



Collinson
Grant



Dealing with the 'new normal'

Productivity webinar

14th May 2020



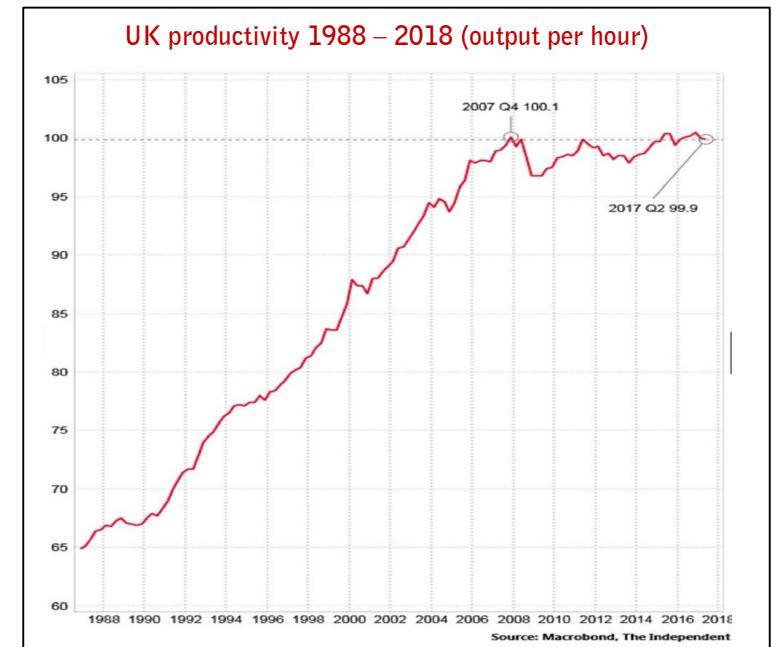
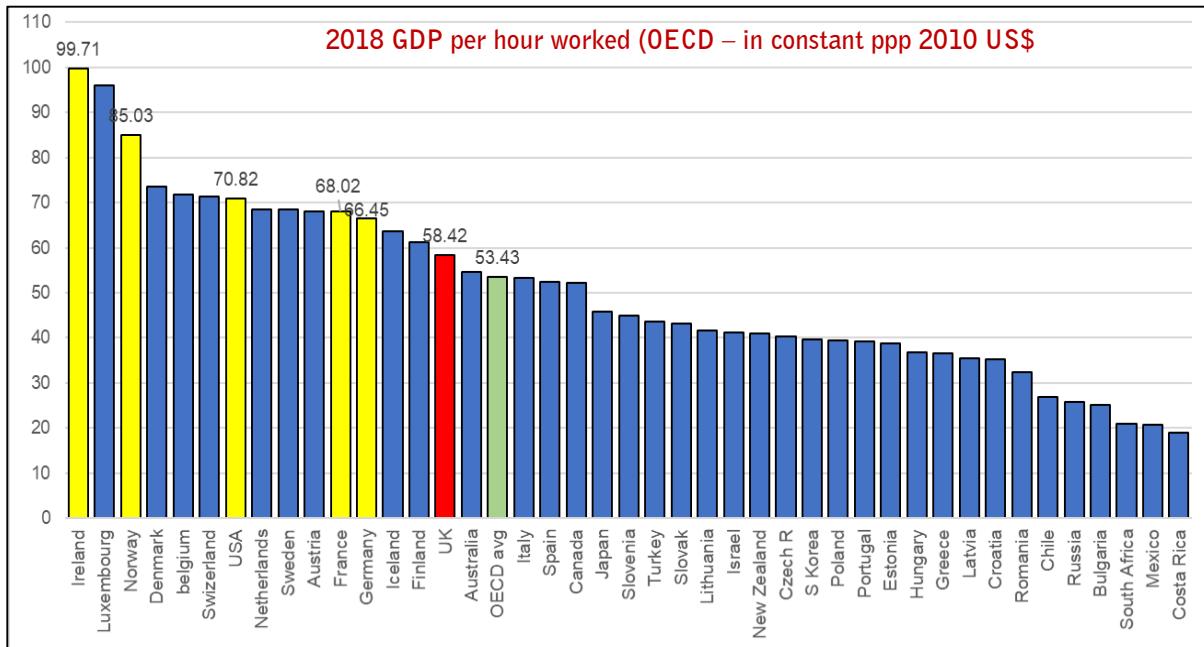
Introduction

Productivity

- Productivity has been a perennial issue for UK businesses for decades. Compared with other Organisation for Economic Co-operation and Development (OECD) countries, the UK has had low productivity performance since the 1970s
- We all know that we lag many similar countries and yet businesses have consistently failed to close the gap
- To be clear, this means that UK businesses are less effective at utilising labour and assets to produce saleable products and services than comparable countries
- This webinar will deal with three questions:
 - How bad is it?
 - Why is the 'new normal' going to make it more important for us to 'grasp the nettle'?
 - How can we respond?

