

Redefining Productivity

FoW by HSM Insights Report

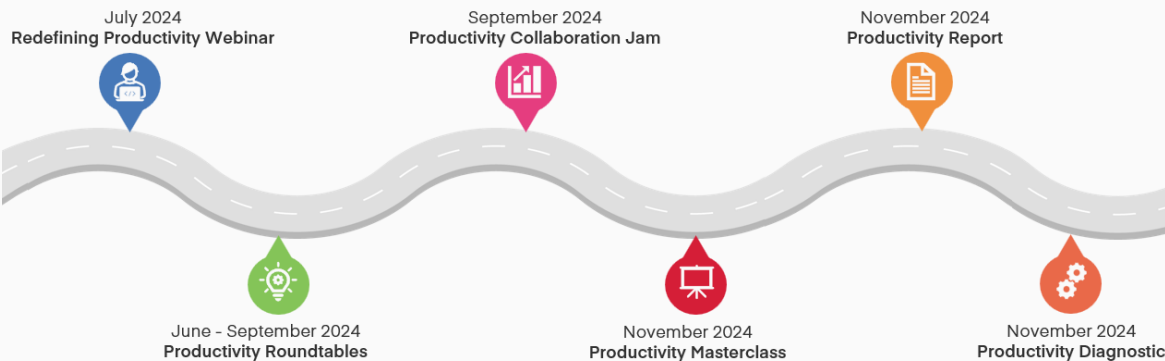
Creating better working lives

Introduction

For 15 years, the Future of Work by HSM has explored trends shaping industries, organisations, and careers.

Productivity is on the agenda for leaders and organisations, but it can feel overwhelming to address because of its complexity and the variety between organisations. It is time to take a holistic view of productivity and consider and measure the business and the human elements that impact productivity.

This Insights Report will provide you with a solid model and key actions to understand and tackle this complexity and craft your signature approach to productivity



03 Key takeaways

04 Why is productivity complex?

08 How can you respond?

14 How can we help?

Our methodology

The insights contained in this report are drawn from our analysis of 1000+ comments across a webinar, Collaboration Jam, and roundtables with our Future of Work Network and advisory clients. We also partnered with Beamable to conduct a survey engaging 310 people across 54 sectors, 240 organisations, and 36 countries.

These insights were combined with HSM Advisory's **Redefining Productivity Masterclass event** and quantitative data from interactive activities and Mentis.

Key takeaways

1. Productivity = value creation

Organisations need to have clarity on how the complexity of the macro trends is impacting them, what their business, sector, and role context is, and what their needs are on each indicator to create a their signature approach to value creation.

2. From outputs, to outcomes and value

Prioritising outputs can create a culture of busyness without making meaningful progress towards organisational goals. Instead, shift your focus towards outcomes and creating value for the long-term future of your organisation.

3. There is a tension between the organisational measures and how people feel productive

People experience productivity as feelings of excitement or flow, while organisations measure output such as hours worked or cost per employee. Understanding this tension point can help you better understand where the gaps are and better help your people be productive.

4. Include the data from sustained metrics in your productivity measurements

Build a holistic picture of productivity in your organisation and consider both tactical; short-term, commercial, and static metrics and sustained; long-term, human, and dynamic metrics. This allows you to consider and act on the full range of factors that impact productivity.

Productivity is top of mind for organisations...

Productivity is top of mind for leaders and organisations with 87% of our research participants saying that increasing productivity gains is a challenge for them¹.

It is a priority because it has become increasingly complex across five factors that affect all organisations:

Longevity & Demography: Teams today are more diverse and multi-generational than the homogenous teams of the past, bringing variety in ways of working and views on productivity.

Technology: With the rapid rise in AI use, we are moving towards a human + AI collaboration style of work bringing in complexity around truth, ethics, and decision-making.

Office Work Location: The debate between office-based work and remote, flexible work continues. The various preferences add complexity to efforts to increase productivity.

Society: Compared to the relative periods of stability in the past, current organisational productivity is being impacted by economic and political uncertainty.

Life Design: The three-stage life with education, work, and retirement is no longer the expected life design. Now, people live multi-stage lives, moving in and out of work.

