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

- **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 ≠ 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?