

Tackling the productivity challenge:

NatWest's productivity blueprint



NatWest

We're here to help SMEs tackle the productivity challenge

Introduction from Alison Rose

Chief Executive, Commercial & Private Banking



There's been much discussion over recent months about the UK's productivity challenge and what small to mid-size businesses can do to improve their business performance. At the same time, many of the thousands of business customers we talk to every year have told us they struggle to understand this complex topic and how best to boost their productivity in practice.

That's why NatWest has created this Productivity Blueprint. Using insights from our recent research and expert insights from business leaders across the country, it aims to help you understand what productivity means for you and the simple, practical steps you can take to improve your business performance.

At NatWest we believe that increasing the productivity of small to mid-size businesses is crucial for the future of the UK and we are committed to helping you reach your productivity potential.

Read on to find out more about

- The benefits of boosting productivity
- Simple, practical ways you can boost the productivity of your business
- How NatWest can help you achieve your businesses ambitions

What's the benefit for my business?

The benefit for businesses is considerable – improving the productivity of your business has the potential to double your revenue.

But what does productivity really mean for my business?

You're not alone if you sometimes struggle to understand what productivity means for your business. Our research shows many businesses can't accurately define productivity, which can be a barrier to making improvements.

What can I do to boost the productivity of my business?

Once you know this, improving productivity should be a lot more straightforward. Through our research and knowledge of small businesses, we've identified the five measures most likely to boost business productivity:

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Productivity has become a real business buzzword in 2018 but I know from my conversations with customers every month, many SMEs struggle to understand what it really means for their business. I always tell my customers that it's much more straightforward than you think. The official definition of productivity is increasing 'output, per worker, per hour'. Therefore, for any small business, it's making sure they're doing more with less and putting measures in place which enable their employees, or even just themselves, to work as efficiently and effectively as possible.

Adrian Eady
Relationship Director
NatWest



- 1 Reward your employees with benefits that improve their skills and motivation
- 2 Create a collaborative workplace culture
- 3 Focus on the wellbeing of your employees to increase their performance
- 4 Help your employees set long-term career goals
- 5 Equip your business with the equipment and technology you need to work as productively as possible

£57
Billion

The amount SMEs could add to the UK economy each year, if they were as productive as their German counterparts

We're here to help you boost the productivity of your business

1. More benefits, more productivity

- One of the biggest ways to boost productivity is to offer enhanced benefits to your employees.
- It's important that you think about your employees' whole benefits package and don't just focus on salary. Why not find out which benefits would be most valued by your employees and tailor your package to match? This could include anything from additional maternity and paternity leave, discounted gym membership or a specific type of pension. Asking and engaging employees about the types of benefits that work for them could help you to control costs, retain your top performers and attract the talent you need.
- This doesn't necessarily need to be expensive or difficult. Our research found that it's often the little things that matter most. Simply offering employees an extra day of annual leave outside of the legal minimum has the potential to increase productivity by £142,500 per employee.

What the experts say



It's so important to invest in your employees, not only to ensure current staff members feel like valued members of the team, but also to attract and retain talent. If you don't, staff will look elsewhere because, the chances are, someone else can offer them better. At Beautystack, I offer four weeks paid paternity leave - double the national average - and also organise regular team away days. It doesn't cost me much, but it pays dividends in terms of staff loyalty and productivity.



Sharmadean Reid
Founder of Wah Nails and Beautystack

£134,400



The additional output, per employee, UK small businesses could gain by tailoring employee benefits packages to match the needs of their employees

Have you considered?

Offering free tea and coffee, or healthy snacks, can make a real difference to the productivity of your business – it enables your employees to refuel and then focus more effectively on their work. Our research found offering a benefit like this could increase productivity by £112,200 a year, per employee.

2. Create a collaborative workplace culture

- Another great way to boost productivity is to think about your workplace culture – are people working in an environment where they feel their ideas and contributions make a difference?
- This is particularly important for early stage businesses, where the temptation can be to focus on things like cash flow or growth. But creating the right environment from the start can help make sure you're able to hire the right people and get the benefit of their experience.
- Creating an environment where colleagues feel able to collaborate, and wind down together is key - when the whole team knows each other well and feels comfortable working together to solve a problem, everyone is able to work more efficiently.
- Whether it's done informally, through social events, or through initiatives like mentoring schemes, culture can have a big impact on your bottom line.

Have you considered?

A mentorship scheme is a cost effective and often underutilised way to increase productivity, with only one in five SMEs currently offering one. Pairing employees with different skill sets, or varying levels of experience helps everyone in your business feel supported.

What the experts say



We believe it's important to create an environment where our staff can take a break without judgement, and we make sure we give employees the opportunity to get to know everyone in the business - it really helps us all work together as one team. It's also really important to create a blameless culture, so people have the confidence to try new things.



Neil Walker
Penta Patterns

3. Boost employee wellbeing to increase everyone's performance

- Employee wellbeing has been proven to have a really big impact on business performance – if people are sick, or they're not able to focus at work, it can affect what they deliver for you.
- There are many ways to boost your employee's wellbeing so don't be put off by potential high costs – offering gym memberships or health insurance aren't the only answers.
- For any business it's really important to help people achieve a good work-life balance. Ensuring that you and your employees enjoy some down-time helps everyone work to the best of their ability.
- Simple steps such as making sure your employees take a certain amount of time for lunch or breaks is a great way to ensure people are rested and able to focus.

