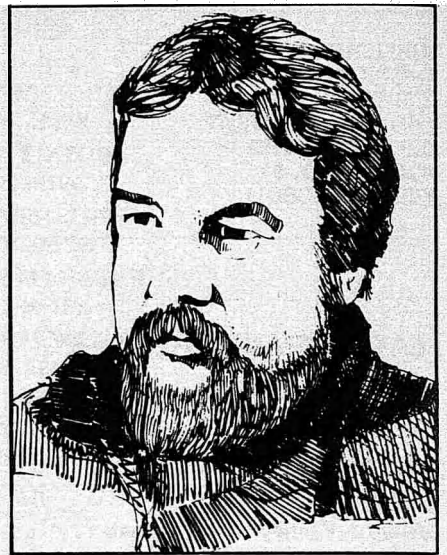


# PAGE FOUR . . .

BY MICHAEL H. COOK, Editor

## "C. JACKSON GRAYSON ON PRODUCTIVITY IMPROVEMENT"



Productivity improvement has been identified as one of the surest ways to cure this country's economic ills, including the devastating effects of inflation that grips us today.

Jan Margolis, director of Management Education and Organization Development at Bristol-Myers Co., points out, "It is a baffling reality that while business has figured out how to maximize the use of technology, investment and the like, the key variable in the productivity equation—people—remains an elusive resource to effectively harness."<sup>1</sup>

The *Journal*, with the aid of Lee Beckner, ASTD National Vice President (National Affairs), talked about the declining productivity problem with Dr. C. Jackson Grayson, chairman of the American Productivity Center, Houston, Texas . . .

**Journal:** Jack, since coming on board at the Center as one of your staff vice presidents, I have immersed myself in the productivity solution. I believe ASTD members would be as interested as I am in the Center and its efforts to turn around our declining productivity. Tell us something about the Center and how it got started.

**CJG:** First, I'd like to thank you and the ASTD for giving me

this opportunity to discuss with your members what I consider to be the number one problem this nation is facing today: rapidly declining productivity. As to what we at the American Productivity Center are doing about it, our single biggest challenge during our first four years of existence has been to try and make leaders of business, labor and government more aware of the problems inherent in our declining productivity. Articles such as this go a long way toward heightening awareness of our problems and ways we can begin to improve on the situation. Before anyone can do anything about declining productivity we all have to accept the serious consequences of its effects. Then, we have to work together—government, labor, business—to turn the situation around.

I can think of no other single group that could make its influence felt more than this nation's training directors, and I sincerely hope they will rise to the challenge.

Briefly, I conceived the idea for an American Productivity Center several years ago while serving as commissioner of Phase II price controls. I knew going into that assignment that price controls wouldn't work and I said so to those who were res-

ponsible for my appointment. But I also was aware that saying what wouldn't work was not enough . . . I felt I needed to be able to say what *would* work!

I soon learned that what *will* work is improved productivity. That is what has taken Japan and Germany to their current enviable economic strength. If we undertake productivity improvement with the same commitment as they did we can equal or improve on their results.

**CJG:** In one sense, productivity represents the efficiency of our collective national economic effort. But I hesitate to state a definition in those terms, because the spectre of efficiency conjures up visions of people scurrying around trying to find ways to make other people work harder or longer. More accurately, it would refer to the effective use of all of our national resources, including, but not limited to, our human resources.

In truth, our greatest productivity increase in recent years came immediately after World War II when the technology developed for the war effort was turned to peaceful purposes. So productivity improvement goes beyond any one contributor to the commercial effort. It is more than just cost of labor, or cost of materials, or cost of capital



equipment, or cost of government regulations . . . it is all of these things and more. It is the total output divided by the total input. We call it total factor productivity.

**Journal:** That appears to be a rather straightforward explanation. So why does productivity seem to be such a complex concept to grasp?

**CJG:** I believe the biggest problem involves our preconceived notions. When people think about productivity they think about speed-up, pressures to work harder, critical work reviews and the like.

A second point is that the nature of our national product is changing rapidly. At one point not too many years ago we were primarily an industrial nation, just as Japan, Germany and most of the other countries are today. That made it somewhat easier to measure productivity. We counted the number of TV sets, automobiles or screwdrivers we produced.

Now, upwards of 70 percent of our work force no longer turns out a product that is easily counted. These are the knowledge workers or those involved in the service industries . . . people like computer programmers, writers and, yes, even training directors. Think about how difficult it would be to quantify and *qualify* your work and you begin to see the problems we face.

**Journal:** Then how do you measure productivity?

**CJG:** Because of the problems just mentioned, measurement is difficult. You can count the cars, the toasters or the electric light bulbs. But when you start to measure the output of a foreman, supervisor, nurse, postman or a salesman, you run into difficulties. Inputs also are sometimes difficult to measure, particularly in an inflationary environment. It's hard to measure capital input, and it's also hard to measure the quality of labor. However, we are finding that

more people are interested in measuring productivity than ever before, despite the difficulties, because we need to know both where we've been and where we're going.

