

How productive is your firm?

As a national workforce we spend more hours working each week than most other developed countries and yet our standard of living is dropping on the OECD tables. Australians work long hours too but no longer than we do and yet their average income, we are told, is a third higher than ours. So what is the difference? How can we catch up with our lucky cousins?

Increasing our productivity is the solution we are told by our political masters but what does that mean?

Productivity is a measure of how efficiently inputs such as capital and labour are used within the economy to produce outputs of goods and services.

At a macro level, governments can adopt policies to encourage productivity. Cuts in tax rates to encourage businesses and people to earn more are already in place or signalled and cutting red tape for small businesses is another step in the right direction. Investing heavily in the country's infrastructure and looking to improve spending on research and development are all things this government is doing to provide the right environment. We can only hope that this and successive governments can see that to reverse our falling standard of living, our productivity will have to improve and that they play a major part in that.

With positive national policy settings in place, what then can businesses do to improve their productivity? In particular, what can professional firms do?

Phil O'Reilly from Business New Zealand puts it this way. 'Productivity is about asking the question how can we get more value out of every hour we work, finding the answer and doing something about it.'

Every professional firm can focus on five areas to get more value out of every hour.

Delegate to the least experienced and qualified staff member who can competently handle that task.

Take staff training seriously. Time spent on really excellent, planned and well executed training of all staff will improve their productivity.

Target time management in the firm as a whole and at an individual level. Most of us have room to improve there!

Design and install better systems. They will produce efficiencies by avoiding duplication, improve team work and help to maintain standards.

Finally, improve knowledge management, a key area in professional firms, by seeing that databases are maintained, cataloguing is standardised and research skills for all staff are well honed.

Like the government pushing for increased productivity to improve the nation's incomes, professionals too can increase productivity in their firms and practices to improve their profit line.

