

## Improving Productivity

By Rainer Busch

I recently came across an opinion article titled: *“Be productive or perish: the lesson for our businesses”* by Neil Plumridge.

<http://newsstore.theage.com.au/apps/viewDocument.ac?page=1&sy=age&kw=Neil+Plumridge&pb=age&dt=selectRange&dr=week&so=relevance&sf=author&rc=10&rm=200&sp=nrm&clsPage=1&docID=AGE110730NJ4ERCDS11>

The article deals with the fact that overall productivity amongst Australian businesses has been somewhat stagnating and that there seems to be an unwillingness by organisations to do something about it. The article’s sub heading states: *“The key to lifting the economy out of its consumer funk is by increasing productivity. But businesses seem reluctant to tackle the issue.”*

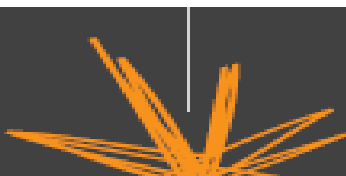
Whilst I am not so sure if increased productivity will lift ‘the economy out of its (current) consumer funk’ I do agree that all organisations, not only businesses must lift their ‘productivity’. However, when the author writes “businesses seem reluctant to tackle the issue”, he is of course referring to ‘people’ being reluctant. Organisations are not just impersonal entities. They are founded and run by people. These people do not just live in the land of organisational entities, but they are people who are also consumers and who, with their families, friends and acquaintances are part of a community. This means that their attitudes and behaviours at work are also influenced by multiple interactions, attitudes and experiences in life.

The word ‘productivity’ conjures up various images. Most of these images are, in my experience, related to the faster and cheaper production of goods. However productivity is not just about supplying more or cheaper goods and services. In order to be more ‘productive’ one does not just need to figure out how to do more with less. It is about working smarter and employing resources in ways that are more efficient and effective. Improving productivity is not just about improving processes, it is also about questioning the need for a process in the first place. What is the use of spending time and effort in improving a process if the outcome of that process does not serve a worthwhile purpose or if it actually does harm?

In my consulting work I frequently come across businesses that are very keen to be more productive. However to many business owners being more productive means reducing overheads by cutting staff numbers or staff remuneration, replacing people with technology, finding cheaper materials, ‘screwing down’ supplier prices, etc. However, whilst that sort of behaviour may improve the bottom line for a limited time it will not necessarily improve the long term productivity of their organisation. I agree with the four productivity improvement areas Neil Plumridge refers to in his article:

1. Removing all wasteful, bureaucratic, and non-value work and outputs.
2. Being more ambitious and effective in process automation and technological change.
3. Developing and utilising the full talents of human capital.
4. Being deliberate and audacious with an innovation agenda.

However, as far as I am concerned, item 1 is the most important of the lot. In my experience it is also the most difficult to address, because it involves a number of human factors relating to personal



*growth through managed change*

values and behaviours of the people in an organisation. These are values and behaviours of all the people in an organisation, not just management.

The actual removal of wasteful, bureaucratic, and non-value work and outputs is not necessarily much of a problem because once the relevant wasteful practices have been identified it is not very difficult to remove or change them. In my experience the real problems relate to the following:

- a. Not being very clear about what drives the organisation and its people. What is the organisation's core purpose?*
- b. A lack of skill in the identification and awareness of core and non-core processes that are required to operate the organisation.*
- c. A lack of clear definitions relating to the organisation's goals and targets and their relation to the values of the organisation's people and their customers.*
- d. A lack of acknowledgement that current processes can always be improved and that there are multiple ways to perform a process with the same outcome. – (ie. You would not believe how many different ways organisations have developed in processing an invoice.)*
- e. The inability to formulate clear definitions of what constitutes 'wasteful' and 'non-value adding' behaviour within the context of the organisation in question. ('Waste' can mean different things to different people.)*
- f. A reluctance to spend the necessary time and resources to process map core and non-core processes 'as is' to enable the relevant people in the organisation to gain a thorough understanding of what is done, how it is done and who does it.*
- g. A reluctance to spend the necessary time and resources to analyse the 'as is' processes involving the people that are part of these processes, identifying the waste and non-value items and redesigning the processes as required.*
- h. An inability to developing disciplines within the organisation that scrutinize all processes on a regular basis for waste and non-value.*

In our work we have observed that some organisations have made great improvements to their production processes (i.e. making more widgets cheaper), however their administration processes are often cumbersome and inefficient. The same can be said for some non-for-profit and government organisations. Their core service(s) may be delivered very effectively, however their back office processes are run poorly and may have never been examined.

Improving an organisation's productivity is not a once off and straight forward exercise. It involves people to come out of their comfort zones and often requires challenging their own and each other's behaviours and values. It requires behaviour change. However, apart from improving productivity, behaviour changes can bring many new opportunities to organisations and their people.

Raidho Solutions assists organisations to address the items listed above. We can facilitate a programs utilizing the organisation's own people and resources that will bring about lasting productivity.

