Unlock 50% more productivity by managing time like a resource

It's time for the services sector to step up its game.

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Introduction

Boosting productivity is crucial in today's economy because it fuels growth, strengthens competitiveness and creates jobs. With inflation on the rise, higher productivity helps keep costs down, so businesses can maintain profits without overburdening consumers. Specifically, there is an increased pressure on governments (the largest global employer) to reduce the cost of civil service, reduce (tax) burdens for its citizens or invest elsewhere. Plus, in light of recent geopolitical shifts and supply chain issues, companies need to be more efficient and adaptable to navigate challenges and grab new opportunities in a fast-changing world.

At the same time, across sectors, organizations (public and private alike) are faced with labor shortages. With an aging population, this is a problem that will aggravate sooner rather than lessen. Over the past 10 years, a small spike during the COVID-19 pandemic aside, unemployment rates have decreased to almost 5%.

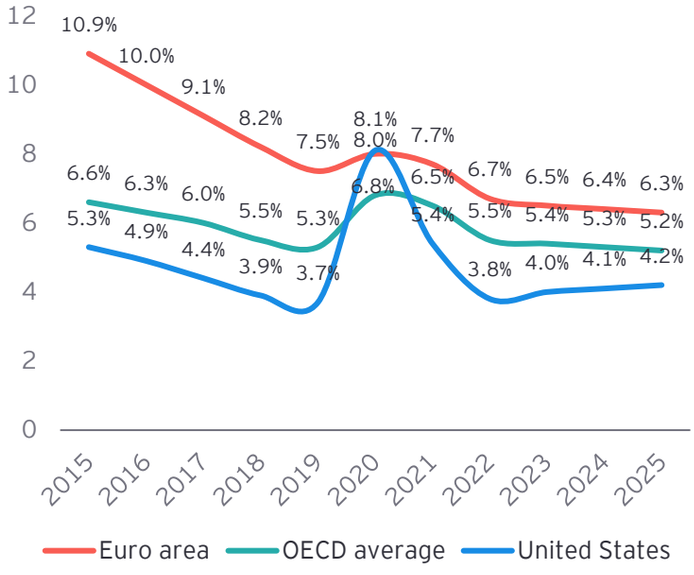
However, while the productivity growth in manufacturing over the past decades has been robust (2%–3%), the services sector (including government, banking, hospitality, professional services, etc.) has lagged. Based on OECD data, productivity growth in the services sector in many developed countries has averaged around 1%–2% per year over the past few decades.

At the start of the century, this difference could perhaps still be attributed to the fact that technological advancements in manufacturing (such as robotization) were more impactful than those in the service sector. However, today, especially with the rise of AI, the productivity improvement potential in the services sector arguably exceeds that of the manufacturing sector. It's time for the services sector to step up its game.

So why are organizations (public and private alike) unable to unlock this potential? And why do investments into efficiency improvement only partially translate into actual productivity?

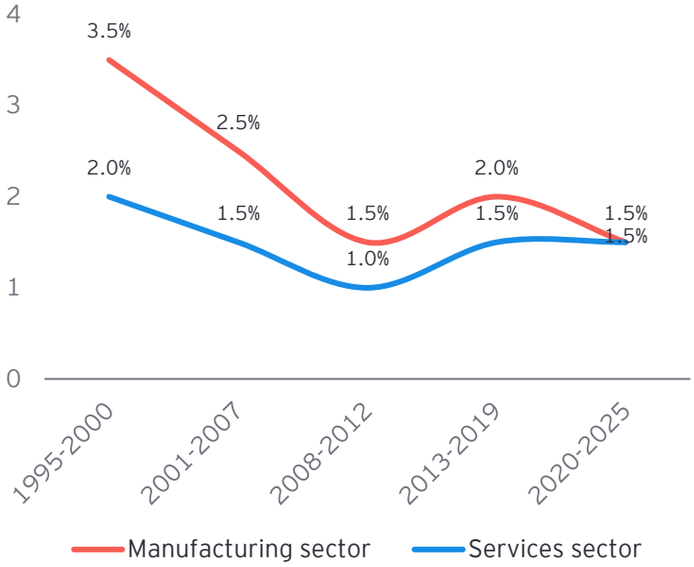
In our view, the key to unlocking productivity is to start managing time like a resource.

Unemployment rates
Based on OECD data



Note: 2020 (COVID-19 impact), 2023-2025 (projected)

Average productivity increase (1995-2025)
Based on OECD data



Note: 1995-2019 (Approximate annual growth), 2008-2012 (impact of the global financial crisis), 2020-2025 (projected, ongoing recovery and adaptation)

Introduction

What is productivity?

Value created refers to the economic worth generated by a business or organization through its activities, products or services. It represents the benefits that customers derive from a product or service, which can be measured in various ways, including monetary terms, customer satisfaction and overall impact on stakeholders.

Resources are the various inputs utilized in the production process to generate output, which can include tangible and intangible assets, labor, capital and materials.

Most successful manufacturing companies drive productivity improvement by diligently managing their resources invested, from sales and operations planning and scheduling (supported by advanced technology and predictive analytics) all the way down to managing the efficiency of their production lines. Best-in-class manufacturing operations have detailed "line event data" where they are able to account for production losses ("downtime") to the minute, with diligent processes in place to manage and reduce waste, while operators account for every minute that they work.

Now if we look at the services sector, ultimately the key "resource" invested is labor. In the services sector, labor typically accounts for a significant portion of total costs, often ranging from 50% to 80% or more, depending on the specific sector and business model.

If we understand and agree that labor productivity is driven largely by "paid minutes at work," then we would expect that organizations would manage "time" as diligently as, for example, the manufacturing sector manages its resources. However, the opposite is often true.

$$\text{Productivity} = \frac{\text{Value created}}{\text{Resource invested}}$$

$$\textit{Labor}\ \text{productivity} = \frac{\text{Value created}}{\textit{Paid minutes at work}}$$

Introduction

How is labor productivity managed today?

Organizations in the services sector improve labor productivity through various strategies, including continuous training and cross-training to improve employee skills and flexibility. They integrate technology by automating repetitive tasks and utilizing digital tools to streamline workflows. Process optimization is achieved through lean management and clear standard operating procedures. Employee engagement is fostered by offering incentives and promoting a positive work environment. Flexible work arrangements, such as remote options and task management, empower employees to work efficiently. Finally, effective resource allocation through workforce planning and task prioritization ensures optimal staffing and productivity.

Many organizations have embraced AI to improve productivity. AI has the potential to enhance labor productivity by automating routine tasks such as data entry, scheduling and customer inquiries, allowing employees to focus on higher-value activities. Additionally, generative AI can analyze large datasets to provide insights and recommendations, enabling more informed decision-making and efficient resource allocation. Agentic AI, in particular, can further improve productivity by offering tailored solutions that streamline workflows and enhance collaboration among teams, ensuring that resources are utilized effectively and tasks are completed more efficiently.

While these approaches are effective, a lack of vision, culture and strategy regarding productivity is preventing organizations from unlocking their full potential. In other words, for many organizations productivity is simply a key performance indicator, for which discrete approaches and actions are applied. Based on our experience with clients and different time-spent studies, including surveys and task mining, we believe that organizations can unlock 50% more productivity by managing time as a resource and driving improvement with a strategic imperative.

Our view

Unlocking the full productivity improvement potential requires organizations to establish a robust productivity management framework. It is important that this framework is fully integrated into the ways of working of the organization. We will break down the different building blocks of the framework, discuss current challenges and provide a view of the potential and how to fundamentally create a breakthrough in productivity.

Our view

Vision and culture

Everything starts with a vision and the right culture to support productivity improvement. We see many organizations that are shying away from prioritizing productivity clearly on the strategic agenda or refrain from articulating it. Productivity very often is a "dirty" word.

