

Boosting Productivity... How Northern Ireland Can Shape Up

Business Eye joined forces with Vodafone in Northern Ireland to stage a Round Table Discussion held at Queen's University's Riddell Hall. The discussion followed on from a London School of Economics report commissioned by Vodafone looking at productivity in the UK, and how Northern Ireland can boost its productivity across the board.

The Participants



David Armstrong, Northern Ireland Business Lead, Vodafone



Chris Conway, Chief Executive, Translink



Brendan Magill, Head of IT, Lagan Construction Group



Wayne Nickels, Partner, Cunningham Coates Investment Management



Clare Patterson, Marketing Director, Equiniti



Sam Waide, Executive Director of Operations, BSO Health & Social Care



Richard Buckley, Business Eye (Chairman)



DA - By way of background, Vodafone commissioned a piece of research with the London School of Economics around the subject of productivity. When you consider that the UK was second bottom of all the G7 countries on productivity levels and when you look at UK regions, Northern Ireland is second bottom in that league table, it's a telling message.

RB - Let's wind back a little by asking what productivity means to each of us.

BM - For me, it's quite simple. Productivity means delivering and delivering on time, by working smarter, not harder.

CP - Efficiency and productivity can be confused. Efficiency is about driving costs out of the business while productivity is about doing things better and faster. We're working to implement a lean philosophy and that means putting the customer at the heart of everything we do.

WN - For us it's twofold. Externally, we look at the productivity of the companies we invest in. Internally, productivity means trying to get more out of the assets that we have.

DA - There's also an important people element to this. It's about attracting and retaining the best people. That's a key to productivity.

SW - We're delivering a wide portfolio of business services to health and social care entities. For us, it's about complete, accurate and timely information being supplied. Productive outcomes, in other words.

CC - I spent 20 years working with North American companies and the past 10 in the UK and Ireland. The difference I see is that the American companies invest a lot more in IT systems to drive process improvement, and workforces are very flexible. So, I think a cultural change is needed to improve productivity.

RB - So the UK lags behind most of the G7 and we lag behind most of the UK. We've mentioned culture, but why do we think it is the way it is?

CP - We've all worked for managers who haven't inspired us, I'm sure. Managers aren't born overnight. Average managers recruit average people, and productivity subsequently drops as a result. The right support, the right mentoring and the right training are all important. I recently read an article that said an inspired worker is 125% more productive than a satisfied employee. So let's try to inspire....

DA - I think it was Richard Branson who said that we should train our people so that they can leave, but treat them so that they don't want to.

CP - And, while we're on sayings, how about the one that says that people leave managers. They don't leave organisations.

CC - In Northern Ireland, we're public sector led and in the past have been subsidy and grant-focused. And grants used to be based on headcounts. That doesn't encourage productivity. So now we're in a transition phase towards focusing more on productivity. That kind of fundamental change is very important.

DA - We've already mentioned technology. But it's important to remember that we're an SME market. Not every company can invest in expensive IT or the kind of consultancy that they might need. How do we break the cycle?

CP - SME's are focusing on where the next piece of business is coming from. They need to start taking the time to benchmark themselves against others and learn from industry peers where they can. Easier said than done, I know, but it's important to look past the day to day activity.

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WN - We touched on it earlier and it's definitely the case that businesses can be focused on efficiency, doing the same for less, rather than productivity - doing more with the same. Other countries look at things differently, perhaps, and that goes right through to their politicians and policies. That comes back to a change of culture.

SW - Because we're heavily dependent on public sector, productivity means labour. There's a view that greater productivity impacts jobs, but to me, it can mean opportunities. For example, if we decide to invest in robotics for certain processes, that brings opportunities for new skills and new jobs, with greater outputs.

DA - A lot of this still comes back to people. You can implement new technology solutions, but you need buy-in from your people or it's just not worth it.

