

Calculated Losses

Maged Sedky | Image: iStock | Published: November 04, 2009



Software that tells you whom to fire – and when

For the CEO who has everything, now there's a software program that promises to take the guesswork out of downsizing. The logic behind Vancouver-based Octothorpe Software Corp.'s Amadeus.SRA "talent management" software is straightforward: in an organization of 500 employees, it would be easy to find three poor performers to let go, but with a staff of 20, losing the wrong three people could paralyze the

company.

Peter Tingling, Octothorpe's founder and CEO, argues that deciding who has to go is particularly tough in these challenging times. "We're not just running lean," he says. "We're running anorexic companies with no excess fat to trim." Still, cutbacks need to be made, and Amadeus.SRA promises to make the decisions, if not painless, at least more efficient.

A CEO simply enters all the human-resources criteria he feels are important, and the software spits out names: who should be hired, who should be rewarded and who should be let go. Tingling is evasive when asked how much it costs, simply replying that the program "costs a whole lot less than making a mistake."

Tingling describes restructuring work he was involved in during the 1990s: "We sat in a boardroom and made the decision to lay off 200 employees." The decisions weren't arbitrary, but Tingling nevertheless felt he was wielding a blunt axe. The experience eventually led him to the University of Western Ontario, where he wrote his PhD dissertation on decision-making technology. He founded Octothorpe in 2004 and today teaches full time at SFU's Segal Graduate School of Business while also serving as Octothorpe's CEO.

The researchers at Octothorpe studied advanced decision theory to identify classic mistakes and best practices in HR decisions, and, according to Tingling, their product eliminates many of the biases inherent in decision-making. "Our premise is that people aren't fungible," he says. There is a big difference between choosing Martin Brodeur and Roberto Luongo as a goalie, he explains; they aren't equal. "The question is, under which circumstances would a team prefer one to the other?"

One thing that Amadeus.SRA isn't going to do is think on behalf of a manager or CEO. "People tell me, 'Your software is too difficult to use. It wants me to think.' Well, of course. This is a difficult process and you ought to be thinking hard about it." On average, managers spend 40 hours making a hiring decision,

Tingling says. Where, he asks, is the logic in dismissing staff in a matter of minutes?