Why do manufacturing sites and their workforces take pride in year-on-year efficiency (often measures as overall equipment effectiveness, minimum downtime, waste reduction, etc.) improvements? And why are record production outputs celebrated and awarded? Because ultimately this is at the core of how success is measured for an organization.

It is the role of leadership to normalize productivity as a standard and even critical metric in the success of a company. Ultimately, employees (in commercial or public alike) are there to serve their customers and do so in the most effective and efficient way. Productivity has often become synonymous with work pressure and the negative impact this has on employee wellbeing. The opposite could and should be true.

Vision

Organizations should start by articulating a vision on productivity from an "output" (e.g., "how many customers do we want to serve?") and "input" (e.g., "what are the resource constraints to be profitable?") perspective. This vision should be linked to the ambition and objectives of the organization.

The services sector could take inspiration from the manufacturing sector, where companies use concepts like compelling business need (CBN) or critical success factors (CSFs) to align organizational efforts toward common goals and ensure that everyone in the organization understands the primary objectives driving the company's success. More often than not, productivity and elimination of (production) losses are central to a CBN or CSFs. Defining a CBN or CSFs for the entire organization or for specific units or divisions, that ties in productivity in a positive way, sets the tone and underpins the vision of the organization. The compelling vision should be stretching (creating a positive tension between today and the future), energizing (touching both the heart and soul of the organization) and memorable (easy to recall and tying into the business need).

Our view

Vision and culture

Culture

A vision means very little if the culture does not align. From a culture perspective, there are two important attention points. First of all, leadership needs to show the right behaviors and engage in the right conversations and language when talking about productivity. We see that in many organizations (operational) managers have first and foremost become "people managers." If the primary lens through which a manager acts is "people," then productivity can quickly become a topic that is avoided. In our view, "people management" is only one of the responsibilities of an (operational) manager. Ultimately, an operational manager is accountable for the service delivery of a team or department. As such, the primary responsibility is to deliver on the required output and quality (demand) by managing the available resources, including people. This is a message that should be relayed through all managerial layers of the organization.

To maintain productivity while respecting professional autonomy, it is essential to establish clear goals and shared outcomes. Teams should have the freedom to determine their own methods for achieving these objectives, which fosters a sense of ownership among professionals and supports output-driven management. However, it is crucial for teams to recognize that working without time constraints does not automatically lead to perfect results. Achieving quality requires a careful balance between time management and content development.

Additionally, organizations should recognize and communicate that improving productivity is beneficial not only for the organization's ongoing success, but also for its employees. When it becomes visible for employees how they contribute to the success of the organization, this will increase engagement. In addition, employees are often frustrated by bureaucracy, spending time on menial tasks, ineffective and inefficient collaboration and use of systems, applications and tools, etc. Reducing this "organizational drag" boosts employee motivation. Even more so, research shows that increased engagement and reduced organizational drag result in more energy that can deliver up to 15% more personal productivity.

Setting the vision and investing in culture is not only a foundation, the impact it has on employees can unlock 5%–15% more productivity.

Organize

When organizations are faced with the imperative to reduce cost, they often go through a rigorous restructuring process to reduce the number of FTE. Typically, every organization goes through this cycle every five to 10 years. Most organizations will see a (one-off) benefit by optimizing the operating model, structure and FTE count by looking at managerial overhead, spans of control, the number of organizational layers, overlapping roles and responsibilities, and ineffective and inefficient support processes.

In our view, the operational model and structure should be subject to a continuous (review) process that is responsive to external and internal developments. We maintain some guiding principles with regard to the operating model and structure from a productivity perspective:

Alignment with strategy

The operating model should be closely aligned with the organization's strategic goals and objectives. This alignment ensures that all operational activities are directed toward achieving desired outcomes, enhancing overall effectiveness (and eliminating non-value-add activities).

Customer-centric focus

Prioritizing customer needs and experiences is essential in the design of the operating model. Processes and services should be tailored to enhance customer satisfaction and loyalty, ultimately driving business success.

Efficiency and streamlining

Identifying and eliminating redundancies in processes is crucial for promoting efficiency. Streamlined workflows and optimized resource allocation contribute to a more productive operating environment. Transferring non-value-add activities (from a customer perspective) to support functions will (further) enhance efficiency of operations.

Clear roles and responsibilities

Defining clear roles and responsibilities within the organizational structure is vital for avoiding confusion, ensuring accountability, accelerating decision-making and removing duplicate roles. A well-structured organization empowers employees to understand their contributions to overall goals.

Empowerment and autonomy of small teams

Empowering employees at all levels to make decisions enhances engagement and drives initiative. Best-in-class organizations typically work with small pods that have a clear accountability in terms of output and quality. A structure that allows for autonomy fosters a sense of ownership among team members and encourages continuous improvement and innovation.

With the operating model and structure defined, the next step is (continuously) determining the optimal resource requirements.

Workload analysis

Conducting a thorough analysis of workload and demand for each function is essential for determining the appropriate number of FTEs needed. This analysis ensures that staffing levels align with operational requirements and allows for optimal levels of fixed vs. variable staff. The starting point of analysis is a clearly defined service portfolio and demand forecast that considers volume fluctuations (monthly, weekly, daily, hourly). For each service and underlying process, standard times should be defined which, multiplied with volumes, would determine the effective required capacity.

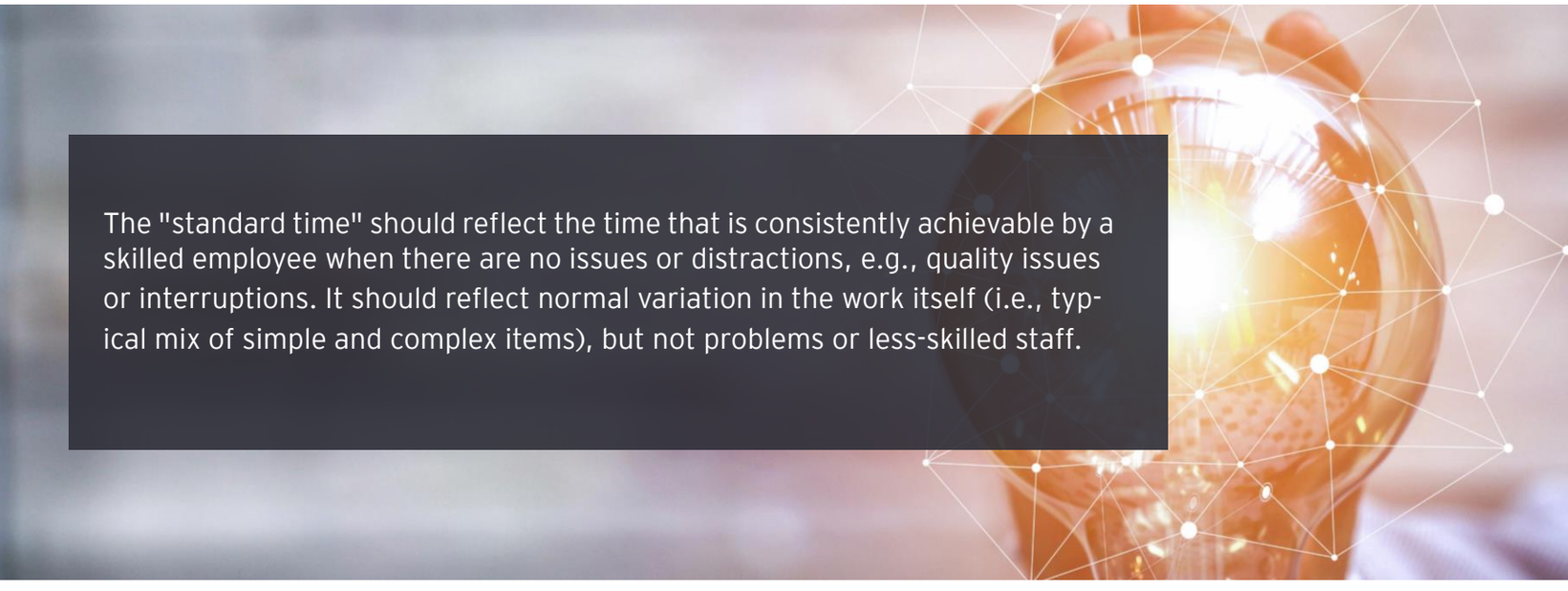
To determine the required FTEs, an organization needs to explicitly define the acceptable indirect time required for alignment (meetings), training and education, breaks, etc. Part of this is also defining the required "change" capacity. Too often, organizations do not define the capacity available for "change".

