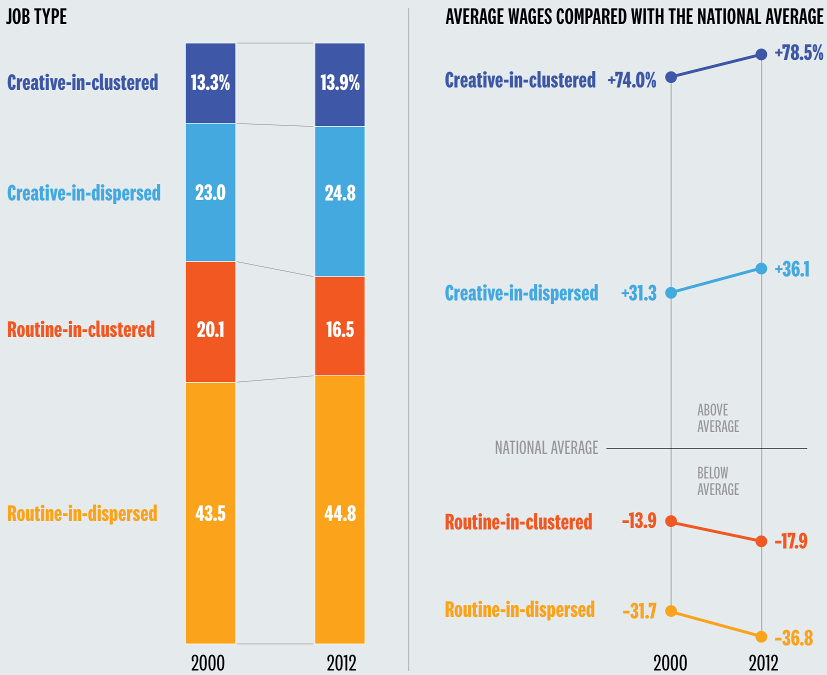
The Changing Share of Job Types and Compensation for Jobs in the Modern U.S. Economy

Breakdowns by occupational and industry categories, 2000 and 2012



SOURCE ROGER MARTIN, RICHARD FLORIDA, MELISSA POGUE, AND CHARLOTTA MELLANDER

wages for that group deteriorated sharply, whereas the earnings advantage of creativity-intensive workers rose steeply.

The only ray of hope is that the share of creativity-intensive jobs grew by more than two percentage points. But by and large, that growth didn't lift people out of the lowest-earning, routine-in-dispersed group. It drew mainly from the less-disadvantaged routine-in-clustered cohort, which decreased in size by almost four percentage points.

THE IMPLICATIONS FOR AMERICA

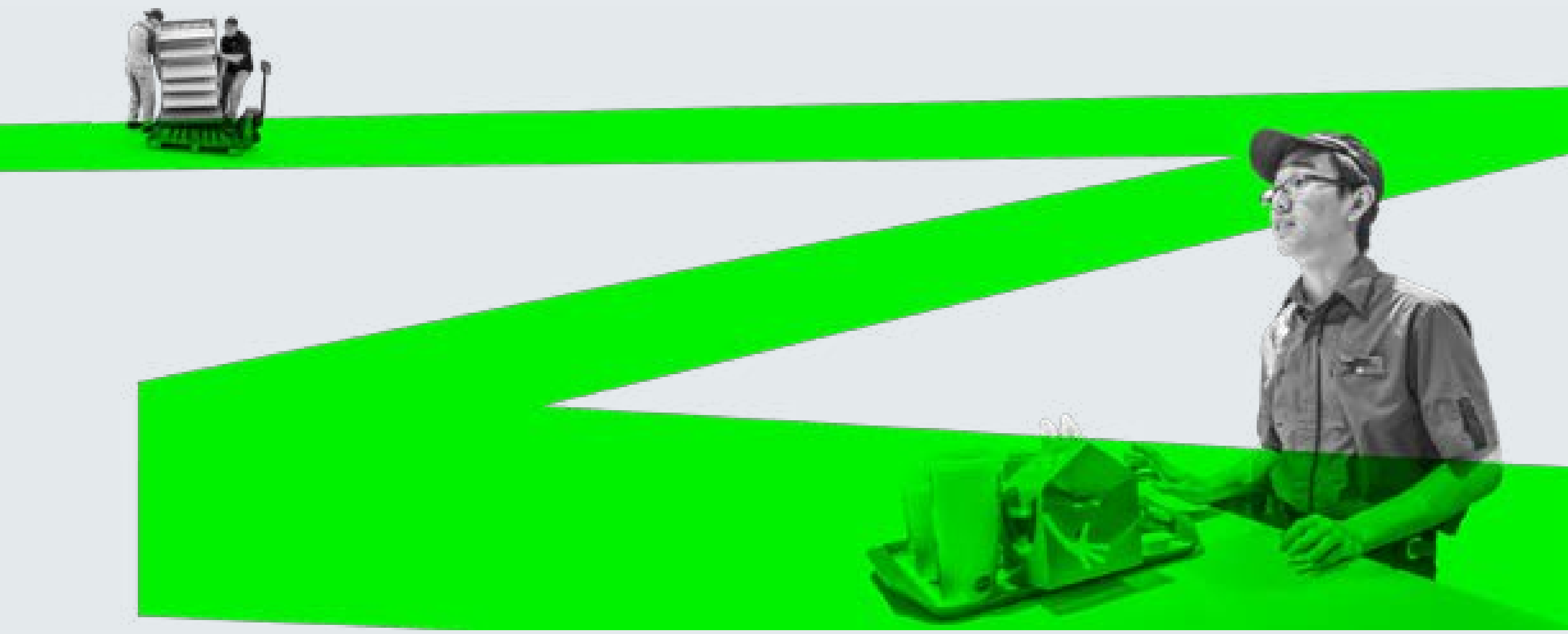
Soon the breadwinners of more than half the families in America will hold the lowest-value, routine-in-dispersed jobs. They will surely start to wonder why they should support democratic capitalism when it doesn't work for them, and won't anytime soon.

And although it's good news that the share of creativity-intensive jobs has grown, that growth isn't helping workers escape the very worst type of jobs.