🔍 What challenges are on the minds of leaders?

As part of our research, we held the Productivity Collaboration Jam, a 48-hour online crowdsourced conversation.

We engaged over 220 leaders representing 150 organisations. We analysed the 750 comments and found the below key productivity challenges²:

🔍 How do we define productivity?

“Definitions of productivity which try to apply to the whole organisation end up so broad as to be meaningless for most people.” ~ Researcher, Healthcare, United Kingdom

🔍 How do we measure productivity?

“The challenge is the desire for a universal measure of productivity; however, work is so varied that no single measure is adequate.” ~ Head of HR and Strategy, Finance. Australia

🔍 How do we build productivity?

“Is it to be able to absorb more inputs, process them faster, and produce outputs quicker? Or is it to produce the outcomes the organisation needs.” Director of PX, Non-profit, United Kingdom

...but is complex to address...

Annually, \$8.8 trillion dollars are lost in productivity due to disengaged employees. Despite it being a pressing priority, organisations are finding it difficult to understand and take strategic action to build productivity³.

 Jam Insight – Organisations and individuals see productivity differently, creating complexity

75% of the participants said they experience productivity as **feelings of excitement and energy**. But **71%** of them shared that their organisations measure productivity with 'machine-like' metrics such as **hours worked and cost per staff**².

This complexity is leading to tension between:

Organisations	Individuals
...describe value creation with machine-like phrases	...describe value creation with emotion-based phrases
...measure value creation through outputs and quantity of work	...wish to be measured on outcomes and quality of their work
...use universal metrics of value creation	...want their preferences and work styles to be considered

It is further complicated by key variations:

- **Business contexts** - Organisations operate under different regulatory laws, societal norms, ownership models, and internal structures.
- **Sectors** – Each sector has its own set of priorities and objectives that affect how productivity is defined and measured.
- **Roles** – Even within an organisation, productivity varies by roles and needs to be measured differently.

...and organisations aren't using the full dataset

We asked masterclass attendees where they are now⁴:

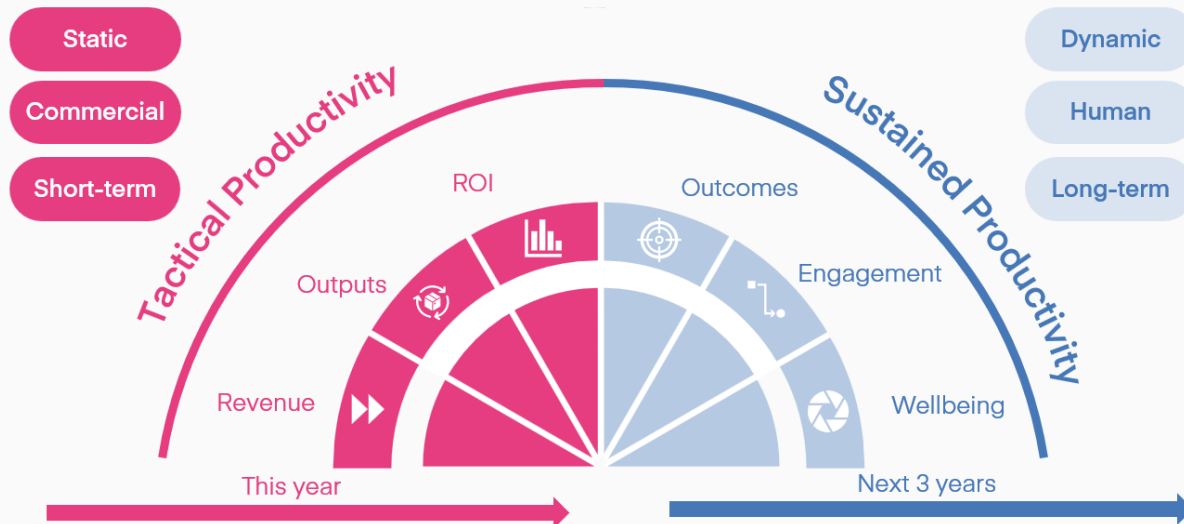


Tactical Productivity

70% of the metrics that our masterclass attendees shared using were tactical⁴. These metrics help leaders make financial and operational decisions. However, a sole focus on them overlooks the full range of metrics that impact productivity.