Skill utilization

Allocating FTEs based on the skills required for each function maximizes workforce effectiveness and minimizes skill gaps. Ensuring that the right skills are in place enhances overall productivity.

Performance metrics and continuous optimization

Establishing clear performance metrics allows organizations to assess productivity and efficiency accurately. Decisions on FTE allocation should be guided by actual needs rather than historical norms, ensuring optimal resource utilization. Implementing a process for regularly reviewing and adjusting FTE levels based on changing business conditions and performance outcomes is crucial. This adaptability enables organizations to respond proactively to evolving demands.



The "standard time" should reflect the time that is consistently achievable by a skilled employee when there are no issues or distractions, e.g., quality issues or interruptions. It should reflect normal variation in the work itself (i.e., typical mix of simple and complex items), but not problems or less-skilled staff.

By adhering to these key design principles, organizations can create effective operating models, structures and FTE allocations that optimize productivity and drive overall performance. In an era where agility and responsiveness are paramount, these principles serve as a roadmap for organizations seeking to enhance their operational effectiveness and achieve sustainable growth.

Building the organization around delivery processes, ensuring clear roles, responsibilities and reporting lines, and defining the required capacity based on workload analysis of the service portfolio can unlock 10%–20% more productivity.

Plan

Planning is a critical component of organizational success, particularly in managing and improving productivity. Effective planning enables organizations to align their resources with client demands, streamline operations, and enhance overall service delivery. For instance, demand forecasting provides insights into client needs, allowing organizations to allocate resources more efficiently and reduce service backlogs. Capacity management ensures that the right number of personnel and resources are available to meet demand, thereby minimizing downtime and optimizing productive time. Additionally, a well-structured planning process fosters collaboration across different departments, ensuring that strategic, tactical and operational goals are aligned, which ultimately enhances productivity and service quality.

However, many organizations in services fall short in their approach to integrated production planning. A significant issue is the lack of a cohesive and integrated process that aligns service delivery capabilities with client demand. This absence often leads to inefficiencies and missed opportunities, as organizations struggle to respond effectively to changing market conditions and client needs. Many organizations also lack an effective cadence to support the integrated planning process, treating it as an annual exercise rather than a continuous, iterative process. This infrequent review limits the ability to adapt to real-time changes in demand and resource availability.

Furthermore, organizations often lack relevant data to inform their planning processes. Organizations may not have access to comprehensive data analytics that provide insights into customer behavior and market trends. Without this critical information, organizations struggle to create accurate demand forecasts, leading to misalignment between service capacity and client expectations. Additionally, many organizations fail to connect the different tiers of their operations — strategic, tactical and operational. This disconnect can result in a lack of alignment between long-term goals and day-to-day operations, causing confusion and inefficiencies.

Moreover, there is often insufficient insight into productive time within these organizations. For instance, organizations may not effectively track how resources are allocated and utilized, leading to underperformance and wasted efforts. Without a clear understanding of productive time, organizations cannot optimize their workforce or service delivery processes, further exacerbating inefficiencies.

Integrated production planning

Integrated production planning in services is a strategic framework that aligns an organization's service portfolio with client demand through a collaborative, iterative process. This framework encompasses the continuous assessment and adjustment of service offerings, demand forecasting, resource allocation, and performance evaluation to enhance productivity, responsiveness, and overall service quality.

1 The integrated production planning process begins with the **service portfolio definition**, where organizations identify and regularly review the services they will develop, deliver, and phase out. This step involves engaging stakeholders and conducting market analysis to ensure that the service portfolio remains aligned with evolving client needs and industry trends.

2 Next, the process incorporates **collaborative demand planning**, which merges insights from cross-functional teams, including sales, marketing, finance and operations. By fostering collaboration, organizations can create a comprehensive and consensus-driven demand forecast that reflects various perspectives and incorporates assumptions, volume estimates and potential risks. This collaborative approach ensures that the demand plan is robust and adaptable to changing market conditions.

3 Following demand planning, organizations engage in **dynamic capacity planning and resource alignment**. This step focuses on assessing available resources and aligning them with projected demand while maintaining flexibility to adapt to fluctuations. By implementing a dynamic capacity planning process, organizations can make real-time adjustments based on performance metrics and resource availability, ensuring that they can meet client needs effectively.

4 The fourth component is the **ongoing integrated production review**, which serves as a continuous evaluation of the balance between demand and capacity. Regular reviews — held monthly or quarterly — allow organizations to identify risks and opportunities in real-time, facilitating timely adjustments to the production plan. This iterative process ensures that organizations remain agile and responsive to changes in the service landscape.

5 Finally, the process culminates in the **management review and decision-making** phase. This step provides a structured forum for key stakeholders to assess performance metrics, discuss risks and opportunities, and make informed decisions regarding resource allocation and service priorities. By fostering open dialogue and strategic alignment, the management review ensures that the integrated production plan reflects a shared vision for service delivery and drives organizational success.

Implementing the integrated production planning framework across different tiers of the organization is crucial for ensuring alignment and coherence in service delivery. This alignment fosters collaboration among strategic, tactical, and operational levels, enabling a unified approach to meeting client demands. Regular cadence in reviews — such as monthly or quarterly assessments — ensures that all tiers are engaged in the planning process, facilitating timely adjustments and informed decision-making. Furthermore, it is essential to delineate where production planning ends and where scheduling (or rostering) begins. Production planning focuses on the broader allocation of resources and capacity to meet anticipated demand, while scheduling or rostering involves the detailed assignment of specific resources (such as personnel) to tasks or shifts based on the production plan. This distinction allows organizations to effectively manage both the strategic and operational aspects of service delivery.

Integrated production planning in services emphasizes a collaborative, iterative approach that enhances productivity and responsiveness. Moreover, by integrating these key components, organizations can effectively navigate the complexities of the services landscape and deliver exceptional value to their clients.

In today's rapidly evolving service landscape, organizations are increasingly turning to advanced technologies to enhance their integrated production planning processes.

For instance, AI-driven workforce optimization tools leverage artificial intelligence to analyze workforce data, predict staffing needs, and optimize employee schedules. This ensures that organizations have the right number of staff available at the right times, enhancing service delivery and reducing labor costs.

Cloud-based resource scheduling platforms provide organizations with real-time visibility into resource allocation and availability. These platforms facilitate collaboration among teams, allowing for efficient scheduling and management of resources across various projects and services. By centralizing information, organizations can respond more swiftly to changes in demand and resource constraints.

Predictive analytics for demand forecasting enable organizations to analyze historical data and market trends to generate accurate demand forecasts. These insights help organizations anticipate client needs and adjust their service offerings accordingly, minimizing service gaps and optimizing resource utilization.

By integrating these advanced technologies into their production planning processes, organizations can expose additional productivity improvement potential and accelerate and enable the adoption of a robust integrated planning framework.

However, it is crucial to emphasize that these technologies, while powerful, will not deliver their full value without a robust integrated production planning framework in place. Organizations must ensure that their processes are well-defined and aligned with strategic goals to fully harness the capabilities of these technologies.