The best — and, I believe, the only — chance to save America's form of democratic capitalism is to forget about *moving* people from one job category to another and instead to change what it means to *be in* the bottom categories. We can transform the nature of routine jobs. They involve little independent judgment and decision making not because that's inherently better for corporations but because executives *imagine* it is better.

In "The Case for Good Jobs" and "How to Build a Business on Good Jobs," the two-part article anchoring this package, Zeynep Ton argues that by increasing the independent judgment and decision making called for in formerly routine-intensive jobs, companies will do better — because workers will become vastly more productive. That means that employers in turn can comfortably increase wages. The Good Jobs Institute, a nonprofit Ton and I founded, is helping companies undertake the transformation. The upside will be large for businesses and employees alike. ■

About the author: Roger L. Martin is the director of the Martin Prosperity Institute and a former dean of the University of Toronto's Rotman School of Management. He is a coauthor of *Creating Great Choices: A Leader's Guide to Integrative Thinking* (Harvard Business Review Press, 2017).



Q&A: SARAH KALLOCH

CLOCKING IN: WHAT IT'S LIKE TO WORK A BAD JOB

A researcher took a position at a large retailer to understand the frontline experience. It wasn't a good job. **by Laura Amico**

Nearly 9 million people in the United States work in retail. In November and December those ranks swell with temporary holiday employment. If you've stood in line at the grocery store, hunted for a sweater in a department store, or ordered a hamburger at a fast-food restaurant, you know that most of those jobs are not good jobs.

If you employ people in retail, you probably know that too. But you also know the conventional wisdom: To offer low prices and make money in businesses with razor-thin margins, you must keep labor costs down. That doesn't manifest itself just in low wages; it also results in unpredictable schedules and few opportunities for success and growth.

Zeynep Ton's Good Jobs Strategy refutes this trade-off. It advocates for higher wages and deeper investment in frontline workers and for making smart operational choices that leverage the investment in people. The Good Jobs Strategy results in better customer service and higher productivity — and prices that are just as low.

Ton and the Good Jobs Institute, a nonprofit she cofounded, recognize that implementing the Good Jobs Strategy isn't easy. Part of understanding how to make the transformation involves taking the current measure of retail. To that end Ton's colleague Sarah Kalloch took a short-term job as a frontline worker at a local outlet of a major U.S. retailer. She clocked in and out for nine weeks to understand what it is like to work in retail and what challenges prevent workers from delivering a great customer experience. I recently spoke with Kalloch about what she learned during her time on the job. Edited excerpts follow.

APPLYING AND TRAINING

HBR: Why go through this exercise?

KALLOCH: When I joined Zeynep to spread the Good Jobs Strategy, I wanted to understand how systems help or hinder frontline workers in terms of the customer experience and the company's goals. I learn best by doing. I had never worked in retail, but I love to organize things, I love to make shelves look good, and I love to help people. I was excited, and I wanted to really understand the work and to go through the whole cycle of applying, interviewing, training, and serving customers. I also wanted to work hard and earn my $11 an hour. You call it an exercise, but this was a real job for me, and I wanted to deliver.

Did you choose the retailer because you specifically wanted a good- or a bad-job experience?

No. I applied online to several retail stores to work in frontline roles, and I got a call for an interview from two. I drove half an hour to one interview only to have them tell me that their computer system had been down all day and they could not interview me. I had a brief interview at the second store, and they did a background check — and I was hired. They didn't call my references, which was a little surprising — I had never worked in retail and had kind of a crazy résumé. If I had been the hiring manager, I would have done more due diligence.

But that's exactly what we've observed at other companies. Many managers simply don't have the time for thorough hiring. Their stores are experiencing high turnover, and they need to fill positions fast. They end up hiring the wrong people, which is bad for the company, bad for employees who aren't the right fit, and bad for existing employees, who get a teammate who is unable to contribute.

So you got the job. Then what?
Training. My training group of six included one person who probably should not have been hired — I knew within 10 minutes of meeting her that she was not reliable. And it turned out that she was frequently absent, which made work worse for the rest of us. But the manager was contending with tight labor hours, high turnover, and high absenteeism. He needed to fill roles and could not escape that vicious circle.

I was told that after some general computer-based training, I'd be paired with a staffer in my department who would train me in my specific job. I felt good about that plan — but it's not what happened.

I had about 40 hours of training — but 20 were wasted by technology glitches, unproductive shadowing outside my department, and just waiting to be told what to do next. When I finally got onto the store floor, I was unprepared to do my job. I had not even had a store tour — I had no idea where things were or where they belonged in my area, never mind in the whole store. I was terrified.

DAY ONE: A NEW JOB ALREADY?

What was your first day like?
Orientation started at 9 AM. I was put in a room with several other new hires. No one said anything to us — we were not given an agenda.

For the next two hours the manager called people into his office one at a time to do paperwork. We had nothing to do while we waited for our turns. We just sat in the room. One man fell asleep. Two women left several times for smoke breaks. I read everything on the walls. Finally a staff person came in to talk to us. He started right in with pay periods, schedules, how to clock in, and the attendance policy. He then showed us three completely unrelated and totally bizarre videos: one that seemed to be about customer service, one on how to use heavy equipment, and one on benefits — which I did not qualify for. There was some important safety information; we skipped over that. He did not talk to us about the company's strategy. Or culture. Or our roles. Or how many people it employs. Or how many customers it serves. Or anything that would provide a foundation for why we were there and what we were part of and why we mattered. By the end of day one all I knew about the job was that I needed to show up.

Do you think this happened because the company didn't value its frontline employees? Or was it something else?
It's a systemic problem. It was frustrating, because that profoundly disorienting orientation cost the company money and goodwill. We were paid two hours for sitting and waiting. We were not treated with respect or set up to succeed for the customer. The manager orienting us seemed pulled in several directions. And this happens at companies across the U.S. Managers operating without slack in high-turnover environments are often unable to create conditions in which new employees can learn and thrive — and that drives even more turnover.

