



# DRIVING AWAY RECESSION

**Marcus Barber** reckons there's a way to avoid recession – innovative management. And it starts with driving to work.

THE RECENT INTEREST RATE JUMPS POSE SOME SERIOUS problems for certain areas of Australian society, particularly those who have worked hard to get a foothold into home ownership. For a number of people, the latest interest rate hike will spell the end of their dream of home ownership because they'd only managed to scrape through into their dream home by living very close to the edge of the credit malaise – keeping up with loan payments while still being able to eat.

Unfortunately for those people, an increase in interest rates will mean having to give up their dream of home ownership. Taking into account State and Federal government taxes related to purchasing and selling the home will also mean many will be far worse off after their forced sale than they were prior to purchase.

Others still have a little more room to move, but not much. Simply put, the more highly geared you are (meaning the more debt you carry compared to your income), the more an interest rate jump will hurt. And the main failing of using interest rate rises to slow an economy is that it hits hardest those people with the lowest level of discretionary spending (lower income levels).

Over recent years, Australian society's focus on short term-ism has become increasingly entrenched on acquiring plasma TVs, new petrol guzzlers in the drive and other discretionary comforts that soak up income, and therein our ability to make house payments. The latest interest rate jump could well be that too easily forgotten last straw.

And that spells bad news for the general economy because the potential garage sale prices of homes being liquidated means less building demand, means less product demand and less retail spending. Less retail spending means lower company profits which reduces share related incomes and ultimately means companies looking to shed staff in an attempt to lower costs and maintain profits.

The economy has the potential to spiral into the dirt unless action is quickly

taken. And right now, there is no better group in Australia in a position to prevent that from happening than the business sector through workplace reforms. I'm not thinking about the Australian Industry Group's desire to have personal tax cuts go ahead, which is a great way to take pressure off businesses paying higher salaries.

Nor am I talking about industrial relations reforms anticipated via the newly elected Federal government. They are a mere side issue to generating far greater improvements in company performance.

What I am talking about is innovation in management practices, something business has by and large failed to embrace.

Arguably the single most powerful tool available to businesses in Australia (and in particular those businesses centred in cities) is changing their approach to employee management. If they get this right, companies will not only avert the mooted skills shortage we are seeing on the horizon, thereby lower pressure for wage increases; they'll also dramatically improve the productiveness of their employees while simultaneously improving the lifestyles of their workforce and society as a whole. It's a triple win-win-win that is just begging for action. Innovative action.

If we take a look at a representative snapshot of two people preparing for their day at the office you'll understand the massive potential available to business. Sue is a product manager who lives in Penrith, west of Sydney. Every day at 6.30am she kisses the family good-bye and heads off to work in Randwick. By just on 8am (on a good day) she has parked the car and booted up her office computer. Her brother-in-law, Ted, lives in Pakenham in Melbourne's South East. He leaves for work at 7.15am every day and is finally at his desk by about 9am. On a good day.

Here's a question for the community, politicians and business to answer – who should be compensated for this time driving to work? For instance, if we believe that this utter waste of human productivity (you can't do anything but



stop-start-drive, after all) is a necessary requirement for working in the city, why can't workers claim the travel time and costs against their income? Perhaps you believe that people should be paid for work from the moment they leave their front door. After all, they are travelling into the city at the request of their employers, so why shouldn't they be fairly compensated for that time?

And let's not forget that heading home can take even longer because the rush tends to start at around the same time. Who should be compensated for that time and how? Let's put things into perspective – if you live in one of the burgeoning growth regions of an Australian city, say Pakenham, Hobson's Bay, Cranbourne or Geelong in outer Melbourne or Penrith, Parramatta, Blacktown and Campbelltown in outer Sydney, there's a fair chance that you are spending 15 hours every week, doing absolutely nothing productive.

These places have a combined population in excess of a million people. Let's say that just 10 per cent of them work in the city. You do the maths – 15 hours each week by say, 100,000 people or so around Australia stuck in traffic each day, equals one million, five hundred thousand hours of lost productivity every week.

No wonder we're supposedly busy. We're so busy doing nothing productive many of us are up to our eyeballs in debt looking for a way to break the cycle. And here is where the business community comes in to drive this triple win-win-win.

By innovating their management practices

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from 'eyeballs at desks' to 'results for the day', companies move the paradigm of business from one focused on activity and instead shift it to being one focused on results – productivity. But the challenge is no simple task. Teaching managers to look at results rather than who is at the office early and stays late is going to take some fresh thinking. Focusing on employees based on results means that when and how those results are delivered is more important than where and who delivered it.

Business managers kid themselves and do a disservice to their companies by focussing on activity rather than productivity. They need to start letting people work from home and telecommuting. Businesses need to think about paying for or subsidising broadband access for their employees and saving them 15 hours a week

in utterly unproductive travel time. They need to understand that managing people by counting heads at desks and looking at clocks on walls is about as outdated as the 3½ floppy disk is to data storage. Now that the phone carriers have begun to price broadband access at palatable market rates (even if countries overseas still laugh at our snail's pace version of broadband), there are few tasks for most office-based workers that can't be performed at home or at satellite office hubs where small space can be leased as required and workers from all sorts of companies share a communal location for working.

Business needs to create the desire and means for managing the work they want performed, rather than just spending their energy managing the people tasked to perform that work. The real challenge will be for leaders of businesses to understand that the old command and control, silo, top down model of their managers is doing more harm than good and they need to encourage, nay force, many of their middle tier managers to embrace the 21st century and the new work style opportunities available. To date, few companies walk the talk of flexible work practices.

Imagine what it would be like in two years time for Sue and Ted. They get up refreshed from a good night's sleep. They no longer pay \$150 a week just for petrol, meaning more cash to spend where they need it. They rarely experience stresses from the drive to and from work that plagued them previously. Some days they get their results done quickly and can spend more time with the family or fixing the house. Some days they work longer or less mainstream hours in order to finish what is required. And some days they still come in for a half day meeting to catch up with colleagues, share news, discuss ideas and connect face-to-face. And with less demand for office space think, what that will do for costs associated with office rents – that is pure profit waiting to be tapped.

The interest rate pressures and pleas for petrol price relief would become a thing of the past and Australia would take the idea of workplace productivity to a whole new level because we'd understand that the true aim is life-place productivity in which work is a significant part of the picture.

The opportunity for workplace innovation is ready for the taking – let's just hope we focus on the area that will give us the biggest long term benefits. There's around one million, five hundred thousand hours per week waiting to be tapped.

I hope business can come to Australia's rescue before it's too late. ★

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