By aligning an organization's service portfolio with client demand through a collaborative and iterative process, enabled through a robust integrated production planning framework, organizations can expect to unlock 10%–15% more productivity.

Improve

Improving productivity starts by understanding where employees are spending their time. Organizations typically address productivity by focusing on process productivity (and direct time).

While there is still huge untapped potential in indirect time as well. In our view, managing productivity means managing the total time spent. Managing time spent starts by understanding where time is being spent, and thus breaking down a working day. This approach will also help to expose the "hidden factory".

Break-down of the workday of 1 FTE

	Direct time						Indirect time			
	20-30% Improvement potential						10-20% Improvement potential			
	Standard (customer) work	Speed losses	Re-work	Projects	Administration	Interruptions	Meetings	Training & Coaching	Official breaks	Occupancy Losses
Buckets and drivers	▪ Clear service protocols and guidelines ▪ Complexity of tasks ▪ Level of automation ▪ Employee skill levels and training ▪ Level of specialisation	▪ Inefficient processes or workflows ▪ Availability and effectiveness of tooling and technology ▪ Skills and experience of employees ▪ Resource allocation and scheduling ▪ Communication and collaboration among teams	▪ Insufficient training or knowledge among staff ▪ Lack of quality control measures ▪ Poor communication of requirements ▪ Complexity of tasks or projects	▪ Clarity of project goals and objectives ▪ Availability of project management methodologies and tools ▪ Team collaboration and communication ▪ Stakeholder engagement and support	▪ Efficiency of administrative processes ▪ Availability of administrative tools and software ▪ Compliance requirements and regulatory obligations	▪ Availability of quiet spaces for focused work ▪ Unscheduled requests/pings from colleagues or clients ▪ Employee workload and task prioritization	▪ Frequency and necessity of meetings ▪ Right meeting participants ▪ Clarity of meeting agendas and objectives ▪ Time management during meetings	▪ Alignment of training with job requirements ▪ Rapid changes in industry standards requiring ongoing education	▪ Scheduling and timing of breaks ▪ Cultural attitudes towards work-life balance ▪ Employee workload and stress levels	▪ Insufficient workload ▪ Delays in receiving necessary resources or information ▪ Poor task management and prioritization ▪ Lack of scheduling

1 **Standard (customer) work**

Regular tasks and responsibilities that are part of the service delivery to customers.

2 **Speed losses**

Delays in tasks due to inefficiencies or obstacles in the workflow.

3 **Re-work**

Tasks that need to be redone due to errors, changes in requirements, or quality issues.

4 **Administration**

Tasks that need to be redone due to errors, changes in requirements, or quality issues.

5 **Projects**

Involve the temporary activities (planning, executing, monitoring) undertaken to create a unique product, service or results.

6 **Interruptions**

Unplanned disruptions that divert attention from primary tasks, impacting productivity.

7 **Meetings**

Unplanned disruptions that divert attention from primary tasks, impacting productivity.

8 **Training and coaching**

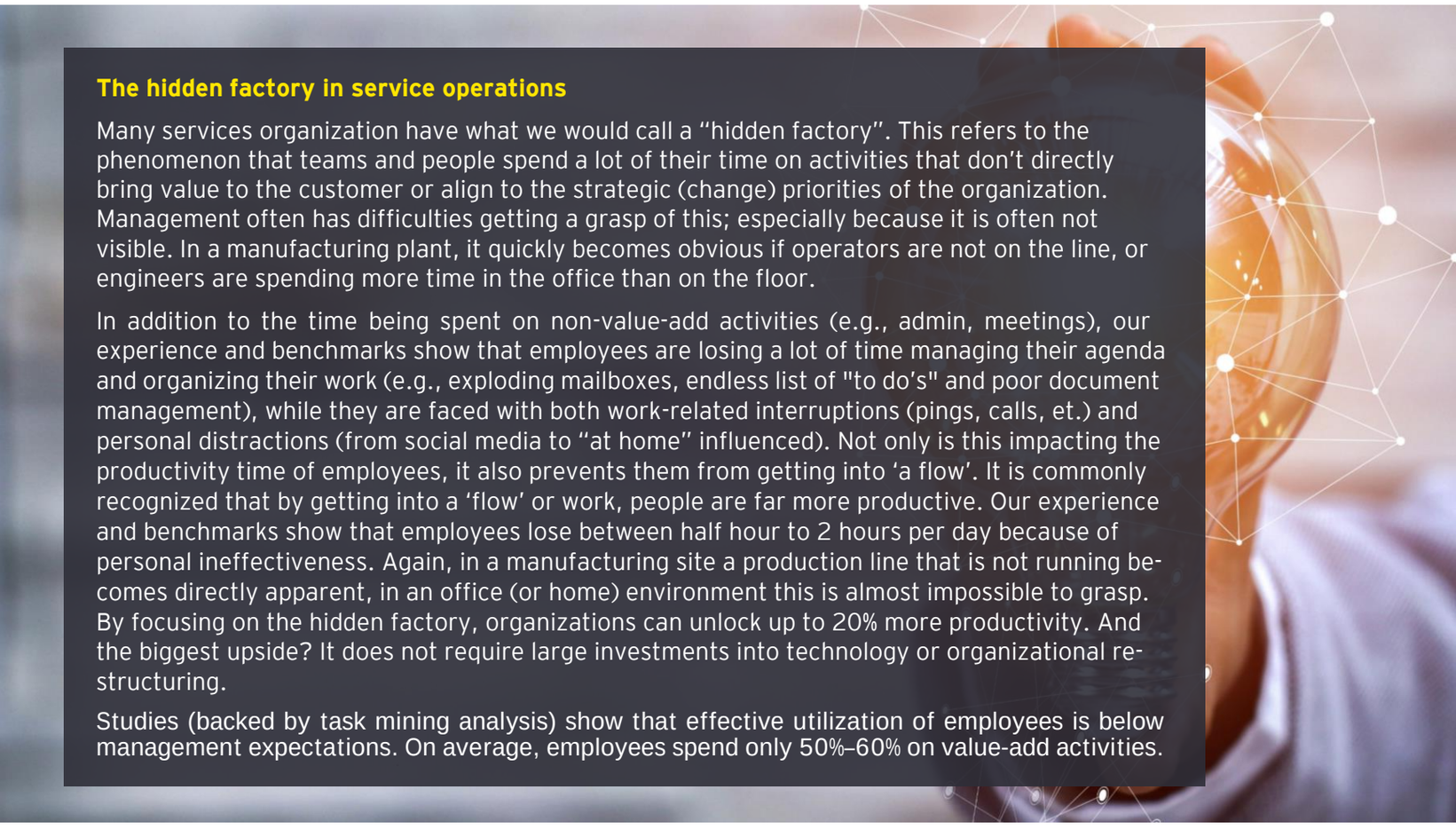
Unplanned disruptions that divert attention from primary tasks, impacting productivity.

9 **Official Breaks**

Scheduled breaks that employees take to rest and recharge.

10 **Occupancy losses**

Time when employees are present but not actively engaged in productive work.



The hidden factory in service operations

Many services organization have what we would call a "hidden factory". This refers to the phenomenon that teams and people spend a lot of their time on activities that don't directly bring value to the customer or align to the strategic (change) priorities of the organization. Management often has difficulties getting a grasp of this; especially because it is often not visible. In a manufacturing plant, it quickly becomes obvious if operators are not on the line, or engineers are spending more time in the office than on the floor.