Now you're on the job. Did it improve once you got into the flow?
Unfortunately, no. Weirdly, on my first training day a manager told me to shadow a cashier. I was surprised, because I hadn't been hired for a cashier position. I'd been hired to stock shelves and answer customers' questions. The first cashier they matched me with did not speak much English and hadn't been trained as a trainer. In fact, no one had been. The second cashier I was matched with left me alone at the register to use the bathroom. During that time I rang up a mother and son and forgot to give them one of their bags. I was horrified. They had been kind, and I had completely failed them.

This went on for days — ineffective cashier shadowing and failing in front of customers, interspersed with computer-based training. And after all that shadowing, I never cashiered again.

The Good Jobs Strategy encourages cross-training. You want people to have mastery in one or two areas but to be flexible enough to do a couple other jobs as well. But to me, this was the worst way to cross-train. I wasn't trained well enough on the cash register to feel comfortable working it. Meanwhile, I wasn't gaining skills in the job I *had* been hired for. It made me less effective and less able to serve customers.

THE 40-HOUR 20-HOUR WORKWEEK

Did you go to your manager with your concerns?
I almost never saw my manager, partly because we often worked different shifts. Also, because the store had such incredible staff instability, he never knew whether workers would come in or not. I think he kind of gave up on managing and just did the tasks himself. When I came in — every day, and on time — he never had anything planned for me to do.

One day I came in for a nine-hour shift and saw a manager restocking shelves in my section. I thought that was odd — I would be there for the next nine hours, and that was my job. But I moved to a different area and got to work. I work hard, and I work fast. Within 90 minutes the whole section looked great except for some stockouts, which I was not trained or equipped to solve. I had 7.5 more hours in my shift, but the manager I had seen earlier was gone. I did whatever I could. I put things away and answered customers' questions, but it probably added up to about 10 minutes of work per hour. It was a gorgeous summer Saturday, and it was not busy. I was basically jumping up and down and waving my arms, screaming, "Give me more work," but no one cared. That day I wrote in my notes, "How am I supposed to care about my work if no one cares about me?"

The kicker is that I hadn't wanted to come in that day. I'd asked for the day off so that I could attend an event that night. They'd offered to have me come in and leave earlier, but the schedule never got changed. Our schedules were totally unpredictable. I had asked to work 20 hours a week, but I was usually scheduled for 40 and had to ask the manager to change it. The situation was completely untenable, but everyone had to deal with it — we were told it was a system error, but it happened every week. Nothing was done to correct it. Schedules changed all the time.

I don't think it was the nature of this particular company that caused the problem. It was the nature of a business in which the labor model generates bad jobs. We have seen this kind of chaos and instability at other retailers. One grocery store manager at a company we studied wanted to develop people and build his team but found himself behind the register several hours a day because people didn't show up to work. With a tight labor model, there was no slack in the system. Retailers may think this saves money, and it may in the short term — but it is very costly in the long term.

All I wanted to do every day was be busy and productive so that I could contribute to the company and, frankly, so that the time would pass quickly. And I really wanted to be able to help people. But I never had the tools or knowledge I needed — and I hardly ever had assignments.

COMMUNICATION BETWEEN THE FRONT LINE AND HEADQUARTERS

Did you ever feel like taking matters into your own hands when things were going poorly?

That really wasn't possible. Headquarters had clear plans for the store — but they did not always correspond with the realities on the ground or the resources we had.

During one of my shifts we got the floor plans for a holiday display. I helped set up the infrastructure for it — hooks and baskets and shelves. It was going to be a good day: I had a big project, and I love holidays.

The plans for the display sent by headquarters looked great. Our final display did not. We were missing maybe a third of the merchandise, and we weren't allowed to fill in the gaps with holiday merchandise we had on hand for other sections; we had to leave parts of the display empty. As frontline workers, we had no visibility into why that happened. Maybe visual hadn't talked to planning, or logistics was delayed, or something went wrong outside the store walls. Time, money, and materials were wasted — and the customer suffered.

Supply chains and planning are very complex and will never be perfect, but the best companies simplify whatever they can and empower stores to adjust when things change — and give them the slack to do so. We were not empowered to adjust the floor set, so it sat half empty even though we had merchandise in the back, which hurt business and made me feel we were not trusted to make decisions in our own store.

Were there things you could do on your own to make the customer experience better? Would you have felt comfortable proposing changes to headquarters or your managers?

I tried. We always talk about the fact that much of what needs to be improved is invisible to headquarters but clear to frontline workers, and that is totally true. I had ideas for addressing various operational challenges, and so did my coworkers. They were not radical changes; they were easy, often cheap or no-cost solutions that would have saved time and money or given customers a better experience or both.

But we had no outlet for our ideas. In fact, if you brought up a challenge with a manager, you were labeled a troublemaker. I found this out the hard way. I brought up a problematic process to a manager and asked if there might be a better way to do it. She excoriated me in front of other people. I felt she was basically telling me to be quiet and do my job.

A coworker who had been there for years saw this and reached out to me on break. He was very kind and said he was sorry for the way she had treated me — but that was the culture. He said, "If you just do what they say, they will love you. If you bring them problems, they will hate you. If you make them do any extra work, they will hate you."

Again, in this chaotic environment — which we have seen at other retailers — managers did not have time to problem-solve. They barely had time to get tasks done — forget hiring, training, developing, and leading. I don't think they were encouraged to solve problems or that they necessarily had the skills and resources to do so. They needed people to keep the boat afloat, not rock it. They could not spend 30 minutes solving a problem even if that could save thousands of hours in the future — there was just too much to do in the moment to think long-term and innovate and improve.

ENDURING AN EMOTIONAL ROLLER COASTER, FOR $100 A DAY

How would you sum up your nine weeks at the store?

Working in a retail store is physically and emotionally exhausting. Physically, I was lifting heavy boxes, walking all around the store, going up and down ladders, and standing on my feet all day. Emotionally, I was on a roller coaster. When I had a clear assignment or could connect customers with what they'd come in for, I felt good. But most of the time I experienced frustration, boredom, and waste all around me. Every day I came home demoralized and drained, and with less than $100 to show for it.

I had some wonderful coworkers who went above and beyond to do their very best every day, to support one another, and to make the customer experience as good as possible. It takes real skill to ring someone up quickly, and it takes time and attention to get to know hundreds or thousands of products so that when the time comes to help a customer, you can do it well. But the system did not allow any of us to be as productive and engaged as we wanted to be. Operational inefficiencies and a lack of investment in people wasted talent, time, money, productivity, and consumer trust.

