

Welcome

**CAIRNS CHAMBER
OF COMMERCE**

**Building Business in All
Weather Workshop**

**Productivity Improvement –
getting the most from your
resources**

ENACT*
BUSINESS ARCHITECTS

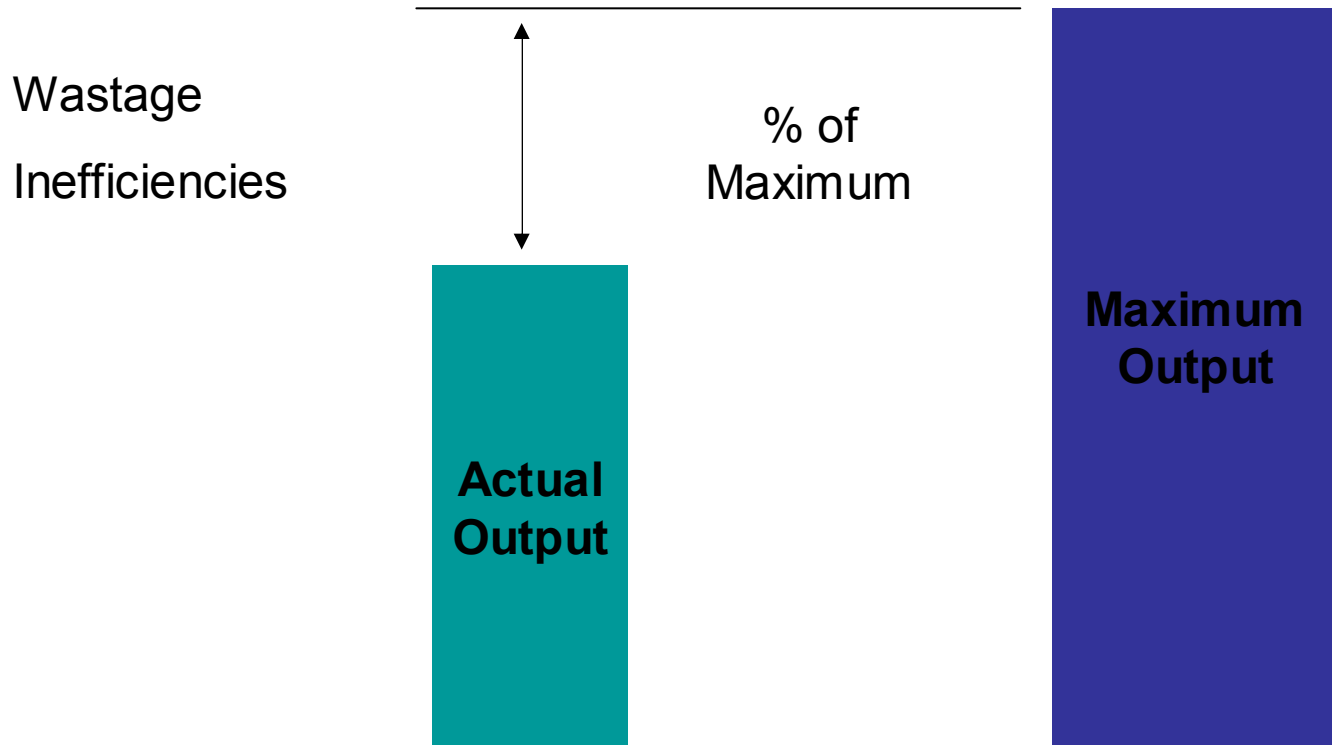
your business potential.

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Productivity Improvement



What is productivity?



Productivity Improvement

What to measure?



Are you selling:

Labour

where revenue is directly linked to billable hours

Product

Revenue is linked to the “number of units sold

Both

A combination of labour and product

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Calculating Productivity

How many people?	4
How many hours per week?	40
What is the earning/billable rate?	100
Maximum Output	\$16,000
Current Output	\$6,500
Productivity	40.6%

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Calculating Productivity

How many units at maximum?	250
How many people?	4
How many hours	40
Total Production Hours	160
No. Units per Labour Hr	1.563
Current Output (no. units	.94
Productivity	60.1%

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Setting Benchmarks



What downtime is associated with the production of goods and services?

