

TALENT STRATEGY **ADVISORS**

Executive Perspective

Greater Investment Leverage and Stronger Organizational Performance with a Critical Position Strategy

Workforce planning is quickly moving from back-office to boardroom as executives become more familiar with how its strategies produce game-changing outcomes in revenues and profitability. Here are the fundamentals of how it works.

An Organization's Leverage Point

Achieving the most from any business strategy requires an executive to be proficient in managing leverage points...areas where small change yields large strategic outcomes. Leverage points deliver higher return on investments, provide strategic focus, and facilitate competitive advantages.

The most prominent leverage point in workforce planning is the critical position. A critical position is a job that is highly impactful to key performance measures such as revenue, costs and quality or is critically important to a company's mission. Six principles are used to guide the selection and prioritization of critical positions.

(1) Critical positions are derived from the business strategy. Firms in the same industry, but using different business strategies will have different critical positions. For example, a procurement analyst and store manager two critical positions for discount retailers but are not for high-end retailers where their critical positions are fashion buyer, personal shopper and floor sales associate.

- (2) Critical positions are non-executive level jobs
- (3) Critical positions usually are labeled "Hard to Fill" and take 2 to 2.5 times longer to staff than the average position
- (4) Critical positions that directly affect profits are most important
- (5) Critical positions may affect key non-financial measures of the organization, such as customer experience or safety
- (6) Critical positions staffed with high-performing workers is a game-changing strategy

The NFL as an Example

The National Football League is an excellent organization to demonstrate critical positions. In the NFL, success is easy to measure and the outcome of strategic decisions can play-out relatively quickly. In the league, few franchises have a record of success like the San Francisco 49ers'. They were the first team to win five Super Bowl titles and are considered by many to be the team of the eighties.

27-seasons of offensive data were analyzed and the result is a strong correlation between the performance of critical position players and the effectiveness of the offensive unit. Regardless of whom the players were, the offensive unit performed only as well as the players in the two critical offensive positions.

For example, when the players in the two critical positions of quarterback and wide receiver performed in the top 15% of the league for their position, the 49ers' offense outscored 85% of the other NFL teams. Likewise, when the critical position players performed in the bottom 20% for their position, the offense was outscored by 80% of the leagues' teams.

An Operational Perspective

A critical position is fundamental to workforce planning because of the impact high-performing workers in critical positions can have on an entire organization. With the knowledge of critical positions, executives can place investments in strategic areas of the business where payoffs are likely to be the greatest.

While it may be apparent to some that the quarterback and wider receiver are critical positions, for organizations that have a thousand jobs, achieving agreement on the top 25 critical positions can be a monumental task.

Two variables determine which positions are critical. These are:

Mission Criticality - A vacancy in the position creates the possibility that the company may be incompliant with external regulations or unable to structurally fulfill on the business strategy.

Business Impact - A vacancy in the position creates the possibility that the company may be unable to achieve strategic performance measures, such as revenues, costs, profits or quality.

Executives will know they have the "right" critical positions when the organization:

- Acknowledges the game-changing potential of the critical position.
- Is willing to accommodate changes that enable the critical position to more effectively generate its potential outcomes

Critical positions are central to workforce planning because of their potential strategic payoff. Critical positions enable executives to concentrate performance improvements in areas where small changes are likely to yield large game-changing outcomes. Proficiency in critical positions is likely to be a core competency for the next-generation business executive.

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About

Talent Strategy Advisors

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