

Ask:NUS Economists

How to increase productivity? Change the rule book



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For The Straits Times

Q How can companies improve productivity?

A Discussions with business leaders and my personal experience suggest that many organisations can increase productivity by reviewing their rule books.

Customers change, technology advances, the organisation grows, personnel become more capable, but – absent a major crisis – many

procedures persist well past their use-by date.

In two decades, between 1981 and 2000, the National University of Singapore (NUS) almost trebled in size from 10,400 to 30,700 students. Yet, many practices remained unchanged.

One of the most glaring was the central administration of examinations. Students from across the university gathered to take examinations in its sports hall.

As enrolment grew, the registrar sought progressively larger examination facilities. Eventually, the solution was off-campus – the IMM Building, and then Suntec City.

As vice-provost, I brought all examinations back to campus. This shaved a considerable amount in rental expenses. Importantly, students and staff spent less time travelling and had more time for academic work.

My next example is from health-care. Last year, my general practitioner referred me to the Singapore General Hospital (SGH) for a blood test.

The doctor there told me that I had to be admitted as an inpatient and remain in hospital until the blood was analysed and a doctor reviewed the results.

Told that this might mean several days in the hospital (it was a Friday evening), I chose to discharge myself.

The SGH rule book cries out for a change. Presumably, in another age, when patients were less educated, before instant messaging, it was prudent to admit patients while awaiting test results. But, surely, not in the 21st century? And, in any case, should the need for admission not be left for the attending physician to decide?

And let me also cite two examples

from for-profit businesses.

The process of setting up Giro is convoluted. The consumer (bank client) completes a form, submits it to his billing organisation, which then sends it to the consumer's bank to enter into its computer system. DBS Bank had ended up rejecting 12 per cent of Giro applications, mainly because of signature irregularities.

Including resubmission, processing took up to two months and customer satisfaction was just 2.4 on a five-point scale.

Last year, DBS revised the application procedure to improve customer satisfaction. For cases with signature irregularities, the bank texted the customer's mobile number to ask him to confirm the application. Upon receiving confirmation, DBS approved the Giro application.

The new procedure cut process-

ing time to seven days, and, among the customers with irregular signatures, increased satisfaction to 4.8.

Historically, supermarket group Sheng Siong paid truck drivers a fixed monthly wage. Management experienced difficulties in scheduling the drivers.

Several years ago, the company decided to change the drivers' compensation to a piece-rate system. The company paid drivers \$20 for short trips and \$25 for long trips. Following the switch, drivers changed their attitude and became keen to make more deliveries. As a result, productivity increased by 20 per cent.

The key lesson from the four examples is that, even as customers change, technology advances, the organisation grows, or personnel become more capable, old rule books persist.

Often, a quick review would re-

veal how to increase productivity. Managers should ignore how the work was done before, and simply ask themselves: How would you do it today?

As the NUS and DBS examples illustrate, new procedures can both raise productivity and please customers more – truly a win-win proposition.

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- This is a monthly series by the NUS Department of Economics. Each month, a panel will address a topical issue. If you have a burning question on economics, write to stopinion@sph.com.sg with "Ask NUS" in the subject field.