

# Applying DEA to Employee Succession Planning

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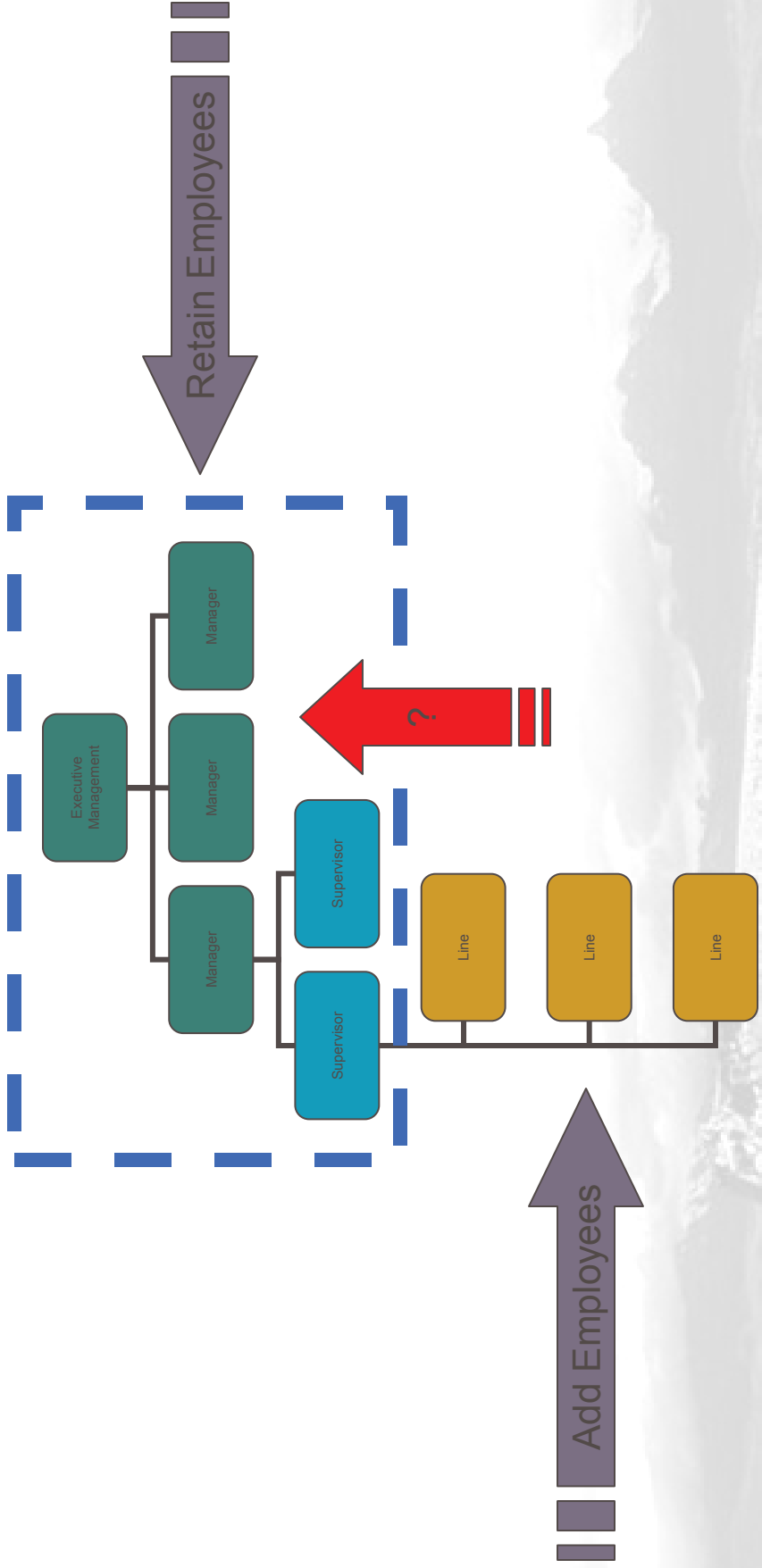
# Overview