**Journal:** What accounts for the decline in American productivity?

**CJG:** I believe there are two main causes and a number of other contributors. First is the kind, amount and speed of government intervention in the economy. High tax rates have discouraged incentives on the part of individuals and discouraged certain incentives for business to make long-term investments. We have not had sufficiently rapid depreciation schedules to allow business to recapture its investment, particularly in this inflationary climate. Inflation has tended to push businesses and individuals into higher and higher tax brackets, which has the effect of penalizing them for earning more.

Then there is the matter of regulation. In an effort to correct some of the excesses in the past and some real problems in the economy, we have had a rash of government regulations over the past 10 or 12 years. These have hurt our productivity, particularly as they have related to environmental investments we've had to make. Those investments may clean up the water and air, but they do not produce goods and services on the market.

Also, the productivity of government agencies themselves should be greatly improved. Government affects about 33 percent of our gross national product, thus having a considerable impact on the economy.

**Journal:** How poorly are we doing in regards to other countries?

**CJG:** Department of Labor statistics show that our rate of productivity growth from 1966 to 1976 was lower than each of the eleven top Western industrial nations. Not only did Amer-

ica's rate of productivity growth lag behind that of Italy and even that of Britain, it also amounted to less than a third of Japan's.

Unless the trend is changed, several countries will pass America in productivity during this decade, including Japan, Germany, France and Canada.

**Journal:** What can we do to improve our national productivity?

**CJG:** First, it is interesting to note that this country has spent more to improve Japan's productivity than we have spent to improve our own. When Japan was rebuilding after the war, the U.S. granted that country \$6 million to form their productivity center.

I would urge that we undertake a national productivity effort, which would start with the private sector taking responsibility for its own productivity.

At the same time, federal, state and local governments should launch a national productivity effort in each of their departments. The President should lead the charge by issuing the call for such efforts just as Japan did in 1955.

Unless the whole country pays attention to greater productivity in the 1980's, we simply won't survive. That's the only way we're going to get inflation down.

**Journal:** I have heard you say on several occasions that quality of work life cannot be separated from productivity. Could you expound on that?

**CJG:** One of the reasons other countries are gaining on the U.S. very quickly is they have paid more attention to the individual employee's role in productivity improvement. In Japan the workers are working hard. They're proud of the work they do and they have goals for productivity improvement. They feel they have a stake in the enterprise, and they are rewarded with both cash and non-cash incentives. The employers recognize workers for their contri-



butions and are willing to let them have some say in the design of their jobs. This gives the employee a feeling of importance, a sense that some measure of personal dignity is involved in the product that is produced. In a previous era, this was called craftsmanship.

**Journal:** How do you see a typical training person responding to a request for a productivity program?

**CJG:** There is no "magic solution" or formula for "instant success" in improving productivity. The common denominator in any productivity improvement program is time. It takes time to develop and obtain results—usually the larger the organization, the longer it takes.

Time and again we have seen companies and individuals "discover" the importance of a well organized, disciplined program for improving productivity in their organization. Many times, however, the program doesn't get off the ground or, if it does, it dies rather quickly. Occasionally, the failure of "false start" can be attributed to poor planning, not having the right people involved, unclear goals and objectives, or the lack of some other ingredient necessary to get the program going. More often the reason for a "false start" in getting a company program going is due to the fact that the company was not really ready to start in spite of good intentions.

So, the best way I know of to respond to a request for a productivity improvement program is call on some of the members of the staff of the American Productivity Center. They can help you determine whether or not your company or organization is properly positioned and prepared to undertake a program. Then they can help you move through the process we have found effective in establishing such a program.

**Journal:** What general guidance do you have for the trainer of the 80's?

**CJG:** That truly is a mind-boggling question. Because I don't know of any other profession that is under greater pressure to act as a positive force for change than the people who train our work force. Because of this, there is no way I can adequately respond in limited space, but I would like to make three points:

- Continually reaffirm your own fundamental knowledge of your own profession. The technology affecting the training profession is mushrooming beyond our wildest expectations. It can be almost a full-time job just staying current with the physical tools that are being made available to the field. It is essential that training professionals stay current though, because those same tools will be used throughout society within a few years. Use of these tools by trainers will ease the transition and speed the acceptance of advancing technology within individual organizations.

- Trainers should become more aware of productivity within their own organizations. Few positions have as broad a view of the company as the professional

trainer. Productivity offers an opportunity for trainers to both expand and deepen their knowledge and understanding of their companies. That greater understanding could translate into improved productivity for the company.

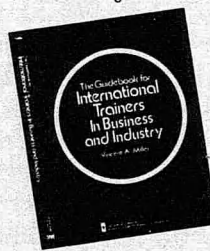
- Learn more about productivity... how to measure it, improve it and incorporate it into your own job.

- Trainers should ground themselves thoroughly on how the various elements of the free enterprise system interact to produce the quality of life and the living standard Americans know today. They should understand how government, labor and business, as well as various institutions must work together to insure our economic future. In short, trainers can become a positive force for change in business, as well as in the social and technological areas of American life.

For more information on Grayson's American Productivity Center see page 11.

1. Margolis, Jan., "Productivity, Performance and Professionalism," *Training and Development Journal*, October 1979, p22.

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