- **Maintenance**
- **Training**
- **Meetings**
- **Repairs**
- **Returns**

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Calculating the cost of inefficiencies



Current Productivity Rate	Benchmark Rate	Productivity Rate Gap	Turnover	Improvement to bottom line
42%	65%	23%	\$1,000,000	\$1,000,000 x 23% = \$230,000

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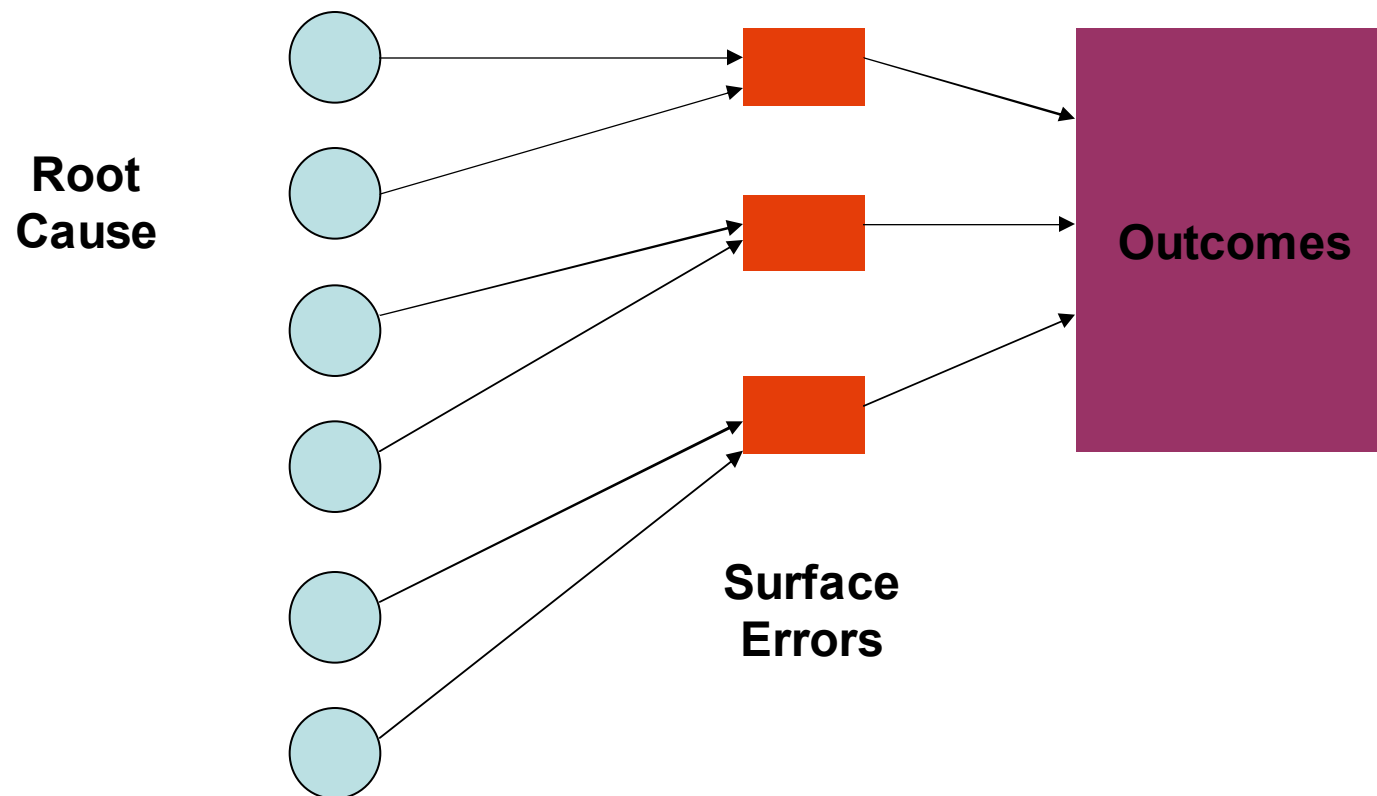


Improving Productivity

- Objective:
 - Eliminate variation in quality and speed
 - Improve current processes of flow and speed
-
1. Document current production process
 2. Analyse flow of work
 3. Determine standard method of production

