

THE TELSTRA PRODUCTIVITY INDICATOR



> A REPORT ON BUSINESS ATTITUDES
TOWARDS IMPROVING PRODUCTIVITY
IN AUSTRALIA
FEBRUARY 2009

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FOREWORD

Australia's long-term prosperity and community living standards require increasing national productivity – ie, creating more wealth (or services) with the same or fewer inputs of land, labour, capital and information. Rising national productivity results when individuals, businesses and governments execute on a portfolio of focused productivity initiatives. For business, the focus is typically on improvements at the individual, work group and enterprise levels.

At Telstra, we make every effort to identify and fully harness potential productivity gains, a mission that is particularly important in the current economic environment. To advance our understanding of improving productivity, Telstra commissioned a detailed survey of 300 leaders of business and government organisations and their perspectives on productivity.

Some of the findings are surprising and, potentially, disturbing. They also confirm well-known facts, particularly the positive link between ICT spending and productivity improvements. More importantly, findings provide significant insights into how business and government can achieve greater productivity gains.

Survey findings reveal a major gap between how business leaders view the importance of improving productivity and the actions they take – or, frequently, do not take – to ensure potential productivity gains are fully captured. Many organisations say productivity improvement is important, yet have no clearly defined productivity improvement targets or metrics in place to manage it. Findings also reveal that ownership and accountabilities for productivity improvement is lacking within organisations.

The report calls these differences between managers' aspirations for productivity improvement and the inadequate steps taken to achieve it the '**productivity gap**'. Closing the gap provides a great productivity opportunity.

By taking appropriate steps to close the productivity gap, business and government organisations can deliver a step-level increase in productivity-delivering benefits for employees, customers, shareholders and stakeholders. Lifting individual, workplace and enterprise productivity will also lift national productivity and our international competitiveness.

This report highlights that a key factor in harnessing Australia's full productivity potential lies with management – first, the productivity improvement process must be managed; second, organisations must develop metrics to quantify productivity, set credible productivity improvement targets, and track progress on a regular basis; and third, leaders must assign ownership and accountabilities for managing productivity improvements.

Telstra is committed to helping business and government to incorporate new digital technologies and related ICT solutions to drive further productivity improvements across Australia. We trust that this report will play an important role in setting a helpful context.

Understanding the productivity gap and seizing management and technology-based opportunities to bridge the gap will, I believe, contribute to significant productivity improvements by businesses of all sizes, and by government agencies at every level.

Management innovations – especially process management and metrics – and embedded digital technologies and ICT solutions are key to the next big shift in productivity improvement and the jobs, growth, and economic development we must achieve to secure our nation's economic security and the continued prosperity of our people and communities.

Welcome to *The Telstra Productivity Indicator*.

Mr Sol Trujillo
Chief Executive Officer
Telstra

1.

EXECUTIVE SUMMARY

The Telstra Productivity Indicator: A report on business attitudes towards improving productivity in Australia, outlining key findings from a survey commissioned by Telstra and conducted by Sweeney Research in October 2008.



The objective of the survey was to discover how business and government organisations approach productivity, and to investigate the link between information and communications technology (ICT) and improving productivity.

Do organisations measure productivity? How is it measured? Who is responsible for productivity within most organisations? What role does ICT play in enabling productivity? Are respondents optimistic or pessimistic about future productivity growth?

These were just some of the questions addressed in *The Telstra Productivity Indicator*.

1.1 Key findings of *The Telstra Productivity Indicator*

1. Seventy-eight per cent of Australia's largest organisations say improving productivity is a high priority for them, but only half of them actually measure productivity or have clear productivity improvement targets. Productivity is central to positive business outcomes and this result signals that many organisations are missing productivity improvements and the potential benefits.
2. Organisations that are earlier adopters of technology, those that invest in the use of ICT within their organisations and those that have experienced substantial productivity growth in the last 12 months, are more likely to have a target for improving productivity than those that do not.
3. Organisations that have enjoyed recent strong productivity growth or are earlier adopters of ICT are more likely to rate 'increasing productivity' as a high priority for their organisation.
4. Organisations focus their attention primarily on work group and total enterprise productivity when looking for opportunities to improve productivity and less at the individual level. The focus for improving productivity is primarily top down with comparatively less focus on improving productivity of individual employees. However, improving the productivity of individual employees ranked highly in the services sector.
5. ICT investment is seen as having contributed substantially more to improving productivity in Australia's largest organisations than non-ICT investment.
6. However, for decision makers driving productivity improvement through ICT, investment is not always easy. Cost is identified as the largest barrier to ICT uptake and adoption, yet only 30 per cent of organisations can accurately measure productivity benefits when developing a business case for investment.
7. Expectations for productivity growth exceed organisations' recent experience. When asked to predict changes in productivity in their organisations over the coming 12 months, these predictions exceeded the productivity change experienced in the preceding 12 months.
8. Over the next 12 months, organisations say the most important ICT investments to drive productivity will involve improving their web and online capabilities both internally and externally. Organisations are looking to automate more processes and forms online and to enhance their e-commerce capabilities, increasing the number of core business functions carried out online to improve productivity.
9. Over the last 12 months, the most important ICT investments to drive productivity were investments that allowed an organisation's workforce access to common resources and information within offices and across workplaces.

1.2 Methodology

Telstra commissioned Sweeney Research to conduct a survey in October 2008, of directors, senior executives and managers who were familiar with the workings of their organisation.

Three hundred confidential phone interviews were undertaken to build a statistically representative cross-section of Australian organisations with more than 200 employees.

The phone interviews consisted of a comprehensive questionnaire exploring these decision makers' understanding of how they measure and drive productivity in their organisation, their attitudes toward new technology, new technology's impact on productivity, their investment priorities and the barriers to change within their organisations.