How bad is it?

- In 2018 the UK was just above the OECD average. We should surely aspire to be in the top quartile...
- Since 2008 productivity has flatlined. This is an astonishing and unprecedented period of weakness. In short, our productivity problem predates both Brexit and COVID-19, but both will bring it back to the fore
- October 2019 Office for National Statistics: 'Output per hour fell by 0.5%, after two previous quarters of zero growth. This sustained period of declining labour productivity represents a continuation of the UK's productivity puzzle'



How bad is it?

It is both ubiquitous and mundane

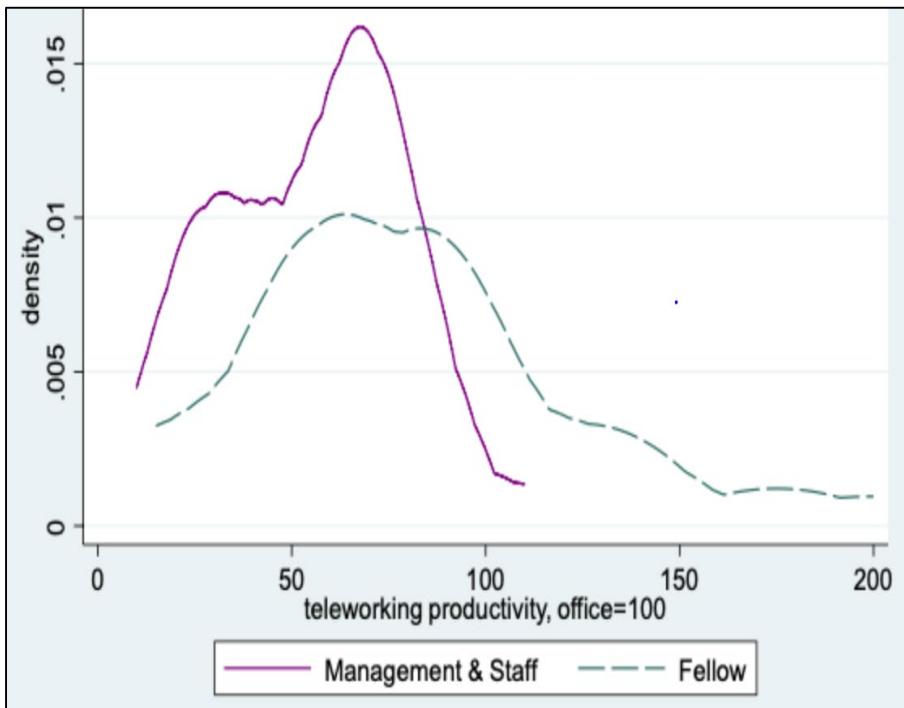
- Most organisations we have worked with, however successful, have had productivity opportunities. It seems to be the biggest common denominator throughout sectors
- The three biggest influences on productivity are the organisation structure, the quality of performance information and the ability of managers to use that information to manage effectively
- Practical, observable, common factors, which reduce productivity in organisations:
 - badly designed organisation structures
 - ineffective management
 - poor planning methods and systems
 - productivity not targeted or measured
 - reporting that does not include productivity measures
 - lack of accountability for productivity
 - failure to use standards to quantify workload
 - emphasis on deadlines rather than considering both the output and input
 - poor office layout
 - non-conducive environment – too noisy/distracting
 - culture which does not respect timeliness
 - lots of unplanned 'drop-in' visitors, e-mails and meetings
 - slow or outdated technology
 - badly run meetings
 - poor information flow



Why is the 'new normal' going to make it more important for us to 'grasp the nettle'?