Retailers have options: They can invest in people who will be problem solvers and customer service dynamos and who will own their store operations and make them productive and positive — and profitable. Or they can underinvest in people and operations and create chaos and instability for employees and customers. The choice seems really clear to me. We know a lot about how to help companies transform bad jobs into good ones. It is not easy. But neither is operating in chaos. And the rewards that come with good jobs and strong operations can ensure that companies weather this tough retail time and come out adaptable, agile, and profitable. That's a win for everyone. ■

VIDEO

GETTING STARTED ON GOOD JOBS

In this whiteboard session, Zeynep Ton shows how you can begin implementing the Good Jobs Strategy. **by Zeynep Ton**

"THE GOOD JOBS SCORECARD HAS THREE COMPONENTS – EMPLOYEES, CUSTOMERS, AND OPERATIONAL PERFORMANCE."

Zeynep Ton's Good Jobs Scorecard can help you understand how jobs in your company measure up. Watch above as Ton walks you through how to use it.

Ton outlines how to tell whether you're meeting your employees' and customers' needs and how to assess the impact of those needs on your operational performance. By the end of the session you should be able to start the process of implementing a Good Jobs Strategy.

Q&A: GREG FORAN

"THE RIGHT THING TO DO"

Walmart U.S. CEO Greg Foran talks with HBR about the challenges and early wins of bringing good jobs to the retail powerhouse. **by Steve Prokesch**

Walmart has gotten a huge amount of negative publicity over the years for its low pay and benefits, which have forced tens of thousands of store workers to seek public assistance, and for the limited hours and life-disrupting unpredictable schedules it offers all too many of them. But the past few years have brought signs that the company is rethinking its labor policies. It has raised frontline workers' wages (to an average of $13.85 an hour for full-time employees), improved benefits, expanded training, and made statements like "We are committed to unlocking the full potential of the U.S. retail workforce."

Given that Walmart employees in many states still have trouble making ends meet, it has been hard to know how seriously to take these measures. Are they modest steps implemented to attract and retain workers in a strong job market and to burnish the company's reputation to win customers who have shunned it for its HR policies? Or do they signal a sea change?

In this edited interview Greg Foran, the president and CEO of Walmart U.S., indicates that it's the latter. A New Zealander who headed Walmart's operations in China before assuming his present role in August 2014, Foran subscribes to Zeynep Ton's Good Jobs Strategy. The GJS is a model for empowering and investing in frontline workers in retail and other service industries and revamping operations to support those workers, helping them be more productive and serve customers better.

A handful of other companies, including Costco, Trader Joe's, QuikTrip, Mud Bay, Mercadona, and Quest Diagnostics (in its call centers), are pursuing the GJS. But if Walmart U.S., with its 1 million-plus employees and its clout in the market, continues down this path, it could prove a tipping point. Others might be inspired or compelled to follow suit, which would have an enormous impact on the U.S. economy, one comparable to Henry Ford's 1914 decision to more than double the minimum pay of his workers, to $5 a day — a move that accelerated the expansion of the middle class.

HBR: In 2014, when you became the head of Walmart U.S., how were the stores performing?

FORAN: My perception of Walmart U.S. before I came here was that it was a really strong, vibrant business. But I wasn't unaware that the financial results indicated that maybe things were not as good as they appeared.

So I started digging. What I found out, in no particular order, was that pricing wasn't where we needed it to be. The stores weren't where we needed them to be in terms of basic things like cleanliness and items in stock. The engagement of the associates [Walmart's term for all its employees] wasn't where we needed it to be. The supply chain wasn't working as well as

ABOVE: COURTESY OF WALMART

it should have been. Each rock I turned over indicated that our business was past its prime and starting to struggle. That was reflected in our comp store sales. Profits still looked OK, but profit can hide many sins; it's what your customers and associates say about your business that indicates whether it's vibrant and healthy. When you looked at that, it was clear we had some issues.

How did you think about improving performance? What did you do?
Having compiled a fact base, we had a discussion about the need to focus on our store associates. We were paying something like $7.65 an hour, on average, as an opening wage. But as you visited stores, met with frontline associates, and spoke with their managers, you could tell we were having difficulty attracting the right talent to apply for jobs, let alone holding people for any length of time.

That led early on to a board decision to invest more in our workers. We took a pretty bold step, putting about $2.7 billion over a couple years into higher levels of pay, benefits, and training. We knew we also had to address price and remodel a number of stores. We went to Wall Street and said, "If you give us a breather on the bottom line, we'll deliver an improved top line. But it won't happen in a year; it's going to take three years."

We did a number of things: We raised our minimum wage; started to deal with things like paid time off and benefits; introduced "academies," which are dedicated facilities where associates in roles such as frontline supervisor, department manager, and assistant manager receive training in retail fundamentals and area-specific skills; changed the way people work in stores by introducing more digitization and increasing their access to information; changed processes — a whole bunch of things. By and large, that's working for us. It fits pretty well with the Good Jobs Strategy, because all the way through we've tried to simplify the business, standardize work processes, and empower associates.

We call our approach to achieving that One Best Way. We have one best way for managing inventory, one for scheduling, one for setting shelves, and so on. Standardization creates efficiency. Getting routine tasks done faster lets associates spend more time serving customers. We've still got work to do on cross-training so that associates can perform a wider range of tasks, and on operating with slack — staffing stores with more labor hours than the expected workload calls for. But our journey is well under way, and it's the right thing to do.

How did you hear about the Good Jobs Strategy?
About a year into our work one of the consultants I use, who challenges what I'm doing and how I'm thinking about things, said, "I came across this book, *The Good Jobs Strategy.*" I took it home and read it over a couple of days. It resonated with me. I thought, This is so blindingly obvious: If you simplify operations, standardize work processes, and empower your employees, you will get better results. I particularly liked the empower process. Just standardizing isn't good enough.