Following the Australian Bureau of Statistics' Australian and New Zealand Standard Industrial Classification definitions, the organisations covered in this survey were:

- Agriculture, forestry and fishing, mining, electricity, gas and water supply
- Wholesale trade, retail trade
- Manufacturing, construction, transport, storage and logistics
- Finance and insurance, property and business services, communication services
- Cultural and recreational services (including hospitality), personal and other services, education, health and community services
- Government (federal and state departments, government entities)

In the analysis, organisations were clustered into three sectors as follows:

Primary production and trade

- Agriculture, forestry and fishing, mining, electricity, gas and water supply
- Wholesale trade, retail trade
- Manufacturing, construction, transport, storage and logistics

Services

- Finance and insurance, property and business services, communication services
- Cultural and recreational services (including hospitality), personal and other services, education, health and community services

Government

- Government (federal and state departments, government entities)

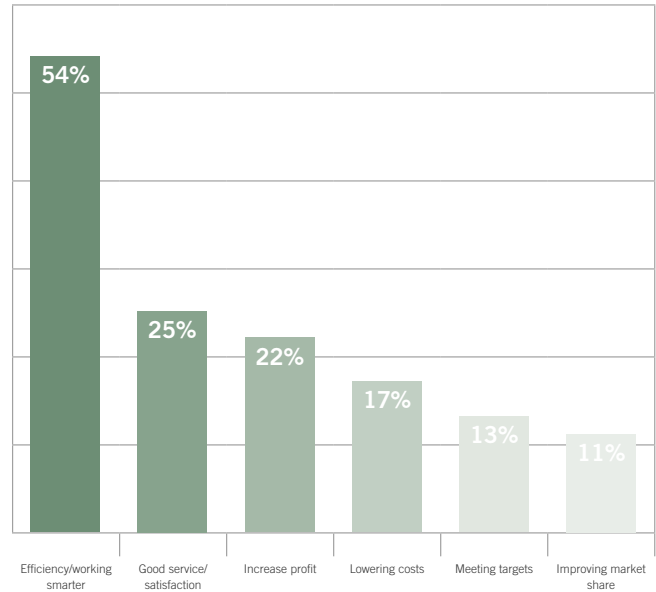
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FINDINGS – PRODUCTIVITY IN ORGANISATIONS

2.1 The meaning of productivity

When respondents were asked what productivity means to their organisations, most (54 per cent) agreed on a definition revolving around efficiency and working smarter.

Chart 2.1.1 What does productivity mean to you?



NB: Respondents were allowed to give more than one answer to this question

Interestingly, the private sector is more likely to use a definition that talks about efficiency and working smarter than the government sector, which uses 'good service and satisfaction' as a definition slightly more than 'efficiency and working smarter'.

Services sector organisations (28 per cent) are more likely than respondents from the primary production and trade (20 per cent) and government (13 per cent) sectors to associate the meaning of productivity with increased profits.

Chart 2.1.2 What productivity means to most organisations

Analysis by sector

	Total	Primary production and trade	Services	Government
Efficiency/working smarter	54%	60%	51%	45%
Good service/satisfaction	25%	14%	30%	49%
Increase profit	22%	20%	28%	13%
Lowering costs	17%	19%	16%	11%
Meeting targets	13%	13%	11%	15%
Improving market share	11%	9%	15%	3%

2.2 Is productivity measured?

It is a business adage that you cannot manage what you do not measure. This survey investigated how many of Australia's business or government organisations applied a specific hard measure to productivity. The initial finding was that most organisations (72 per cent) claim to measure productivity in a specific manner.

However, despite claiming to measure productivity, 22 per cent of the organisations surveyed said they either did not have a specific target for improving productivity, or did not know what the target was. Measurement without a specific target, or not knowing the target, is likely to be less effective in ensuring performance-enhancing productivity gains are achieved.

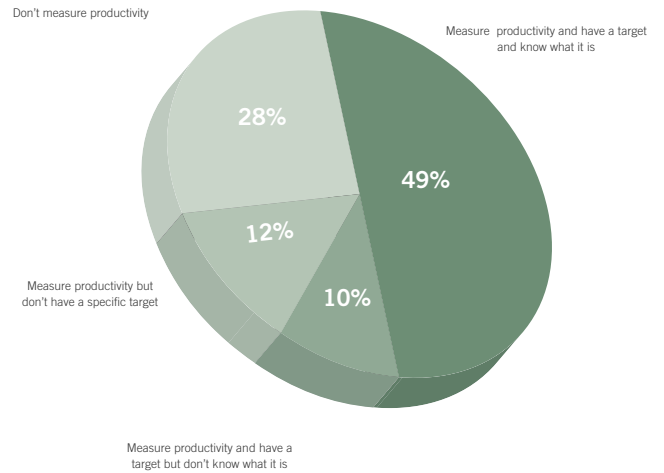
Optimising productive value is about having a way of measuring productivity, setting a goal and executing towards that goal. By this standard, most of Australia's largest organisations do not realise their full productivity potential. Half of the decision makers in Australia's largest organisations either do not set specific targets or know what their productivity target is, or do not measure productivity at all. Productivity is central to positive business outcomes. This result implies that many businesses are missing out on potential additional benefits.

Organisations in the primary production and trade sector are more likely than their peers in the services sector and the government sector to measure productivity and have a target for improving productivity that they could articulate.

There is also a clear positive correlation between the importance an organisation places on improving productivity as a priority for the future and the likelihood of it having a measure for productivity and a target that could be articulated. If something is a clear focus of an organisation it is likely that more active approaches are adopted towards its monitoring and management. Consistent with this, 56 per cent of businesses that note productivity as a high priority have hard measures of, and known targets for, productivity improvement. As the importance of productivity declines so does the likelihood of applying hard measures and productivity targets. Forty-seven per cent of businesses with productivity as a moderate priority and 33 per cent of businesses with productivity as a low priority applied hard measures and targets to productivity performance.

Chart 2.2.1 Articulating measurements and targets for improving productivity

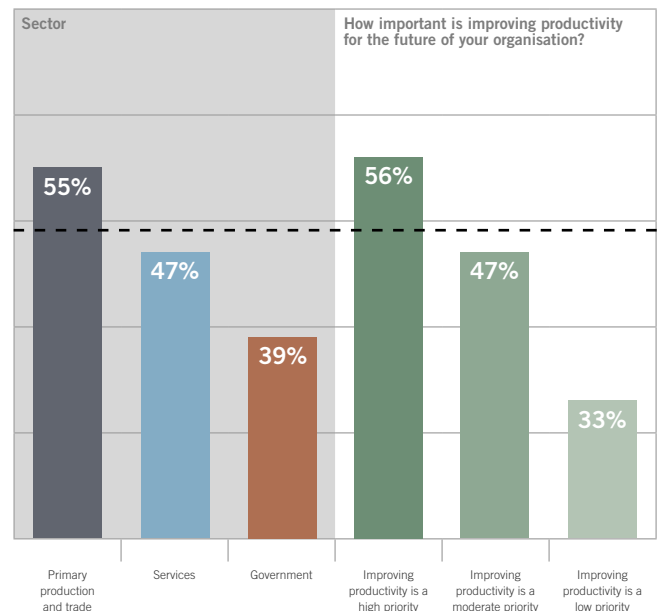
Does your organisation have a specific hard measure for productivity?