In addition to the time being spent on non-value-add activities (e.g., admin, meetings), our experience and benchmarks show that employees are losing a lot of time managing their agenda and organizing their work (e.g., exploding mailboxes, endless list of "to do's" and poor document management), while they are faced with both work-related interruptions (pings, calls, et.) and personal distractions (from social media to "at home" influenced). Not only is this impacting the productivity time of employees, it also prevents them from getting into 'a flow'. It is commonly recognized that by getting into a 'flow' or work, people are far more productive. Our experience and benchmarks show that employees lose between half hour to 2 hours per day because of personal ineffectiveness. Again, in a manufacturing site a production line that is not running becomes directly apparent, in an office (or home) environment this is almost impossible to grasp. By focusing on the hidden factory, organizations can unlock up to 20% more productivity. And the biggest upside? It does not require large investments into technology or organizational restructuring.

Studies (backed by task mining analysis) show that effective utilization of employees is below management expectations. On average, employees spend only 50%–60% on value-add activities.

How to measure productivity

Managing and improving productive time and productivity, means that we need to be able to measure productivity. Traditional metrics often fall short, but by leveraging innovative techniques, organizations can gain deeper insights. Here are four effective methods to measure productivity that can transform the way businesses operate.

Method	Advantages	Disadvantages
Time logging is a straightforward yet powerful method for tracking how employees allocate their hours throughout the day. By using tools that allow staff to log their activities, organizations can identify where time is spent—be it on client work, administrative tasks, or meetings.	▪ Provides clear visibility into time allocation. ▪ Helps identify inefficiencies and areas for improvement. ▪ Encourages accountability among employees.	▪ Can be perceived as micromanagement, leading to employee dissatisfaction. ▪ Requires consistent and accurate logging, which can be burdensome. ▪ May not capture the quality of work being done.
Process mining is an analytical technique that focuses on discovering, monitoring, and improving real processes by extracting knowledge from event logs readily available in information systems. By analyzing the flow of activities, interactions, and decisions captured in event logs, process mining enables organizations to visualize their actual processes, identify inefficiencies, and optimize performance.	▪ Provides a data-driven view of processes, highlighting inefficiencies. ▪ Enables continuous improvement through ongoing analysis. ▪ Facilitates better decision-making based on empirical evidence.	▪ Only looks at the productivity of the process and does not capture time spend outside of the log systems ▪ Requires access to comprehensive data and sophisticated tools. ▪ Can be complex to implement and interpret.
Task mining is a specialized analytical technique that focuses on understanding the individual tasks that employees perform within their workflows. By utilizing software tools to capture user interactions with applications and systems, task mining provides detailed insights into how tasks are executed, revealing patterns, inefficiencies, and opportunities for improvement. This method enables organizations to analyze the sequence of actions taken by employees, the time spent on each task, and the context in which tasks are performed.	▪ Offers a granular insights into 100% of time spend by individuals and teams ▪ Allows for comparison of individuals and teams to reduce variation ▪ Exposes all productivity losses	▪ Privacy concerns may arise from monitoring user interactions. ▪ Implementation can lead to resistance from employees. ▪ Requires careful analysis to avoid misinterpretation of data.
Output-based measurement is a performance evaluation approach that focuses on the results produced by employees or teams rather than the time or effort expended to achieve those results. This method emphasizes the quality and quantity of deliverables, aligning productivity metrics with specific business outcomes and organizational goals. By assessing performance based on tangible outputs, organizations can foster a results-oriented culture that prioritizes effectiveness and impact.	▪ Aligns productivity metrics with business outcomes. ▪ Encourages a results-driven culture among employees. ▪ Provides clear targets for performance evaluation.	▪ May overlook the effort and time required to achieve results. ▪ Can lead to a narrow focus on quantifiable outputs at the expense of quality. ▪ Risk of setting unrealistic targets that can demotivate employees.

Which combination of methods to use, will vary on the specific sector, maturity and culture of the organization and (in some geographies) legal limitations. In the quest to enhance productivity, it is crucial to combine time management methods—such as time logging, process mining, and task mining—with output-based measurement.

While improving productive time is essential, it only brings value if it translates into increased output, reduced capacity, or the ability to reallocate resources effectively. Here's why this combination is vital for achieving meaningful results.

Ensuring alignment with business goals

Improving how time is spent—whether through better task management or streamlined processes—must align with the overarching business objectives. Output-based measurement provides a framework for assessing whether these improvements lead to tangible results. For instance, if a team logs fewer hours on administrative tasks due to process improvements, it is essential to measure whether this reduction correlates with increased project deliverables or enhanced client satisfaction. Without this alignment, organizations risk investing time and resources into efficiency initiatives that do not contribute to their strategic goals.

Facilitating resource optimization

When organizations improve productive time, they often face decisions about how to allocate resources more effectively. Output-based measurement helps guide these decisions by providing insights into where capacity can be reduced or reallocated. For instance, if task mining reveals that certain team members are consistently underutilized, organizations can shift their focus to higher-impact projects or redistribute workloads to balance capacity across teams. This strategic reallocation not only maximizes resource utilization but also enhances overall productivity.

Validating the impact of time savings

Time management methods can reveal where inefficiencies exist and how time can be better utilized. However, the true value of these insights lies in their ability to drive output. For example, if process mining identifies that a significant amount of time is spent on a particular task, and subsequent changes reduce that time, it is critical to measure whether the quality and quantity of work produced have improved as a result. Output-based measurement serves as a validation tool, ensuring that time savings are not just theoretical but are reflected in real-world performance metrics.

Driving continuous improvement

Combining time management methods with output-based measurement fosters a culture of continuous improvement. By regularly assessing the relationship between time spent and output achieved, organizations can identify trends and make data-driven decisions. For example, if a team implements a new task management tool that reduces time spent on routine tasks, output-based metrics can help determine if this change leads to increased innovation or faster project completion. This iterative process encourages teams to continuously seek ways to enhance productivity while ensuring that their efforts yield meaningful results.

The combination of time management methods with output-based measurement is essential for maximizing productivity in the services industry. Improving productive time only brings value if it results in increased output, reduced capacity, or effective resource reallocation. By ensuring that time management initiatives align with business goals, validate the impact of time savings, facilitate resource optimization, and drive continuous improvement, organizations can create a sustainable productivity framework that delivers real value and enhances overall performance.

The PDCA cycle and performance management drumbeat

The plan-do-check-act (PDCA) cycle is a powerful framework for continuous improvement that can be effectively integrated into an organization's productivity management system. By establishing a structured meeting and performance management "drumbeat" across all tiers of the organization—team, department, and division—and across various time spans (daily, weekly, monthly, quarterly, and annually), organizations can systematically manage and enhance productivity. This approach ensures that productivity improvements are not only identified but also monitored and sustained over time.

The PDCA cycle explained in the context of productivity

Plan

In the context of productivity, the "Plan" phase involves developing a production plan that outlines the expected output, resource allocation, and timelines necessary to meet organizational goals. This includes setting clear productivity targets, defining key performance indicators (KPIs), and determining the necessary processes and resources to achieve desired outcomes.

Do

This phase focuses on executing the production plan. Teams implement the planned activities while actively working to meet the established productivity targets. During this phase, it is crucial to collect data on performance metrics related to output, efficiency, and resource utilization.

Check

In the "Check" phase, organizations analyze the results of the production activities to determine whether the actual output aligns with the planned targets. This involves comparing performance data against the KPIs established in the planning phase and identifying any discrepancies or areas for improvement.

Act

Based on the analysis, organizations take action to standardize successful practices or make necessary adjustments to the production plan. This phase ensures that insights gained from performance evaluations are integrated into future planning, fostering a culture of continuous productivity improvement.

To effectively leverage the PDCA cycle for productivity management, organizations should establish a regular meeting cadence at various levels and time spans. This "drumbeat" creates a rhythm for performance management, ensuring that productivity is continuously monitored and improved. By integrating the PDCA cycle with a structured performance management drumbeat, organizations can create a robust mechanism for managing and improving productivity. Each meeting serves as a checkpoint to assess progress, identify challenges, and make data-driven decisions.