- Employee Succession Planning [ESP]
- DEA Exploratory Usage
- Impact on ESP
- Limitations and Lessons Learned
- Further Explorations

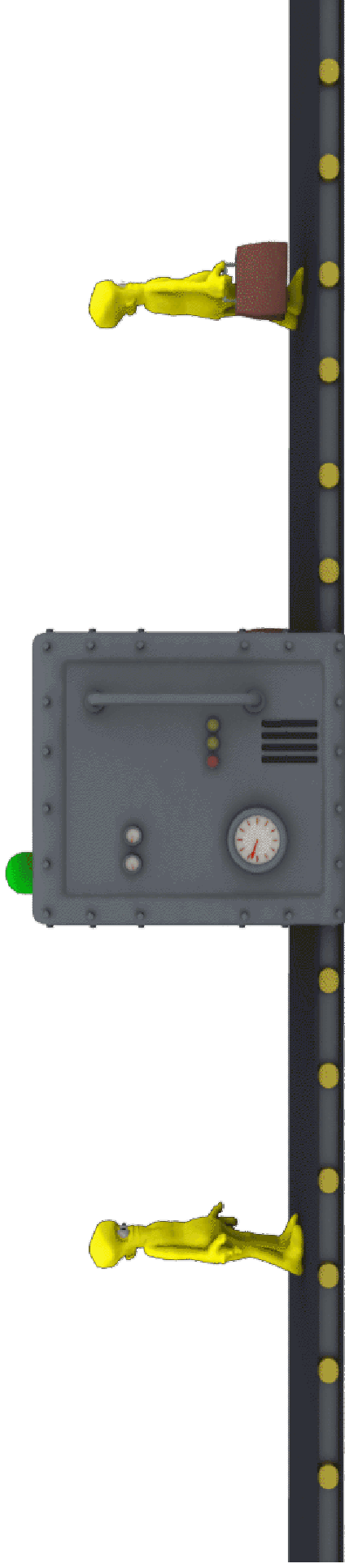


# Employee Succession Planning [ESP]

- People As Competitive Advantage



# Employee Succession Planning [ESP]



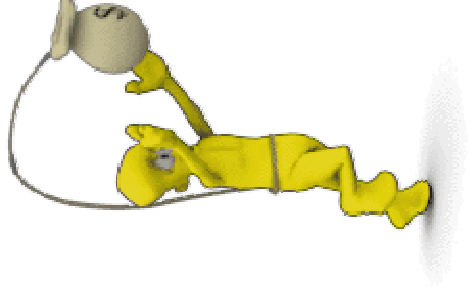
- How do we identify supervisor potentials?
- No prior experience supervising
- “Best Practices” are the “Practices of the Best”



# DEA Exploratory Usage

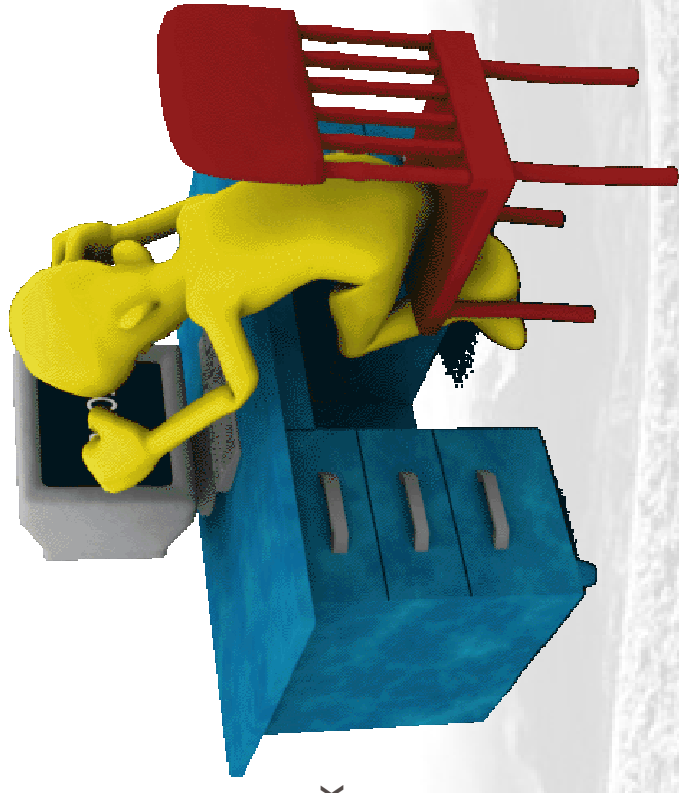
- Model an Employee Incentive Plan
  - BCC Model [VRS]
  - Output Orientated
  - Inputs
    - Hours Worked
    - Number of Dials
  - Outputs
    - Right Party Connects
    - Promise To Pay %
    - Promise Kept %
    - Total Dollars Collected