I've been working in retail for 40 years. If you don't give people some surety around how many hours they will be given and what their schedules will be like, you create problems. I've watched businesses I've been associated with do things like cut people's jobs back so that they get three hours here on Tuesday and four hours there on Wednesday. You can address that through cross-training so that when there's downtime in one type of job, people can perform another. When I read the book, I went, "Bingo!" I called Zeynep — I didn't know her — and asked if we could get together. A few weeks later I went to Boston and spent the day with her, touring stores and talking about the ideas in *The Good Jobs Strategy* and the things we were doing at Walmart.

Zeynep and I have continued talking, and I've encouraged my team to think about ways to adopt elements of the strategy, in terms of both how we talk about it and the process itself.

You described at a high level where you are. Could you be more specific about things you've done to improve the customer and employee experience and operational performance?
Let me begin at the end. It's been good to see progress. But to some extent the low-hanging fruit has been gained; the hard work now begins. That's what I see when I walk around our stores and distribution centers, and it's what I hear when I talk to our customers and associates. We've done some really good foundational things. But over the past three years we've been fixing, and now we're starting to talk about leading. "Fixing" is about getting the basics right. "Leading" is about how we can exceed industry standards rather than simply meet them. When we think about moving from a mindset of fixing to one of leading, we mean the ways in which Walmart will define the future of retail by continuing to transform how we operate and innovate.

In terms of the fixing part: Our stores are cleaner. Food is fresher, because we've made changes like reducing the amount of time products spend in the supply chain. Our associates have better tools. For example, they were using a Telxon — a wireless barcode scanner for checking prices and managing inventory, which has been around for a long time. They've now got TC70 handheld computers, and we're looking to move to even better technology. The customer experience has significantly improved because of the actions we've taken: remodeled, cleaner stores; better-trained associates who can serve customers more effectively; better in-stock positions; and the ability to get through checkouts quicker.

In terms of the associates, there's a better induction process for new hires. We rolled out a program called Pathways, which gives entry-level associates training and mentoring over their first few months. It's designed to teach skills crucial for retailing, including customer service, merchandising, teamwork, and communication. After successfully completing the program people receive a pay increase, information about the career paths available to them at Walmart, and a clear picture of what experiences and skills are required to grow with the company.

In addition, we have better training in how to use metrics and leverage the available information to help serve associates and customers. Every manager now has the ability to get into significant people metrics — such things as the number of open positions, turnover rates, who's completed training, and who's due to be trained. Finally, we've established 200 academies, where the training lasts anywhere from two days to a week. About 250,000 associates will have been through them by the end of the year.

Something else I'm really proud of is that we've improved what we call My Share. All associates have the ability to earn a bonus. And as you can tell from our latest earnings report, we're doing better financially. That means associates in more and more stores are becoming eligible for a bonus.

Were your actions driven by intensifying competition from online retailers? Or because Walmart has saturated the U.S. market with stores and therefore has to get more out of its existing stores? Or both?

Both. Three and a bit years ago Walmart was at a crossroads. We could demonstrate to the market that we had growth opportunities, or we could continue to concentrate on a bottom-line profit. That's a nexus a lot of businesses find themselves in, not just in retail. We made a decision to grow the top line. Part of that would involve developing an e-commerce offer, and part would involve getting more people visiting our stores and putting an extra item into their basket. If you're a shareholder, you're not looking just for bottom-line profits; you're also looking for long-term growth.

There's a second component, which to me is even more important: the DNA of Walmart. If Sam Walton [Walmart's founder] were here today, he would be incredibly disappointed if we weren't doing a good job for our customers and associates. I know that not because I've met Sam but because I spent 12 years with Jack Shewmaker, one of his lieutenants. Jack joined the company when there were only 32 stores and ended up being number two in Walmart's leadership structure. He was the smartest retailer I've ever met. One of the reasons I'm here is Jack; he was a mentor of mine before I joined Walmart. He taught me the value of looking after customers and associates. So there's a personal component to what I do: I know that if you don't look after your customers and associates, you don't have to worry about the shareholders, because it's just not going to work.

Here are the reasons you take on the kind of transformation we have: First, you've got to believe in it. Second, there's absolutely a financial aspect. And third, you hate losing. Lots of people didn't believe we could do this. They would say, "This isn't going to work. You can't get more people coming into the stores. Walmart is too big to change. It's done; it's run its race." All that did was make me determined to prove them wrong.

What has been the impact of the steps you've taken on turnover, absenteeism, morale, productivity, and customer satisfaction?

I believe in the Good Jobs Strategy. I also believe in Net Promoter Scores. Plenty of good businesses have really good Net Promoter Scores. They didn't get them through luck. They got them by working hard. We've significantly improved our Net Promoter Score. In fact, I was told by the chap who coauthored the score that he's never seen a business our size move as quickly as we have in the past three years. So customers are noticing.

In terms of associates, we are still early in the journey. I'd like to tell you we've made massive inroads in terms of turnover and retention. But the reality is that we've bent the curve. We're heading in the right direction, but we're only about 20% of where we need to be.

How about productivity?

We're now growing sales faster than costs; we've done that every quarter this year. There are other things I measure: What is our cost per case through distribution centers? How many units are we moving across checkout scanners? All those things are beginning to improve. We have definitely turned the corner; we're starting to head north.

The Good Jobs Strategy is a system — a number of elements working together. Are you applying all the elements?

We're rolling out many pieces. We were rolling out some before I read Zeynep's book.

There is a wonderful quote in the book from Oliver Wendell Holmes Jr.: "I would not give a fig for the simplicity this side of complexity, but I would give my life for the simplicity on the other side of complexity." A lot of people like to simplify things. But they get no prizes for doing so unless they have dealt with the complexity of the issues. I like to get into the details and understand them. Only when you have understood them and dealt with the complexity of them do you have the right to simplify. We do understand the system part of the strategy. There are bits where we are deeper in and others we're still developing.

Were there elements of the system you had to do before you could consider tackling others? I'm thinking about what you've done with pay and benefits.
When I was 17, I started working full-time. I got bored with what I was doing in a store, so I decided to take some night school classes. I learned about Frederick Herzberg, a psychologist who looked at the factors involved in job satisfaction. He studied the industrial revolution and pointed out that it would be really difficult to motivate people to work in a factory unless you provided clean running water, warmth in the winter, cool in the summer — the basics.