Continuous feedback loop

The regular cadence of meetings ensures that feedback is gathered consistently, allowing teams to adapt quickly to changing circumstances and continuously refine their approaches to productivity.

Alignment across tiers

The drumbeat fosters alignment across all levels of the organization, ensuring that team productivity objectives support departmental and divisional goals, ultimately contributing to the overall success of the organization.

Data-driven decision-making

By utilizing specific measures, indicators, and KPIs at each meeting, organizations can make informed decisions based on empirical evidence, leading to more effective productivity improvements.

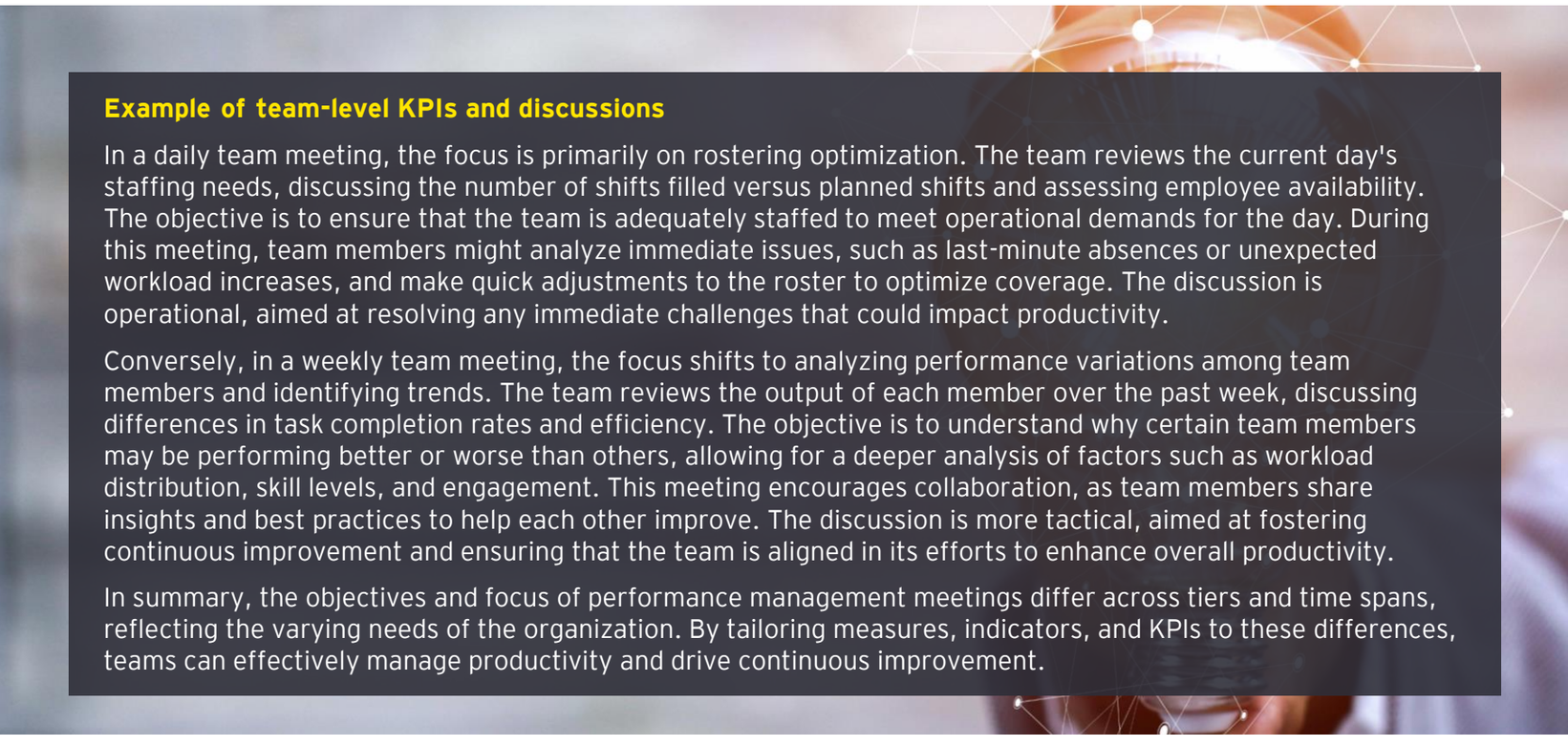
Objectives and focus of measures, indicators and KPIs across tiers and time spans

In any organization, the objectives and focus of performance management meetings vary significantly across different tiers (team, department, division) and time spans (daily, weekly, monthly, quarterly, annually). Understanding these differences is crucial for effectively managing productivity and ensuring that performance metrics align with organizational goals.

At the team level, daily meetings are primarily tactical, concentrating on immediate operational needs and short-term objectives. The focus here is on execution and addressing any pressing issues that may impact daily productivity. Measures and indicators used in these meetings are often quantitative and specific, such as task completion rates, resource allocation, and adherence to schedules. Key performance indicators (KPIs) are designed to provide a snapshot of daily performance, allowing teams to make quick adjustments and optimize their workflows.

In contrast, weekly meetings shift the focus to a broader perspective, allowing teams to reflect on their performance over the past week and assess trends. The objective is to evaluate progress against weekly goals, identify variations in performance among team members, and strategize for the upcoming week. Measures and indicators in these meetings may include weekly output, resource utilization, and performance trends. KPIs are more comprehensive, capturing not only the quantity of work produced but also the quality and efficiency of processes. This broader focus enables teams to engage in deeper discussions about performance variations, share best practices and identify areas for improvement.

As we move up the organizational tiers, the objectives and focus of meetings continue to evolve. Department-level meetings may emphasize alignment with broader organizational goals and strategic initiatives, while division-level meetings focus on long-term planning and resource allocation. At these levels, measures and indicators become more strategic, encompassing factors such as market trends, customer satisfaction and overall departmental performance. KPIs are aligned with organizational objectives, providing insights into how well departments are contributing to the company's success.



Example of team-level KPIs and discussions

In a daily team meeting, the focus is primarily on rostering optimization. The team reviews the current day's staffing needs, discussing the number of shifts filled versus planned shifts and assessing employee availability. The objective is to ensure that the team is adequately staffed to meet operational demands for the day. During this meeting, team members might analyze immediate issues, such as last-minute absences or unexpected workload increases, and make quick adjustments to the roster to optimize coverage. The discussion is operational, aimed at resolving any immediate challenges that could impact productivity.

Conversely, in a weekly team meeting, the focus shifts to analyzing performance variations among team members and identifying trends. The team reviews the output of each member over the past week, discussing differences in task completion rates and efficiency. The objective is to understand why certain team members may be performing better or worse than others, allowing for a deeper analysis of factors such as workload distribution, skill levels, and engagement. This meeting encourages collaboration, as team members share insights and best practices to help each other improve. The discussion is more tactical, aimed at fostering continuous improvement and ensuring that the team is aligned in its efforts to enhance overall productivity.

In summary, the objectives and focus of performance management meetings differ across tiers and time spans, reflecting the varying needs of the organization. By tailoring measures, indicators, and KPIs to these differences, teams can effectively manage productivity and drive continuous improvement.

Understanding and exposing where employees are spending their time and managing and improving productivity through the PDCA cycle and performance management drumbeat will unlock 25%–50% more productivity.

Unlocking potential: strategic focus

To unlock productivity potential effectively, organizations must adopt a dual approach that establishes a robust productivity management framework while simultaneously identifying and addressing the most impactful areas for improvement. This chapter will outline how to implement this strategy, focusing on the critical principles of managing productive time—planning, organizing and managing—while integrating insights from previous discussions on the "hidden factory" and continuous improvement.

