

EFFICIENCY

Where ever you are in the world, in which ever industry or service organisation, public or private, the internal efficiency of your organisation is set to become one of the highest priorities to achieve – and will continue to be into the foreseeable future. Companies and organisations that fail to be efficient will cease to exist simply because due to high internal costs and a lack of control over these costs, they will simply price themselves out of the market.

If the starting point is an in-efficient organisation:

BENEFITS OF EFFICIENCY	DIS-BENEFITS OF INEFFICIENCY
potentially significant cost savings	high cost base draining profitability
reduced risk through sharing of information	increased risk through a lack of collaboration, and a lack of learning lessons
faster to market – happier consumers – greater profitability	lack of flexibility resulting in being out of touch with consumer requirements
less stress on staff – happier, more focussed staff	increased staff frustration and stress leading to a loss of capability

With results like these you'd be forgiven for thinking organisations of all types would be falling over themselves to become more efficient ... but you'd be wrong.

Many organisations tend to drift into inefficiency – and once they are there, once it is embedded into their business culture, it is incredibly difficult to shift. In fact, organisations such as this really do have to be dragged kicking and screaming into some reasonable form of efficiency. You would then be right in thinking this entails combatting resistance to change. It does – and this is the inherently difficult part of reaching for efficiency. And yet ... what option is there?

Does the organisation continue to drift into obscurity?

Example: it should be no great surprise that in the UK the train companies have recently been criticised for being inefficient, wasteful – and requiring amongst the highest fares in Europe just to keep running.

The ONLY surprise there is, is that it's taken this long for someone, somewhere to have the courage to come out and state these inescapable facts.

And another fact ... gross inefficiency and the demand for ever increasing levels of funding to continue operations is not confined to the train companies. This is symptomatic of the vast majority of public sector and ex-public sector organisations, as well as many of the most major private sector companies.

Let's not pull punches – the time for that has passed – through poor management and virtually a complete inability to control internal efficiency, far too many organisations shout and scream for extra funding on the grounds that they are a “special case”. Yet in reality, this extra funding goes mainly to shore up increasing bureaucracy, unresponsive management, disorganised staff ... and errors at the programme level they do well to cover up and continue to learn no lessons whatsoever.

And make no mistake ... as this chaos exists beneath the surface, it isn't going to go away anytime soon. It will continue to drain valuable, finite resources in order to continue to shudder from crisis to crisis. And why? Because no one in these organisations is brave enough to tackle the core issues. Many are in their “positions of responsibility” because they are a “safe pair of hands” and won't “rock the boat” or ask too many awkward questions. Risk aversion is the prevailing culture, keeping heads down and not taking responsibility.

It's the same with some in the private sector. Increased revenue is hard fought for and gained – and expensive to gain – yet in some cases with no resultant or adequate increase in profitability. This simple state of affairs should send shock waves through any company. But honestly, does it? Many pretend it just isn't their problem and keep their heads down on BAU activities.

This was characteristic of 20th century business. But now we're in the 21st century – and thinking really does have to change. In the past there could be squander and mistakes that cost vast sums of money. Yet now here in the

21st century we are in a different world ... yet with the same 20th century management protecting their own positions rather than looking above the parapet. We now live in a world that is more commercial, with more budget restrictions than ever before. We live in a world with greatly reduced resources, where every penny counts – and where, at last, there has to be responsibility.

Now this really will send shock waves through every organisation.

E **xample: 2010, a major multinational announced it had saved \$2.3bn simply through standardisation.**

The time is now right for senior management with courage, with foresight and with responsibility.

Organisations of all types need to understand the changing world they exist within – and that resources really are finite. There is no point screaming for extra funding, or struggling for extra revenue, if all that extra money simply falls through the cracks and does not produce a resultant increase in service delivery, or an increase in bottom line profitability.

Bureaucracy is a beast that needs to be controlled. What is the point in simply feeding the beast? Do this and the beast will in time consume the organisation.