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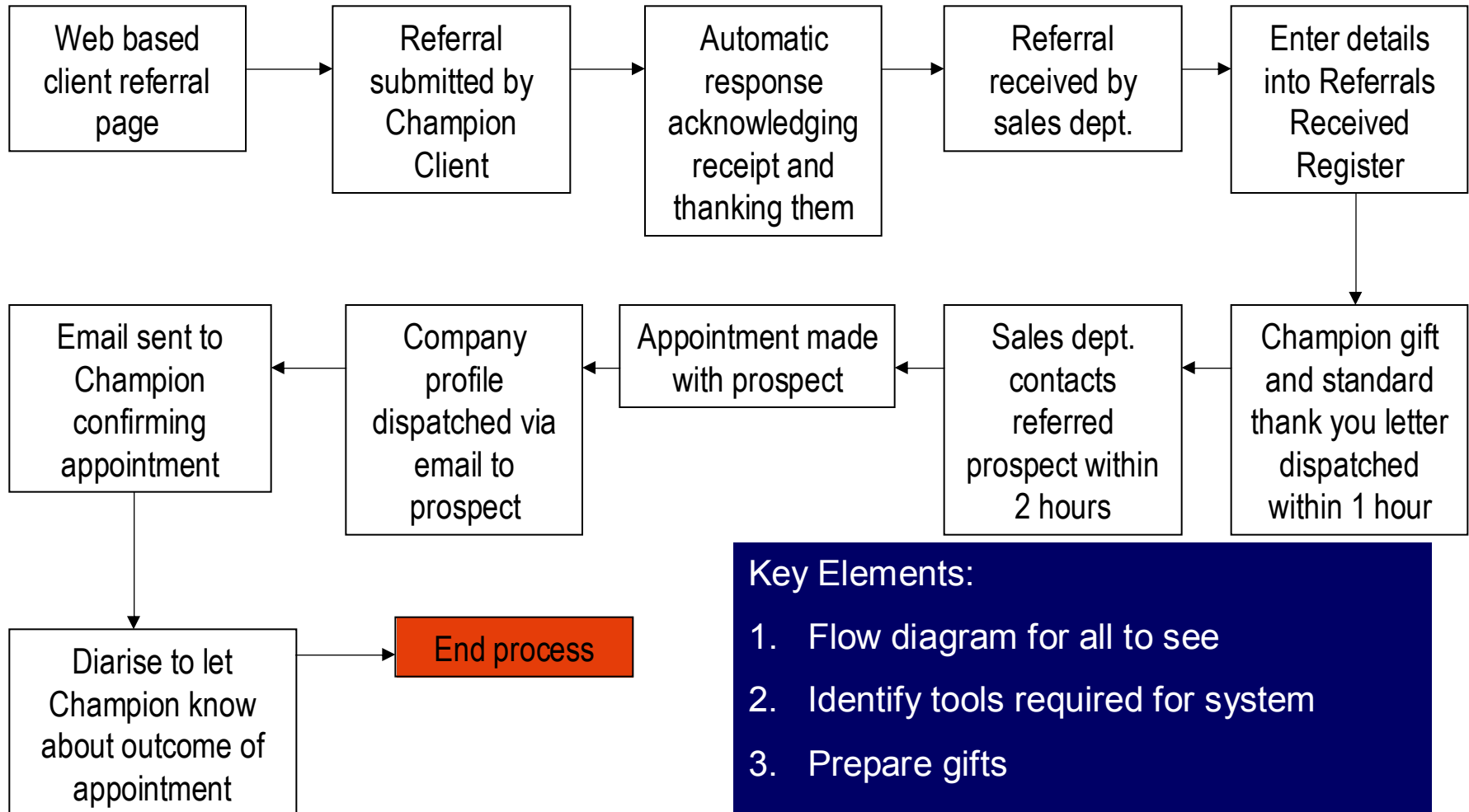
Cause and Effect Relationships



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Example Process Mapped System



Key Elements:

1. Flow diagram for all to see
2. Identify tools required for system
3. Prepare gifts
4. Train all staff

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Involving Your People



	Discuss productivity and how it is measured
	Establish benchmarks (in conjunction with employees)
	Process map, test and measure current situation
	Identify opportunities to streamline processes (automation, elimination)
	Continue to measure, setting objectives, benchmarking
	Provide rewards and incentives (small)

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Incentives for people



	Link productivity gains to rewards (tangible and measureable)
	Make team orientated and/or individual
	Combine methods of reward (not always cash)
	Know and understand your margins and financial gains from movements in improved productivity
	Display productivity in work areas
	Recognise through awards and ideas

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Building a culture of productivity

- Develop tangible Key Performance Indicators
- Make it easy for them to understand objectives

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Define your action plan

- The only way anything happens is for it to **make it HAPPEN!**
- Plan and follow through **TODAY!**
- It is **your** responsibility!

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**Thank you &
Questions**



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