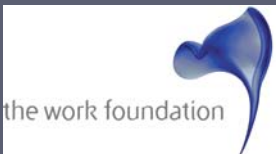


The Missing Link – High Performance & Productivity

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Don't Call It a Productivity Problem!

- “We just don’t want it badly enough.”
- Performance rather than productivity is the issue for many businesses.
- Need to explain how performance leads to higher productivity.
- In other words, how do UK firms contribute to productivity through High Performance?

What Is High Performance Working?

- We are using a high performance strategy index constructed from our discussions with business:
 - Customers and markets
 - Shareholders
 - Stakeholders
 - People
 - Innovation

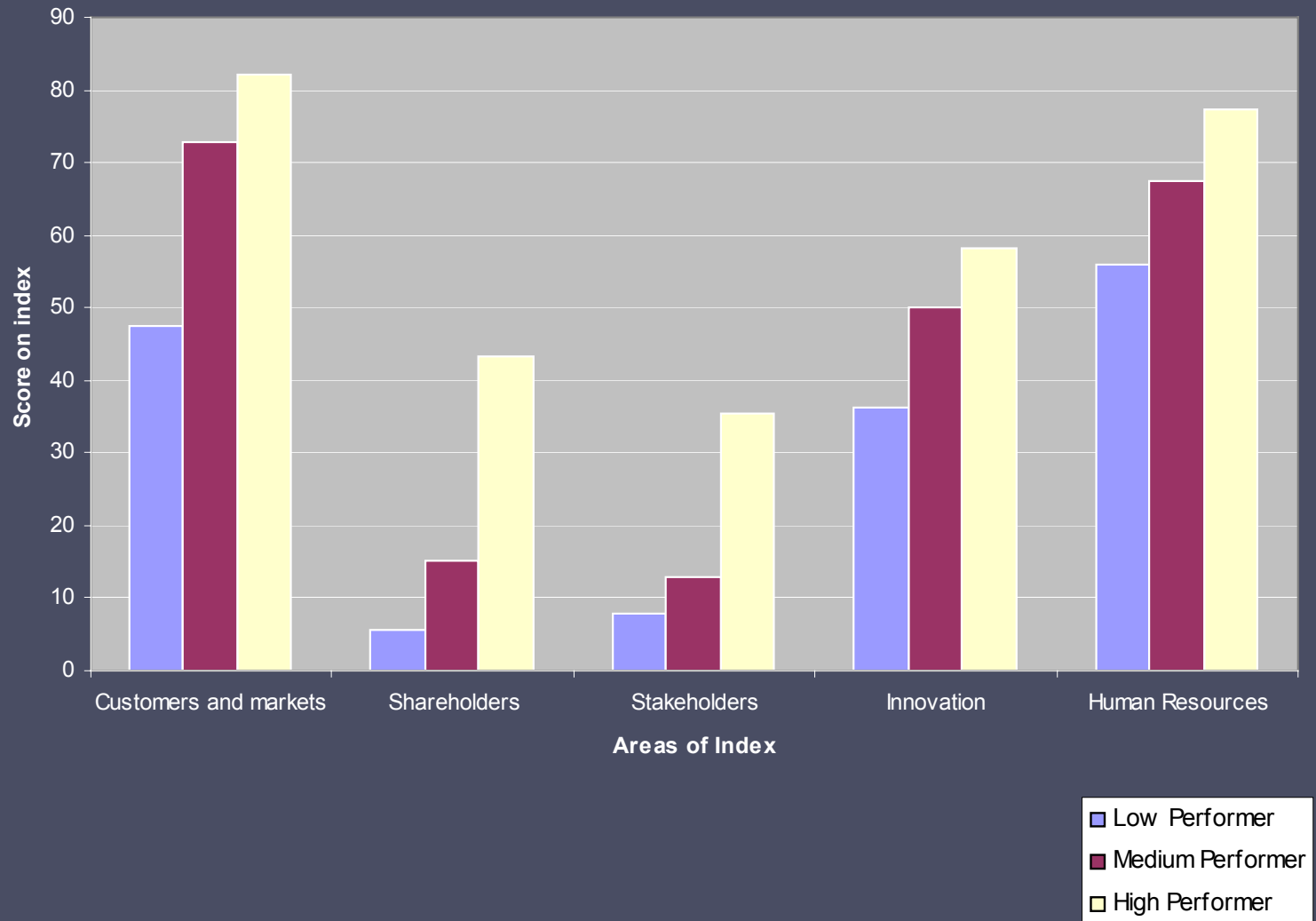
Why this is important

- Companies say they are “High Performance”.
- Management and strategy gurus have been generating prescriptions for decades.
- But on our index there is still a productivity gap of 42% between those at the top and those at the bottom.
- Clearly something is not happening despite protestations to the contrary.

What's going wrong in business?

- The story from the qualitative evidence is well known.
- The pursuit of short term fads damages focus, vision and innovation.
- Over-focus on one area of the index can be damaging.
- A business must be well managed across all five areas.

High, Medium and Low Performers



The Strategy Gaps

- 73.6% of high performers network.
- 63.4% are innovation-led and 91.5% say they are innovative as firms.
- 23% develop their own technology and 17% buy in new technology.
- 71.3% can attract a skilled workforce.
- HR is significantly better
- 40.6% of low performers network.
- 18.9% are innovation led and 70.% are innovative as firms.
- 21% develop their own technology and 6.4% buy in new technology
- 30.6% can attract a skilled workforce.
- PRP, TU recognition and skilled workforce lower.

The Aspirations Gap

- High Performers are more than twice as likely to be following a growth strategy.
- High Performers are nearly twice as likely to have a pro-risk culture.

Strategy Gaps

High Performance	Productivity performance	Bad Practice
Know customers	Internal customers	No idea of customers
Measurement as diagnostic	Measurement as PRP	Measurement target driven and conflicting
Reward for service to customers	Reward for own performance	Reward not matched to review targets
Focus and vision clear and ubiquitous	Vision clear but no buy in	No vision
Innovation encouraged through ideas networks	Innovation through skills development	Training and development in own time
Active and measured CSR	Charity work as PR	Little or no stakeholder engagement
Investment analysts as strategy soundboard	Patient capital	City as driver
Networking through active exchange	Risk spreading through joint programmes	Suspicion of education sector
HR as change agent	HR reports	HR separate
Attracts and retains skilled workforce	Attracts but does not retain skilled workforce	Complains of skills shortage

Concluding Comment

“Play the spaces in between as hard as you
play the notes themselves”

Miles Davis