- Help “Goal Set”



# DEA Exploratory Usage

- **First Attempt**
  - Even in BCC Model, one DMU consistently an “Active Member”
  - DMU was a specialist handling “Deceased Accounts”
- **Second Attempt**
  - Removing the specialist
  - All efficient DMU's were member of one group.
  - Business Line failed to initially grasp concept of “peer comparison”
- **Third Attempt**
  - After segregating properly
  - Model validated for “Rank Order” of Collector Efficiency
- **However...**
  - Business Line viewed model as too complex
  - Wanted more “Fixed” Goals
  - Ultimately tabled idea of DEA based incentive plan
- **But...**



# Impact on ESP

- Some active members showed up significantly more than others in output
- One manager indicated that most of the active members were being evaluated for supervisory positions
- **Key Finding :**
  - Suggested that other managers investigate the active members with the highest occurrence frequency as potential supervisor candidates



# Impact on ESP

- **Results:**
  - Business lines that pre-identified supervisor candidates from high frequency active members have had 100% success rate with transitioning line workers to supervisory positions
  - Business lines that did not have struggled to transition. Mostly due to “lone wolf syndrome”: high performer, unwilling to share best practices
  - High Frequency active members tend to be “role models” that others are already attempting to emulate.



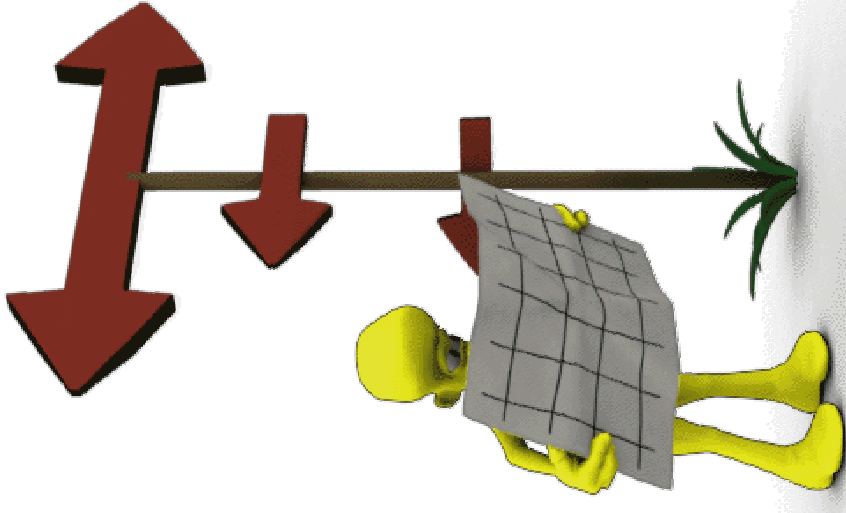


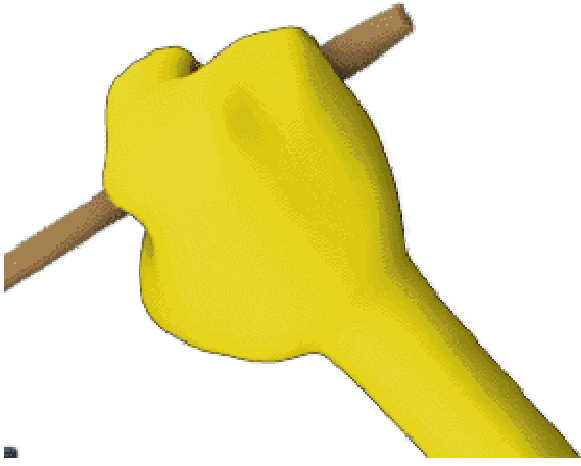
# Limitations and Lessons Learned

- **Employee Performance Analysis**
  - Remove Specialists
    - Homogenous job functions, with heterogeneity in job performance
  - True Peer Grouping?
    - Can provide evidence for difference of job function even under job title equivalence
- **DEA introduction to non-technical management**
  - Analogies work wonders
  - Need for realignment of incentive away from “Fixed Goal Achievement” to “Best Practice Achievement”
- **Supervisor Potential  $\neq$  Supervisor Success**
  - Analysis only identifies “Most Used Benchmarks”
  - In light of problem domain, better than nothing.

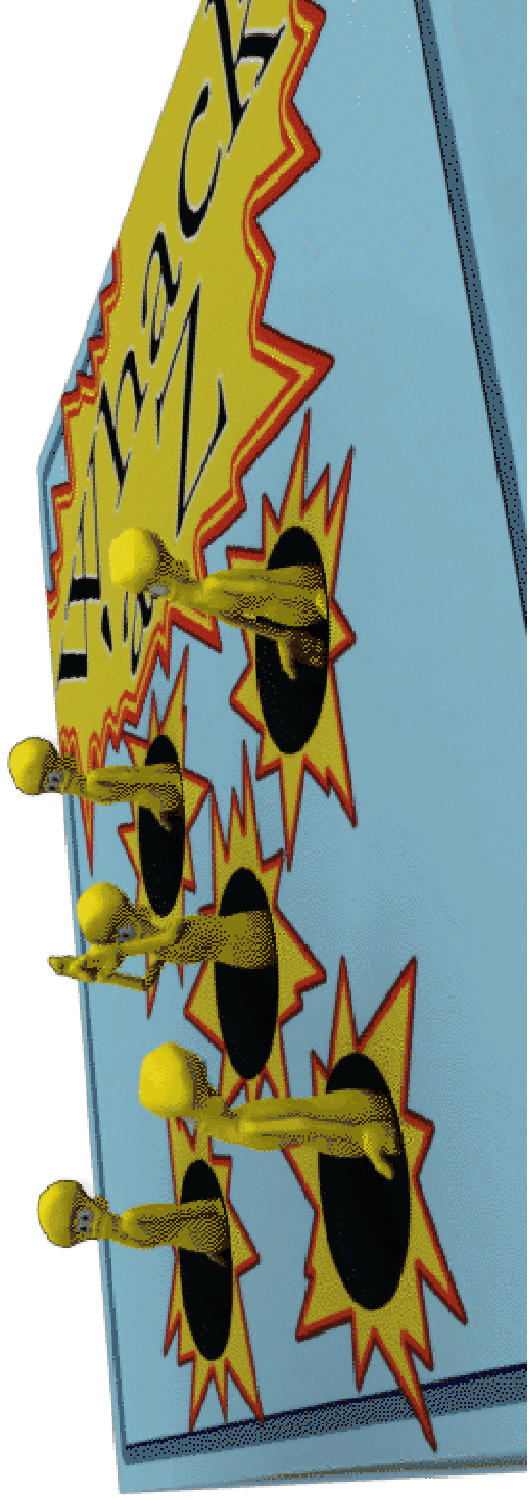
# Further Explorations

- **Most Productive Scale Size**
  - Are high frequency active members also members of the MPSS definition set?
- **Super-Efficiency**
  - Discriminating between the active members with identical frequency of occurrence
- **Continuing Analysis**
  - Variables are historically tied to output production
  - Identification of new variables tied closer to supervisory capability





# Questions?





# Questions?