

# Insanity in the Workplace –

## OR You Can Survive the Labor Shortage

By Michael L. Heisser

Help wanted banners and signs drape from buildings all over town. Volkswagen® is not the only one advertising “Drivers Wanted.” We hardly see “Will work for Food” guys on off-ramps anymore. At current population levels and mix, a minimum unemployment rate of 4.1 percent is considered normal, or full employment. The Colorado Department of Labor estimates unemployment at 3.6 percent as of June 1999, meaning everyone eligible for employment in Colorado is employed. Yet employment opportunities still exist.

Consequently, those employed demand premium wages and benefits, especially in non-managerial positions, contributing to the increase in labor costs. The situation further complicates when companies employ low skilled, immigrants, and/or an inexperienced labor force. Training and education issues, coupled with cultural and language barriers, challenge even the most seasoned managers. The fortunate few, who manage to attract an applicant, struggle to retain the new worker as competitors lure employees away with more attractive compensation packages. Quite a different scenario from the Colorado job economy remembered during the mid-eighties to early nineties.

As the job market continues to test the corporate constraints of labor expenses, the immediate choices appear limited and unattractive. Fortunately, everybody is in the same boat, although not the boat desired. At least the playing field is level. Until now...

At a recent strategic planning meeting, ABA President Bob Benson gave this definition of insanity. He said, ***“insanity is doing the same thing but expecting different results.”*** Clearly, with today's labor shortage situation, it is time to do something different—optimize resource utilization. The objective of resource utilization optimization is to do more with less by maximizing existing resources used; and not just throwing more resources at the problem.

To gain a unique competitive advantage in a labor strapped economy, start with a current inventory of existing resources and measure utilization rates and optimization. Most resources are underutilized: equipment sits idle, people lack clear direction, work environment is disorganized, and processes are undefined or outdated. Management, by its example, is more concerned with activity than productivity.

Imagine you broke your leg and went to the hospital. Upon your arrival, the doctor greeted you at the door, valet parked your car, and personally did every task from admitting you to performing surgery, attending to your every need while you were in the hospital. At first, you might have thought this doctor was a little unusual, but eventually you would begin to enjoy the personal service—right up until the \$100,000 bill arrived! Our doctor was 100 percent utilized, but only about 20 percent utilized doing “Doctor Things”—activities only a physician can perform. Therefore, an expected fee of \$10,000 soared by a multiple of ten.

Redesign process and procedures based on resource optimization as a first priority. As in our hospital example; we want doctors doing “Doctor Things,” nurses doing “Nurse Things,” administrative staff doing “Administrative Things,” etc. Once baseline measurements are determined; redesign processes, test, and measure results. Develop simple, well documented, and easy to understand processes and procedures. Clearly communicate to and train affected personnel while measuring performance. Avoid unnecessary interfaces with other systems and use technology where appropriate. Finally, based on tracked outcomes, determine points where resource requirements demand change to meet future plans.

Given the limitations of today's and potentially future job markets, labor costs will continue to escalate. Your goal is to do more with less, not more with more. An opportunity surfaces to tilt the playing field in your favor by evaluating and improving present resource use. Until the existing resources are optimized, it is "insane" to add more resources expecting to automatically improve operations.

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