



“SGS Businesses on the Move”
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Productivity and Efficiency

Every business manager understands the importance of productivity and efficiency in the workplace. To some degree we are faced with challenges in regard to these issues on a daily basis. Many however fail to understand the difference as well as the interdependencies between productivity (rate of production) and efficiency (level of production in comparison with resources and cost). While many factors, such as the accessibility of capital, proper production facilities, availability of inventory and raw materials, and talented employees play an important role in the success or failure of a company, none has as profound an impact as productivity and efficiency do.

Productivity without efficiency is usually very expensive. Efficiency does not always lead to productivity. For example, you can produce almost any number of widgets by throwing unlimited resources at a most inefficient process and still achieve your output goals. If, on the other hand, all work is handled in a completely efficient manner and you run out of resources during the process, you are no better off. In addition, you can optimize one or two components of a process for efficiency and not gain in productivity if the entire process has not been addressed.

The lack of efficiency affects all businesses. Inefficiencies in larger businesses may go unnoticed due to the availability of excess resources. Smaller businesses may not survive or fail to grow due to the costs of inefficiencies regardless of the nature of their business.

Principals of efficiencies remain the same whether in a manufacturing plant, a software development house, or a service business. Establishing measurements of productivity is an excellent start to determining levels of efficiency in an organization. Efficiency is the single largest factor that supports human productivity. Some efficiency inhibitors, such as workflow deficiencies, are rather obvious and often relatively easy to overcome. Others, such as an insecure and unmotivated workforce, are illusive and difficult to identify and address.

No matter how your company rates on the productivity scale, you may have a serious need to address the efficiency factor. You may have focused on current activities and their impact to the bottom line, but has any thought been given to activities that are not being handled but should be?

SGS has helped companies succeed in uncovering deficiencies and increasing productivity and efficiency across a variety of industries. For additional information, or to discuss your company, contact:

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