



**BUSINESS OWNERS:
MIND THE
PRODUCTIVITY GAP**

**IMPROVE WORKPLACE
EFFICIENCY
BY FOLLOWING THESE STEPS**



THE CHANGING LANDSCAPE

- AN INTRODUCTION

Despite an improving UK economy, the 2008 recession has created a cautious business culture that's here to stay.

The economic crash provided a wakeup call and businesses are now more cautious than ever and increasingly aware of costs. Businesses have changed their mindsets and this is having a direct impact on the workforce itself and the way we work.

Productivity has recently been labelled as the 'missing piece' in Britain's economic recovery. Workplace productivity in the UK is historically 30% lower than in Germany and America – a gap that Chancellor George Osborne is aiming to reduce over the coming years to help businesses in their bid to tackle long-term deficiencies.

Office Depot understands the need for businesses to gain efficiencies where possible and this useful guide will uncover areas for improvement and help to close your productivity gap.

Our step-by-step guide will show you how to combat the main contributors to waste and create a more sustainable future for your business. Follow these essential steps to work out where cost savings can be made without sacrificing business performance.



IDENTIFY DEFICIENCIES

One of the main barriers to a more sustainable and efficient future is a reluctance from leaders to be bold.

There can be a tendency to hold onto old working practices because ‘that’s the way it’s always been done’.

An audit of the physical workplace will allow you to pinpoint the exact deficiencies and find a solution to those problems. However, owner managers need to recognise the value of dedicating the appropriate amount of time to create a more productive and sustainable future for the business.

The first step to improving efficiency in the workplace is to identify the main contributors to waste through carrying out an independent audit. Business leaders need to start this process with an open and honest assessment of business practice.

A full audit will take a bird’s eye view of the whole workforce. One of the most important considerations in the auditing process is choosing the right personnel to deliver it.

On the one hand, an external auditor will have no ties to the working practices currently in place, but an internal auditor from within the business will be closer to the organisation. We suggest using a combination of both, but start with an external audit and then compare the findings to an internal audit. Ultimately, an independent auditor is more likely to be bold about identifying potential problem areas and weaknesses.

After gathering the findings from the external report, you should follow this up with an internal audit carried out by managers closest to your business. Most companies already routinely audit, but these are normally carried out on a departmental basis. Organisations tend to work in silos based on individual business objectives. For example, the environmental manager might instruct a site audit to measure energy output.

For large businesses with multiple sites, you need to allow a suitable period of time to make comparisons across the sites and then iron out any deficiencies. This first step is essential to working out where savings can be made and efficiencies driven – the audit will allow you to strengthen working practices and put the business in a stronger financial position.

So, what is an audit likely to uncover? Here are the most common contributors to so-called ‘business waste and deficiencies’...

Software licenses and contract renewals

The ‘carry on as normal’ culture is the unnecessary evil in this case. Many businesses fail to actually liaise with employees to ensure resources are being utilised on a regular basis and are sufficient for the job in-hand. Many contractual agreements with suppliers and software licenses are setup for automatic renewal and this often goes unnoticed.

This is essentially where the audit allows you to consult with staff and find out what works, what doesn’t and how working practices can be improved.

The art of time management

Admittedly, managing and motivating people will always be one of your biggest challenges, but employers that get this right have the most productive teams.

‘I’m emailing’ - in a study by Halton Housing Trust, it was found that 75 per cent of all emails sent in a business are internal. Tackling such over reliance on technology will not only improve communication between staff, but is also likely to increase productivity by reducing the time spent trawling through unnecessary emails.

'Let's arrange a meeting' - 42 per cent of all employees from the same study believe that unnecessary meetings often hamper their workflow and, in turn, impact productivity.

Where possible, try to engrain a culture in your business where red tape is kept to a minimum and employees are able to actively push through new ideas without gatekeepers at every point in the project. This mostly applies to big businesses where there is sometimes a reluctance to move things forward without 'running it past' another department or person – this causes more room for snags and unnecessary meetings.

Back-office costs

Ensure that any uniforms or raw materials owned by the business are returned after use by outgoing employees or partners. For example, when hosting an event or employing temporary staff, this is often overlooked as a contributor to waste.



Don't be wasteful – recommendations

- Carry out a full external independent audit to pinpoint problem areas
- Compare the findings with internal/ departmental audits to identify the biggest overall contributors to waste and any deficiencies in your business
- Review contract and software renewals and ensure that resources are being used regularly by staff
- Cut out unnecessary meetings and allow employees the freedom to take ideas from inception to finish
- Avoid over-reliance on technology – reduce time spent emailing internally and encourage verbal conversations where possible



A PRODUCTIVE TEAM IS A MOTIVATED ONE

This part of the process is about understanding how workplace design can facilitate staff motivation and increase productivity.

