

Closing the Individual Productivity Gap: Putting First Things First



It is possible to be
busy—very busy—without
being very effective.

-Dr. Stephen R. Covey

In today's economy, where pricing power means little and investment dollars are tight, how does a company grow profits?

Undoubtedly the question has many answers, but the “most important key” to increased earnings now, says *BusinessWeek*, is *productivity*. “Companies need to produce their goods and services in the most cost-effective way possible in order to lift their profit margins.”¹

Good, old-fashioned productivity, defined as output per hour of work, is back. “It’s not everything,” says *New York Times* economist Paul Krugman, “but in the long run it’s almost everything.”²

Some think productivity is simply a matter of getting the right systems in place, so the focus has been on information technology. However, in recent years “trend growth in productivity has *decelerated*, despite a massive investment boom in computers.”³ [Italics in original.] In the financial services industry, for example, productivity growth rates have actually declined since 1995 even as investment in information technology soared.⁴

Many factors are working against solid productivity gains: downsizing, technologically induced information overload, the turmoil caused by corporate restructuring, and so forth. Ironically, initiatives like these aimed at increasing a firm’s productivity are often two-edged swords that actually cut productivity.

Still, productivity in its most basic sense is what it’s always been: a measure of an *individual’s output*. So in the face of the obstacles to productivity increases, *what’s the most cost-effective way to boost that individual’s output?*

Where’s the slack?

The truth is, most workers in today’s economy are far less productive than they could be. Consider these findings:

- Workers typically spend less than half their time—40%—on tasks directly related to the organization’s mission-critical objectives.⁵
- 90% of managers are typically either distracted or disengaged from key organizational objectives. “Confusing frenetic motion with constructive action,” they are noted for their “unproductive busyness.”⁶
- In 2000, the average American worked 1,978 hours, up from 1,942 hours in 1990. “That represents an increase of almost a week of work. Americans work longer hours than anyone—Canadians, Germans, Japanese, and other workers.”⁷

The most important key to increased earnings now is **productivity**.

-*BusinessWeek*,
Feb 18, 2002

¹ US productivity: galloping to the rescue once again. *BusinessWeek* Online. Feb 18, 2002

² Estimating the potential productivity and real wage effects of employee involvement. Economic Policy Institute. <http://www.epf.org/poleipro.htm>. Apr 8, 2002

³ Gordon, R.J. Does the new economy measure up to the great inventions of the past? *Journal of Economic Perspectives* 4: 14 (Fall 2000): 72.

⁴ Olazabal, N.G. Banking: the IT paradox. *McKinsey Quarterly* 1, 2002.

The most important, and indeed the truly unique, contribution of management in the 20th century was the fifty-fold increase in the productivity of the manual worker. The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work and the knowledge worker.

-Peter Drucker, Management Challenges of the 21st Century

So American workers are actually putting in more hours than ever, but they are not necessarily deployed on the organization’s true priorities. Like a rope with too much slack, organizations aren’t getting nearly the “pull” they need from their workers.

This productivity gap is not the result of a poor work ethic. Far from it. As noted, we’re spending more and more time on the job, not less. Managers are admired most of all by their people for their work ethic.⁸ And we work everywhere now, not just at the office, as the boundaries between work and personal life become blurred. So just where is the slack?

The knowledge-worker productivity gap

Although more urgent than ever, the struggle to boost individual productivity is not new. In the old economy of the last century, Frederick Taylor, father of scientific management, recognized that the largest investment any company makes is in people. In those days, they were mostly manual workers.

Despite the size of this investment, no one knew how to make manual workers more productive. Then Taylor found that less than half of a manual worker’s time was spent productively, due to process problems, poor tools, and a lack of skills.

Taylor made a few recommendations to close the manual-worker effectiveness gap, and their productivity rose “fifty fold,” according to Peter Drucker. “On this achievement rest all the economic and social gains of the 20th Century.”⁹

In the new economy of the new century, we face the challenge of leveraging knowledge workers, who now make up the bulk of the work force. The nature of *knowledge work* is different from manual work. It is less well defined, so workers have more choices about how to spend their time. It is encumbered by massive, ever-shifting flows of information. And the outcomes of knowledge work are harder to measure.