BM - It's about a high performance culture and high performance teams and that culture has to be driven from the top of the organisation. It's something that the All Blacks embrace and do very well. They don't do loose cannons....! It's all about accountability and people being empowered to take ownership of challenges by instilling the values of the company through the organisation. And don't forget that a lot of our work lies outside of Northern Ireland, therefore it's important that the standards don't drop and remain consistent.

DA - That's a good point. A lot of NI companies are in the same boat, and it adds an edge to the importance of productivity.

RB - So how do we 'Laganise' Northern Ireland? This isn't a north-south divide thing in UK terms because Aberdeen is 17% higher than us. What's the answer?

WN - When you look at the figures, a lot of the UK economy is service-driven whereas Germany's, for example, isn't. And, in Northern Ireland, it might be about services and it might be about the public sector dominance.

"You can implement new technology solutions, but you need buy-in from your people or it's just not worth it."

David Armstrong, Vodafone

DA - We are and always have been reliant on the public sector and it is very hard to change that. It is a bit of a vicious circle.

SW - Where we have increased productivity, it has been in partnership with the likes of our software provider, our supply chain, our customers, our clinicians. We've found that it's the most effective way to do things and it's a win-win for everyone involved.

CC - For any really big culture change, there has to be a reason, a 'burning bridge' if you like. So what's the burning bridge for Northern Ireland?

DA - And can Northern Ireland businesses react? Things change quickly and, if you can't react, you

are going to struggle. Brexit is a good case in point. Businesses are going to have to be able to react to whatever changes come about.

WN - A well-run business will have contingency plans....it's as simple as that.

BM - As I mentioned earlier, we are a global business now operating in many different locations which we think is important. We recruit a lot of graduates every year and we're working hard to bring new people, male and female, across a range of disciplines into the engineering sector.

WN - I think that's crucial. I'm aware that Kainos wanted to develop its own degree Programme to effectively tailor a degree course to help provide the kind of graduates that it needs, and there is evidence that others are following suit.

CP - I did a degree and a master's and none of what I studied then applies



to my role today, and I don't think I'm the only one in that situation. There is an argument that education needs to evolve to ensure that students are more prepared for the workplace.

SW - Twenty years ago, I learned to program a computer, an old CNC machine. So, yes, we need to look at what skills are needed across sectors and drive that back into the education system. It's a big challenge, but it's a great opportunity. But it all comes back to what is really innovative and what can drive productivity. Northern Ireland is of a scale where we can test, be creative and be brave.

CP - But are we not risk averse? We tend to err on the side of caution before we take the plunge. Businesses need to be able to understand what technology is available out there to help them, and how it can help them. Maybe there is a role here for Invest NI or another agency to act as a central resource, and I know that technology providers like ourselves would be happy to play our part.

DA - We're here in Riddell Hall where the Institute of Directors NI (IoD) is based. Is it down to organisations like the IoD and CBI to play a part and drive the agenda with Invest NI and others? There's no doubt that most SMEs don't know where to go for help and guidance when it comes to ICT. They know they should use it better, but they're not sure how.

CP - And it needs to be an independent resource. Even if companies get a consultant in, there's a chance that the consultant will be aligned to one IT company or another. It can be a very expensive

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business, but companies need to be aware that it needn't cost the earth.

CC - What about the universities? Do they have a role to play?

DA - They do, but to get back to the education points we were making, there is a move away from degrees being essential. The large Professional Services companies are recruiting non-graduates and others are looking directly at schools rather than universities.

CP - I've read somewhere that 15% of a company's workforce are the stars of the organisation. However, many organisations bury their stars in what's called organisational drag. Organisations need to make sure that they're making best use of their best people, not burying them in processes.

SW - To encourage the 15%, we need to step forward at pathfinder organisations and demonstrate that we can increase productivity through small steps with significant achievements including making best use of our people. Rather than just saying that government needs to do more, our education needs to do more, we also need to do more as employers.

CC - I think it has to be a jigsaw of all of those things. We need a framework embracing policy with government agencies, education and business itself.

