Degree of Dispensability

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Abstract :

Degree of Dispensability is an organisational measure of the importance of each staff to the organisation , ie the Value Add of each staff in monetary terms to the organisation . Organisations are having CTC cost calculation for every employee, but seldom measure the criticality of employee resources

The article provides for measurement of Degree of Dispensability for every employee in an organisation and the paper provides different behaviours displayed by Employees who are at different points in the Degree of Dispensability

The paper provides Behavioural dynamics among employees and critical indicators to employees of their status in the Degree of Dispensability scale and the corrective actions they need to take to move up the scale

The paper also provides for actions the corporate needs to take for respective employees in the Degree of Dispensability scale

Chapter 1 :

In the current context where jobs of employees is not secure , I was pondering on the question :

Why are jobs so insecure from the lower level to the highest level ? (We have even seen CEOs getting fired) .

What is Indispensability?" Today , in the corporate world , there is nobody who is indispensable .

But what matters to everybody is " The Degree of Dispensability"

What is the Degree of dispensability?

Degree of Dispensability is the extent to which a person can leave (Quit / Sacked) the role / job and the job output will not be affected / will be partially affected such that it does not impact the bottom line or top line of the corporate. The degree of dispensability has a large bearing on the performance of the employee and impacts the performance of the corporate

For example, a manager whose degree of Dispensability is **High** (Easily dispensable without much impact on the functioning or top line or bottom line of the corporate), may try to maximize their private profit by being associated with the role they are performing. Likewise, a Manager whose degree of Dispensability is **Low** (Whose exit will materially affect the top line or bottom line of the corporate or the share price in the market) may try to exercise more control over the organization and would try to expand their sphere of influence in the organization, or may become haughty and arrogant, may try to push for higher remuneration, etc.

As one would observe, both extremes of Dispensability results in **negative behaviour** from the employee and impacts the corporate negatively

Moreover, dispensability is a **dynamic phenomenon**. An employee who is indispensable at a certain point in time becomes dispensable at a different point in time. This is seen at several points in our career. For e.g., a Relationship Manager in a bank maintains good relationships with Key HNIs [high net worth's] or corporates in a bank, they are indispensable. However, as the bank grows, and the number of customers increase and more Relationship Managers are added the importance of the same employee decreases and the earlier breed becomes dispensable.

Of course, it takes time for the employee to migrate from an Indispensable employee to become a dispensable employee. It is essential for a corporate to maintain a balance for every Manager / employee so that the employee does not display negativity on any of the sides.

Different treatment is meted out to employees depending on the degree of dispensability (ie , when a corporate realizes the degree of Dispensability the employee) . Peers also behave differently with a person who has a high degree of dispensability. There are several behavioral implications when a person realizes his own degree of dispensability , such as changes in Self-Behavior.

Chapter 2 : Self-Behavior

The realization of having a high degree of dispensability in a particular corporate / job, causes a person to behave defensively. It's like living with a wild beast in the corporate jungle and we don't know when it will place its target on a person.

When will a person be a target?

A beast would target when it is hungry and spots and identifies as food. Similarly, when a person on being identified as Dispensable, they become the target. A person whose exit, may not have any impact on the day to day running or profits of the corporate

In the corporate context, the beast targets when

-        The role is no longer needed (Cost cutting)

-        A replacement has been identified for the role (Someone who the corporate feels can deliver better results in the job or who can work at lower cost)

An employee can realize when he is in the High Degree of Dispensability by the actions of the corporate (supervisor) / peers / subordinates towards him. Such **Corporate Behavior / Supervisors behavior** can be identified when there is

-        Lower ratings and bonuses

-        Delay in promotion

-        Non appreciation of contributions made by the employee

-        Not part of important decisions concerning the employees own work area

Likewise, **Peer Behavior** can be identified when

-        Peers exclude from informal discussions and get togethers.

-        Only non-serious topics are discussed and ignored in serious discussions

- Peers take credit for work done

- Peers talk behind back.

Finally **Subordinate Behavior** can be observed when

- Subordinates talk back or go unpunished even when they were insubordinate

- Ignore or act unprofessionally on directions given.

- Talk about you behind your back

Self-Behavior

When one feels dispensable, they can feel positive dispensability or negative dispensability or both at the same time

What is **positive dispensability**?

- Prepare to handover to someone who is more capable or more effective in discharge of the function

- Try to upskill

- Get on with life and start looking for alternatives

What is negative dispensability ?

- Employee tends to reduce the involvement in the work tasks and procrastinate knowing fully well that contributions will not be appreciated

- Employee tries to take advantage of tenure as it is known that the tenure will be short (pecuniary advantage / fraud, etc.)

While Degree of Dispensability has a varied impact on the performance of an employee and their behaviour , it impacts the corporate also to a large extent . It is in the corporates interest to identify employees who are indispensable (similar to Key Management Personnel - KMPs) and safeguard itself so that the exit of such an employees does not severely affect the performance of the corporate . The corporate should not become too dependent on individual employees and at the same time the corporate needs to recognize the importance of KMPs and give them the due importance

How could the corporate **create such a balance**?

- Identify key roles which impact the top line / bottom line

- Map the resources in these roles and create backups who can handle these roles in the absence of the key employee

- Corporate must have a long term / Short term outlook on these roles / employees

- Employees must be nurtured to take higher responsibilities within the organization so that the chances of attrition of these employees is less.

- There has to be a Business Continuity Plan which visualizes the impact of exits of Key Management Personnel and the counter measures the corporate must implement.