A motivated workforce is one that wants to achieve great results and ultimately is going to increase profits.

The governor of the Bank of England, Mark Carney, recently predicted that the UK economy would have been 17% better off today if workplace productivity had continued to rise at the level it was before the economic crash in 2008.

Gaining the buy-in of people and reducing the turnover of staff is always going to be a huge challenge for any business. However, enshrining a working culture based on trust and reward for those employees that want to progress is the key to motivating people and maintaining a productive workforce.

While employee benefits in terms of remuneration and other incentives are important, the suitability of the workplace environment itself is often overlooked as a factor in motivating staff and improving productivity. By identifying the conditions that best facilitate collaboration, concentration and well-being, business owners can adapt their workplace experience to help give staff the tools they need to perform at the highest possible standard.

A workplace to cater for all

The next step about making changes is to ensure your workplace is one that allows people to perform best, so you need to consider how, where and when people prefer to work.

Of course, in soft-skill industries, businesses have more flexibility in regards to adapting working patterns and allowing people to work anytime and anywhere, whereas the heavy industries are much more restricted.

Collaborate and concentrate

Large tech companies like Google and Facebook have led the way in creating offices that inspire collaboration where individual working spaces and desks are easily interchangeable. But most interior design specialists will agree that office layout design has now come full circle in terms of the rise of the open-plan office, after a realisation by many employers that space division isn't necessarily a bad thing.

You need to find a balance between open-plan and space separation in the workplace. Most job roles involve a degree of collaboration, either through sharing creative ideas, project work or company-wide meetings. Noise pollution is now the number one problem in many soft-skill working environments, with background interference having a proven negative effect on workers' ability to carry out challenging cognitive tasks.

Break out zones

It's estimated that 70 per cent of UK employees go through the average working day without a break at all and would rather eat lunch at their desks or 'on-the-go'.

In terms of workplace efficiency, this can be particularly counter-productive and where possible you need to encourage staff to take some time out. Employers can influence this through workplace design by creating break out zones. Scientists believe that when completing complex tasks, it is important that workers take regular breaks, allowing the brain to consolidate and evaluate large amounts of information.

Back to basics – consider de-teching

We've already touched on how much time emailing can eat up in a working day, but many employers fail to see how much technology can actually impact workers' health.

There is no doubt that computers and the internet are vital for most firms to effectively conduct business. However, for many of your staff, sitting in front of a screen for 5 plus hours can be damaging to their health and limit creative thinking. Computer vision syndrome (CVS), otherwise known as digital eye strain, is thought to affect up to 90 per cent of regular computer users and can bring on symptoms such as headaches, blurred vision, eye strain, dry eyes and dizziness.



Recommendations

- Find a balance between open-plan and individual working spaces – the workplace should cater for all types of working preferences
- Install break out zones which encourage workers to take some time out from the day job
- Vary working practices by sharing ideas face-to-face and initiate verbal dialogues instead of emailing



MAKE COST SAVINGS

The final stage in the process to achieve greater workplace efficiency is about ‘tightening the belt’ of your organisation through strict management of suppliers and processes.

Many businesses fail to recognise the importance of working with suppliers closely and by selecting a few key partners, better service levels can be achieved. This next step begins with finding out which suppliers you value most and want to keep.

Look for suppliers that not only want to grow with you, but will go beyond core objectives. A proactive supplier is one that understands its clients’ customers and goes the extra mile to meet their needs.

Consolidating suppliers has several benefits for business performance. The overall objective here is to reduce complexities within the supply base. With fewer suppliers on board, the ordering process becomes more straightforward and you can challenge your suppliers to provide further support where needed.

By establishing a small, core set of suppliers that service multiple needs, greater control is retained and costs can be significantly reduced.

Once you have established a strong supply base, the next step is to welcome suppliers in almost as an arm of the business – this will allow you to align objectives and reduce waste.

This starts by putting in place a procedure where regular contact is made between you and your supplier. One key tactic to ensuring a long and productive working relationship is to make key performance indicators (KPIs) part of the contract. Look for dedicated suppliers that not only want to grow with you but look beyond their scope of works.

By having a closer relationship, suppliers are able to identify new solutions and produce tangible solutions to meet the needs of your business. This will provide opportunities for new revenue streams on both sides of the fence so the supplier can spot trends in purchasing patterns, whilst helping you to better service levels and maximise buying power. It may be that a certain service could be streamlined and delivered to you more sustainably – trusted suppliers are those that anticipate and spot where efficiencies can be made.



Recommendations

- Consolidate suppliers – managing fewer suppliers by selecting a key few will provide better control and opportunities for new revenue streams
- Stringent supply management helps align objectives and an overall stronger working relationship
- Ensure there is regular contact with suppliers to build trust and open up opportunities to streamline orders and processes