Individual workers in the 21st century tend, therefore, to be less focused than they used to be because the nature of their work life has changed. In summary:

- Knowledge workers make up 60% of the work force
- Knowledge workers are by far the organization’s largest investment—easily \$100K/worker/year on average
- Knowledge workers typically give only around 40% of their time to organizational priorities

⁵ Wirthlin Worldwide–FranklinCovey study of 850 workers, fall 2000.

⁶ Bruch, H. and Ghoshal, S. Beware the Busy Manager. *Harvard Business Review*, Feb 2002.

⁷ Anderson, P., US employees put in most hours. CNN.com, August 31, 2001.

⁸ The FranklinCovey 7 Habits 360 Profile aggregate, averages from 53,470 manager profiles.

⁹ Drucker, P.F., Management Challenges of the 21st Century.

- Only about 10% of managers are truly focused on what matters
- One estimate of the cost of the low productivity of “actively disengaged workers” is \$300 billion¹⁰

Imagine the impact on the organization if people were giving 80% or even 60% of their best efforts to achieving top priorities—instead of only 40%. Clearly, *getting knowledge workers and their managers **focused on truly important things*** may be the biggest untapped source of fresh profits.

Putting first things first

There are all kinds of ways to improve personal productivity. Give salespeople laptops that cut their workload by a few hours a week. Cut out an approval cycle for less important purchases. Filter e-mail to reduce the volume of messages that have to be dealt with. Productivity enhancements are limited only by the imagination.

Yet there are clear limits to the human capacity to improve productivity by simply working harder. As Microsoft consultant Donald Koscheka asks, “If someone has a tool like a spreadsheet or a word processing program, what can I do to make that person an order of magnitude more productive when he is already typing as fast as he can?”¹¹

The answer: ***make sure that person is focused on work that matters.***

If the findings noted here are true, all the infotech tools, systems, and support in the world are not going to make much difference if people remain unsure what to work on and lack the discipline to work on it—in other words, the simple ability to *put first things first*.

At FranklinCovey, we’ve surveyed knowledge workers across many industries on the issues that affect personal productivity, and two key findings stand out.

- Only 37% of respondents agree with this statement: “I prioritize my tasks so that the more important aspects of my job get the most time and attention.”
- Only 17% of respondents agree with this statement: “I prepare for each work day with a plan.”¹²

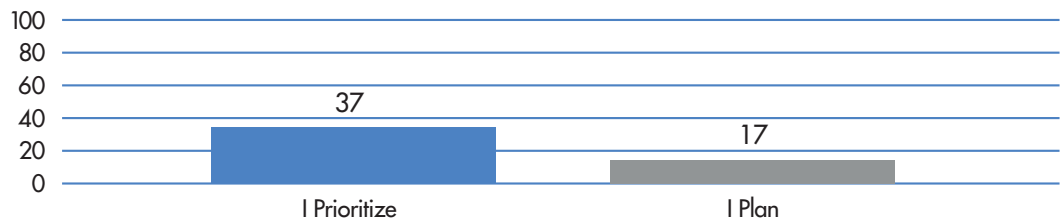


¹⁰ What your disaffected workers cost. Gallup Management Journal, 1:1[15 Mar 2001].

¹¹ Measuring the productivity impact of IT investments. Knowledge@Wharton newsletter, 12 Apr 2002.

In other words, only a little more than a third of the people surveyed deliberately focus their work on “first things”—those priorities that matter most to the organization.

And fewer than 1 in 5 consciously plan their workdays.



The Personal Productivity Gap: Only 37% of workers focus their work on key organizational priorities, while only 17% plan their workdays.

The implications of these findings for personal productivity are clear. Mistaking merely urgent priorities for truly important ones, knowledge workers lack processes and systems for sharpening their focus. The result: organizations are simply not getting an acceptable return on their investment in people if people are not planning and prioritizing their work so that key objectives are met.

Think of the impact if these figures increased by 10, 20, or 30 percent. Consider the power of individuals who are totally focused on accomplishing the core goals of your organization. Imagine the result if two thirds or even half of your people were to deliberately plan their workdays around your key priorities!

Of all the ways to raise personal productivity, a key is to get people focused and executing on those goals that are most significant to your organization. You can't afford to have people distracted two thirds of the time by perhaps urgent but less important tasks. And you can't afford people who lack the skills and tools to plan their work effectively so that it becomes purposeful and aligned to true priorities.

