

MCA REPORT FINDS THAT BUSINESS PRODUCTIVITY COULD INCREASE BY A FIFTH

97% of businesses plan to increase productivity, but a third are not measuring improvements...

A Management Consultancies Association (MCA) report launched today (11th November 2008) says that UK productivity could increase by up to a fifth if businesses change their approach to planning and measuring performance. Whilst 97 per cent of businesses are looking to increase productivity, a third aren't measuring improvements effectively and a fifth still don't have a performance improvement strategy in place.

Businesses fail to engage and motivate employees

Businesses are also failing effectively to change the behaviour of front line managers and leaders. The report found that almost half of businesses (40 per cent) identified their failure to engage and motivate employees as the main reason for lack of productivity improvement. The report warns that if these issues aren't addressed, UK productivity will continue to lag behind other G7 countries¹.

The MCA report, '***Getting more from the same – Delivering sustainable productivity improvement***', surveyed top leaders in the private and public sectors². Sponsored by Trinity Horne, the report also shows that, whilst technology saw the greatest investment over the last three years, it only made an average contribution to performance improvement. By contrast, behavioural change (engaging and motivating employees) made a significant difference, but received relatively little investment.

Alan Leaman, Chief Executive of the MCA, said:

"Improving productivity without increasing costs will be a key priority for businesses over the coming months. The UK economy will continue to underperform if businesses fail to improve their performance."

On maximising productivity improvements from investment in new technology, Brendan Cahill, Chief Executive of Trinity Horne, said: *"You can have excellent systems and processes, but if you get the people bit wrong, you will not optimise the improvement potential available to you, and even if you do, it will not be sustained."*

¹ Office of National Statistics' data from 2006 shows that the UK's output per hours worked is 13 per cent lower than Germany, 18 per cent lower than the US and 20 per cent below France.

² This report is based on a survey of over 80 CEOs, CFOs and COOs in both public and private sector organisations. 27 per cent of the respondents were from organisations with over 5,000 employees. MCA also interviewed over 20 consultants and managers with responsibility for productivity improvement.

Viewing 'productivity' with suspicion

The MCA report also says that managers in the UK tend to view the word 'productivity' with suspicion, and for those who have lived through previous recessions it is often associated with redundancies.

But Brendan Cahill, Chief Executive of Trinity Horne, refutes this and says:

"Historically, productivity improvement has been a taboo subject in the UK and often associated with reduced quality, whereas nothing could be further from the truth. In reality, it is in everybody's interest to improve productivity, as this will ultimately save jobs rather than take them away."

The MCA Report identifies the following critical success factors for improving productivity through changing employee behaviour:

- 1. Get sponsorship at a senior level** - Leaders should provide focus and clarity around the business case for change and the performance objectives.
- 2. Involve the front line managers** - First and second line managers often understand the business better than anybody else and should constantly be consulted on anything related to performance improvement.
- 3. Measure the right things** - Choose a small number of relevant performance metrics, be consistent in their application and monitor them regularly.
- 4. Communicate the business case and metrics** - Ensure that all employees understand the reasons for change and translate the metrics into meaningful objectives for each part of the business and each individual. Make people accountable and reward them for their contribution to productivity improvement.
- 5. Give managers the tools and skills they need to manage performance** - Help the front line managers to be active managers, coaching and floor-walking rather than answering emails, doing admin and fire-fighting. Change the focus from technical excellence to behavioural excellence.
- 6. Give it time and make it part of business as usual** - Don't expect instant results and manage expectations in this regard. Incorporate performance improvement into job descriptions and business processes. Stop viewing it as a one off initiative.

For a free copy of '***Getting more from the same – Delivering sustainable productivity improvement***' please contact Stephanie Henderson at stephanie.henderson@mca.org.uk or tel: 020 7321 3993.

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About the Management Consultancies Association

The MCA was formed in 1956 to represent the consultancy industry to its clients, the media and government. Management consultancy is an increasingly important industry for the UK economy with management consultancy revenues for 2007 estimated at around £8bn. MCA members represent around 70% of the UK consulting sector, employ around 30,000 consultants and work with most of the FTSE100 and all government departments. Eight of the top ten UK-based consulting firms (by consulting fee income) are members.

The MCA supports its member firms with a range of services including events, publications, interest groups and public relations. The Association also works with its members to attract the top talent into the industry. The MCA provides advice on the selection and use of management consultants and is the main source of data on the UK market.

www.mca.org.uk

About Trinity Horne

Trinity Horne is an operations consulting and technology firm recognised for its excellence in delivering bottom-line productivity improvement. With its proprietary capability and appreciation of the drivers of business performance, the company enables its clients to achieve sustained improvement in business profitability.

Trinity Horne's clients include BT, Virgin Media, Siemens, Nationwide, Fujitsu, HBOS, Thames Water, United Utilities, Yorkshire Water and government departments.

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