Four Pillars of Productivity

by Heather Hollick

Productivity is the Holy Grail of every Chief Operating Officer — deliver more with less. While the sales and marketing groups seek to drive top line revenue with increased sales, the operational teams are charged with improving the bottom line through increased productivity. High tech companies position their products and services as a direct route to increased productivity. The gospel of productivity is woven into the fabric of their marketing messages. Whether offering sophisticated consulting services or the latest hardware and software, the message is that more technology equals greater productivity.

The reality is that technology cannot stand alone to improve an organisation's output. A number of other key elements must synchronize with the technology to deliver sustained productivity. A well defined organisation with clear roles and responsibilities must also be in place. Processes must be a natural part of the environment using industry standard methodologies where appropriate. Finally, the culture must be imbued with an attitude that technology is to be leveraged and exploited. All of theses elements, which we call the Four Pillars of Productivity, can deliver world class organisational efficiency with sustained improvements in output. When they are in balance, the resulting organisation is a powerhouse of efficiency that learns and becomes more productive as it grows.

What is Productivity?

The economists report productivity as simply a measure of revenue per employee. In 2004, for example, Dell reported $41,444 thousand in revenue with 46,000 employees. Hence their "productivity" for the year was $901,000 per employee. Similarly, Cisco reported productivity of $688,000 per employee in a recent analyst's call and Microsoft shows $585,000 per employee for their fiscal year 2003. Although these abstract numbers offer a clue as to a company's ability to generate revenue, they shed little light on the factors that drive productivity. Where can we find productivity inside a company, and how can we optimise it?

Opportunities for increased productivity are found in every nook and cranny of every organisation. In its simplest form, productivity is accomplishing more using less capital and fewer human resources. In the complex web of modern companies, activities that improve productivity span the breadth and depth of the organisation. Productivity is doing the right projects, doing them once, and doing them well. It is people having the information they need, when they need it and knowing how to adapt it for their current requirements. Productivity stems from efficient product design processes that allow information to flow from customers back to the design team and throughout the rest of the company.

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Productivity is minimizing slack in the supply chain, optimising the purchasing process, and knowing who your customers are. It involves bringing a new employee up to speed quickly with the tools and information they need. Productivity means communicating effectively in all directions at all levels and it enables flexible and distributed work teams by bridging space and time effectively. Productivity is as much a mindset as it is a way of working or a set of processes. It is about moving up the learning curve, not making the same mistakes twice, and doing things quicker and with less effort.

Technology

Where does technology fit into this picture? When implemented well, automation and technological advances have driven corporate profits, fuelled GDP growth and raised standards of living for decades. Yet, while it is true that technology *can* work miracles in improving productivity, it is a myth that technology alone is the elixir to increasing revenues and reducing costs. Instead, technology is one pillar in a complex structure of productivity that, when joined by the other critical pillars, produces dramatic improvements in organisational efficiency.

Many of the technology vendors would like us to believe that deploying technology is sufficient to increase productivity. Yet there are countless stories recounting failed or stumbling projects, the resistance to new tools and applications, and the cost overruns in deploying large, enterprise-wide systems.

As an example, consider the technology that is most visible to the most employees in a company: the desktop PCs (or laptops) and the accompanying software. For a great many employees, their primary technology tools are the application packages for email, word processing, spreadsheets, and presentations that are bundled together as "office suites." It is somewhat ironic that these bundles are often sold as "productivity suites." The majority of users do not venture past the most basic features. Outlook is a rich email tool and personal organiser and Word is a powerful word processing system. But power brings complexity and that complexity overwhelms many people. Certainly the "productivity" applications are a tremendous boost of efficiency for some people. However, for others they are probably the greatest hindrance to getting things done since the introduction of Windows Solitaire. The majority of employees have not figured out how to exploit the features of their desktop applications in order to be more productive.

There is no doubt that technology is a key ingredient of productivity. New systems, faster servers, expanded networks, and updated applications, when properly deployed, will all contribute to more revenue with lower costs. We now look at the remaining pillars that support technology and enable it to reach its fullest potential.

Organisational Structure

The structure of an organisation is foundational to the business and forms our second pillar of productivity. A well structured organisation is the framework upon which an efficient organisation is built. When the divisions are clear and the alignments make sense, appropriate information flows efficiently through the company both vertically and horizontally as necessary.

How do you determine the structure of an organisation? The particular design of an efficient organisation is never superimposed. It is developed organically from within and must be flexible enough to evolve dynamically as conditions change. Beware of the temptation to overlay an organisational model from another company, a text book, or a consulting firm. Efficient organisational structures are derived from elements both internal and external to the company. The right structure emerges by balancing the needs and objectives of the business with the talents and capabilities of the people in a context of external market and economic forces.

Much of the work that is performed inside today's companies is accomplished through cross-functional project teams that span a broad cross-section of the company. To be efficient, these teams require a multi-faceted matrix organisation with different views from a variety of perspectives. For example, from the perspective of the cross-functional project team the structure spans many organisations. On the other hand, the structural view for business results may be along more traditional lines, such as market segments, or geographies. Yet a different view of the organisation may present itself when looking at the structure from the perspective of employee reporting and development. At their best, all the facets will be well-defined with clear accountability, open communicating channels and adequate feedback for nurturing and employee development.