1. Establish a vision and culture of productivity

The journey begins with a clear vision that prioritizes productivity as a core organizational value. This vision should articulate a specific ambition or target for productivity that resonates with the organization's overall goals and success. By setting a clear productivity target, organizations can create a shared understanding of what productivity means and how it contributes to their competitive advantage and long-term sustainability. This vision should be communicated across all levels, fostering a culture that encourages accountability and continuous improvement. Leadership must embody this commitment, ensuring that productivity is woven into the organizational ethos and that all employees understand its significance in achieving strategic goals.

2. Conduct a baseline assessment to uncover the hidden factory

To effectively identify areas with the greatest potential for improvement, organizations should conduct a baseline assessment that focuses on uncovering the hidden factory—those inefficiencies and unrecognized processes that drain resources without contributing to output. This assessment can be approached in two ways: data-driven analysis and employee insights. Data-driven methods may involve utilizing process mining and task mining tools to analyze workflows and identify bottlenecks, while employee insights can be gathered through surveys, interviews, or focus groups to capture first-hand experiences and perceptions of inefficiencies. By combining quantitative data with qualitative insights, organizations can gain a comprehensive understanding of where to focus their efforts for improvement, aligning this process with the overarching vision and culture of productivity. An important step in the process is to define the immediately recoverable productivity losses, i.e., productivity improvement that can be realized within one year. The total improvement potential might very well be in the range of 25%–50%, but it is not realistic to recover this within one year. Therefore, defining which losses to recover in year one sets a realistic but stretch ambition, while not limiting the organization in exposing the full potential.

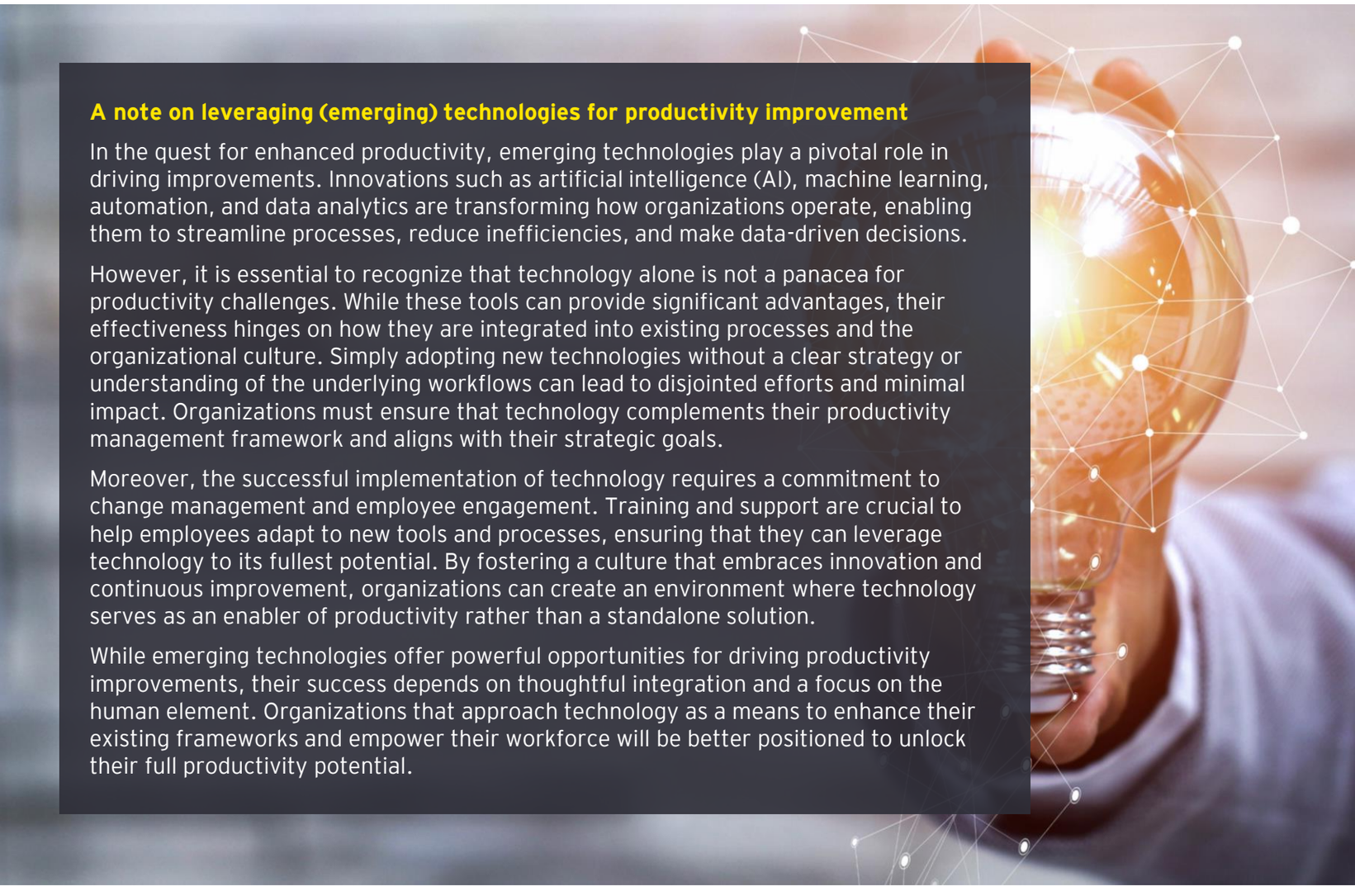
3. Build the productivity management framework

With a clear understanding of high-potential areas, organizations must establish a comprehensive productivity management framework that includes the essential components of planning, organizing, and managing. This framework serves as the infrastructure for "the run," ensuring that processes are standardized, resources are allocated effectively, and teams are structured to support productivity goals. Importantly, organizations should leverage existing structures, governance, and teams to harness the knowledge and capabilities already present within the organization. This approach avoids the pitfalls of creating additional or separate organizations and processes, fostering a more integrated and efficient productivity enhancement effort. The identification and addressing of impactful areas for improvement should be integrated into the organization's existing PDCA cycle, ensuring that productivity enhancements are managed holistically, addressing both ongoing operations and necessary changes in a cohesive manner.

4. Set smart objectives for improvement

Once high-potential areas are identified, organizations should establish clear, SMART (specific, measurable, achievable, relevant, time-bound) objectives that align with their productivity goals. For instance, if the assessment reveals that order processing times are a bottleneck, the organization might set a target to reduce processing time by 30% within six months. These objectives should be integrated into the productivity management framework to ensure alignment and accountability.

Unlocking productivity potential requires a strategic focus on establishing a robust productivity management framework while simultaneously identifying and addressing high-impact areas for improvement. By integrating the principles of planning, organizing, and managing with a commitment to continuous improvement within the PDCA cycle, organizations can create a comprehensive approach that drives sustainable productivity gains and aligns with their overarching goals.