NB: Due to rounding, the percentages in this table will not add up to 100

Chart 2.2.2 Do you have a target for improving productivity and do you know what it is?

Analysis by sector and importance of productivity for the future of organisation



— — Across all organisations, 49% have a hard measure and know target for productivity

Organisations that see investment in ICT as a high priority for the future of their organisation are more likely to have a productivity target they can articulate than those for which it is a lower priority. Fifty six per cent of organisations that rate ICT investment a high priority to extreme priority have hard productivity metrics and known targets. Conversely, only 40 per cent of organisations that rate ICT investment a moderate to low priority apply hard productivity metrics against known targets.

Similarly, those organisations that are more likely to be the first to use a new product or technology are more likely to have a specific productivity target and know what it is compared to those who take more time to adopt new technologies. Sixty-two per cent of businesses that are leaders in technology adoption apply hard productivity metrics and known targets, whereas only 45 per cent of technology followers do so.

When combined, these results indicate the linkage between innovation, ICT investment and productivity enhancement. Innovative businesses that are early adopters are more likely to experience productivity uplift, hence heightening their focus on measurement of and activity around productivity. This also reinforces findings from other studies, summarised in Telstra's 'ICT as a driver of Productivity' white paper, that suggest that the maximum uplift from ICT investment requires active management; adjustment of organisation structure and work styles; and innovative inter-application of ICT with other inputs.

2.3 Where is the productivity focus in the organisation?

Organisations focus their attention primarily on work group and total enterprise productivity when looking for opportunities to improve productivity and less at the individual level. The focus for improving productivity is primarily top down with comparatively less focus on improving productivity of individual employees.

Chart 2.2.3 Do you have a target for improving productivity and do you know what it is?

Analysis by approach to new technology, and future role of ICT investment

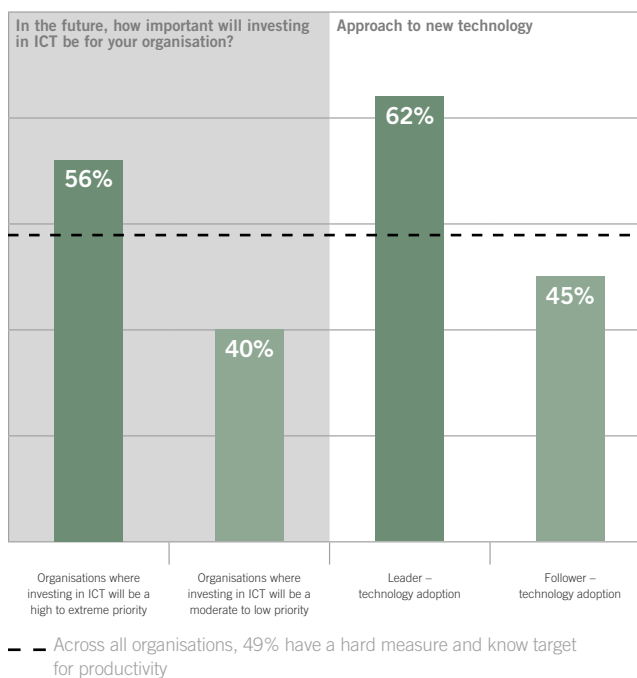
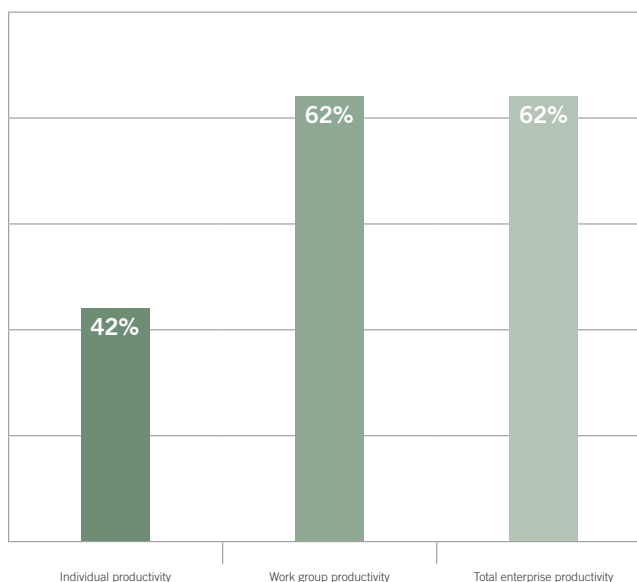


Chart 2.3.1 Focus for productivity improvement within organisation



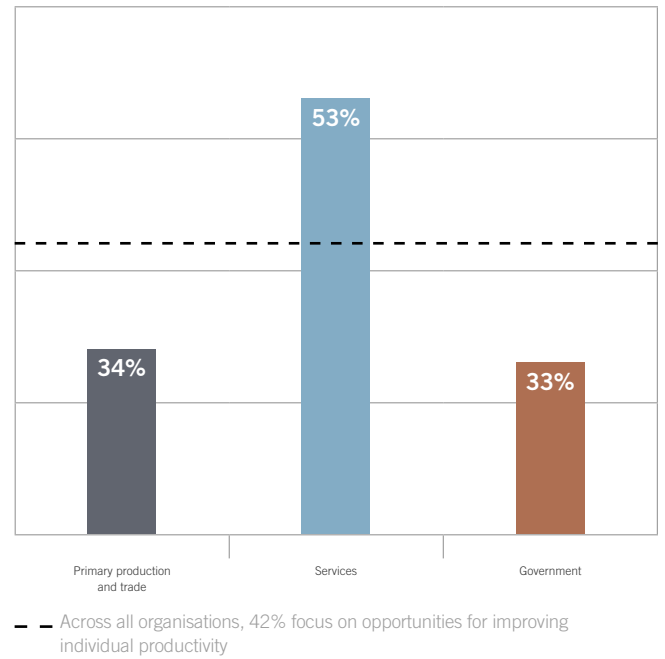
NB: Respondents were allowed to give more than one answer to this question

In the services sector there is a greater focus on individual productivity, with 53 per cent citing it as an area to focus on, compared with 34 per cent in the primary production and trade sector and 33 per cent in government.

