

The Thieves of Productivity

It's time to go on the offensive!

By Hal Johnson

A recent Harvard Business Review article pointed out that many businesses fail to get the full benefit from their strategies. The article was based on a survey of 197 companies to identify the effectiveness of translating their strategies into performance. What was found is, of the businesses surveyed, they only achieved 63% of the financial performance their strategies promised. Think about that - 37% of performance productivity gets lost!

Our firm has been convinced that most businesses we see are operating around 65-70% effectiveness. This has been based solely on intuition and the experience of examining hundreds of businesses in our combined business experiences. When we found this study our reaction was – *yes, that's right; we see it happening in the marketplace everyday!*

So now we have a study* and our experiences telling us the same thing. Too many businesses are leaving a lot of money “on the table” by not being thorough in their strategy execution. The thieves of productivity are taking a big chunk of your profitability.

Take a look at the following ten categories of poor execution that can rob a business of over one third of its “return on effort.” The average performance loss is shown as a percentage for each category. (Think about how your company fits into these findings):

1. **Poorly formulated plans** – 7.5%
The plans are not well thought out in terms of thoroughness, impact and support. Participation by key players is most often overlooked; not involving the right people and the right knowledge. Inclusion of, and participation by, the right players is a big deal.
2. **Misapplied resources** – 5.2%
A most common mistake is lack of allocating adequate resources to create a thorough, workmanlike result. Commonly, the right resources were not in the right place at the right time.
3. **Breakdown in communication** – 4.5%
The strategies may be sound but when poorly communicated and explained, they often get poor reception and buy-in. The “hand-off” to the “doers” is critical to the ultimate realization of the results – yet this is rarely done well. Remember the party game “pass it on?” It's the same phenomenon.
4. **Limited accountability for results** – 4.1%
This is a big deal in a whole lot of business under-performance. Managers often do a mediocre job of delegating, getting commitment and establishing a contract for performance. A lot of productivity is lost here because actions required to execute are not clearly defined.
5. **Organizational silos & culture blocking execution** - 3.7%
Lack of inter-departmental communication and cooperation is a big robber. Getting rid of the “them and us” and emphasizing the “we” can really contribute to improved performance. But leadership has to make it important. It does not happen just because it's a good thing.
6. **Inadequate performance monitoring** - 3.0%
Sound metrics to let you know how your performance is doing is critical. Good measurement criteria can keep you on course toward getting preferred results. Or, if you don't have it, you have to take what you get rather than getting what you want.

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7. **Inadequate consequences or rewards** -

3.0%

Accountability without consequences usually does not work. Good performance needs to be acknowledged and rewarded. Less than stellar performance needs a specific response aimed at improvement, such as coaching. Just accepting mediocre performance without addressing it – with consequences – really “lowers the bar.”

8. **Poor senior leadership** - 2.6%

This is where the buck stops. When senior management knows they have a potential performance problem and does not act – we have a serious performance leak. If you are part of senior management, ask yourself how “fired-up” you are in pursuing improved productivity. Wake up and smell the coffee.

9. **Lack of knowledge, skill, and general capability** - 1.8%

As businesses grow, there is a strong tendency toward the business outgrowing its people. This is a major leadership responsibility – keep your HR at the top performance levels. You incur their cost either way. You need to get a good return on your HR investment and your people love to be trained and effective.

10. **Other, general process related issues** - 1.6%

This final, catch-all category encompasses everything from poor strategy to weak leadership. We will never get to 100% effectiveness, but having initiatives for these various productivity thieves will go a long way toward significantly reducing the 37%. And, that is money in the bank.

What do the GREAT companies do?

Our conclusion is – high quality implementation of strategies will increase the predictability of their realization. Companies that successfully execute their plans and strategies usually follow these rules:

1. Keep it simple, make it clear and concrete.
2. Debate assumptions, implications and context. Determine precisely what will it take to get it done.
3. Be realistic. Can this be done in the available timeframe?
4. Discuss resource deployment. Make sure there are enough resources available to get the job done.
5. Clearly identify priorities. Some projects need to get done ahead of others.
6. Continuously monitor performance. Inspect what you expect. Make it important.
7. Make sure your people and systems capabilities can effectively facilitate change.
8. Develop and reward execution capabilities.
9. Focus and discipline are important elements of creating high value performance.

Increasing your business’s productivity is a never-ending job. It’s a journey you will never complete. But not addressing it may well terminate your journey. It’s time to go on the offensive. Attack those thieves!

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