



# **PRODUCTIVITY**

## **How to Improve It**

Improving/increasing productivity is important not just for your company, but for all of us. When productivity increases in the American workforce, the nation's goods are being produced for less money. That means when you and I go to the store our money is worth more; it buys more. When more goods are purchased for less money, our standard of living goes up.

The American workforce has the highest productivity rate in the world. We owe much of our high standing in the world to our high productivity. It's important to our individual companies and our nation to keep our productivity level high.

Low productivity produces inflation. Our money isn't worth as much; it takes a lot more money to buy fewer goods. The result of low productivity is layoffs, unemployment, and high costs. Our standard of living, the highest in the world, would go down.

High productivity means less inflation. With high productivity, everyone lives better and your company is more dynamic, competitive, profitable, and successful.

### **What Is Productivity?**

Productivity is the process of converting the organization's assets (people, time, materials, money, equipment, etc.) into products or services.

### **How Can I Improve Our Productivity?**

The best minds on this subject will tell you that at the base of all productivity is the understanding that working smarter is much better than just working harder.

Early in the 20<sup>th</sup> century, the father of industrial engineering, Fredrick W. Taylor, told us, "The key to productivity is not muscle power; it's brain power."

W. Edward Demming, the American industrial guru, who is credited with the brilliant rise of the Japanese workforce, went one step further. He developed the modern concept of the statistical analysis of work. The saying, "If you can't measure it, you can't manage it," is based on the work of Fleming. Although the U.S. rejected his concepts in the 1940s and 1950s, the Japanese didn't. Today we regard his methods as the model for most of American productivity.

Peter Drucker, our most prolific management consultant during the last part of the 20<sup>th</sup> century, takes that entire process to a higher level. Beyond working smarter and measuring results, Drucker expanded workforce management into the areas of worker participation, team building, self-management, and ethics in management.

So now that we've been working for a long time trying to improve productivity, we know that we want to:

- Work smarter
- Measure everything
- Bring employees into the process

So, let's get more specific.

### **Seven Steps to Improve Productivity**

#### 1. Make goals and processes clear.

Make sure that everyone really knows their job. Tell them just what you expect of them. Let them know exactly on what you are evaluating their performance. Do they know what a good job is?

#### 2. Measure and rate managers first and individuals next.

**Managers** — Do they:

- Provide clear directions?
- Give employees work that uses their skills and challenges their abilities?
- Assure that team and work groups are working together when the work calls for team effort?
- Provide recognition, awards, and interest in the work and the individuals themselves?
- Give workers a voice on issues that affect them? Do they:
  - a. Create conditions in which workers are all participating?
  - b. Develop and guide employees as individuals?

- c. Measure the performance of each employee and provide feedback to them?

**Individuals** — Do they:

- Really try to participate?
- Take advantage of learning opportunities?
- Become proactive when seeking and recommending solutions?
- Take responsibility for improvement?
- Actually improve?
- Do the work that is assigned to them. Is it satisfactory? Is it what you expected?

#### 3. Training

After assessing the capabilities and performance of managers and individuals, you may find that they are either not sufficiently trained for the job they are doing or that they are ready for development to advanced levels of their profession or craft.

In today's fast-paced economy, training is absolutely necessary for survival. If you do not have a continuous program of training, you and your employees are slipping behind. Not only is training required to learn the job to be done, but it is also a key factor in retaining your best people.

There are many forms of training:

- Cross-training. Take every opportunity to assign people to new functions and jobs. Doubly trained can be doubly productive.
- Mentoring in-house. Use your best people to train and coach others one on one.
- Video and cassette training. This does not have to be only purchased materials, but also can be tapes

you produce showing how to do the work.

- Create in-house training seminars. Group learning among peers can often be the best training you can provide.
- Attend association training at the state or national level.
- Bring in outside trainers to train groups.
- Go first class and help employees gain certification in their profession. Everybody gains, and it tells your clients and your public that you're providing expertise, not just labor.

#### 4. Get people involved in finding solutions and opportunities for improvement.

Identify the problems, the obstacles and whatever needs to be overcome.