We have seen in our corporate life that -

· Some employees, after resignation are retained by the corporate by paying higher salaries / bonuses

· Some employees, after resignation have been let go and after sometime have rejoined (Employee initiated)

· Some employees have been terminated overnight without notice.

· Some employees have been terminated and then called back by the corporate, when their importance was realized (Corporate initiated)

Every employee wants to be in the first category for which the employee should have "Low Degree of Dispensability "

Chapter 3 : What should an employee do to have a Low Degree of Dispensability?

· **Know the value** contributed to the top line or bottom line of the corporate

· **Increase the contribution** to the top line or bottom line of the corporate

· **Be visible** to top management (project yourself)

· **Take up cross functional responsibilities** and/or be proactive

· **Create a strong bond with the clients** (Internal /external)

· **Be aware** of what's happening in the corporate (Grapevine / media and public info)

· **Be abreast** with what's happening to the **industry segment the corporate is operating on** and what changes are happening to the segment (Competition, new trends etc.,)

Now let's elaborate on action to be taken by employee on the above.

Know the value you add to the top line of bottom line of the corporate and increase your contribution:

Not many employees know the value they contribute to their corporate top line or bottom line or in several cases they need to derive their contribution that they create to the organization.

In any large corporate, there are two categories of employees

· Line / Business function employees – These are employees who are on the frontline for the day-to-day functioning of the corporate such as Production / Sales / Finance / Service staff in service organizations / drivers in logistic companies etc.,

· Support function employees – These are employees who support the line staff in performing their duties more efficiently such as HR / IT etc.,

However please note this definition is not rigid varies depending on the type of industry

Line / Business function employees:

Let's consider the role of a Sales Executive, he/she knows the domain – sales, the action they need to take is to check the overall turnover of the corporate and see what percentage of the corporate sales accrues through them.

But does the corporate sales information flow down to the sales executive? If its not distributed internally, the Sales Executive should develop an interest in getting the annual report of the corporate and see the overall top line contribution and be able to derive their contribution to the gross/net sales.

If corporate information is not accessible, the Sales executive must at least find out the turnover of the Supervisor's Boss (2 Levels above or L2 Manager) and see what is their contribution to the unit. For example, a Sales Executive might be reporting to an Area Sales Manager, who might be reporting to a Regional Sales Manager (RSM). The Sales executive must find out the turnover done by the RSM and see what percent would be their contribution to the sales done by the RSM.

But why 2 levels above? This is because the employee if aspiring to be a future leader, must have a larger perspective of his contribution to the organization. (E.g., Sales Executive will aspire to become ASM and needs to have a view of the work of the RSM). Even for this promotion, the RSM will have to approve and he will be looking for a candidate who contributes to his business achievements.

Similarly, a Production employee needs to find out to what extent the production unit contributes to the top line of the corporate (If the unit, is a sole unit which produces the product or it is one of the many units and the percentage of sales turnover of the corporate is being produced by the unit they are part of should be of interest for the employee for their aspirational goal) If there is no information accessible, the employee needs to take the effort to find it out from their internal departments /sources .

In software companies , the employee must find out the contribution his / her project makes to the top line / bottom line of the corporate . Software employees have the challenge of continuous changes in the technology landscape (which is relatively faster than other industries) . They need to upgrade their knowledge / skills continuously (Similar to a medical professional who needs to continuously update knowledge as new research brings in better medicines / diagnosis techniques) . Software employees need to try and be associated with a high revenue project which contributes significantly to the top line / bottom line of the corporate so that their degree of dispensability is low .

It is essential for the employees to connect with employees of similar profile at other locations / functions in order to get the required information. [PG1]

Support function employees:

There are also several roles which are Support functions (such as HR, Systems, etc). How will such employees know the value they add to the top line or the bottom line?

Typically, such support functions are smaller in size (lesser number of employees).

A HR executive can measure their contribution to the top line by the contribution of the teams they are part of (For example, if a HR Manager handles the south zone of an organization, the contribution of the South zone vis a vis the entire organization can be checked) and evaluate their relative importance to the performance of the corporate. They may not be directly contributing to the top line/bottom line, but the contribution of their role can be derived by the effective functioning of the vertical. Also, HR Managers can measure the cost of their entire unit and can proactively work for reduction in costs which will directly contribute to the bottom line of the organization.

Employees in Support functions can make significant contributions by taking up specific projects - which would be collaborative initiatives with the line functions.

For example, a HR Manager in an FMCG company can visit the markets and interact with distributors/POS outlets and see the quality of distributor sales representatives and can design specific training programs for the distributor sales representatives which will improve their productivity (Pre and Post training requirements can be defined based on the interactions). A HR manager in a bank can refer their vendors (HR consultants, vendors etc.,) for opening current accounts with the bank and also for the employees of the vendor to open salary accounts with the bank as they have close interactions with the vendor.

A Finance Manager in an FMCG company can also visit distributors, understand their fund requirements and help them raise funds through banks by taking up specific projects, which can be tied up with better sales focus for the company products and build niche services to enhance the relationship and grow personally.

In fact, there are several ways in which support functions can support a business unit in achieving the key business metrics. For this to happen, the Support functions need to have close interactions with the business/line functions and vice-versa. Being aware of the requirements in the business functions is key to growth both personally and organizationally.

Conclusion:

The Degree of Dispensability is a key determinant of the career of an employee in an organisation and plays a key role in organisational behaviour dynamics . It also provides for an organisation to measure the Degree of Dispensability of every employee so that the organisation knows its critical employee resources and builds up policies to retain these key resources