How COVID-19 plays into productivity

- There are lots of possible discussion points, but we have chosen one – the issue of home working. This may well outlast the current lockdown as a long-term trend and is presenting challenges to manage staff productivity
- This chart is the result of a survey (March 2020) of full-time employees (managers, staff and research fellows) at a research institute, which is publicly available, but we have anonymised. It surveyed the staff on their productivity at home versus in the office. The office is rated at 100
 - overall, productivity relative to working in the office is much lower (63 at the mean)
 - the spread of productivity is wide indicating a lack of best practice, which will need to improve
- This tallies with what we are hearing. For some it's been a boon. They are probably able to use technology well, have a study or quiet area, good broadband and work ethic, but for many, without the structures of the office and sensible measures, performance will drop

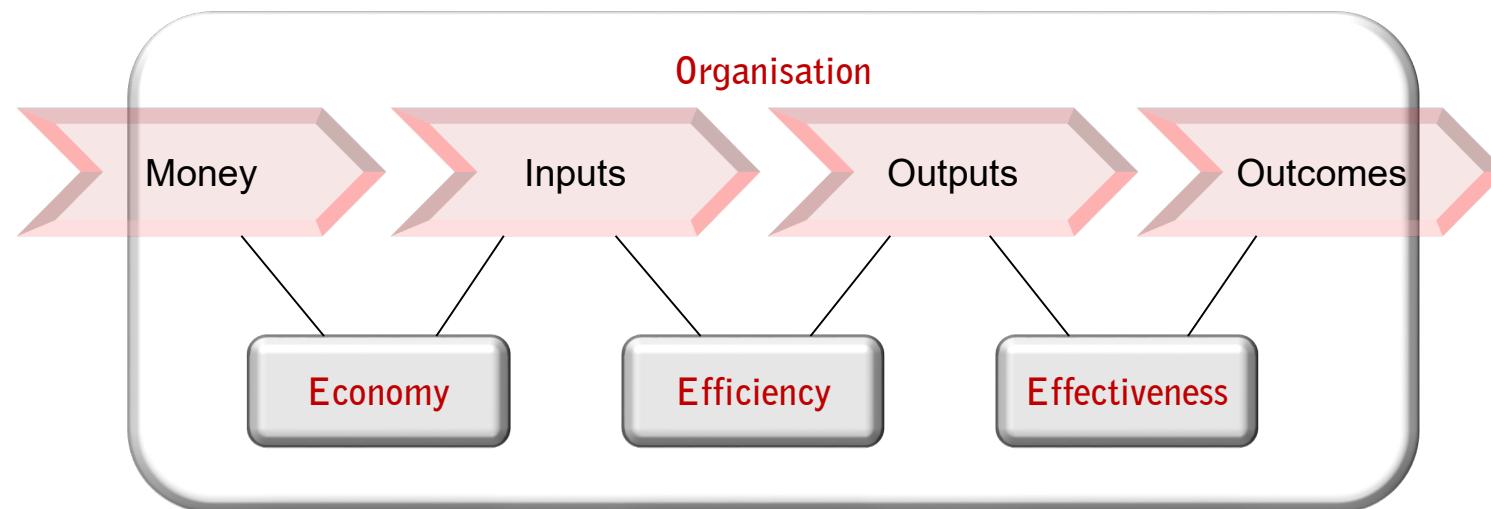


How can we respond?

Our approach has three components

The approach to productivity must be holistic as it is influenced by a number of factors that are at work throughout the organisation:

- Economy – reduce the cost of inputs to processes (this may mean fewer people)
- Efficiency – reduce the time and cost per unit from processes (how well is the work being done?)
- Effectiveness – increase the value which is added to the output from the customer's perspective (is it the 'right' job?)



How can we respond?

Managerial culture really matters

- Has the importance of management been lost?
 - managers tend to be increasingly technical and administrative rather than focused on the basic definition of management – 'getting things done productively through other people'
 - where this is true it is usually a combination of skills gaps and weaknesses in the metrics with which managers are expected to manage their staff
- This means that productivity programmes must be designed as 'change programmes' – with an emphasis on structure, systems, skills and behaviour change – starting with managers
- To what degree does your organisation value and reward productivity? Is it part of your culture?
 - unless all staff have at least one measure related to productivity the answer must be, 'not highly enough!'
- In the dash for technological panaceas don't forget to invest in your management. Develop a productivity improvement plan for the team to work to and give them the data, training and on-going mentoring



Questions and answers

Home truths: Some insights on productivity drawn from 50 years of management consulting

These home truths are built on our experiences and observations gained through examining productivity in our clients' organisations. These describe a number of tendencies which work against productivity and need to be countered:

- Work expands to fill the time available
- Experience shows that, without managerial attention, the workforce will grow faster than the work it is employed to do
- Managers are usually looking to enlarge their teams and often see bigger teams as the route to better jobs with more responsibility, money and security
- Employees have frailties too – they often make extra (non-value adding) work for each other without realising it
- People naturally elaborate their own work rather than simplify it
- In defining 'output' let your customer decide what it is (needs to be) not the employee or manager
- The three biggest influences on productivity are the organisation structure, the quality of performance information and the ability of managers to use that information to manage effectively

Home truths are neither universal nor exhaustive



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