



## MONDAY VIEW

By John Neill

# Productivity puzzle is UK's greatest task

**T**HE recently installed government has a very valuable opportunity: it has the realistic prospect of a ten-year term.

This means it can take the long-term view – giving it the opportunity to transform our nation for the benefit of all.

There are numerous challenges, many of which are uncertain, but one is clear.

We have a huge annual deficit and a massive debt of £1.56trillion and growing.

It can be fixed, but there is only one way to do it.

We need to grow the British economy faster than our Western counterparts.

That should be the number one strategic priority.

Only growth can create budget surpluses that can pay down the debt and provide the funds for the services which the nation wants in order to improve the quality of life of its citizens.

But how do we grow in an increasingly competitive global economy?

For the last 25 years I have been going to the World Economic Forum in Davos.

One theme has been consistent: national politicians, business leaders, academic thinkers, and consultancies are all focused on the need to improve productivity and become more innovative. Everyone is trying to work out how to do it better.

For the UK, that is both good news and bad news.

It is bad news because we have known about the problem for 30 years and, under all governments, we have continued to lag our global competition by between 20pc and 40pc.

The good news is that we have some of the most creative people and industries capable of developing truly innovative products, processes and solutions.

We also know how to improve productivity.

The automotive industry in Britain provides all the evidence we need.

Twenty years ago we were unambiguously at the bottom of the league for productivity and employee engagement.

Today, our automotive component companies and car manufacturing companies lead the global league.

Companies like Unipart are evidentially in the top 1pc of companies in the world for sustainable continuous improvement.

We understand why we need to improve productiv-

ity, and we also know what to do, and how to do it.

Nobody gets motivated by austerity, but the whole nation could be engaged in improving productivity leading to greater competitiveness and faster growth.

There are two vital ingredients for improving competitiveness and productivity: talent and capital. Capital moves at the speed of light to where it is treated best in the world, and business leaders will tell you that there is a global war for talent.

We need to attract it, retain it and invest in growing it for the future.

We also know that low corporate and personal taxes enable us to attract and retain the best entrepreneurs and the best wealth creators in all fields of endeavour – as well as producing the most actual tax.

We need them all, as well as foreign direct investment from world leading companies of every size from every nation.

The emerging economies know this, and they're working twice as hard to attract exactly the same talent and capital.

For international businesses worried about the UK's future in Europe, the message is simple: 'Come to the UK now.'

We will stay in Europe if they sign up to the competitiveness agenda and you will have a two-year start.

**B**RITAIN is becoming the best place in Europe to make things and sell things to the rest of the world.

There is an important message for ministers as well.

Instead of building your reputation on how much you spend, why not take a leaf out of the book of the world's most successful businesses and work out how to spend less and deliver more?

The key is to improve productivity and innovation, and the opportunities in the public sector to do so are enormous.

We have the chance of taking the long-term view, and doing exactly that could make Britain the biggest economy in Europe in about 15 years from now.

Now that would be a great prize and we know how to get it.

But knowing what to do is only 5pc of the solution, doing it is the other 95pc.

*John Neill is the chief executive of Unipart*