

Canada Has A Productivity Problem

Despite the warning bells of Statistics Canada, noted Economists and independent research organizations such as the Conference Board of Canada, our nation's productivity continues to slide down a slippery slope - eroding our competitiveness in global markets and slowly diminishing our standard of living. As insidious and deadly as carbon monoxide poisoning, it is eating away at your firm every minute of every day.

Despite working more hours per week than workers do in other countries, Canada's business-sector productivity in 2007 was 75 per cent of that of the U.S; a figure that has dropped from 90 per cent in the early 1980s.

According Kevin Lynch, former clerk of the Privy Council and secretary to the cabinet

“Canada was an astounding 17th among OECD nations in 2007. Since Canadians work more hours than the OECD average, our total output per worker ranked 8th among OECD countries.”

While some economists point to macro economic plans, government spending schemes and calls to the ethereal chant of “make us more innovative” most overlook the simple, but hard, truth: On the front lines of business we need to start working smarter - not harder. While this old phrase may sound like a simple platitude to some, we beg to differ. The problem with a statement like “work smarter not harder” is that it is not behaviour based. Intuitively it sounds good in principle but it does not specify what one might actually do, what steps to take to “work smarter”. Without some behavioural anchors for guidance the advice is impossible to execute.

Having worked closely with business leaders at all levels in organizations on both sides of the Canadian / US border, we have discovered fundamental differences between the highly productive and the mediocre. High productivity firms do six things extraordinarily well to work “smarter rather than harder”:

Parking The Past

High productivity firms are indeed innovative places. In behavioural terms this means that these companies look for, and implement, improved ways to carry out tasks. Sacred Cows are surfaced; everything from manufacturing techniques to information sharing is up for grabs. Canadian firms are more reticent to let go of things that are working. In the words of columnist Boyd Erman:

“Canadians default to the tried and true even if it's less promising.”

Apple is the often cited poster child for innovation – taking their years of experience making computers and reshaping the mobile device industry with the microchip driven iPhone which features over 95,000 downloadable applications. Canadian competitor and Blackberry maker RIM, who had a long head start in the mobile device industry, is now trying to play catch up¹.

¹ **Canadian Business Magazine February 15, 2010** “And now for the hard part. Suddenly under siege, Canada's tech titan must adapt or be overtaken” by Joe Castaldo.

Big Picture Clarity

Senior level executives often complain about the “mud in the middle” of their organizations. Corporate strategies and critical priorities – while clear at the top few layers in the organization - become skewed or abandoned further down the organizational hierarchy. Cascaded messages from level to level of management are prone to erosion of the message. In the words of one Vice President

“We can do anything but we can’t do everything. We need to settle on a clear direction as a company. It is going to take me years to build [this] new product so I have to get my people going.”

In behavioural terms this means that highly productive firms focus on a minimum number of mission critical goals and then communicate these priorities clearly throughout the entire organization using the least number of messengers.

Explicit Expectations At The Frontline

High productivity firms do seemingly small things well. Setting explicit expectations about what each front line employee is to do seems like a small thing yet it is one of the key differentiators that separate the productive from the rest of the pack. Behaviourally, each employee needs to know exactly what they need to do to enable each of the big picture priorities. When asked about their role in the organization we often hear employees say *“what ever they tell me to do.”* Explicit expectations lead to accountability which in turn leads to business results. Explicit expectations also give employees a point of reference to make good decisions on their own which increases further productivity.

Highly Competent Front Line Leaders

The first two layers of Supervisors/Managers in any firm control the lions share of the firms productivity. Yet these roles are often filled with the most junior, most inexperienced, and least educated leaders in the entire company. Notwithstanding the need for some form of vertical career path to retain and leverage good talent, low productivity firms tend to employ less competent front line leaders or cycle leaders up too quickly and (falsely) reinforce the importance of promotions. The behavioural solution means providing front line leaders with more training, more lateral moves and greater developmental experiences before being considered for a vertical promotion. Some offer alternate career paths such as technical expertise growth or international rotations as ways to keep high levels of expertise close to the front lines. Highly productive firms not only cycle up only the best, the brightest and most competent employees through the ranks of management, they also cycle down more senior leaders who are interested in returning to the front lines and mentoring future leaders.

The best resources to do the task

High productivity companies challenge the way that they do things and they also seek out the best tools and resources to do things; they invest in new technologies and equipment to maximize productivity. There seems to be some part of our Canadian DNA that insists that we *“make do”* with what we have rather than adopt new technologies.

A Feedback Rich Environment

High levels of productivity are enabled by good feedback loops that provide fast correction when things get off track. Canadians are noted around with world for our ‘nice’ demeanour but we may be our own worst productivity enemies when we fail to call out well intentioned, but misguided, efforts of our peers. By contrast, our American counterparts not only have a greater propensity to point out the performance shortcomings, they also have a greater receptiveness to career enhancing feedback. Highly productive companies create feedback rich environments where constructive and positive feedback are both given and received openly.

One further, albeit subtle, distinction of effective feedback is that it is pinpointed to what happened – specifically what the person did – that makes the feedback behaviourally grounded and non-personal. Generalized and subjective feedback is synonymous to a personal attack. Telling someone that they have a “bad attitude” and are “not a team player” is a recipe for conflict. Alternatively, telling someone that they cut off fellow speakers 8 times during the meeting today and have not fulfilled their commitments to the team at the last 3 meetings is factual, fair and not open to debate. Similarly telling the team that they did a “good job today” misses the opportunity to point them in the right direction by saying instead “great job of getting the last 500 entries into the SAP database today”. High productivity firms practice pinpointed and specific feedback that lets performers know where they stand and what is really important to the organizations success.

Summary

The bad news is that Canada has a productivity problem. The good news is that the differences between high productivity firms and the mediocre is subtle yet simple: the fix lies in a small number of behavioural changes.

- P: Park the past and signal to the organization that it is a new day
- R: Explain the reason for operating differently and adopting new behaviours
- E: Pinpoint specific behavioural expectations
- S: Provide the skills needed to demonstrate the desired behaviours
- T: Provide all the tools and resources to demonstrate the desired behaviours
- O: Plan and orchestrate the outcomes & consequences for desired and undesired behaviours

Sacred Cow Company (www.sacredcowcompany.com) is a strategy implementation firm and one of Canada's leading consultancies in Applied Behavioural Science – turning business strategy in to day-to-day behaviours for business success.

Sacred Cows are the unchallenged or ignored beliefs, habits and practices that become entrenched in all businesses over time. They are part of what we call the “Organizational Immune System™” and they are counter-productive to company performance.

*Our book, *In the Company of Sacred Cows*, is a real case study of how we develop critical leadership behaviors that are coupled to business success. The book describes a turnaround at Canadian telecom producer Mitel Corporation which resulted in an improvement in Mitel's bottom line profitability by a factor of 40.*