Inefficiency, poor processes and a lack of alignment through silo management and political divisions is a business disease that saps the energy and results in a vastly diminished service for the public or for the consumer.

True, there are some within these organisations who will point to savings already made:

E **xample: one public sector body (who shall remain nameless) boasted about the £30M savings over 4 years ... until people realised this was from a budget of over £1bn, therefore the savings were such a small % as to be virtually meaningless.**

Scratching at the surface and announcing small wins as great leaps forward and achievements does nothing to tackle the core issues of inefficiency and a lack of effectiveness.

The time has now come to change all of this. Through full blown change management, communication and buy in, the time has come for organisations of all types to gain:

VISIBILITY: understand the holistic internal processes, systems and interactions – to determine with all honesty the strengths and weaknesses. This will give clear sight of what's going wrong, of any best practice to be shared, of any mis-alignment between business functions or business groups that increases cost, increases risk and decreases business impact.

- do the processes need to be this way? Why?
- how can they be re-engineered to make things work faster and with less cost?

NOTE: this is NOT about losing jobs. This is about taking away the stress within any organisation of people running around like headless chickens trying to do so many things at once, or with a deep sense of frustration due to pointless activities.

As this is NOT about losing jobs – it is about aligning the organisation to successfully confront the approaching challenges more effectively, with the same resource base as currently exists, and without feeding the bureaucracy by adding more staff needlessly.

RESPONSIBILITY: with visibility of the strengths and weaknesses as part of a whole organisational output, the creation of an action plan to increase the strengths and negate the weaknesses through the spread of recognised best practice. The responsibility comes from senior management and their functional areas understanding and accepting things have to change – before they seriously break and then there is a subsequent loss of jobs. This is about fixing things before they break. This is about being proactive – and taking responsibility.

This may seem a foreign concept for some senior managers who have spent a career avoiding such responsibilities – but the time has now come to do your job ... properly.

True ... some manager may well state THEY are the experts in their business areas and do not need anyone from the outside meddling in their

affairs. And yes, true, they are the experts – experts that for years have presided over gross inefficiency. The time is now to step up and take the challenge. Be the experts you know you are. Take responsibility.

- define responsibility for each area
- people are responsible for functionality – leave no grey areas, no assumptions, no “duel” responsibilities to cause conflict and further division

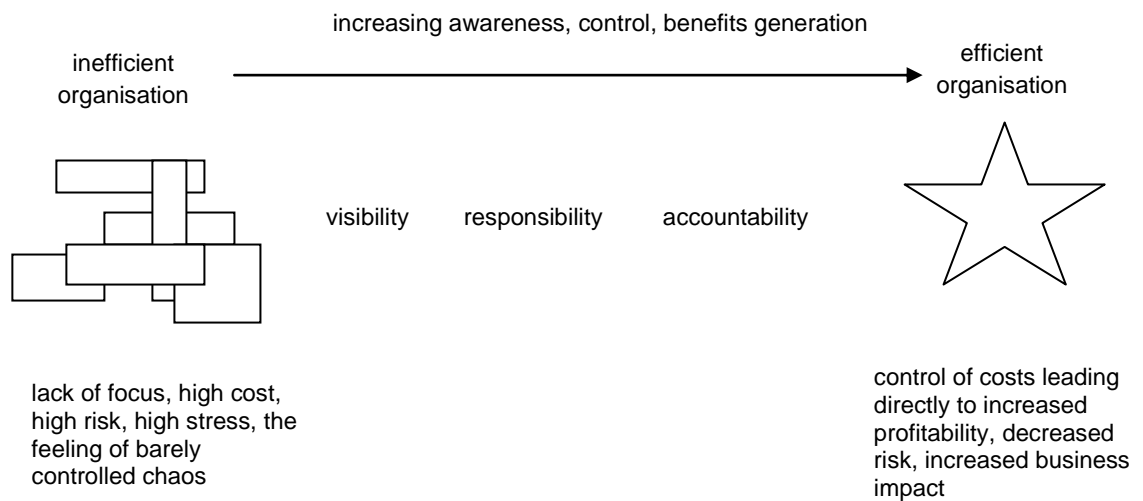
ACCOUNTABILITY: the above will give clear insight into what is required. This should feed directly into an action plan – an action plan that will be a structured framework for development to increase efficiency through actions, timelines, named responsible managers for completing these actions within the specified times, and therefore the accountability for achievement.

