Increasing productivity is essential to every business for maintaining and increasing competitiveness and profits over the long term.

**What is Productivity?**

Productivity is a measure of your effectiveness and efficiency in generating outputs from inputs. Productivity is a means to an end... *long-term competitiveness and profitability*.

Historically operations have been the main target for productivity improvement, in part because physical operations are easier to measure. Yet, services, support and corporate functions also offer significant opportunities for productivity improvement when considering a business as a whole.

**What Productivity isn’t?**

Productivity is a broader measure than efficiency and is not a measure of profitability. Whilst it is common to regard profit as key measure of firm success it can imply a business will benefit more if costs like labour and capital depreciation are reduced. This approach may work in the short term but can undermine long-term performance and is increasingly difficult to keep making substantial gains.

**Why increase Productivity?**

Productivity is critical for the long-term competitiveness and profitability of your firm. The way to increase profit in a sustainable way is to increase the value added by your business through higher productivity. The most effective organisations are the ones whose productivity increases exceed their competitors.

By pursuing productivity businesses can more efficiently produce more and generate greater profit. As a result businesses stay in business and employees keep better paid jobs, which leads to a growing economy and increases our overall standard of living.

**How can you increase your productivity?**

Quite simply you can increase your productivity by either "doing more with the same“ or “doing the same with less“. This is achieved through better cooperation of employees, higher capital investment and optimal utilisation of capital investments.

Productivity improvement is a business wide process of doing lots of things right and continuous improvement. Productivity can be raised when managed in a holistic, planned and systematic way.

Key drivers of productivity include investment (technology, etc), innovation, skills, enterprise (seizing new opportunities) and competition (incentive to innovate). To improve your productivity and future profitability you can take 12 productivity-enhancing actions.

1. **Show Leadership**
   First and foremost management must create and maintain a productive culture conducive to higher performance. Leaders must set the strategic direction of the business and communicate it to all employees. Every employee needs to understand the organisation’s goals and commitment to continuously improve productivity and win-win outcomes. Objectives and targets need to be clear and highly visible. Unclear objectives confuse people and reduce productivity. Leadership must be committed, persistent, enthusiastic, collaborative, empowering, transparent and respectful. Appreciation and recognition of good performance and behaviours should be frequently given.

2. **Engage & Involve Every Employee**
   Employers and employees working cooperatively towards a common goal can increase productivity. People are often capable of producing at a higher level. Frequently, the more complex and intangible a job the greater the difference found between top and bottom performers. View work as results that need to be achieved for which someone is held responsible and accountable. Teams and employees can be encouraged to focus on business productivity through performance management, recognition and rewards.

3. **Develop your Employees Skills & Capabilities**
   People are a key factor in improving productivity. Productivity is increased by improving the knowledge, skill and capability of staff to absorb new ideas and technology, problem solve and innovate. Increased employee motivation, engagement and loyalty, through effective recruitment, selection, development, retention and leadership, can also significantly improve productivity.
4. Organise your People
The configuration and organisation of people and teams is an important factor in productivity. Teams may work more efficiently if they complete an entire process. Alternatively, greater productivity may result by developing expertise in a particular part of a process. Teams that are doing the job know what works best and what doesn't and are best placed to identify improvements in work processes or activities.

5. Invest in Productive Technologies
Businesses can invest in technology and achieve “more for less” by inventing and using machines and by learning how to utilise them better. The output and quality from plant and equipment can be maintained and increased through engineering improvements and preventative maintenance. Off the shelf technology solutions and enabling technologies (like workflow tools) are providing new ways to maximise the value add from knowledge-based activities and not just for automating standardised or repetitive tasks. New technology can be used to create competitive advantage through enabling new business models, new products and services and improved processes.

6. Measure your Productivity
Before deciding on a path to increase productivity you must know where you are starting from (how productive you are now) and decide your destination (where you want your target level of productivity to be). Productivity objectives are needed to provide direction and productivity measures are needed to monitor and control your progress. Measurements are also a communication tool to motivate and reinforce performance by linking them to recognition and reward. You get what you measure and reward.

Measurement systems vary depending on the needs and operations of particular organisations. Ideally productivity should be measured by looking at a system as a whole. You must identify and focus on your core processes and capabilities that are critical to delivering competitive advantage for your business. To do so you must engage with customers and suppliers to understand their needs. You must also involve employees in the design and implementation of measures and give them a sense of ownership.

However, productivity is not the only measure of a firm’s performance. Organisations must still consider their overall competitiveness, including quality and customer satisfaction, and not just make productivity improvement a cost cutting exercise.

7. Involve Sales & Marketing
Sales and marketing have control over the price and volume of output. Increasing the volume of sales and increasing sales per unit cost of production (ie. higher margin or value added) can increase overall productivity. Asset productivity can be sensitive to economies of scale (EOS), by maximising asset utilisation and spreading their costs over greater volumes of sales output.

8. Improve your Core Processes
Big gains are achieved by streamlining systems and processes. Continuous improvement tools can be used to improve the productivity of any business process. An obvious way to increase productivity is to reduce all forms of waste in a process that is not seen to add value by the customer.

9. Develop and Use your Knowledge
Knowledge management is often talked about but just as often treated as records management. Knowledge management needs to be an active part of day-to-day operations, bringing together different functions to achieve improved product productivity and actively networking with customers, suppliers and experts to gain knowledge.

10. Monitor your Performance
Monitor performance by comparing performance against a standard. Track productivity levels against suitable internal or external benchmarks and track trends in productivity growth.

11. Implement Well
Depending on the size of your productivity initiative you may divide them into sub streams with individual owners and responsibilities. Use project management tools to identify risks and mitigate them and to establish resource requirements and milestones. Cross-functional interdependencies should be clearly identified, planned and managed.

Consider the needs and characteristics of all potential stakeholders, both internal and external. Use a good mix of various modes and different channels (downwards, upwards and sideways). Consider what different stakeholders need to know (What’s-In-It-For-Me, What’s-In-It-For-Everyone) and seek to influence thoughts, feelings and actions in line with the objectives. Enable the sharing of information and knowledge and avoid leaving a vacuum for a grapevine to fill.

Taking the 12 productivity enhancing action can help your business increase productivity to ensure its future competitiveness and profitability.