

Quantitative Methods III

Standardizing Job Selection

by Dave Gorsline

In ran into my old roommate Steve in the basement of Vance Hall last week. He was jotting notes and punching buttons on his MBA calculator, and looked a bit excited.

"Plotting your next move in the Game?" I asked. His team had been doing well, having nearly cornered the alpha market.

"No, no, I'm checking on my latest job offer."

"You got a job? That's great! Who with?" I replied, after a moment's hesitation. I had been counting myself lucky that I'd just gotten an interview.

"Quexcorp, and it's not so great. Their BAFL Index is only 7.3."

"Sounds pretty good to me. What's a 7.3? and what's a baf--"

"Benefit Assessment of Firm and Lifestyle. It's a system I've developed for picking a job."

"I don't understand."

"It's very straightforward. I've designed an objective, unbiased method of selecting from my set of job offers, grounded in the principles of decision theory and consumer behavior. Do you remember conjoint analysis from your marketing class?"

"Wasn't that the stuff that always reminded me of orthopedic surgery?"

Steve went on, not seeming to notice. He never did appreciate my jokes.

"This system allows me to capture precisely my ratings of a job on several factors, and to combine those ratings into a standardized index."

"I still don't follow you. What's so bad about the Quexcorp job?"

"Its index figure is only 7.3, and I require an 8.5. Let me explain."

"I list all the factors that impact on my job choice: salary, opportunity and challenge, advancement potential, and so on. I rank each of these factors as to their relative importance in the decision. Then I run a principal components analysis program on the DEC-10

that orthonormally rotates the ranking weights."

Steve was warming up. His eyes began to take on a slight glaze.

"When an offer comes in, I rank it on each of the varimax rotated factors. Applying multi-dimensional scaling techniques, I generate the BAFL Index value, and I can also plot all my offers in a two-dimensional perceptual plane -- Work Atmosphere-Life-style space, for example."

"Wait a minute -- what happens when you discover you loathe your prospective superior during the second interview?"

"That goes into the residual category, intangibles. I've weighted that a full ten per cent. The beauty of this method is that it avoids snap decisions that one might otherwise make and regret later."

"Like being temporarily deluded that there wasn't enough money in the corporate treasury to get me to work in Los Angeles?"

"Exactly. For geographic location, I use the Association of MBA Executives overall liveability index, a quantitative, reliable measure."

"Now my hurdle rate is 8.5. If a job comes in below that, I don't consider it any further."

You should do an index for yourself."

I thought I saw a January matric, who had introduced herself to me at MBA House that Thursday, coming down the hall. "I don't think so, Steve. I'll make the decision when it has to be made."

"But how will you be able to choose between an investment banking position in New York and a product management slot in Cincinnati?"

"I'll know which one is the better job."

"But you will be making a subjective evaluation. This method is validated -- 90% of the entering financial analysis at Citibank have used it."

The January matric had walked over to the mailboxes. "OK, OK, just one more question, Steve. Why won't you take the job with Quexcorp?"

"Like I said: the decision-theoretic analysis completely excludes it from my evoked set, even if it is in Kansas City."

"But your wife lives in Kansas City!"

"I know, but that's the way the numbers crunch. Hey, I've got to run; nice talking to you. Have to catch a seminar in child portfolio management!"