This result may reflect the greater independence of workers in the services sector, and the greater interdependence of workers in the primary production and trade and government sectors.


Chart 2.3.2 Focus on individual productivity improvement within organisations

Analysis by sector



2.4 Organisational responsibility for productivity

When asked to nominate an area or role within their organisation that had responsibility for identifying areas for productivity improvement, the most common response was that all areas and departments had a responsibility for improving productivity. There was a broad variety of responses across organisations. The implied lack of a clearly identified accountability point for productivity may weaken the overall focus on productivity, resulting in suboptimal productivity outcomes.



**WHAT WOULD YOU
CONSIDER THE MAIN
DRIVERS OF PRODUCTIVITY
IN YOUR ORGANISATION?**

“Peer pressure is a major driver of productivity in our organisation ... individuals want to be recognised as valuable members of the team.”

“Technology and process.”

“Recruitment and retention of key talent.”

**WHO WITHIN YOUR
ORGANISATION HAS
RESPONSIBILITY
FOR PRODUCTIVITY
IMPROVEMENT?**

“Each business unit.”

“Management.”

“Everyone.”

3.

FINDINGS – PRODUCTIVITY AND ICT



3.1 How do attitudes towards technology adoption correlate with productivity?

Three in 10 of Australia's largest organisations consider themselves early adopters of new technologies. Almost twice as many are mid-stage adopters.

The primary production and trade sector has a higher incidence of early technology adopters (35 per cent) than the services sector (29 per cent). The government sector is comparatively cautious in relation to new technologies compared with the private sector, as only 15 per cent of organisations indicated that they liked to be first to use a new product or technology, and 77 per cent prefer to wait and see before committing.

Organisations that reported productivity increased 'a lot' or 'a great deal' in the last 12 months, compared to those that reported modest improvement, are more likely to describe their organisations as early adopters of technology. Organisations that report 'little' or no productivity growth are more likely to be later adopters of technology.

Chart 3.1.1 Early technology adopters

Analysis by sector and productivity experience over the last 12 months

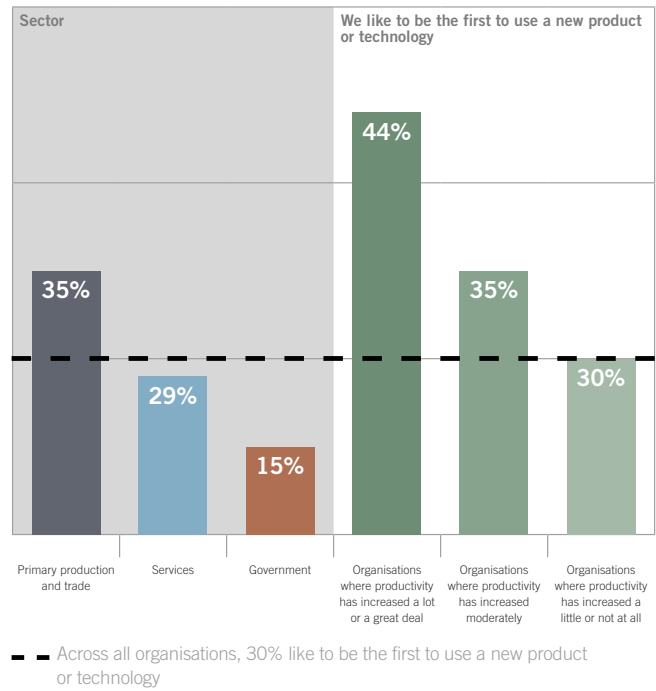
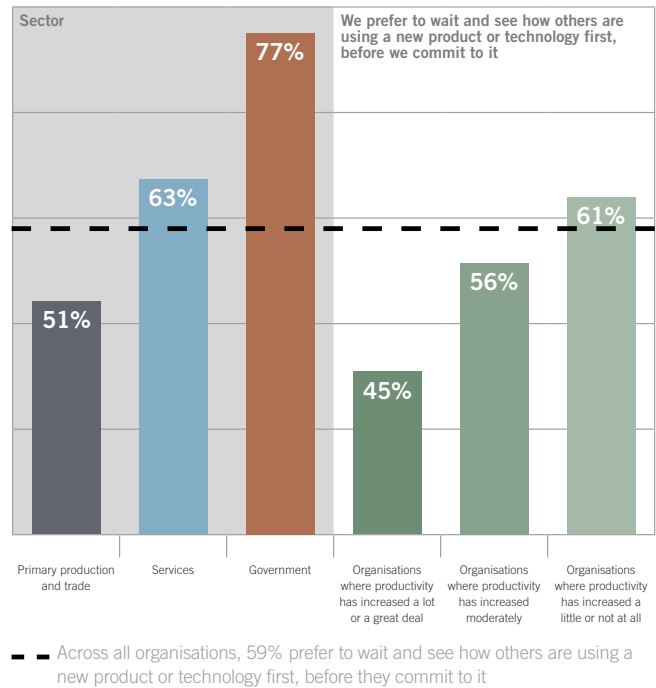


Chart 3.1.2 Mid-stage technology adopters

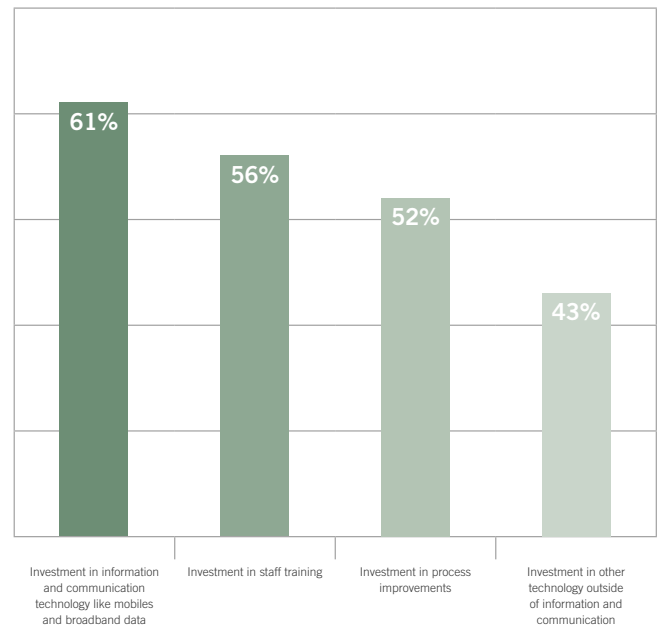
Analysis by sector and productivity experience over the last 12 months