- Invite workers to seek solutions and to find better ways.
- What tasks do they think can be done more efficiently; how?
- Consider the possibilities if you dropped a procedure, changed it, or combined it with another procedure?
- How can this function be simplified? Let employees brainstorm it.
- What if, in a dire emergency, this function had to be done in half the time? HAD TO BE! How would you proceed? Ask for recommendations?
- Use performance appraisal systems often. Let employees know how they are doing. Recognize not only good work but good ideas.
- Discuss the project with the client as well as with a vendor.

Sometimes they have a very uncomplicated view of things

#### 5. Measure, Analyze, Remeasure.

- Analyze the objectives of each function, each job. What is the end result we want? Identify this in writing.
- Identify all the processes, steps, and tools it takes to accomplish that result. How many steps? How much time? How many tools? How many people?
- Set up a data collection system on these processes. Keep all the information in one place. Let everyone involved have access to, or copies of, this data all the time.
- Use the data regularly. Reinforce the goal. Discuss the solutions. Measure and give credit for all improvements.
- Experiment with different solutions. Assign the job to someone else just to get a new pair of eyes on the issue.
- Determine if this function or job has the capacity for improvement. Don't waste a lot of time trying to improve a small job that offers little potential for improvement if you have larger jobs that might offer the opportunity for significant improvement. You may be wasting a lot of resources.

#### 6. Take advantage of opportunities.

- When an employee is absent, assign the work to someone who has never done it before, someone who doesn't see the problem. Tell him/her what the end result should be as opposed to what the problem is.
- When a piece of equipment is down, is there something else you

can use to do this job? Don't sacrifice safety, but question old procedures.

- What is different, if anything, about this job, this time? Can it be done another way?
- Attend ALCA and state association meetings where you can meet people who have already faced the same problems. These are golden opportunities to learn from those who have been there, done that and found new ways to get things done.

### 7. Use technology.

All forms of work and industry are being changed by technology. Nothing will be untouched. There will almost certainly be hi-tech tools, systems, and methods to do some of the work you are now doing. Your competitors are also considering that technology. There is probably no greater opportunity to make significant advances in productivity than using technology.

In most cases it doesn't have to be new technology. There is most likely a lot of old technology out there that you haven't yet discovered. The opportunity for higher productivity has never been more abundant. Here are two examples:

- **Capital investments**

Equipment improvements, computers, automated systems, new or improved facilities, palm PCs, bar code readers, portable faxes,

- **Low-cost investments**

- ✓ Designing better business forms (shorter, not redundant, and designed for quick action, reduction in volume, and handling).

- ✓ Quicker easier communications, instant response, central information points, computer scheduling,
- ✓ Internet marketing, Internet hiring, Internet purchasing, and using JIT (just-in-time) order processing.
- ✓ New work sheets. Create better information on the sales document coordinated with the work sheets to eliminate extra trips and calls.
- ✓ Create or improve work-flow charts to keep on top of all progress and time-lines.
- ✓ Preprinted step-by-step work sheets and tool lists for every job.
- ✓ Create a list, or booklet, of all common (or uncommon) problems and how to handle them. Design it as a Q-and-A guide.
- ✓ Telecommuting can offer significant cost savings as well as a boost in productivity. Is there any function in your company that does not have to be performed on-site or at the business location? Is there a way for people to do dispatching, scheduling, ordering, bookkeeping, etc. without incurring the expense of driving to work every day, excess time spent, gas, traffic, office or work space, air conditioning, heating, floor space, insurance, etc.?

Telecommuting is becoming one of the big surprises when it comes to increasing productivity and cutting costs.

Most of us believe that the government funds research and technology that produces new concepts and big companies then pick up those ideas and perfect them. And then, finally, all these new ideas trickle down to the small business owner. That's not how it works!

**You**, the small employer with less than 500 employees, are the idea factory for almost all new ideas and work systems.

**You** create almost 70 percent of all the jobs in this country.

**You** are the folks that take the risk and sometimes, in desperation, find a new way to get things done.

**You** are the owners and operators who take the opportunity and time to talk closely with your employees to learn what they are learning.

**You** are the businesspeople that most likely know how to do the work your people are doing because you used to do it, and maybe still are.

**Your** companies are the ones that can best afford to experiment and find ingenious ways to get things done, even though you may be risking all that you have.

It all begins with you. So don't be afraid to enter into that cold, dark place where no one has ventured before. Don't be afraid to seek out and use those new ideas. You're where they've always come from.

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