Sustained Productivity

Only 30% of the metrics our attendees shared using were sustained⁴. They shared collecting data such as engagement surveys and retention rates but did not see them as productivity measures.



Key actions from our speakers



Tanuj Kapilashrami⁵ – Chief Strategy and Talent Officer

- **Balance technical and human skills** – AI might soon have the necessary technical skills so, human skills like empathetic leadership will become more salient.
- **Redesign work** – Align the incentive structures, processes, and operating model to your strategic goals to unlock sustained productivity.
- **Consider the commercial context** – Root your narrative in the commercial needs of your business. This helps balance tactical and sustained productivity.



Stephanie Reuss⁶ – Co-founder and Co-CEO

HSM, in partnership with Beamable, conducted a pre-masterclass survey.

- **Align individual work with organisational goals** – 49% of the attendees' time was spent on tasks they found energising, reported loving, and saw as important.
- **Reduce your organisational drag** – Only 56% of the attendees' time was used on strategically important tasks with the remaining time spent on low-value tasks like admin and meetings.

How can you respond?

Collect the full dataset of productivity

Our research shows that productivity can be better understood and measured through five indicators. These help organisations flag risks and opportunities that drive productivity and value creation.

Market Resilience has the metrics around operational and financial outcomes that impact market sustainability.

Operational and financial

Individual Drive is about the personal attributes that influence a person's productivity.

Personal

Technical Readiness is the organisation's collective technical foundation that enables goal attainment.