3.2 ICT seen as a primary driver of productivity

There are a range of productivity-enhancing investments and not all technology investment has an equal impact on productivity gains. Decision makers believe ICT investment has contributed substantially more to improved productivity in Australia's largest organisations than non-ICT investment. Sixty-one per cent of organisations identify that investments in ICT, including mobiles and broadband data networks, have improved productivity 'a lot' or 'a great deal' in the past few years. Only 43 per cent of organisations report that investment in non-ICT has resulted in productivity improving 'a lot' or 'a great deal' in the past few years. Investments in ICT are also viewed as having contributed more than investment in staff and training (56 per cent reporting strong productivity uplift) and in process improvements (52 per cent reporting strong productivity uplift).

Chart 3.2.1 Role of investment in improving productivity in the past few years

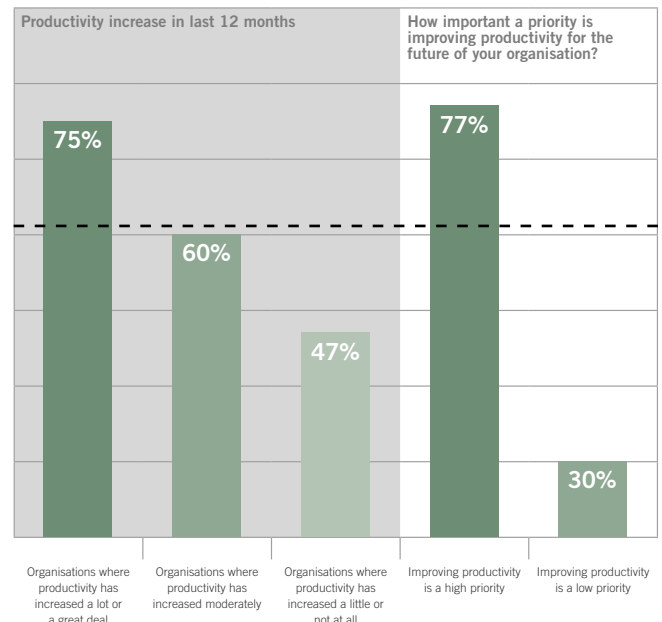


Those organisations that have experienced strong productivity growth in the last year are more likely to see their ICT investment as having delivered 'a lot' or 'a great deal' of improvement to productivity, compared to those organisations where productivity growth has been weaker. A significant 75 per cent of organisations achieving 'a great deal' of productivity improvement in the last 12 months report that ICT investment has improved productivity 'a great deal' in the last few years. Even where productivity increase in the last 12 months has been weaker, organisations still recognise the productivity-enhancing power of ICT investment. This may reflect the fact that ICT has noticeably enhanced aggregate organisation-wide productivity as well as a time lag between ICT investment and productivity benefit realisation.

Looking forward, those organisations that see ICT investment as important for future productivity improvements are also more likely to see their investment in ICT having made 'a lot' or 'a great deal' of improvement in the past. Seventy-seven per cent of businesses attributing a high to extreme priority to ICT investment in the future have already achieved significant growth in productivity ('a lot' or 'a great deal') over the last few years. Only 30 per cent of organisations where ICT will be a moderate to low priority in the future reported significant productivity growth over the last few years. This reinforces the view that ICT enhances productivity and, thus, businesses that have achieved high productivity gains attributed to ICT investment continue to target further investment in ICT to achieve even further benefits in productivity.

Chart 3.2.2 How important have your ICT investments been in improving productivity in your organisation in the last few years?

Analysis by past productivity growth and future emphasis on ICT investment



— Across all organisations, 61% say investment has improved productivity a lot or a great deal in the last few years

3.3 Priorities for ICT investments to improve productivity

Over the last 12 months the most important ICT investments to drive productivity were investments that allowed an organisation's workforce access to common resources and information within offices and across workplaces. Allowing employees to stay in touch when they are out of the office was also seen as important to improving productivity. Providing better access to information and resources for all people within the organisation through networked computing ranked as the most important investment for improving productivity.

While these attributes remain important in the coming 12 months, Australia's largest organisations attach greatest importance to improving their web and online capabilities, both internally and externally. Organisations are looking to automate more processes and forms online and to enhance their e-commerce capabilities, increasing the number of core business functions carried out online to improving productivity.

Table 3.3.1 ICT investments for improving productivity: organisations' ranking of current experience and future expectations

	Experience: ICT investments for improving productivity in last 12 months	Expectation: ICT investments for improving productivity in next 12 months
Providing better access to information and resources for all people within your organisation through networked computing	1	3
Employees to share resources and information electronically across offices in different locations	2	4
Allowing employees to stay in touch when they are on the road or out of the office by providing remote email, PDAs, mobile phones, SMS, text messaging	3	7
Automating more processes and forms online	4	1
Increasing the use of emails/SMSs and other electronic messaging within the organisation	5	9
Improved capabilities through higher network speeds and broader network coverage	6	5
Providing employees with opportunities to remotely access work and back up or recover information at home or via mobile devices	7	6
Enhancing your organisation's e-commerce capabilities by providing customers with online, self-service facilities	8	2
Providing devices to mobile employees for managing their activities on the road, such as scheduling, submitting or tracking orders and confirming deliveries, etc	9	11
Providing office-to-office videoconferencing for large meetings	10	8
Providing person-to-person videoconferencing	11	10
Interactive voice recognition or automated keypad functions in call centres	12	12

The ranking of ICT investments that have improved productivity over the last 12 months is very different from the ranking of ICT investments that organisations foresee will deliver productivity improvements in the year ahead. For example, organisations placed highest priority on networked computing in the last 12 months. However, moving forward, this investment has slipped to third place.

Over the next 12 months Australia's largest organisations attach greater importance on automating more processes and forms online (up from fourth place), followed by e-commerce capabilities by providing customers with online, self-service facilities (up from eighth place) and networked computing, respectively.

