

Accelerating Productivity

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There are few aspects of running a service business that are as essential as boosting employee productivity. In essence, a service business is only as efficient and profitable as the employees who deliver the service to the company's clientele.

Yet a key challenge is objectively rewarding employees for their accomplishments. This is why Sham Dayal's *Accelerating Productivity* will prove especially valuable to service businesses. In a concise, well-organized book, Dayal presents a "technique" he has devised that is intended to ensure parity across all employees and to give them "true control over what they want to achieve in terms of financial benefits from the organization."

The technique is built around "REVA," or Resource Economic Value Added, a metric Dayal details in the book. According to Dayal, the REVA metric brings the resources of the organization to work together toward a single goal: "Bettering the revenue and the profits just by working as individual companies trying to make the largest revenue and profit."

The "Actual REVA" is essentially the actual gross profit derived from all of the organization's employees, while the "Target REVA" is the profit the company expects as a target for the year. In contrast to the typical annual employee performance appraisal, which can be subjective in nature, using the REVA metric ensures that "everyone in the organization will work as a profit center."

The author proceeds to demonstrate how REVA is used with projects, as well as how it is applied to sales, finance, and other support functions. He also details the impact that REVA has on annual incremental rewards.

Perhaps the most controversial aspect of using REVA is the author's belief that "promotions will be automatic." In other words, employees are promoted automatically as their performance is rewarded. The author says "automatic promotions remove the subjective aspect of promotions and give equal opportunity to everyone in the organization to climb up the ladder." While this concept is certainly possible in principle, it may prove difficult for some companies to implement.

Dayal does an excellent job of exploring the benefits associated with the REVA approach, notably the alignment of employees to organizational goals, creating an "earn your increment" culture, reducing the likelihood of employee attrition, and eliminating subjective judgment. The author also includes a useful section of both positive and negative scenarios, so the manager who implements REVA can understand how it should be applied in varying circumstances.

Ultimately, says Dayal, REVA accelerates productivity because "the higher the number of people achieving higher REVA %, the better it is for the organization since the cumulative REVA % of the employees translates into the bottom line of the organization." While *Accelerating Productivity* is at times repetitive and perhaps overly simplified, it does offer a real alternative for service businesses to measure employee productivity and link it to the overall success of the company.

BARRY SILVERSTEIN (December 3, 2010)

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