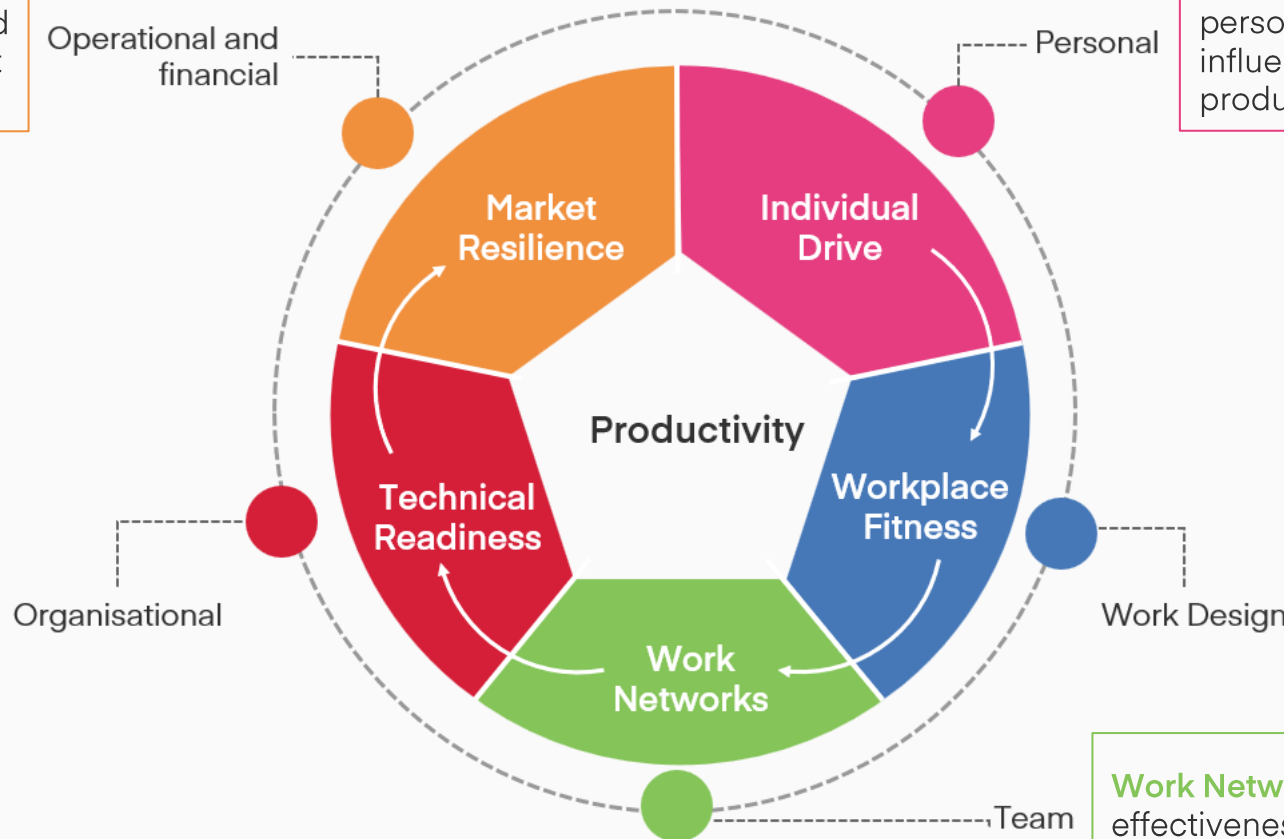
Organisational

Workplace Fitness reflects an individual's experience of work, colleagues, and organisational design.

Work Design

Work Networks focuses on the effectiveness of work and people processes.

Team



Understand Individual Drive

Only **6%** of the attendees are focusing on Individual Drive⁷ to build productivity⁷

Measuring Individual Drive at a Brewing Company

The company understood that autonomy is important for brewery workers, who couldn't have flexibility with place and time. HSM used the Maturity Index to measure the current state of autonomy and the blockers to it. As a result, leaders developed a clear narrative, modified incentive structures, and encouraged managers to delegate.

An individual's long and short-term productivity is influenced by:

Sense of Autonomy

Empowerment to make decisions

Energy for Work

Stamina and motivation to complete projects

Level of Discretionary Effort

Willingness to go beyond basic requirements

Ability to Focus

Sustained attention on difficult tasks

Measure Workplace Fitness

Only **9%** of the attendees rated Workplace Fitness as their organisation's best-performing indicator⁷

People's experience of work design is influenced by:

Clarity of Role

Defined expectations and responsibilities

Experiences of Wellbeing

Emotional, mental, and physical health

Intention to Stay

Vision of future self growing and developing at the organisation

Level of Engagement

Commitment to work, colleagues, and the organisation

HITACHI

Using AI to increase Workplace Fitness

Hitachi knew that wellbeing and happiness had a significant impact on team productivity and business performance. They started using AI and wearable technology to measure individual happiness levels and offered suggestions to improve it. Through this process, they increased sales per hour by 34%, and retail sales by 15%⁸.

Map Work Networks

40% of the attendees said their organisations have a low focus on Workplace Fitness⁷



Making change through Work Networks

TCS wanted to increase purposeful collaboration and authentic connection to help people solve challenges. They launched various networks (e.g. single parents, queer colleagues) that choose annual goals and deliverables to work towards. The networks provide accountability reports and have enabled change in internal processes⁹.

People's productivity at the team level is influenced by:

Levels of Trust and Psychological Safety

Confidence and reliance on colleagues

Effectiveness of Managers

Ability to facilitate collaboration

Purposeful Collaboration

Strategic and intentional work with colleagues

Efficient Work Processes

Streamlined and easy-to-implement procedures

Test Technical Readiness

38% of the attendees highlighted Technical Readiness as their organisation's future focus⁷

An organisation's ability to achieve its goals is influenced by:

Appropriate Skills

Expertise for current and future strategic goals

Past Experiences

Knowledge gained through past work and training

Pathway for Growth

Opportunities and support for development

Practical Capability

Applicable and tangible skills



Reskilling for Technical Readiness

Standard Chartered wanted to address skills shortages and boost productivity. They issued Skills Passports that measured people's skills based on past projects. People use it to apply for 'gigs' on the talent marketplace. As a result, they Unlocked \$8.5 million in productivity through more than 2700 'gigs' and helped people reskill and upskill¹⁰.

