



## The Slovak Productivity Centre

**T**he Slovak Productivity Centre (SLCP), Europe's youngest productivity center, was conceived in the mid-1990s in Žilina. This is a medium-sized town of approximately 90,000 inhabitants 200 kilometers north of the Slovak Republic's capital of Bratislava, on the borders with the Czech Republic's Moravia and Poland's Silesia. The Slovak Republic had just become independent after Czechoslovakia split up in 1993. The Slovaks, the poorer half of the former Czechoslovakia (its 5.8 million citizens have a per capita GNI of US\$8,000 compared with neighboring Austria's US\$37,000), were saddled with rustbelt industries and a backward-looking government. Today, the Slovak Republic in general and Žilina in particular are thriving—albeit still with high levels of unemployment—because both are benefiting from the expertise of the SLCP's score of full-time staff of by now experienced consultants and trainers.

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The story is not one of government largesse and social partnership. Rather, it is one of the entrepreneurship, belief, guts, and commitment of a university professor of mechanical engineering. From the mid-1990s, Professor Milan Gregor badgered the government with requests to support the nascent productivity movement, not least through an ILO-sponsored European Association of National Productivity Centres mission in 2000. In 1998, the SLCP's articles of association were constituted under private law, not as a public foun-



ation. This legal form provided it with close links with the university and strong corporate backing in the form of membership. Despite declarations of support by successive ministers of industry and labor, promises of projects, and the passing in 2002 of an Act on Competitiveness and Productivity which foresaw seed money for a full range of productivity projects, the government has not provided the SLCP with a single euro. Nor were the social partners keen on lending their backing to the national productivity movement. So much for the traditional concept of a social partner-supported productivity center!

It was the belief of Professor Gregor that the Slovak Republic needed not simply wider implementation of tested productivity techniques in industry, such as both “hard” technologies and “soft” motivational and human resources development approaches, but a broader productivity consciousness throughout the nation's somewhat sclerotic working life. Member companies were not willing to put up money for the “public good” but were eager to tap the skills of the SLCP's team to enhance their own productivity. This inspired Professor Gregor and his colleagues to dedicate the proceeds of their consultancy assignments to funding a sustainable, independent existence for the center.

The income generated by consultancy has been put to two uses: First and foremost, it has put the SLCP on a solid financial footing. This has enabled it to hire and train additional consultants to

meet the growing needs of the increasing number of multinational corporations attracted to the region by its location and low labor costs. Several trained for up to six months in Japan thanks to an intergovernmental cooperative program. In fact, the SLCP has developed such a reputation for quality that it can now afford to pay staff salaries well above those earned by professors and senior officials at Žilina University.

Second, the center has been able to develop further promotional activities to enable Slovaks to understand better the challenge of being more productivity-conscious. Almost from its inception, the SLCP launched a self-financing annual National Productivity Forum. Held for the first time in 1998, each forum focuses on a theme of current concern, starting with preventive maintenance. The topic of the 2006 forum was “Lean,” with speakers from among the SLCP's staff as well as its network of customer-managers from the transnational area. Originally intended as a one-off event, the forum has now become a part of the national and regional calendar, attracting some 250 participants annually.


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As a further part of its general promotional activities, the SLCP launched the quarterly journal *Produktivita*, providing interested persons with descriptions of the center's assignments and the techniques used. This has also subsequently developed transnationally as a broader propagation instrument, to such an extent that every second issue now appears in Polish, sponsored by Žilina's counterpart university in Poland.

Recognition of the SLCP has come essentially through working in and with the automotive industry. International automobile companies and their associated component producers and service providers have been established within western Slovakia and the neighboring Polish and Czech regions since 1990, attracted by the area's cheap, but skilled, labor forces. The latest arrival, KIA Slovakia, is setting up right in Žilina and the SLCP is already developing strong ties with it.

With its profits growing (nonprofit bodies are, like all nonpublic Slovakian organizations, taxed at a flat rate of 19% on all their income), the SLCP has felt the need to develop new structures. Thus in 2005, it established its consultancy arm as a separate corporate entity, followed by its training center. It also purchased land near Žilina University on which it is now starting the construction of dedicated facilities capable of accommodating a staff of 100. This will house not only its consultancy and training companies but also the newly established Institute for Competitiveness and Innovation with its Digital Factory Laboratory. Here, university-industry osmosis, especially with the automotive industry, but also encompassing the aviation, space, and electrotechnical industries, will, using three-dimensional virtual modelling and rapid prototyping, generate innovations in all aspects of production processes from design to production and assembly. This, too, covers the adjacent regions of the three

countries and represents Europe's new automobile manufacturing focus. The SLCP sees its mission as ensuring that the multinational enterprises now setting up in this region will put down deep roots, remaining there after the initial attraction of cheap labor costs diminishes; wages are already rising in line with productivity increases.

Although still without government financing, the SLCP sees great opportunities for expansion, particularly given its strong university backing. However, the center has not given up trying to obtain government financial support for broad-based productivity activities within the country. The outlook has somewhat improved with the availability of EU funds seeking to help member states raise their competitiveness and productivity in the light of the overall goals set out in the common Lisbon Declaration of 2000. But experience shows that self-help is more reliable than third-party promises, particularly those of governments. 

*Anthony C. Hubert is President of EuroJobs, an organization he established to promote efforts to raise the quality of working life and productivity in Europe. He was formerly Secretary-General of the European Association of National Productivity Organizations. He writes regularly for this column.*