Focus on efficiency & effectiveness
Doing the right things and doing them right

“Efficiency is doing better what is already being done. Effectiveness is deciding what to do better.”
Source: Peter F Drucker

In times of economic uncertainty organisations generally become very cost-conscious. Lots of time and effort can be spent on ‘efficiency programmes’; extracting as much cost as possible from the production of products and services.

Whilst this internal focus on getting things right is an important element of running a successful business, just being efficient is not good enough. Whether your organisation is in the private, public or third sector you must also operate effectively if you are to succeed.

Effectiveness is “doing the right things”

Effectiveness is critical to the success of every organisation. The key is having a good strategy; one that is well thought out and well executed. An effective business has the ability to produce the right products or services and introduce them to the market at the right time.

In order to be effective the objective or end goal must be met, therefore effectiveness must take into account any variables or parameters that may change during the course of production or delivery.

Efficiency is “doing things right”

Technically, efficiency is defined as the ratio of outputs to inputs and focuses on achieving the maximum output with the minimum resources.

An efficient process is one that can be repeated time and again with little or no variation. This focus on repetition can lead to inflexibility and an inability to be able to react to change.

This dichotomy between efficiency and effectiveness can be illustrated with an example based on an IT services company. The company decides it is taking too long to carry out routine maintenance tasks and engineers are getting backlogs of work orders. Following a review an additional testing by a co-worker was removed from the maintenance process. This change certainly makes the process more efficient; maintenance jobs are turned around quicker and the backlog disappears. However, the change results in more jobs going out with other faults that result in the customer having to log another support call. This creates more administration work and customers are dissatisfied because they would reasonably expect all issues to be resolved.

This illustrates how ‘doing the right thing’ can often be overshadowed by ‘doing things right’. Organisations need to find ways of becoming more efficient without compromising customer service, quality and innovation.
Focus on *efficiency & effectiveness*

**The Efficiency / Effectiveness Matrix**

<table>
<thead>
<tr>
<th>Efficient</th>
<th>Ineffective</th>
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<tbody>
<tr>
<td>Effective</td>
<td>The business thrives</td>
</tr>
<tr>
<td>Inefficient</td>
<td>The business survives</td>
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**Effective & Efficient = 'Thrive'**

Organisations that implement the right strategy, efficiently tend to thrive. Sometimes they are so effective and efficient that they rapidly outgrow strategies, by meeting their targets earlier than planned. The best will then go on to define and achieve more challenging strategic targets, thus increasing their ability to thrive.

**Effective & Inefficient = 'Survive'**

A lot of organisations get by, 'surviving', forever showing potential, but never meeting their growth targets. Such organisations include public sector services, operating to a clear brief, that never quite achieve the levels of service to match the investment that is made in them. Private sector organisations with poor management or inefficient practices also fall into this category.

Most businesses do not operate at these extremes; those that do show brilliance in either their strategy or delivery often only do so temporarily. Very few organisations are able to thrive for sustained periods, particularly in dynamic environments, but how would you compare to your competitors?

Where do the critical elements of your business sit within the efficiency / effectiveness matrix? Is your strategy as effective as it should be? Are you operating efficiently in all areas? If not then our consultants can help.

**“The best way to progress towards success, is to do the right things right”**

At Solitaire Consulting we are business people like you. We have all held senior, often executive, positions in the corporate and public sectors. We have all the appropriate academic credentials you would expect from any business consultancy, where we differ is our approach. We pride ourselves on providing a pragmatic service and prefer the label Business Practitioners. We can advise across many functional disciplines, and are always focused on measurable business outcomes. We believe that there is no real alternative to sound business experience! Sometimes our services are delivered as discreet projects – researching and testing new markets, negotiating major contracts, and managing change programmes for example; and sometimes our services are delivered through your people – as mentors, guides and coaches.