3.4 What are the barriers to ICT uptake and adoption?

Although the survey results highlight the importance to senior decision makers of ICT investment and productivity improvements, the results also identify a number of barriers to ICT uptake and adoption. The main barrier to ICT uptake and adoption is the cost of investment. The complexity of managing change and the time investment required to roll out new ways of doing things are the next biggest barriers.

These upfront negatives are likely to appear large relative to the benefits associated with ICT investment. While some benefits may be apparent immediately, they may also take a few years to accrue to something commensurate with the upfront investment. A lack of focus on productivity (including its measurement) only accentuates this, as many businesses may therefore not realise or appreciate the performance-enhancing benefits of ICT investment which may simply manifest as expense reductions or quality improvements.

Table 3.4.1 Barriers to ICT uptake and adoption

Barriers to the adoption of new ICT in organisation	% Large barrier
The cost of investment in new information and communications technology	50
The complexity of managing change	32
The time to roll out new ways of doing things	29
The skills base of our workforce to implement new ways of working	25
Lack of uniform availability of products and services eg, videoconferencing requires both parties to have the software and hardware capabilities	23
Knowing which technologies are appropriate for our organisation and which are not	22

3.5 Measurement key to building business cases for productivity investments

Only 30 per cent of decision makers say that they are able to extremely or very accurately measure productivity benefits when developing a business case for investment targeting productivity gains, and 63 per cent say they can do so moderately or somewhat accurately. This may reflect the complexities involved in change implementation as well as the difficulty in identifying the raft of areas positively impacted, let alone their measurement.

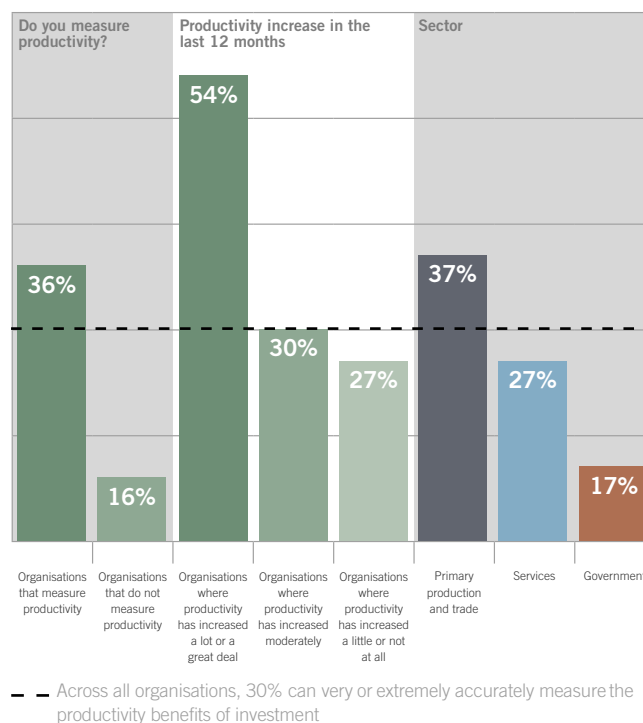
Those organisations that measure productivity are much more likely to be able to accurately measure or quantify the productivity benefits of investment. Thirty-six per cent of organisations that measure productivity consider they can accurately measure/quantify benefits compared with 16 per cent of organisations that do not measure productivity.

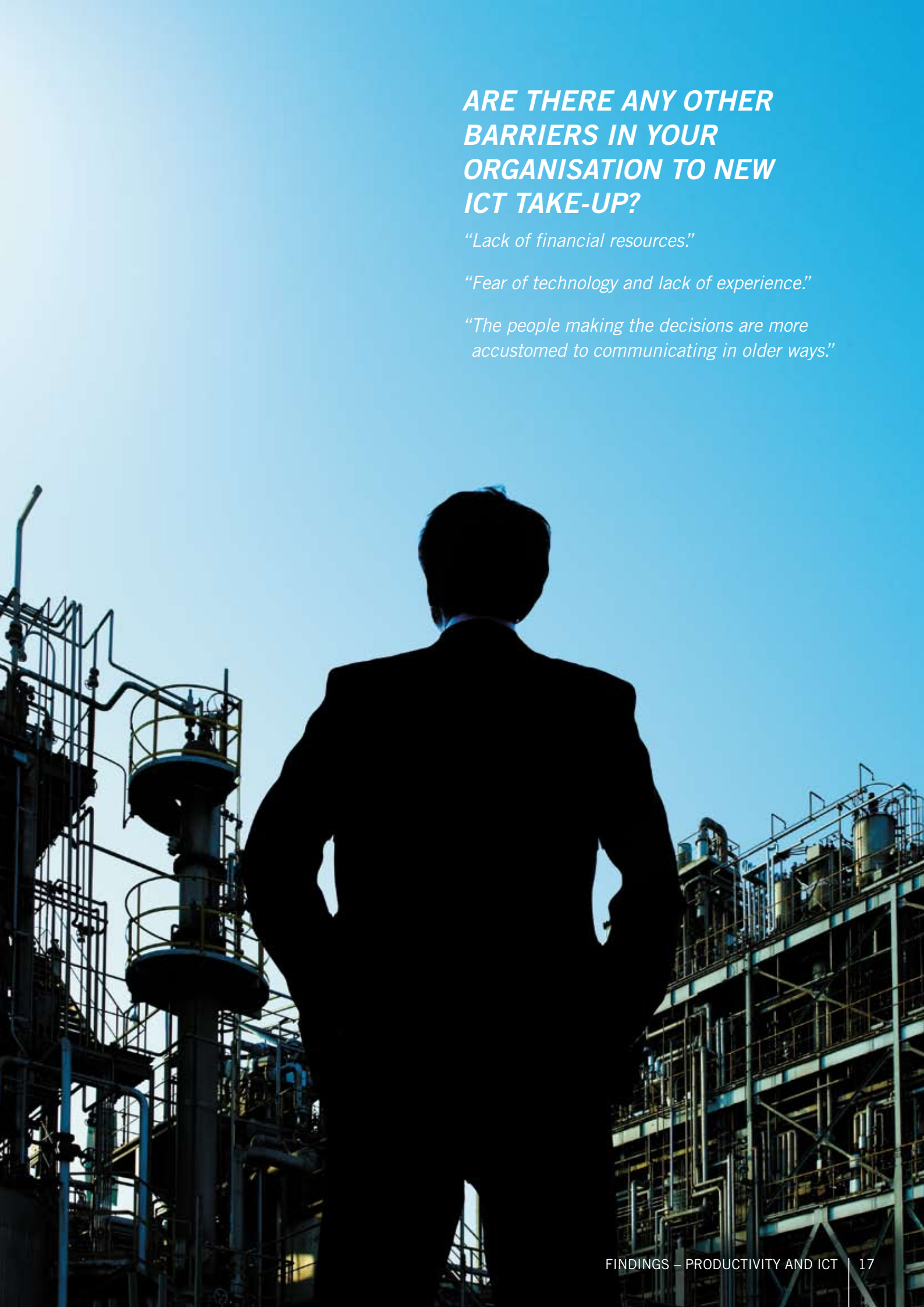
The incidence of productivity gains appears to have alerted organisations to the benefits of productivity and increased their awareness and focus on productivity. Notably, 54 per cent of the organisations that have experienced significant productivity gains consider they can accurately measure productivity benefits of investment. This compares with 30 per cent of businesses where productivity uplift has been identified as moderate and 27 per cent where productivity has increased little or not at all.