What we did with pay addressed one of those basics. It was so visible. And while we will always have more to do in this regard, it gave people a reason to believe. It let us begin to do other things. It was a critical first step.

It sounds like Walmart is planning to implement the whole system. If so, what are the next steps?
We're already doing a whole bunch of elements. We're still learning about others. There is a strong correlation between what we're doing and what Zeynep talks about, and there's a pretty strong correlation between the way she thinks and the way I think. We're going to continue talking, and as I mentioned, I'm encouraging my team to connect with her and to think about her approach more deeply.

Are you rolling out elements of the system together, or piecemeal?
We tend to focus on one element at a time. Our approach to developing and rolling out new ways to schedule associates is a good example of how we do it. We'll put a new process into a store, start to work it through, and learn. Then we'll roll it out to five stores and see what happens. Then we'll take it to a region of 80 to 100 stores. Then, if we're happy, we'll start rolling it out across the country. That's often how we introduce initiatives. It might also be how we will develop new apps and tools for the associates.

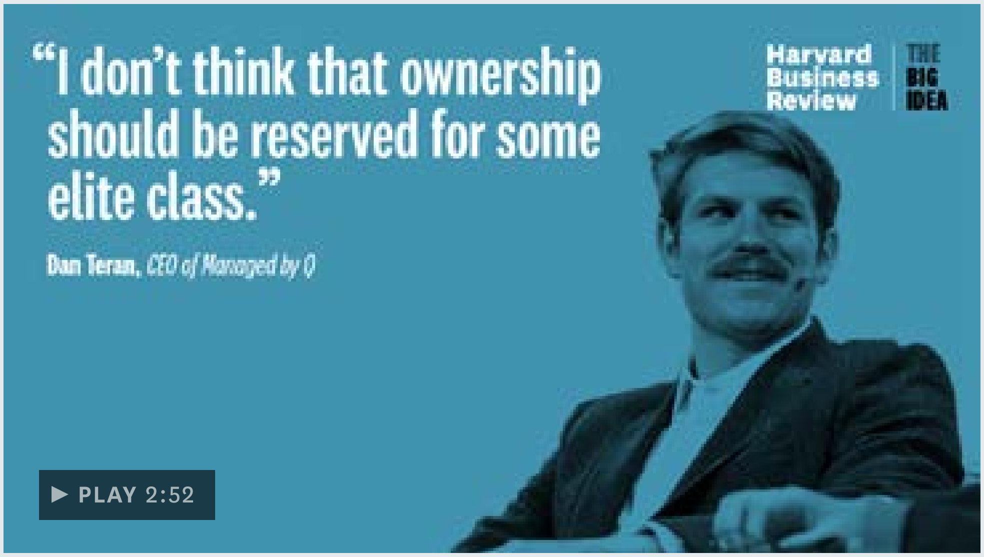
What are the biggest challenges so far?
The single biggest challenge is change and the fact that we're doing something on a scale most businesses don't have to deal with. Most major retailers — Costco, H-E-B, Food Lion — have 400 or 500 stores. We have almost 5,000. You can't underestimate what happens when you go up by a factor of 10. An awful lot of change management and communication is needed to do anything at Walmart. You've got to get the army to march. ■

About the author: Steven Prokesch is a senior editor at HBR.

ARTICLE

CLEANING UP BAD JOBS

The startup Managed by Q is putting the Good Jobs Strategy into practice during a high-growth phase. Here's why. **by *Harvard Business Review* Staff**



Cleaning offices. Assembling modular furniture. Stocking workplace kitchens. Providing security. These are often bad jobs. Have one, and chances are you're working hard but not bringing home much more than the minimum wage. There's no promotion in sight. And you have little if any control over your schedule.

Dan Teran knows all too well. In 2014, when he and his cofounder launched Managed by Q — a startup that provides office cleaning and maintenance — he was doing all those jobs, moonlighting as a staffer at the business he ran during the day.

"During our first year I spent almost every night cleaning offices or supervising cleaners, because we didn't really know what we were doing," he recalls. "We would pretty much say yes to everything. Whatever tasks you wanted done, we did."

That was no recipe for success. Employees were stretched thin, doing jobs they weren't trained or equipped for. A lot of them were unhappy.

"It created bad outcomes for the business, bad outcomes for the customer, and a bad employee experience," Teran says.

So as the company grew, Teran decided to integrate Zeynep Ton's Good Jobs Strategy, or GJS, into the business plan for Q Services — the more traditional part of the company, which employs more than 700 W-2 workers. (The firm also provides a platform and marketplace for companies to connect with other service providers.) But there were some basic differences.

Unlike most companies Ton has worked with, Managed by Q is not a retailer. Also, Managed by Q is in a high-growth mode, whereas many of Ton's retailers are older, more established companies. These things make Teran's application of the GJS that much more intriguing. It's not just about cleaning up service jobs; it's also about making fast-moving startups better.

In applying the GJS, Teran has focused on four things: pay, scheduling, benefits, and advancement. Employees start at $12.50 an hour. Full-time workers average 120 hours a month, and they are offered health insurance and a 401(k) plan. Employees are part owners of the company, and they get stock options.

In addition, the company doesn't take on jobs requiring specialized knowledge that its employees lack. By not accepting those kinds of tasks (such as taking care of orchids) and focusing on the most frequently requested ones (such as assembling furniture), Teran explains, the company sets employees up for success.

"The Good Jobs Strategy takes what could otherwise be a dead-end job and turns it into a real platform on which to build a career," he says.

Is it working? Managed by Q has clients in New York, Chicago, Los Angeles, and the San Francisco Bay Area. And it's profitable.

Hear Teran describe his application of the Good Jobs Strategy by clicking on the play button above. ■

ARTICLE

THE GJS CAN TAKE LESSONS FROM TPS

Implementing the Good Jobs Strategy requires huge changes. But there is a precedent to learn from: the Toyota Production System.

by Jamie Bonini, Sarah Kalloch, and Zeynep Ton

The Good Jobs Strategy, or GJS — an approach to improving productivity and customer satisfaction in retail and other service industries — works. But the system, which involves paying frontline workers more, providing them with predictable schedules, offering them career opportunities, and supporting them with a specific operations model, is not easy to implement. There haven't been hundreds of GJS transformations to learn from, but there have been hundreds of implementations of the Toyota Production System (TPS), and they can help us learn how to change an operation.

