



Articles & Commentaries



p-Watch — Australia



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Post Olympics – Future Focus

With the success of the Sydney 2000 Olympics now a fond memory for most Australians, the reality of the need to re-focus on the future has set in. However, this has coincided with the world economic slowdown and Australia's as well.

Most Olympic host cities, and, to some extent, the host countries as well, experience a post-Olympic slowdown. In Australia's case it is difficult to identify precisely the causes of the current slowdown. Many commentators blame the rapid change in the Australian taxation system, which was long overdue for reform. Others regard the world oil price hike and the high value of the US dollar as the "culprits." What we do know is that the Australian economy was in the top three growth economies until the last quarter of 2000. Thus the slowdown came as a surprise to many. It is a new experience for the youthful workforce.

There is a "think tank/ideas group" associated with the Macquarie University Graduate School of Management (MGSM). This group comprises several human resource executives, experienced general managers, highly regarded management consultants, and MGSM academic staff. I am privileged to serve in the group. We meet quarterly to brainstorm and discuss the future challenges facing Australian management and to review the public programs MGSM is proposing to conduct to address contemporary issues.

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At the most recent meeting the following issues were identified as the major challenges for management executives in 2001:

General Management

- ▶ Business process management and improvement
- ▶ Capturing, retaining and utilizing knowledge

- ▶ Managing technology upgrades
- ▶ Utilizing & integrating e-business and e-commerce solutions
- ▶ Communicating strategy and demonstrating leadership

HR Management

- ▶ Implications of the increasing outsourcing of services
- ▶ The future for human resource management
- ▶ Restructuring for the new and rapidly changing environment
- ▶ Work/life balance
- ▶ Rewarding, recognizing and retaining staff
- ▶ A framework for managing diversity
- ▶ Training and development

Business Environment

- ▶ Sustainability of large companies
- ▶ From short term stock market tyranny to more strategic planning
- ▶ Responsible corporate governance
- ▶ Managing both internal and external competitive forces
- ▶ The changed meaning of "loyalty"

There is a very strong concern that productivity improvement overall has not delivered the work/life balance and quality of life outcomes promised by the many and rapid changes of recent years. For example, average working hours per week have increased, rush hour periods on the roads are longer, and the cost-cutting emphasis on bottom line results to enhance shareholder value has been the dominant concern in the past 10 years.

The move to a global economy is also causing substantial changes to working life. The slower than expected uptake of e-business/e-commerce is impacting business plans and results. There is strong evidence to show that Australian workers are not taking their allocated recreational leave for fear of putting their job at risk if they take vacation breaks of more than two weeks (the annual allocation is 20 working days). Other employees, particularly professional and managerial, consider they need to be available for longer hours and to stay in touch with the business. So they tend to take shorter vacations, such as long weekend breaks and one week holidays, and, at the same time, maintain contact with their office through e-mail and mobile phone. Thus they never really leave the office.

I will discuss two key issues which are perceived to be amongst the major present and future challenges for productivity improvement in Australia.

- ▶ Outsourcing of non-core business operational functions in many businesses has been a major thrust over the past decade and remains so. IT has been the main business function to be outsourced. Inventory and logistics management services have long been outsourced, not just in large organizations, but also in small businesses. Already the recruitment part of the human resource (HR) function is already a large

and growing part of outsourcing for many organization. If payroll is considered part of HR, many organizations already use outside specialist payroll providers.

While the motivation to outsource has been to save costs, less accountability for the business process and supply chain ownership have become issues with many organizations. This is because they perceived they have lost control not just of the function but of the internal and external customer relationships as well. In many cases management is questioning the productivity gains and the change in "loyalty" implied in having another organization manage and operate vital business functions. Service delivery failures by outsource providers remain the ultimate accountability for the primary brand organization.

- ▶ With the nature of work undergoing transformation, the meaning behind the term "loyalty" is also changing -- from being employed for life and loyal to the one organization to being loyal to a career. Employees who have been loyal to an organization and then become victims of downsizing, or rationalization because of outsourcing now make their career objectives as their first priority; they see their current employer as a source of training and management development in the next step on their career path.

The challenge for managing and measuring successful business and productivity outcomes in the new global economy calls for clear visionary leadership driven by sound planning to achieve more productivity outcomes along with superior open, honest and regular communications to all interested parties.



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