

# **REDISCOVERING OUR HUNGER.**

**Working harder and  
smarter to raise  
Nordic Productivity.**

All thoughts must be distilled into action and action that brings results.

# Hard work and ingenuity created our present. Now they must protect our future.



Productivity figures for all Nordic countries are consistently below OECD average. Business leaders know this must change, says Hans Lindeman, Head of Celerant Consulting Nordic and with the right leadership and the right vision it can.

**E**arlier this year, Celerant Consulting carried out a major survey among 1,800 Nordic business leaders to establish the bottom line on Nordic productivity. Our respondents included CEOs, COOs, Managing Directors, Department Heads and Managers working in Manufacturing, Aerospace & Defence, Chemicals, Consumer Goods & Services, Metals & Mining, Telecoms, Energy and Private Equity.

What did we learn? When asked the question: *Do you think productivity levels in the country where you work are comparable to other countries?* only 45% of respondents agreed in Sweden, 35% agreed in Denmark, and 19% and 8% agreed in Norway and Finland respectively – but even they were wrong. Nordic productivity generally lags behind many 1st world countries.\* In addition, the Nordic workforce generally works less than many other developed countries, productivity is rising more slowly and the gap to countries that we typically compete with is growing.

Business leaders know this must change and 51% have a target of improving productivity by 5-10% in their business unit or department this year. They also believe that change will take time and this is underlined by the fact that for some, 'The Nordic Model' is seen as a block or a challenge to improving productivity.

The bottom line is that all Nordic countries are going to have to work harder, smarter and add more value to everything they do in order to stay competitive on the global stage. The positive

results of the survey however, suggest that our respondents believe that we have many of the traits that are necessary to improve such as high education, political stability, creativity and global experience.

### Increasing Value Added work

So how do you create a performance based business culture? One that is continually challenging people to learn, to grow, to improve productivity, freeing up information, democratising problem solving and giving people the autonomy to be successful? A critical lever is to work smarter. And the quickest way to work smarter to improve productivity is to get everyone in the organisation to increase their Value Added work - and stop doing things that don't Add Value.

The Celerant Consulting Workforce Impactability Study 2011 demonstrated the dramatic impact this can have. It tracked the daily activities of 200 middle managers from 6 different industries in the US and after assessing more than 11,000 work hours, demonstrated that operators generate a stunning 50% more value than supervisors.

It also showed that 43.5% of a supervisor's daily work load can be effectively impacted, so to really drive productivity companies must review supervisor activities in detail and determine which portions of their day can be altered to improve the value add they generate.

This also means examining specific roles to ensure that the right employees are performing the right tasks. Loosely defined roles and

ineffective practices create a frustrating daily work experience, with a great deal of lost time. Implementing a simple architecture with clear roles and responsibilities is the first step in breaking this cycle and improving productivity.

Celerant Consulting's Operational Transformation Service Line has a track record of improving productivity by changing behaviours - and what changes behaviours is simultaneously addressing management systems, processes, people and skills. Our robust MCRS® Management System creates alignment from the boardroom all the way down to the lowest person on the floor and back again. This enables an organisation to create accountability at the lowest possible level. Creating this holistic perspective and process allows Managers to make the right decisions, improve communication and reduce the negative effects of errors from one department or function to the next. In addition, a team that understands its contributions and feels connected to the entire programme is more motivated to improve performance.

### Doing more with less

All Nordic countries are well placed to improve. They have high levels of education, stable political models and their citizens are not yet exposed to the type of extreme short-term measures that the Greeks are. Over the last decade Sweden has demonstrated its ability to change and improve its competitiveness and financial strength, and along with Finland is reasonably placed in terms of productivity and hours worked compared to the rest of

## Productivity levels in all Nordic countries are below the OECD average.

AVERAGE LABOUR PRODUCTIVITY 2009 INDEX: 2005 = 10. SOURCE OECD



## Productivity increases are significantly lower in Denmark and Norway – a worrying trend.

AVERAGE ANNUAL PRODUCTIVITY INCREASE 2000-2008 (%). SOURCE OECD



the world's high-productivity countries. However both countries must continue their focus on improving productivity growth and building on past strengths, especially Finland which is facing increased national fiscal challenges in 2012.

Norway is in a special category due to its reliance and income from fossil fuels. However, considering that its workforce work fewer hours than any other country in Europe, it should invest and focus on productivity to provide a back-up plan to its reliance on oil and gas and take a leadership position in sustainable development. Clearly at the back of the pack is Denmark, which is facing a very bleak future if it does not do something drastic soon. It has very low levels of productivity growth coupled with a workforce that works comparatively few hours. In addition, it carries the burdens of a very cost intensive welfare system and a growing budget deficit. Faced with increasing corporate taxes a growing number of corporations are considering moving the workforce out of Denmark. If this imbalance is not changed very quickly, the long term effects could be devastating. It is a negative spiral that could take many years to get out of.

### Back to the future

Developing a culture of working harder and smarter is the biggest challenge facing Nordic business leaders today and our survey shows that they believe that the Top 6 drivers to achieving this are Management, better processes and systems, better communication and training, an engaged and motivated

workforce and investment and the overall economy.

At Celerant Consulting, we believe that more management won't help, but better management will – and when it's combined with better systems and processes it will actually have a profound effect. There is also no doubt that in the medium to long term, communication and education will have a very positive and lasting effect.

Many people in the Nordic region appear to have become complacent about competition, believing that somehow because our companies and corporations have been world leaders in innovative practices, technological advances and value creation we're immune to the challenges of global competition. Such complacency has been seen before. Take for example, the Japanese economy. From the 60s to the 80s the Japanese led the world in innovation, technology and improving productivity. Today, that advantage has all but disappeared as the country has stagnated. The Nordic region is definitely not immune to global competition and we're going to have to rediscover our ambition and drive. We're going to have to work much harder and much smarter to keep all the benefits that we enjoy in our societies.

Involving, motivating, leading and above all rekindling the hunger in our employees has never been more important.

**'In Nordic society, the incentive to work is diminishing and the urge to put in extra effort is disappearing. This is in sharp contrast to foreign competition.'**

CEO Global Transportation

**'People are creative and full of ideas. If you have the right staff, you get good input and good productivity.'**

CEO Consumer Goods & Services

Please contact us if you'd like to know more about this research and our solutions to increase Productivity.

\* AVERAGE LABOUR PRODUCTIVITY 2009 INDEX: 2005 = 10. SOURCE OECD

*For 25 years, Celerant Consulting has delivered successful, sustainable change for world leading companies. Our expertise covers the entire spectrum of the Operations Management ecosystem, with a core focus on Performance Improvement and Behavioural Change Management. Every project is a long term partnership where we get down on the ground to identify and analyse a Client's most significant business challenges, then work with them to drive up results. We provide operational strategy and implement customised operational solutions that capitalise on existing systems, processes and people - and deliver substantial benefits. We change business for good and over 90% of our Clients say they would be pleased to work with us again.*

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