The GJS has many parallels with TPS in terms of investment in people and the operational choices that leverage that investment. (See the sidebar "The Four Operational Choices in a Good Jobs System.") Crucial to both approaches is the need for a stable workforce — for employees who show up, stay with the company, and work hard and well.

In TPS, stability means the 4 M's: machinery, materials, methods, and manpower. The first three M's are obvious and widely accepted. After all, you can't run a good operation if your equipment keeps breaking down, your supplies are unreliable in terms of quality or delivery, or your methods depend on exceptions and work-arounds. The fourth M — manpower, or *people stability* — is often overlooked or misunderstood. But without a capable, reliable, and motivated workforce, TPS can't succeed, and neither can the GJS.

A good example of an organization that knows people stability is a prerequisite for continuous improvement is Deublin, a company based in Waukegan, Illinois, that manufactures a large variety of rotating unions — complex rotating sealed bearings used in machine tools, paper mills, wind turbines, and many other industries. Deublin has partnered with the Toyota Production System Support Center (TSSC) over the past five years to implement a sophisticated just-in-time production system. (TSSC has helped hundreds of Toyota's partners and suppliers and many other organizations improve their operations through TPS.)

The just-in-time system dictates that a manufacturing line can be down for minor delays, equipment downtime, rework, or changeovers no more than 15% of the time — a very high standard for complex assembly. But the line making rotating unions was down 31% of the time. Part of the problem was materials, machinery, and methods instability, and Deublin and TSSC made many improvements in those areas. But another big issue was people instability. The line's complexity required highly trained employees who knew the product and the process, could consistently follow standardized work, were attentive to detail, and could quickly identify what was going wrong and think of ways to solve it. An investigation revealed that Deublin did not have that kind of people stability.

The biggest people-stability challenge was high turnover among temporary workers. Deublin was committed to

THE FOUR OPERATIONAL CHOICES IN A GOOD JOBS SYSTEM

OPERATIONAL CHOICE	EXAMPLE
Focus and simplify	Identify what problems you help solve for your customers and streamline products, promotions, and services to maximize customer satisfaction and employee productivity. Minimize last-minute changes to deliveries and promotions. Focusing and simplifying enables higher wages, more-predictable schedules, and higher motivation for employees; better service for customers; and higher sales and lower costs for companies.
Standardize and empower	Standardize routine processes (the unloading of trucks, shelving, and cleaning, for example) with input from frontline employees, and empower those employees to improve their work, provide input into merchandising (how much inventory to hold, which products to stock, how to display them, and so on), and solve customer problems. Standardization drives efficiency, while empowerment increases motivation and helps employees contribute to higher sales. Greater employee contributions make possible higher pay.
Cross-train	Train employees to perform both customer-facing and non-customer-facing tasks so that they can vary what they do depending on customer traffic — and train them in a way that ensures ownership and specialization. Cross-training means more-predictable schedules, higher motivation, better teamwork, employees who are more responsive to customer needs, and higher productivity (because there's less employee downtime when traffic is slow).
Operate with slack	Staff your units with more labor hours than the expected workload so that you can meet demand at peak times. Operating with slack lets employees do their work without making mistakes, deliver great service, and have time to identify and communicate ideas for improvement. It enables companies to cut costs and continuously improve.

offering stable jobs for permanent workers, but because of seasonal variability in demand, it also used temporary workers. Owing to a weak applicant pool, many temps failed quickly and had to be replaced. Those who did well and would have liked permanent jobs often left for companies that offered clearer career paths and better pay. Before Deublin could improve its production process, it had to address this issue.

First, the firm added a standardized dexterity test, a behavior assessment test, and a process to make sure it hired the right people. Second, it changed its training procedures to provide new hires with mentors and to do a better job helping them master crucial skills. Retailers that subscribe to the GJS, such as QuikTrip (a U.S. convenience-store chain) and Mercadona (Spain's largest supermarket chain) have similar hiring and training practices. (See "The Case for Good Jobs.") They've found that this higher investment in new employees pays off in people stability and operational excellence.

Third, Deublin worked to keep its strongest performers. It raised the starting wage for temps by 25% and gave them a 20% raise and increased benefits after six months on the job. It also roughly halved the time needed for temps to secure full-time assembly-line positions — from 12 months to six months — and explicitly laid out how they could progress to machinist, supervisor, and mid- and upper-level management roles. Turnover among temps dropped by 50%, and Deublin found itself with a much more stable and productive workforce.

Now the firm was in a position to work with TSSC to implement its own version of TPS, called the Deublin Performance System, and to transform its business. It has increased on-time delivery performance from 50% to approximately 95% (the goal is 100%). And with all employees engaged in continuous improvement — thanks in part to real workforce stability — Deublin knows it can get there.

People stability is also necessary before implementing GJS operational choices, such as empowering people to make decisions and giving people time to identify and solve problems, that can work only with capable and motivated employees. As discussed in "How to Build a Business on Good Jobs," Quest Diagnostics, a provider of medical diagnostic services, realized it had to stabilize its workforce to improve the performance of its call centers. It raised wages and offered a clear career path before embarking on GJS operational improvements such as cross-training and empowering employees. Like Deublin, Quest has seen significant performance improvements that have delighted customers.

As both the Toyota Production System and the Good Jobs Strategy demonstrate, operational excellence cannot be achieved without great people who show up, are competent, and want to improve. Companies often perceive a trade-off between operational inefficiency and people investment, but it's a false trade-off. You're going to pay one way or the other. Either you invest in a well-paid, well-trained, well-motivated team that will make your company better every day, or you incur endless high penalties for your mediocre workforce in the form of higher turnover, higher inventory costs, lower quality, worse customer service, and less responsiveness and adaptability. Investing in people stability may seem expensive, but the alternative — a poor-performing operation — is much costlier. ■

About the authors: Jamie Bonini is a vice president of the Toyota Production System Support Center, a not-for-profit organization affiliated with Toyota Motor North America that since 1992 has helped other organizations adopt the Toyota Production System. **Sarah Kalloch** is the executive director of the Good Jobs Institute, a nonprofit whose mission is to help companies thrive by providing good jobs to frontline workers. **Zeynep Ton** is an adjunct associate professor at MIT's Sloan School of Management, a cofounder of the Good Jobs Institute, and the author of the two-part article anchoring this package.

