

## Australia faces widening 'productivity gap'

**23 February 2010** – Australia's 'productivity gap', the difference between productivity expectations and action, has widened from 29 per cent in 2009 to 34 per cent this year, according to research released by Telstra today.

This is the second consecutive year that Telstra has conducted research on productivity, producing *The Telstra Productivity Indicator: A report on attitudes and behaviours toward improving productivity in Australia*.

Telstra Enterprise and Government Group Managing Director, Ms Nerida Caesar, said the study supported the findings of the Australian Government's third Intergenerational Report, which warned that falling productivity could see long term economic growth fall to 2.7 per cent over the next 40 years, compared with a historic average of 3.3 per cent.

"The report shows that organisations focused less on productivity during the economic downturn, even though the challenging conditions were a perfect opportunity to improve productivity by working more efficiently," Ms Caesar said.

The *Telstra Productivity Indicator 2010* report examines attitudes and behaviours to productivity in large enterprise and government organisations and explores the link between information and communications technology (ICT) and improving productivity.

The new research found:

- Improving customer service and productivity are the key priorities for Australian organisations, ranking 78 per cent and 76 per cent respectively
- Only 42% of decision makers measure productivity, have a target and know what that target is compared with 49% in last year's report
- ICT investment is seen as the most important contributor to improving the productivity of organisations with 55% of those surveyed identifying it as having contributed to productivity gains in the last 12 months
- Whilst organisations place a high priority on ICT investment, only 34% of organisations believe that ICT deployment is greatly aligned with the needs of worker groups to maximise their productivity. Those organisations that place greater importance on aligning ICT deployment with worker group needs are more likely to pursue productivity improvements
- The top five ICT investments for improving productivity focus on network-based capabilities including access, wide area networking, network coverage and speed, information and resource sharing and flexible/remote networking.

Ms Caesar said the *Telstra Productivity Indicator 2010* report revealed that productivity gains could be achieved only through a systematic and targeted approach to address the issue.

"Last year the productivity gap widened, as organisations were influenced by a number of external factors, such as a shift in consumer confidence, contraction in demand for some products and services, and uncertainty on the duration and severity of the global downturn.

"The next 12 months presents significant opportunities for organisations to better manage, measure and invest in productivity improvements. To do this, they require clear management, improved measurement tools and strategic investment in ICT. Businesses that have a clear execution plan will be in a stronger and more competitive position for the year ahead," Ms Caesar said.

According to Telstra's report, in order to address the productivity gap, organisations must:

- Have clear ownership and disciplined management of productivity
- Implement measurement tools to quantify and qualify productivity gains
- Invest in ICT to enable information to be more accessible, relevant and timely for customers and staff at the individual, worker group and organisational level
- Incorporate these management, measurement and ICT investment strategies into a clear execution plan.

In addition, organisations that assign responsibility for productivity to specific individuals or teams are more likely to execute productivity improvement programs and measure its effectiveness. However, according to the report, in many cases, productivity is seen as a whole of organisation issue. Similarly, while organisations place a high priority on ICT investment to improve productivity, only 34 per cent believe that ICT deployment is greatly aligned with the needs of employees to maximise their productivity.

Over the next year, Telstra will continue to help organisations realise their productivity potential by identifying priorities specific to each and can assist in developing ICT productivity roadmaps through *ICT Productivity Diagnostics*, a specialist consulting service to help segment ICT priorities at the individual, work group and organisation levels; and identify the key technology tools that need to be invested at each level to achieve productivity improvement outcomes.

### **About the report**

*The Telstra Productivity Indicator* survey was conducted by Sweeney Research. Interviews were conducted with 300 Australian directors, senior executives and managers in medium to large public and private sector organisations between November and December 2009. The full report can be downloaded at: [www.telstra.com/productivity](http://www.telstra.com/productivity)

### **About Telstra Enterprise & Government (TE&G)**

Telstra is a leading provider of network centric communication and managed services to large enterprise and government organisations in Australia and around the globe. Telstra serves more than 200 of the world's top 500 companies through its international operations that facilitate access to over 240 countries and territories.

Telstra is a reliable partner for large enterprise and government organisations who cannot afford downtime and use ICT solutions to improve productivity and drive growth in a sustainable way.