Assess Market Resilience

Only **7%** of the attendees said their organisations were least focused on Market Resilience⁷

Basing HR initiatives in the commercial context

A multinational bank conducted a strategy refresh, leading to a deep understanding of the commercial realities impacting the business. The HR department addressed the productivity challenges by aligning its initiatives with the business strategy and needs. They secured buy-in by demonstrating how HR initiatives would directly address business needs and drive commercial success.

An organisation's financial and operational value is influenced by:

Return on Investment

Tangible and intangible value created from an investment

Customer Satisfaction Score

Quality of customer experience and value created for them

Revenue per Employee

Individual contribution to the overall organisational performance

Task Completion Time

Task duration highlighting the effectiveness of processes and workforce

HSM Advisory's Productivity Diagnostic

Understand what productivity means to your organisation:

Map where you already are and define your strategic context.

Use the full range of productivity metrics:

Leverage internal data you already collect and recognise the data you need.

Build a holistic view of productivity:

Understand your key risks and opportunities to plan for your organisation's next steps.



Build your signature approach

Ask yourself:

- How am I balancing tactical and sustained productivity metrics?
- Where are my areas of risk and opportunity?
- Which indicators and metrics are missing from my view of productivity?
- Which indicator do I need to dial up or down as I adapt to the changing contexts?

Productivity Diagnostic Indicators

Factors that influence the indicators

Individual Drive	Sense of Autonomy	Energy for Work	Level of Discretionary Effort	Ability to Focus
Workplace Fitness	Clarity of Role	Experiences of Wellbeing	Intention to Stay	Level of Engagement
Work Networks	Trust Levels	Effectiveness of Managers	Purposeful Collaboration	Efficient Work Process
Technical Readiness	Appropriate Skills	Past Experiences	Pathway for Growth	Practical Capability
Market Resilience	Return on Investment	Revenue per Employee	Customer Satisfaction Score	Output per Employee

By using the full dataset, you will have...

An energised workforce that finds meaning in their work and can move the dial on organisational goals.

**Individual
Drive**

A positive work environment that inspires people to commit to their work and their colleagues.

**Workplace
Fitness**

Effective practices that enhance collaboration and collective problem-solving.

**Work
Networks**

An organisation equipped with well-placed skills and knowledge to leverage opportunities.

**Technical
Readiness**

A robust and sustainable commercial standing that is aligned with employees and customers.

**Market
Resilience**

Contact us



Dr Anna Gurun
Associate Director

Anna.Gurun@hsm-advisory.com
+44 (0) 20 8194 4723



Kautuki Jariwala
Research Lead & Consultant

Kautuki.Jariwala@hsm-advisory.com
+44 (0) 20 8194 4737

Acknowledgements

Thank you to our Future of Work by HSM Advisory member organisations.



References

1. HSM Advisory (2024). Redefining Productivity Webinar.
2. HSM Advisory (2024). Redefining Productivity Collaboration Jam.
3. Gallup (2024). State of the Global Workforce Report. Available at: <https://www.gallup.com/workplace/349484/state-of-the-global-workplace.aspx#:~:text=%248.9%20trillion%20lost%20in%20global%20GDP%20due%20to%20low%20engagement&text=Gallup%20has%20found%20that%20engaged,or%209%25%20of%20global%20GDP>.
4. HSM Advisory, (2024). Future of Work by HSM masterclass event: Redefining Productivity menti.
5. Tanuj Kapilashrami (2024). Redefining Productivity interview.
6. Stephanie Reuss (2024). Productivity Survey Analysis interview.
7. HSM Advisory, (2024). Future of Work by HSM masterclass event: Redefining Productivity poll.
8. Hitachi (2024). Take on this unpredictable business age together with Hitachi AI Technology Available at: https://social-innovation.hitachi/-/media/project/hitachi/sib/en/solutions/ai/pdf/ai_en_170310.pdf
9. Anshoo Kapoor (2024). TCS's approach to Work Networks interview.
10. My HR Future (2024). Episode 138: How Standard Chartered is Unlocking the Power of Skills in the Workplace (An Interview With Tanuj Kapilashrami). Available at: <https://www.myhrfuture.com/digital-hr-leaders-podcast/how-standard-chartered-is-unlocking-the-power-of-skills-in-the-workplace>

Operational and
financial

Organisational