¹² Aggregate results of survey of 203 respondents from 9 different organizations across 6 industries. Organizations surveyed include American Express, Assurant, Aid Association for Lutherans, Capital One, Fisher Scientific, Home Depot, Marriott, NationsBank, and Toyota. Source: Jack Phillips Center for Research, Impact Analysis System for What Matters Most. Studies carried out in 2000-2002.

Of this simple but key issue of getting focused, Dr. Stephen R. Covey has said:

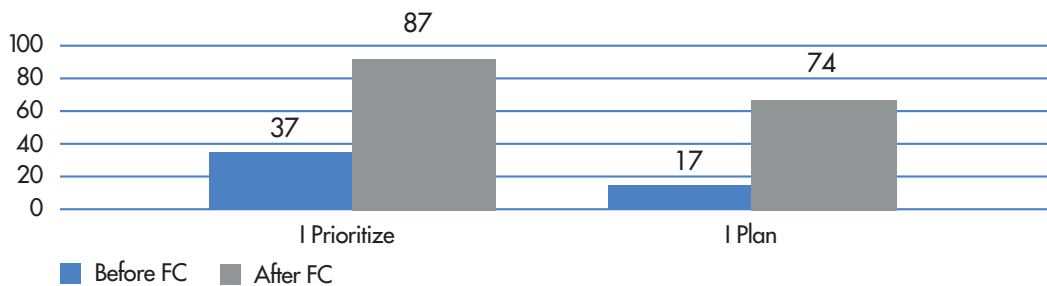
“One of my favourite essays is The Common Denominator of Success, written by E.M. Gray. He spent his life searching for the one denominator that all successful people share. He found it wasn’t hard work, good luck or astute human relations, though those were all important. The one factor that seemed to transcend all the rest? . . . putting first things first.”¹³

My direction is much more focused. I now prioritize what’s most important first.

Nations Bank respondent, Jack Phillips Impact Analysis Report, Dec. 7, 2000

Get focused: The FranklinCovey Solution

For nearly 20 years, FranklinCovey has helped thousands of organizations increase the individual productivity of their people. And those increases are dramatic, as the figure shows:



Closing the Personal Productivity Gap: With FranklinCovey training and tools, workers are more than twice as likely to focus their work on key priorities; and more than four times as likely to plan their workday.

A carefully designed blend of measurement, learning, and tools produces these significant results:

- Prioritization of work to key organizational objectives increases 235 percent, more than doubling the focus of the individual on those key goals.
- Workday planning increases 435 percent. Where fewer than 1 in 5 workers planned their work, 3 in 4 now do so.¹⁴



¹³ Covey, S.R. *The 7 Habits of Highly Effective People*. p.148

I now focus and do a better job at the tasks that matter and are more important.

-American Express respondent, Jack Phillips Impact Analysis Report, Jan . 8, 2001

I focus more on my goals instead of the little day-to-day fires.

-Toyota respondent, Jack Phillips Impact Analysis Report, Jul. 22, 2001

The FranklinCovey solution helps people become tightly focused on the key initiatives and goals of the organization:

- They spend less time distracted by competing priorities and focus on what really matters
- They develop strategies for managing their time so that the truly important doesn't fall victim to the merely urgent
- They become more committed and purposeful as they feel more engaged in work that matters to the organization

In addition, the dollar return on the FranklinCovey solution is around 325 percent¹⁵, as individuals are deployed more effectively and more time is used for productive purposes.

To take advantage of the FranklinCovey solution:

Measurement. Begin by assessing levels of personal productivity through the *Focus: Achieving your Highest Priorities* profile. This assessment, available online, helps individuals see where they can improve their productivity and alignment to key organizational priorities.

Learning. Participate in *Focus: Achieving your Highest Priorities*, a one-day workshop that has helped hundreds of thousands develop the skills to manage their priorities and successfully balance the demands of work and personal life.

Tools. Make every day matter with the FranklinCovey Planner tools. Some 6 million people worldwide use the FranklinCovey Planning System every day, on paper and/or electronically, to schedule their priorities and track progress toward key goals.

This unique blend of measurement, learning, and tools helps people get focused on the organization's principal objectives and align every task to achieving those objectives. Closing the individual productivity gap requires more than management exhortations or personal resolve—it takes a systematic solution. FranklinCovey has demonstrated the power of that solution.

¹⁴ Ibid., Aggregate Results, Jack Phillips Center.

¹⁵ Jack Phillips Center ROI study of 46 organizations across 12 industries. Feb 2002