CP - And we need good managers. I can't emphasise enough the importance of good managers who encourage their teams. It can seriously impede the growth of productivity otherwise.

BM - I always think that I'm there to make my team look good, and they're there to make me look good. A team culture is important and I also think that you'll find the weak links pretty quickly.

DA - I do think that the starting point really is management, and continually looking at what you do and how you do it. Promoting best practice is very important but so is addressing under achievement.

CP - But the challenge for a lot of SMEs is finding the time to be strategic and step away from the detail. They're too busy being entrepreneurial, doing what has to be done and trying to get business in through the door. They might not have the time, but they have to make the time.

DA - For young people coming into businesses, it's not just about salary. They look at the big picture these days. They look for the right technology, for example, they look for flexibility and they will move if they don't get what they want.

RB - The report mentions three key areas - management practices, technology and workforce flexibility. It urges organisations to 'embrace digital to thrive'. Are we not already doing that?

CP - Not enough, no. We see organisations who are digitising some processes and then sending you out a letter with a stamp on it. We also see companies who continue to be paper-based.

CC - I think we're doing it but we're a bit behind. We've probably under invested over the years and now we're in catch-up mode.

DA - We like to see others doing it first. Take cloud hosting. Northern Ireland companies have been slow to make that move.

"Organisations need to make sure that they're making best use of their best people, not burying them in processes."

Clare Patterson, Equiniti

CP - In some cases, that's because they're public facing and they've got to look after those members of the public who will never embrace digital. My mother still goes to the bank. She'll never adopt online banking... and nothing is going to change that!

DA - There are some companies out there, for instance those with mobile workforces, who are still missing a trick when it comes to using technology to drive real efficiencies. It's not rocket science....it's common sense.

BM - It's one of the reasons why we acquired HS&J Martin. We saw a company that had successfully used technology to go paperless, had shifted millions of pieces of paper out of its business and had 120 staff out on the road with tablets. By all means talk



to the technology companies... but it's always worth talking to those who've actually done it and learning from their experiences.

SW - We're doing it but we're not doing enough of it, and we are lagging behind other areas. In the health sector, there are pockets of excellence, but we all know that we need to scale it up. What Clare mentions is what we call a bi-model approach, recognising that we have to cater for those who will never embrace digital methods in totality.

CP - We also find ourselves working with customers with existing legacy systems that are incapable of evolving to allow for the digitisation in terms of integrating with mobile apps and delivering digitised customer experiences. So we end up creating hybrid systems to cope....as a means of avoiding large-scale capital expenditure.

WN - We faced that decision as a business, but we went for a whole new system. It was a really big investment but we felt that it had to be done.

DA - And I suppose that kind of decision has to be based around true costs. The cost of the investment must be measured against the anticipated returns. And the cost of not adopting the right technology.

CP - But any good technology company should be able to provide transparency around those costs. Believe me, most of us work hard to be as open as we can be around costs.

WN - The basics of doing business hasn't changed. A lot of it is about having conversations....face to face or electronically. And learning from those conversations.

DA - At Vodafone, we try to be as innovative as we possibly can. We're all technically flexible workers...no desks assigned, flexible meeting rooms, that kind of thing. And we've done a lot of work around how it drives productivity.

RB - But are the customers picking up on that?

DA - We've done our best to get the message across. And I think things are changing. Some people will always want their office and their car parking space, but more and more companies are doing things differently.

CP - I know that I get a lot more done at home than I do in the office. There are always people in any office - time bandits - who will hold you back from the job at hand. A flexible environment will improve productivity.

DA - Does sitting behind a desk from 9 to 5 improve productivity? No, it definitely doesn't. Most people's view of that has changed over recent years.

SW - I've got 600 people dispersed across Northern Ireland. I don't need to ask where they are. Instead, I ask what they've achieved.

DA - And the statistics will say that flexible working is much more effective and productive.