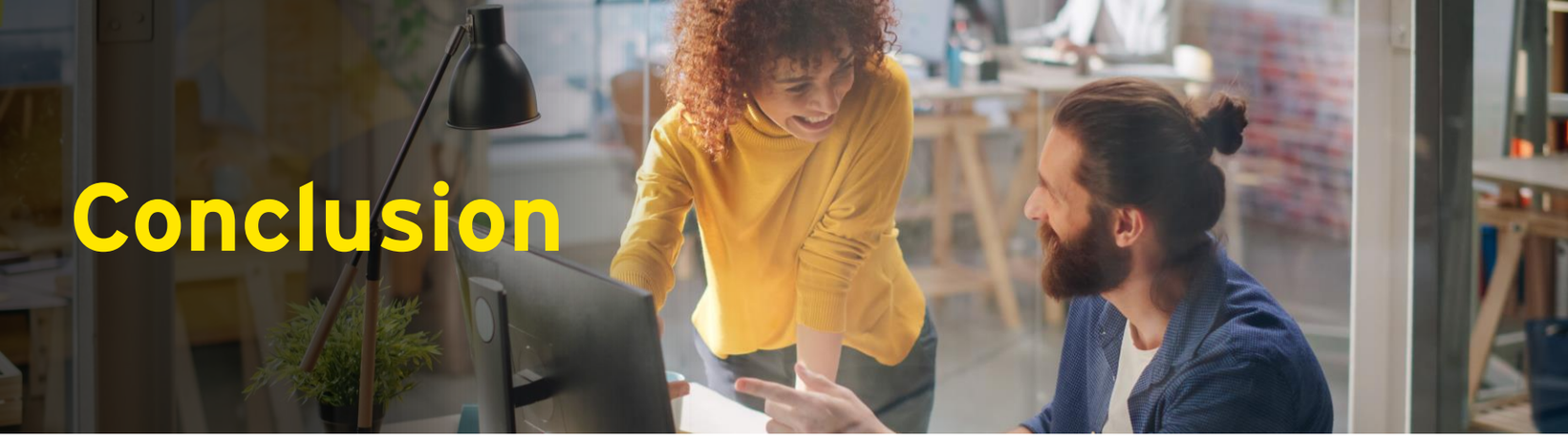
A note on leveraging (emerging) technologies for productivity improvement

In the quest for enhanced productivity, emerging technologies play a pivotal role in driving improvements. Innovations such as artificial intelligence (AI), machine learning, automation, and data analytics are transforming how organizations operate, enabling them to streamline processes, reduce inefficiencies, and make data-driven decisions.

However, it is essential to recognize that technology alone is not a panacea for productivity challenges. While these tools can provide significant advantages, their effectiveness hinges on how they are integrated into existing processes and the organizational culture. Simply adopting new technologies without a clear strategy or understanding of the underlying workflows can lead to disjointed efforts and minimal impact. Organizations must ensure that technology complements their productivity management framework and aligns with their strategic goals.

Moreover, the successful implementation of technology requires a commitment to change management and employee engagement. Training and support are crucial to help employees adapt to new tools and processes, ensuring that they can leverage technology to its fullest potential. By fostering a culture that embraces innovation and continuous improvement, organizations can create an environment where technology serves as an enabler of productivity rather than a standalone solution.

While emerging technologies offer powerful opportunities for driving productivity improvements, their success depends on thoughtful integration and a focus on the human element. Organizations that approach technology as a means to enhance their existing frameworks and empower their workforce will be better positioned to unlock their full productivity potential.



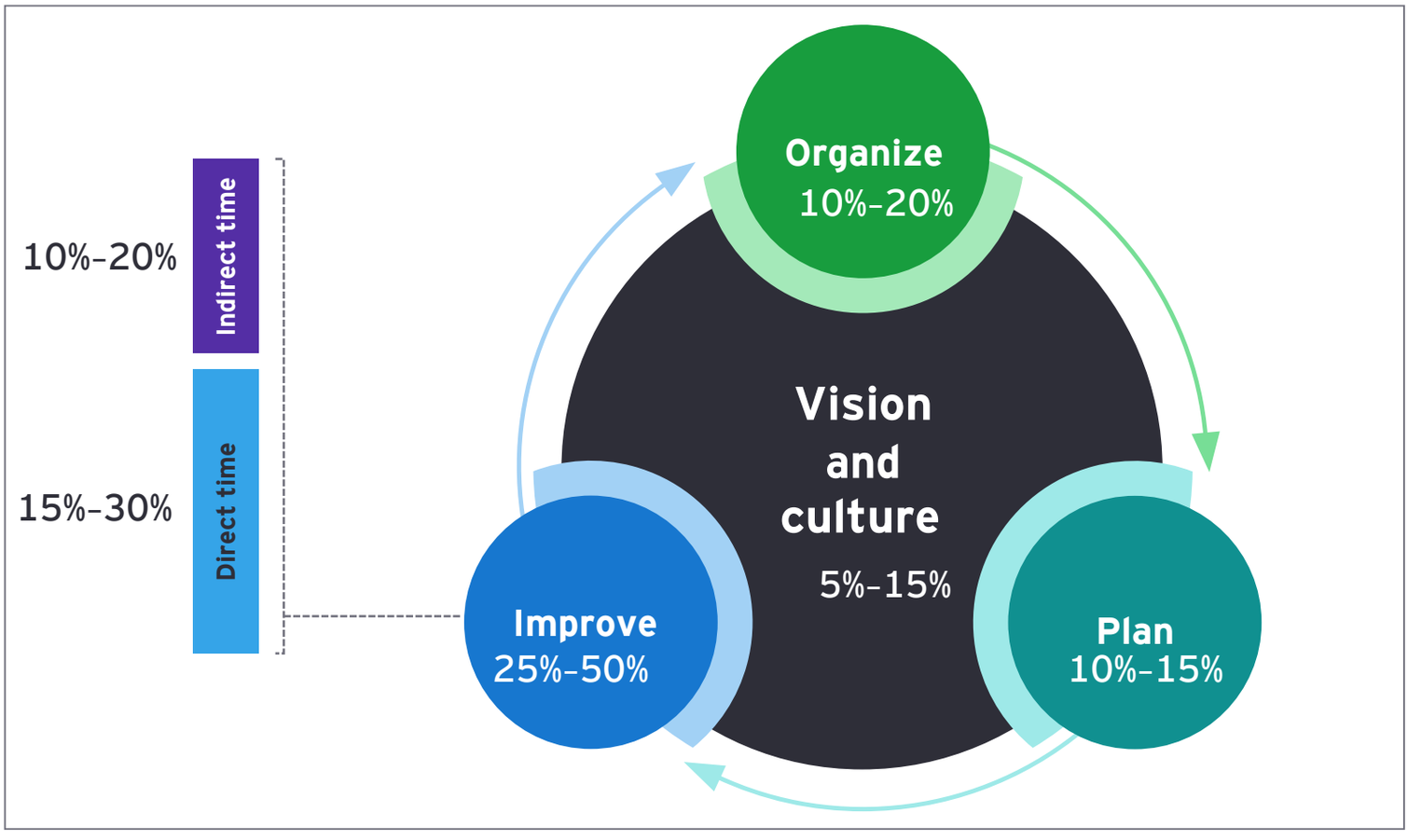
Conclusion

It is clear that the potential for organizations to enhance their performance is vast, provided they are willing to invest in the right strategies and capabilities. Services organizations can expect to unlock 50% more productivity by managing time like a resource. So yes, the sector needs to up its game. And the good news is that ultimately, the key is not in introducing complex new technologies or methods but is ultimately about management. Management is not a science, and it is not an art. It is based on understanding human behavior while implementing practical processes and systems that drive operational efficiency and foster collaboration.

Organizations must recognize that productivity is not merely about increasing output; it is about optimizing processes and leveraging existing resources effectively. By identifying high-impact areas for improvement and integrating these efforts into a comprehensive productivity management framework, businesses can create a sustainable model for success. The use of the PDCA cycle allows for continuous monitoring and adaptation, ensuring that productivity initiatives remain aligned with organizational goals.

The impact of these efforts can be transformative and go beyond the productivity improvements themselves. Organizations that commit to enhancing productivity can expect to see significant improvements in operational efficiency, employee engagement, and customer satisfaction. Moreover, by fostering a culture of continuous improvement, companies can empower their teams to innovate and adapt in an ever-changing marketplace.

Ultimately, the journey toward unlocking productivity potential is one of investment — not just in tools and technologies, but in people and processes. The rewards of this investment are substantial, positioning organizations to thrive in a competitive landscape. The path to enhanced productivity is not just a goal; it is an opportunity to redefine success and drive lasting impact.



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