Increase Productivity - How to do it

By Uwe H Kaufmann and Amy Tan BC

Productivity measures the ratio of output quantity over input quantity. Increase of productivity means growing the output quantity faster than the input quantity. Output quantity can stand for anything from number of products made over number of customers served to number of donors treated or number of work passes produced. Input is usually summarising all resources needed to do this from raw material over equipment to man hours.

How is productivity increase possible? One way seems to be obvious: we have to work faster so that we get more done in the same time period. Although, this request might have been just right 30 years ago, it is highly inappropriate today and would lead to even more frustration amongst the already overworked people. It is not about HOW FAST we work. It is about HOW we get our work done. It is about the process, rather than the people.

Running a process very fast does not necessarily mean the process runs very productively. Although, we have introduced IT support into all kind of processes over the last 40 years with the effect of speeding up some processes, the overall productivity has not shown the same amount of boost. Productivity of a process can also be increased by reducing the input, i.e. the amount of raw material or manpower deployed to generate output.

Hence, the efficiency of a process is a good indicator for opportunities to increase productivity. There are many ways to achieve this. Small changes and small gains can be expected through Kaizen, WITS or Quality Circles. The downside of these small changes is very often that they are not sustainable due to the reversible character of the improvements. Larger impact can only be achieved by significant Process Improvement or innovative Process Redesign.

An insurance company in Singapore facing multiple complaints every day about long waiting time is looking for ways to increase customer satisfaction and hopefully number of renewals on a certain insurance scheme without increasing the headcount. This seems to be impossible since the team is already overworked, the turnover is high and the morale bottom-low. However, the CEO is keen to try something new: Lean Six Sigma. After analysing the process using simple tools like Value-Stream-Mapping, the team discovers some very interesting insights:

1. Customers are waiting up to three weeks for their renewal despite the fact that the actual renewal takes usually only 15 minutes.
2. The renewal team spends a significant amount of time on non-core activities such as answering calls of customers who ask for the status of their policy or who do not understand the confusing renewal notice.
3. "Old habits" keep the process from running smoothly. Some team members, for instance, batch their work, i.e. they wait until Friday to work through a certain pile of customer requests. Some team members are really busy, some are not. They work on different customer segments and hence "cannot" help each other.

It does not take long for the team of process stakeholders to come up with simple yet powerful improvement suggestions:

1. Reinventing the renewal notice with customers in mind.

2. Redesigning the process by minimising non-core activities and focussing on value-added steps.
3. Increasing the flexibility of workforce by cross-training and job-redesign supported by an incentive for staff who is willing to "upgrade" skills.

One year later, the very same personnel are able to handle an increase of 35% volume by increased renewal rate. As a side-effect, by leading this improvement effort the team leader has gained enough self confidence to be promoted into the management team.

Conclusion

Increase in productivity can be achieved in multiple ways. The myth of implementing IT support as cure-all for productivity problems has generally proven wrong. Sometimes IT is being used to speed up broken processes … to generate the same old problems, but faster. Focussing on the process, rethinking the way the work gets done, redesigning and improving the flow of activities in all kind of functions will more likely produce results. As a side-effect, it will contribute to staff development and it will enforce leadership behaviour.

Figure 1: Increase in Volume by 35% from 2006 to 2007
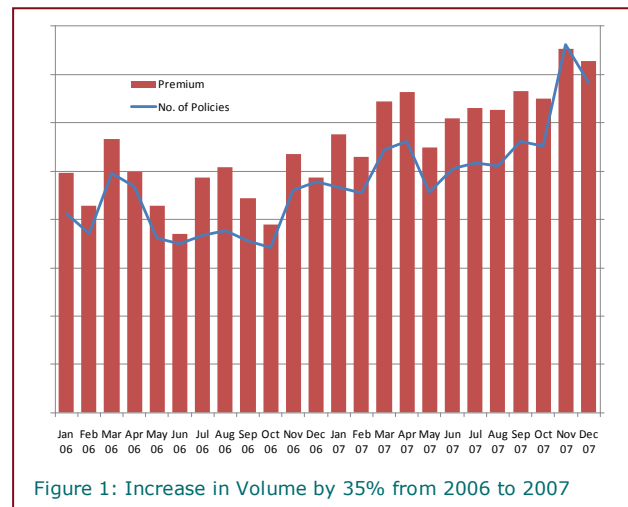
About the Authors

Amy Tan is a Director with Centre for Organisational Effectiveness Pte Ltd, based in Singapore. She has more than 20 years of experience in Human Capital Management & Development. Her expertise has been in HR Strategy Review & Planning, Competency Modelling, Change Leadership Development, Talent Management, Performance Management and Organisational Development. Amy's career experiences were with companies such as AT&T, SGS-Thomson Microelectronics, Aon Asia, Nokia and Ministry of Manpower. Amy is also a Lean Six Sigma Black Belt. Currently, Amy supports Singapore 2010 Youth Olympic Games Organising Committee. She can be reached at Amy.Tan@COE-Partners.com.

Dr Uwe H Kaufmann is the Singapore-based Managing Director of Centre for Organisational Effectiveness Pte Ltd, a business advisory company focusing on the Asian Market. He has extensive experience in implementing process and organisation improvements and change for various industries. He can be reached at Uwe.Kaufmann@COE-Partners.com.