There is also a difference between the primary production and trade sector compared with the service sector and government, with the former more likely to be able to extremely or very accurately quantify productivity benefits than the latter two.

Chart 3.5.1 Can you measure the productivity benefits of investments very or extremely accurately?

Analysis by approach to productivity and sector



A silhouette of a man in a suit stands with his hands on his hips, looking out over a complex industrial facility. The facility consists of numerous metal structures, pipes, and scaffolding, set against a clear blue sky. The lighting is bright, creating a high-contrast scene where the man and the industrial structures are dark against the light sky.

ARE THERE ANY OTHER BARRIERS IN YOUR ORGANISATION TO NEW ICT TAKE-UP?

“Lack of financial resources.”

“Fear of technology and lack of experience.”

“The people making the decisions are more accustomed to communicating in older ways.”

4.

**FINDINGS –
PRODUCTIVITY AND
FUTURE PRIORITIES**

4.1 What are organisations' priorities for the future?

Decision makers were asked to think about the future of their organisations and rank productivity among a number of other possible priorities.

Improving productivity ranked as a high priority for 78 per cent of Australian public and private sector organisations. In this study, organisations rated it more highly than risk management, decreasing costs, increasing revenue, improving asset utilisation, and research and development of new products and services. Only attracting and retaining staff rated more highly, with improving customer service rating equally high overall.

Analysing the data by sector, some interesting findings emerge. Improving productivity was considered a 'high priority' for the primary production and trade (81 per cent) and services sectors (78 per cent) and was only a few percentage points below the top-rated answer, increasing revenue (83 per cent and 84 per cent respectively). However, for government, risk management was the highest priority (81 per cent) with improving productivity rated much further down (69 per cent).

An interpretation of this could be that competition in the private sector makes improving productivity a higher priority for commercial enterprises than for government organisations. As might be expected, government organisations placed a notably lower priority on increasing revenue and decreasing costs than organisations in the private sector and a comparatively higher emphasis on risk management.

Table 4.1.1 Organisations' priorities for the future

Analysis by sector

	Total	Primary production and trade	Services	Government
Attracting and retaining staff	80%	79%	82%	79%
Improving productivity	78%	81%	78%	69%
Improving customer service	78%	77%	79%	74%
Increasing revenue	76%	83%	84%	25%
Decreasing costs	74%	79%	72%	58%
Risk management	71%	72%	67%	81%
Improving asset utilisation	46%	42%	48%	53%
Research and development of new products and services	30%	30%	35%	16%

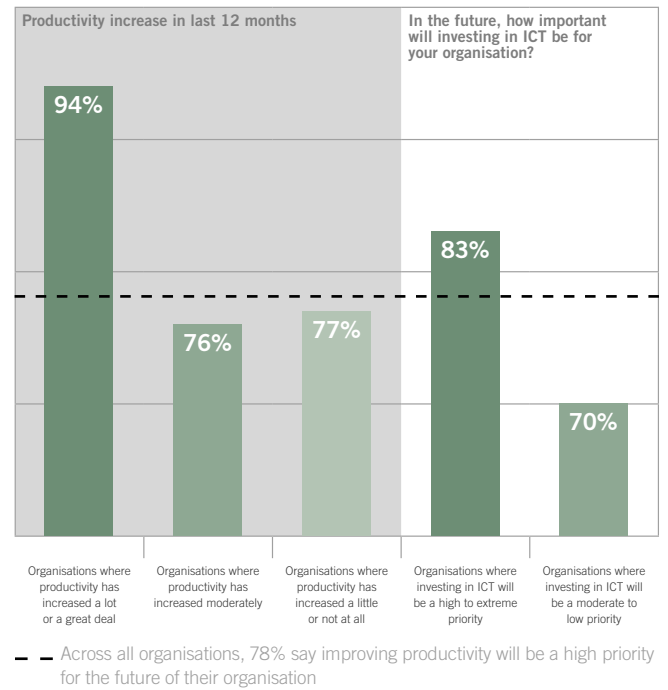
NB: The top-rated answers by sector are in **bold** type

Organisations that have enjoyed the greatest productivity increases in the last 12 months see improving productivity as a higher priority for the future than those that have experienced lower productivity increases in the last 12 months.

In fact, 94 per cent of organisations in which productivity increased ‘a lot’ or ‘a great deal’ see improving productivity as a high priority in their organisation. It appears that organisations that have achieved recent productivity increases understand the importance to positive business outcomes of continuing to improve it.

Thinking about the future of their organisation, there is also a clear correlation between viewing both increasing productivity and investing in ICT as high priorities. Organisations that give a higher priority to investing in ICT in the future also attach greater importance to improving productivity. Eighty-three per cent of those organisations where investing in ICT will be a high to extreme priority, also consider overall productivity improvement a high priority. Conversely, only 70 per cent of respondents in organisations where investing in ICT will be a moderate to low priority, rate improving productivity a high priority for the future.

Table 4.1.2 Recent productivity increases and rating ICT investment correlate with how highly organisations rate productivity for the future of the organisation



4.2 Strong expectations for productivity growth

Expectations for productivity growth exceed organisations’ recent experience. When those organisations that had a measure for productivity were asked to predict changes in productivity in their organisations over the coming 12 months, their predictions exceeded the productivity change they reported seeing in their organisations in the preceding 12 months.