What the experts say



Ensuring the health and wellbeing of our employees is paramount to the success of our business. The work in our industry can be demanding at times and our employees are on their feet most of the day, so we make sure that we offer weekly complimentary sport massages and treatments. Most people take advantage of this, which means we are reassured they are receiving the best treatment, and they don't have the hassle or cost involved with arranging it themselves.

Neil Walker
Penta Patterns



What the experts say



The one piece of advice I'd give to small businesses looking to improve their productivity is to be disciplined, and that includes looking after your wellbeing. As a mum, I've had to sacrifice a lot of family time to get my business to where it is today, but it's crucial to establish a decent work-life balance. Without proper down-time, you'll eventually burn out and end up not working to the best of your ability.



Yvonne Telford
Kemi Telford

Have you considered?

Creating an area within your office or depot where workers can relax when they're on a break can really help boost productivity. A break-out space could also be a place for employees to talk to people from other teams or approach a problem in a new way.

4. Help your employees set long term career goals

- Just as you would set goals for your business performance, working with your employees to set long term career goals can really boost productivity.
- As well as helping your employees set clear development objectives, it's important to consider what training they'll need to get there.
- Speak to your buyers or suppliers to see if they'd be willing to offer any additional training free of charge for you or your employees.
- Remember that training doesn't need to be as prescriptive as a half day training course or cost a lot of money. Think about ways you can get your employees to share their experience or expertise with others in your business.

Have you considered?

Individual targets, specific to the job of each employee, are a great way to motivate your staff and help them to take ownership of their own development. The SMEs that already have these kinds of measures in place saw a £147,000 increase in output per employee.



It is essential to invest in your employees training and development in order to remain productive. By developing their specialisms, you not only add value to them as individuals but also the company as a whole. Upskilling your staff not only empowers them to do their job well, but also allows you to trust your employees to represent the company. For us that's a key driver to bringing in new work and bolstering the reputation of the business.



Ben Bennett
Hear 4 U and Healthscreen

54%

The percentage of small businesses in the UK that currently invest in structured career development for employees

What the experts say



As my own boss, I have to motivate myself to learn rather than relying on someone else to set performance objectives. One thing I've found to help me do this is simply sharing knowledge. Even if I'm not trying to reach a specific goal, I'll chat informally to friends and others in the industry about things they've done to grow their business and inevitably I will learn something useful that I can also implement. For example, through this I discovered that it's better to buy as many bike components as possible from one supplier to ensure my business is as integrated, streamlined and productive as possible.



Matt Mears
Temple Cycles

5. Invest in the right technology and equipment for your business

- Making sure you have the right kit to do the job is essential if you're trying to improve productivity. This extends beyond the equipment needed to make your product or deliver your service.
- This doesn't mean that you need to spend lots of money. Making use of free software online could have a real impact on your business and give you the time to focus on what you do best – running your business.
- Speak to others in your field about what equipment and technology they use, and think about how that could apply to your business. Also don't be afraid to make the most of free trials of new technology – find out if it works for you before making a commitment.

Have you considered?

Talk to your bank about what resources they have on offer to help you run your business more efficiently. At NatWest we aim to provide the things that matter most to small businesses – whether that's accessing finance quickly, managing invoices, keeping track of receipts, or tools to help you to manage your accounts – all of which could help boost productivity.

What the experts say



It's important to think of the long term gain when investing in the infrastructure of your company. As we continue to grow and expand we've realised that we need to streamline our systems internally to remain efficient. We're currently investing in software to collate information from all over the business, so we can quickly access details from any team in one place.



Kate Wickham
Gate 7



We are constantly investing in the best possible equipment to increase the welfare of our livestock and the overall productivity of our farm. It's the small details that can make or break a business and you have to invest in increasing the quality of your products to ensure you're the best in the industry.



Patrick Lynn
Hockerwood Eggs

How can NatWest help my business boost productivity?

At NatWest we believe we can play a big part in helping you enhance the productivity of your business. Drawing on our specialist knowledge and experience as the biggest bank for British business, we can provide tailored, best practice advice on what improving productivity could mean for your business.

- 1 We have a dedicated team to help your business be the best it can be. Get in touch with your [Relationship Manager](#) if you want to discuss how you can focus on improving the productivity of your business.
- 2 Visit our [NatWest Business Hub](#) to find out more about productivity and what it means for your business. The Hub has articles, videos, podcasts and webinars to give you inspiration and tips.
- 3 We recently announced £1 billion of additional lending designed to help commercial business customers achieve their productivity ambitions. Get in touch with your relationship manager to see if we can help you invest in productivity-improving measures.

Three steps to higher productivity

1. Take the time to get your head around what boosting productivity means for your business. Are there measures in this blueprint that could work for you? Focus on those as a starting point.
2. Consider making one person in your business responsible for improving productivity – it could be a way for them to develop their skills. Let them take ownership of reviewing what you are currently doing as a business, and where you could potentially try something new.
3. Track your progress over time. The only way to know if productivity is improving is to benchmark where you are now and then measure any changes in output per worker. Once you've implemented a measure, see what impact it has had in six months' time.