This is nothing short of strategic development. It is this that has in the past been the scary thing for many senior managers to contemplate – yes is what is required to make any business fit for the 21st century.

However, it needed be scary. If the above process is followed there will be seen two major factors:

1. all actions and developments are interconnected therefore it is important not to shirk any responsibility just because it is more politically convenient to do so.
2. the framework and the action plan will NOT be one massive change, jerking the organisation from A to B in one fell swoop. No. It will in fact produce a recognised series of small steps which ARE interconnected, and which if sequenced properly WILL accumulate impact throughout the organisation to create increasingly important business benefits. It is each single small step for which there needs to be individual responsibility and accountability.

Overall this will produce alignment like never before experienced.



These three words – and the meaning behind them:

- **visibility**
- **responsibility**
- **accountability**

are important. They are important because, largely, they are what are missing in many organisations that have grown and expanded without any real consideration of overall cost, alignment and collaboration.

This displays quite graphically that any reach for internal efficiency should never be seen as a “one off” to gain cost savings. No. Efficiency, if it is to mean something, needs to be sustainable efficiency and therefore needs to change the prevailing culture. This is a stepping away from wastefulness into a culture of continuous improvement.

Included within the overall framework needs to be that all important mechanism for continuous improvement. This is lessons learned and how to implant them into the business culture because after all, why re-invent the wheel? Why continuously accept the high cost and risk of doing everything from square one each and every time when you know you have the skills and knowledge to learn from successes and failures.

A “one off” efficiency drive as many of us have seen in public sector organisations, will produce minimal cost savings which are then heralded as great successes. But really, they aren’t. They are what they are – minimal

cost savings. And to be honest, these organisations should be ashamed of themselves if this is all they can achieve. Because what in reality is achieved? A minimal saving ... and then the organisation returns to its wasteful ways, pleased it has diverted attention for another while.

These organisations – both public and private – continuously fail to tackle the core issues of inefficiency, and so year after year, in spite of minimal savings made, they feed the beast of bureaucracy and the business disease of misalignment that saps their resources ... and they scream for more resources instead of slimming down the beast.

Efficiency needs to be sustainable in order to produce sustainable results. It needs to be engrained into the business culture. There needs to be:

- visibility of activity – a strategic view that shows all activity and where the points can be joined without re-inventing the wheel
- responsibility of ownership – this is my area of business and I will make it better in order to release much needed resources into those business activities that are important
- accountability for achievement – named managers will be responsible for achieving each of the small steps within the overall plan, on time and on budget, in order to achieve accumulating business benefits that ARE sustainable and provide long term benefit.

To return to the initial example – it should be no great surprise that some companies and organisations are being highlighted as inefficient and wasteful. These are the companies that through years of a lack of understanding have created their own culture of high cost base, resistance to change and inflexibility that results in high costs to the consumer and to the tax payer. Throwing money at the problem never does work. All this achieves is more money lost and a bigger beast to slay when the time comes.

Striving for efficiency means better management – stronger, more focused, able to communicate positively with the range of staff, and allowing the staff to be a functioning part of the overall success. But then again ... this is why it's so scary for senior managers. They've no idea how to do this and so year after year turn a blind eye to the squandering of resources and within risk averse cultures are known as a "safe pair of hands" who will not "rock the boat".

Surely in a highly dynamic and increasingly commercial world, we should all demand more than mediocrity?

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