Twenty-seven per cent of organisations reported ‘a lot’ or ‘a great deal’ of productivity increase over the last 12 months, but 43 per cent of organisations expect such productivity gains over the next 12 months. To accommodate this positive short-term outlook around projected productivity, the proportions expecting productivity to increase moderately (48 per cent over the last 12 months to 38 per cent over the next 12 months) and those expecting little or no productivity uplift (25 per cent over the last 12 months to 19 per cent over the next 12 months) had to decline.

Table 4.2.1 Past experience and future expectations for productivity over 12-month period

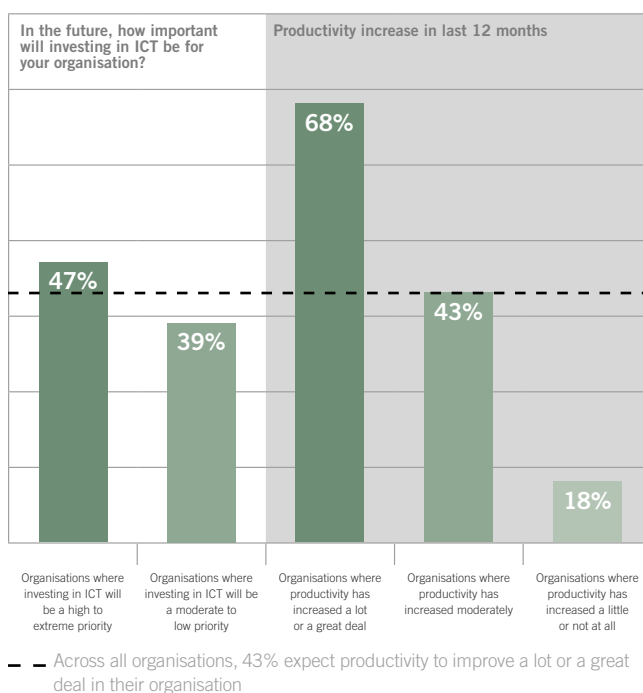
	Productivity change in last 12 months	Productivity change in next 12 months	Year-on-year change
Increase a lot or a great deal	27%	43%	+16%
Increase moderately	48%	38%	-10%
Increase little or not at all	25%	19%	-6%

Indications are that organisations that see investment in ICT as a high priority for the future of their organisation are more likely to expect productivity to increase ‘a lot’ or ‘a great deal’ in the next 12 months. Forty-seven per cent of organisations where investing in ICT will be a high or extreme priority expect productivity to improve ‘a lot’ or ‘a great deal’. Conversely, only 39 per cent of organisations where ICT will be a moderate to low priority expect productivity to improve ‘a lot’ or ‘a great deal’.

The greater the improvement in productivity an organisation enjoyed in the last 12 months, the more likely they are to predict stronger growth in the next 12 months. Sixty-eight per cent of organisations where productivity increased ‘a lot’ or ‘a great deal’ over the last 12 months expect ‘a lot’ or ‘a great deal’ of productivity improvement in the future. Organisations where productivity growth has been less strong generally seem to expect this to continue going forward, with only 18 per cent of those organisations that had experienced little or no productivity increase expecting ‘a lot’ or ‘a great deal’ of productivity improvement.

Chart 4.2.2 Future productivity increases

Analysis by experience of past productivity increase and role of ICT in future of organisation



5.

CONCLUSION

*What conclusions can be drawn from
The Telstra Productivity Indicator?*





This report identifies a ‘productivity gap’ in many Australian organisations

Senior executives and managers appreciate the importance of improving productivity. They also expect productivity to increase. However, the research demonstrates that the tools and processes are not in place to enable us to realise Australia’s full productivity potential.

For example, although 78 per cent of Australia’s largest organisations say improving productivity is a high priority for them, 51 per cent do not have any systems in place to measure improvements or set targets.

Lacking measurements for productivity makes building a business case for investing in ICT-based productivity improvements more difficult, reducing the prospect of productivity improvements actually being identified.

It’s this major difference between productivity rhetoric and action, which Telstra has coined the ‘**productivity gap**’.

Every organisation can better harness their productivity potential by implementing meaningful systems for measuring it. Productivity needs to be measured in a consistent and relevant way so decision makers know where operations are working well, where they need improving and what is needed to deliver further productivity gains.

Organisations need to assign ownership

There is also a strong argument for assigning responsibility for measuring and managing productivity to a central point within an organisation. At the moment, productivity seems to be the responsibility of everyone, yet no one. Productivity improvements may be better managed by a single manager, team or department.

Organisations need to adopt new technology early and continue to invest in information and communications technology

The Telstra Productivity Indicator demonstrates an intrinsic link between investment in ICT and productivity.

It is time to capture the productivity opportunity

Identification of a ‘**productivity gap**’ in Australian business and government organisations also provides a major opportunity. Identifying this gap and then addressing it means organisations can capture the **productivity opportunity**.

The report identifies that the key to fully harnessing Australia’s productivity potential lies here: **measurement, management and understanding the changing role of ICT investment in bridging the productivity gap**.



To download the latest Telstra productivity research,
visit www.telstra.com/productivity

To find out more, contact your Telstra Account Executive
or call **1300telstra (1300 835 787)**

About Telstra

Telstra is the leading provider of network-based solutions and services to large organisations in Australia and New Zealand.

Telstra provides unique and integrated voice, data and mobile services and solutions to enterprise and government customers in Australia, and offers a growing range of differentiated and world-leading products and solutions delivered over the unique Telstra Next IP™ network and Next G™ network.

Telstra offers a new way of working, without the constraints of time, distance and devices, called Next Dimension Working™. Products and solutions offer substantial value creation possibilities by unlocking new ways to generate revenues, productivity improvements and efficiencies.

About Sweeney Research

Sweeney Research was established in Melbourne in 1972. Since that time the organisation has grown steadily and is now one of the five largest research consultancies in Australia, with offices in both Melbourne and Sydney.

With expertise in qualitative as well as quantitative research, Sweeney Research offers a full range of research services to an extensive client base in Australia and overseas, with a focus on both business-to-business and consumer-based research.

In addition to ad hoc studies conducted in a range of sectors covering telecommunications, IT, insurance, health and government, Sweeney Research is responsible for ongoing publications that explore the attitudes and opinions of Australians.

