

MANAGEMENT IN FOCUS

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People are our greatest asset - with the least investment!

“The most valuable assets of a 20th-century company were its production equipment. The most valuable asset of a 21st-century institution, whether business or non-business, will be its knowledge workers and their productivity” said Peter Drucker in his *Management Challenges for the 21st Century* back in 1999. Given we are now three years into the so-called ‘decade of austerity’ with its associated recession and minimal growth, what are organisations doing to prosper and break out of this self-destructive cycle through increasing productivity and innovation?

Well it would appear very little given that the recent Office for National Statistics survey showed that UK labour productivity overall fell by 1.3 per cent in the first quarter of 2012 on an output per hour basis, following a previous annual fall of 0.4 per cent. In particular the first quarter saw the services sector fall by 0.4 per cent which is serious given its importance to the so called ‘knowledge economy’. Given that employment continues to rise alongside faltering economic growth, then our national productivity is set to get even worse!

Is then knowledge worker productivity and innovation the most important challenge for management in the 21st Century?

Through Scientific Management principles that focused on the optimisation of tasks and manual labour productivity, the 20th century saw spectacular economic growth. But do the same principles of reducing manual labour cost apply to knowledge workers or should we see them as an asset from which to leverage greater returns?

Remember that manual workers operate and transform the assets of an organisation and are seen as a cost. Knowledge workers and in particular *technologists* should be seen as assets and be encouraged to grow. What then are the key highlights of Drucker’s suggestions regarding knowledge worker productivity?

Unlike manual worker productivity where we focus on “*How best should the work be done*” knowledge worker productivity demands that we ask the questions: “*What is the task? What should it be? What should you contribute? Finally, What stops you delivering and how can we eliminate it?*”

• The responsibility for productivity is with the individual knowledge workers themselves. Knowledge workers *have to manage themselves. They have to have autonomy.*

- Continuous innovation and learning has to be the responsibility of knowledge workers.
- Knowledge workers have many activities beyond their core task which take up time and hamper concentration, impacting productivity. E-mails and meetings for instance.
- Finally knowledge workers need to learn to manage themselves. Their careers will outlast most businesses, and so they cannot and should not rely on their employers for this development.

So what are the implications for organisations and managers in particular? In simple terms you can’t effectively lead and manage knowledge worker organisations using manual worker principles.

To achieve the breakthrough in knowledge worker productivity will require new cultures, working practices, attitudes and behaviours to be introduced at all levels in organisations.

This topic will be the subject of free seminars to be held as part of **Kirklees Business Week**. See the box on the right for more details.

Kirklees Business Week 24th - 28th September

The 20th Century saw the success of Scientific Management where ‘management’ of the work process was separated from the worker and the work itself. It became the manager’s role to determine, organise and supervise the worker and their productivity.

Given that we now live and work in the ‘information age’, do these principles still hold? Should we now be embracing a new philosophy of knowledge worker engagement where they determine, organise and supervise their own tasks, outcomes and productivity?

As part of Kirklees Business Week, David Broadhead of Partners in Management, in conjunction with the CMI, will be presenting a series of free seminars across Kirklees looking at what this new philosophy might embrace and the skills and investment required to make it a success.

For more details visit:
www.kirkleesbusinessweek.co.uk