PORTFOLIO

ZEYNEP'S RECOMMENDED RESOURCES

The literature on the benefits of good jobs and the costs of bad jobs practices is growing fast.

ARTICLES →

HBR, where the Good Jobs Strategy found purchase, has published many articles on topics related to good jobs, especially change management. And the popular press has picked up on some of the good jobs work.

"Why 'Good Jobs' Are Good for Retailers"
by **Zeynep Ton.** This article highlights the costs of bad jobs and shows how four low-cost retailers are thriving by offering good jobs.

"Leading Change: Why Transformation Efforts Fail"
by **John P. Kotter.** This classic article explains the eight largest mistakes that hurt change efforts. A must-read for anyone implementing change.

"Why Change Programs Don't Produce Change"
by **Russell Eisenstat, Bert Spector, and Michael Beer.** One of my favorites. Beer — a wonderful mentor — and his colleagues explain why top-down change programs rarely work.

"Working Anything but 9 to 5"
by **Jodi Kantor.** Kantor does a great job helping us see what unpredictable schedules do to workers.

"The Good Jobs Strategy"
by **Joe Nocera.** This piece describes my journey to the Good Jobs Strategy.

"Managed by Q's 'Good Jobs' Gamble"
by **Adam Davidson.** Davidson explains how Dan Teran, a cofounder and the CEO of Managed by Q — a startup that provides office cleaning and maintenance — forwent the gig-economy model of working with contractors and instead offered good jobs.

"The Magic in the Warehouse"
by **Neal Gabler.** Gabler provides a good description of Costco and how it thrives by offering good jobs.

"Spanish Aisles: Why a Low-Price Retailer Is Thriving"
The *Economist* discusses Mercadona.

"Curing the Addiction to Growth"
by **Marshall Fisher, Vishal Gaur, and Herb Kleinberger.** This article presents a methodology for identifying when a retailer should slow its store-opening rate and adopt a new operating approach. It makes clear that good jobs are especially important for mature companies that need to generate more revenue from their existing units.

RESEARCH AND CASES →

The literature on the benefits of good jobs and the costs of bad jobs practices is growing fast.

"Irregular Work Scheduling and Its Consequences"
by **Lonnie Golden.** In many service settings, erratic and unpredictable schedules hurt workers as much as poverty-level wages do.

"Man's Search for Meaning: The Case of Legos"
by **Dan Ariely, Emir Kamenica, and Dražen Prelec.** At good jobs companies, frontline employees connect their work to making a difference for their customers. Ariely and his colleagues tell us why that matters.

"Quest Diagnostics (A): Improving Performance at the Call Centers"
by **Zeynep Ton and Cate Reavis.** This case makes clear that operational excellence is not possible without people stability.

"Managed by Q"
by **Zeynep Ton and Cate Reavis.** One of the questions this case asks is, "Is it possible to implement the Good Jobs Strategy while growing quickly?" We will find out in a few years!

"The Most Underrated Skill in Management"
by **Nelson P. Repenning, Don Kieffer, and Todd Astor.** Being thoughtful about what problems to solve before taking action is crucial. This paper explains how to do that better.

"When Does Paying More Pay Off?"
by **Hazhir Rahmandad and Zeynep Ton.** This paper uses a systems dynamics approach to understand whether good jobs are profit-maximizing in mass-market service industries and to identify strategies for offering good jobs in settings with high demand variability.

"How to Change a Culture: Lessons from NUMMI"
by **John Shook.** The NUMMI transformation is my favorite transformation example. This paper explains how changing work and showing respect to people through better work design can change culture.

"Mercadona"
by **Zeynep Ton and Simon Harrow.** Mercadona, Spain's largest supermarket company, excels at operations. For an operations professor like me, being at a Mercadona store is like being at a Toyota factory.

"QuikTrip"
by **Zeynep Ton.** The QuikTrip convenience-store chain follows the Good Jobs Strategy. If good jobs and outstanding financial performance are possible at convenience stores, they are possible anywhere.

BOOKS→

These books paint a picture of where the jobs are, what needs to change to transform bad jobs into good jobs, and how to make that change.

The High-Velocity Edge: How Market Leaders Leverage Operational Excellence to Beat the Competition
by **Steven J. Spear.** Spear, who spent years studying the Toyota Production System, provides an excellent description of how Toyota and other companies use continuous improvement as a strategic weapon.

Management on the Mend: The Healthcare Executive Guide to System Transformation
by **John Toussaint with Emily Adams.** Although this focuses on health care, many of its lessons are relevant in other contexts as well.

The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits
by **Zeynep Ton.** This covers more than 10 years of my research.

Shaping the Future of Work: A Handbook for Action and a New Social Contract
by **Thomas A. Kochan and Lee Dyer.** A history of the employment system over the past few decades and a description of what's needed to reach shared prosperity.

Good Jobs America: Making Work Better for Everyone
by **Paul Osterman and Beth Shulman.** This provides great data on where jobs are and on the need to upgrade low-wage jobs.

VIDEOS→

Hearing the voices of people involved in a good jobs transformation is a valuable way to learn how it works.

Business Leaders Talk About the Benefits of the Good Jobs Strategy
by **Good Jobs Institute.** Costco cofounder Jim Sinegal and other business leaders discuss why their companies follow the Good Jobs Strategy.

Good Jobs Transformation at Quest Diagnostics
by **Good Jobs Institute.** In this short video, Quest executives talk about the implementation of the Good Jobs Strategy at their call centers.

NEXT IN THE BIG IDEA:

JANUARY 2018

ENDING SEXUAL HARASSMENT

Public platforms for reporting bad behavior and research on creating safe workplaces both indicate a generational change in how men and women attain — and retain — power in the workplace. HBR explores the risks and rewards for leaders as they seek to address one of business's most open secrets: Sexual harassment affects too many of us.