Beyond the basic structure of the organisation (i.e. the shape of the organisation chart), an efficient organisation also has well defined roles and responsibilities at every level. When people are clear on their responsibilities they are more confident to take risks and push for improvements. When they are not clear, employees become paralysed, indifferent, or they embark on directions that are inefficient for the organisation as a whole. Flexible and efficient organisations function best when roles and responsibilities are clear and known.

Process Orientation

In the continuous pursuit of productivity, technology is all too often deployed prematurely on top of inefficient and poorly defined processes. The net result is people and systems doing the wrong things ineffectively, but faster. One step forward . . . two steps back.

Dynamic and efficient processes are the lifeblood of an efficient organisation. Technology delivers best when processes are defined, refined and optimised *prior* to overlaying technology to automate them. The legendary challenges with deploying ERP systems revolve around the definition and adoption of processes and not necessarily the deployment of the technology.

Processes are the tangible manifestation of what goes on inside of a company. They are extracted and deduced from the minds and the activities of the employees into quantifiable, measurable expressions that can be studied and optimised. Further, processes are the collective memory of the organisation. They are a permanent record, of sorts, of the routines and activities that transpire in the day-to-day operations. Without defined processes, the knowledge of how things are done exist only in the heads of the employees. In this amorphous form, the collective knowledge leaves when the employees leave—at the end of the day, or at the end of their employment. Processes capture the collective knowledge and provide a material record of activities that can be studied and optimised.

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Processes are often slow to emerge in companies because key knowledge owners are reluctant to document what they do. The secret to preserving their power is to make them owners of the process rather than the owners of the knowledge. The best processes are not static procedures, but dynamic entities that evolve and grow with the changing needs of the business and the capabilities of the talent pool. Critical knowledge workers become accountable for the efficacy of a set of processes rather than for the simple results of the output.

Companies with a process orientation as a fundamental mindset know that technology implementations are much easier and much more effective. On the other hand, organisations that are averse to process will find the migration to a process orientation daunting. Start slow in small areas.

Process deficient organisations should begin with subsets of activities built around standard methodologies such as project management or product development. Finding a framework of good processes isn't difficult. Standard methodologies, as well as methods for process improvement, are widely available. Industry standard methodologies exist for project management, software development, new product introduction, and a host of other regular activities that transpire within the majority of companies in business today. Professional organisations, such as the Association for Project Management in the UK or the Project Management Institute in the US, capture and codify best practices and elevate them to professional standards through publications and certifications. Adopting methodologies standard to the industry produces multiple layers of returns. Not only does the organisation benefit from the wisdom derived from best practices accumulated across the industry, but also, new employees are familiar with how things are done and come up to speed quickly.

With all the best practices and standard methodologies available today, it is not difficult to know *what* to do in terms of creating efficient processes. The hard part is adopting a process approach to doing business and changing the way that the day-to-day activities are conceived. It is best when they can be seen as processes subject to optimisation rather than merely a set of tasks to be completed.

Culture of Exploiting Technology

After the organisational structure is honed and the processes are optimised, the ultimate efficacy of technology depends on the people who implement and use it. In order for an organisation to leverage technology for all of its potential, there must be a thread running through the culture that is eager to exploit technology. We are well into a generation that should be very comfortable with technology. And yet, the underlying impression in many corporate environments is that technology is a necessary evil, an impediment to be overcome rather than a tool for greater efficiency.

In companies with a strong technology culture there is an investment of time and energy to learn new technology and new features of existing technology. Training is always provided when new software is deployed and people are expected to become adept at using desktop and corporate applications. A solid pillar of technology means that employees master Outlook, learn advanced features in Word and Excel and explore the finer points of PowerPoint. They leverage keyboard shortcuts in applications to save time and they use email as a lean communication tool rather than a method of defence. Most importantly, in companies with a strong technology culture, the executives exploit technology as well. With their laptops, their PDAs, and their home networks they demonstrate to their employees that technology is a key driver in getting more done.

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A strong culture of exploiting technology also means that the passion for technology extends beyond the desktop into all the systems that are built or purchased. Applications are designed for integration and ease of use and data is shared when possible. Processes are automated only after they have been defined and optimised. There is a "big picture" approach to technology that spans IT departments. New tools, applications and systems are designed under the umbrella of an overarching enterprise architecture with efficiency as the end goal.

Finally, accountability and clear expectations play a key role in the culture pillar. Productivity requires focus. Accountability is a powerful stimulant to help people keep their eye on the goals. When leaders are accountable for results, they provide clear expectations and they model the right behaviour. When people understand and see what is expected of them they are likely to deliver on those expectations. Accountability, well-defined roles and clear expectations work wonders in helping people focus. The net result is a solid foundation for an efficient and productive organisation.

Conclusion

Technology alone cannot deliver supernormal improvements in productivity. Too many companies have hodge-podge deployments of multiple technologies that are not supported by the other pillars leaving their investment in technology ineffective. It takes a broad vision to see all of the elements that enable productivity within a company. From the basic design of the organisation chart to the values and beliefs of the employees, the enablers of productivity are everywhere. When all of the elements are in place, the engine of technology can drive the organisation great distances.

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