

Productivity and Innovation do mix

Abstract: Misconception: Productivity efforts hinder innovation efforts when it takes place in a high-technology or software environment. Productivity and efficiency improvements are actually the best enablers for innovative thinking.

The context

For many years, the Information Technology industry (IT) valued innovation capability more than productivity. However it is now understood that innovation and productivity are both required to have positive impacts on bottom-lines. Innovation is required to get a head-start on competition and productivity is required to maintain your lead.

The challenge

Technology companies in developed countries face several issues that drive a need to work on the productivity of their product development cycle. First of all, the looming shortage of skilled workforce will raise their costs. The supply and demand phenomena will create an increase in salaries and talents will be scarce. A second is the current competitive landscape. Competition from low-cost countries is aggressive, yet at the same time, developed countries entrepreneurs can take advantage of off-shore companies and benefit for a lower barrier-to-entry.

The solution

This is an ideal time for North-American and European companies to work on their productivity. Technology companies can measure and improve their productivity through several means. Models such as CMMI® have been used successfully to detect gaps in the product development process, acquisition processes and people management process.

CMMI is a registered trademark from the SEI.

Also management through metrics methods have been developed and capture well the specifics of the technology businesses. Last, methodologies such as RUP® (Rational Unified Process from IBM®) have proven record to maximize the usage of resources and deliver software product competitively.

Overall productivity is achieved by considering 4 essentials elements:

- *Processes*: Are the processes used in your organization repeatable and efficient?
- *Tools*: Is your development cycle optimized through automation?
- *People*: Does your team perform?
- *Core business*: Are you focusing on your core business and outsourcing less-value adding activities?

Conclusion

Improving productivity has many benefits on an organization. More systematic processes help quality and reduce rework and time-to-market. Better tools and people management increase staff engagement. And what is essential is that companies in developed countries can increase their ability to compete, freeing-up cash for more innovations.

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