



## Efficiency vs Effectiveness

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*Which would you rather be – efficient or effective?*

Many businesses focus on the short-term at the expense of the long-term.

The focus is on becoming making themselves more and more efficient, but this can be damaging.

You need to be not only efficient but effective.

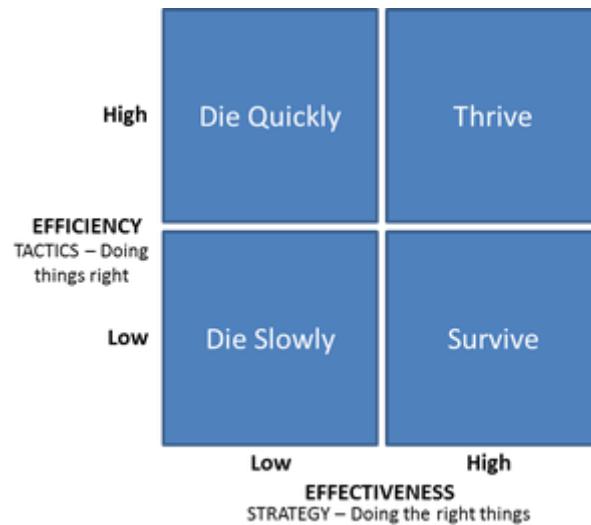
### Efficiency & Effectiveness

Efficiency and Effectiveness are two competing yet complementary approaches to business.

*Efficiency* - this is about ‘doing things right’ doing them better and quicker. It focuses more on the short-term, the tactics

*Effectiveness* – this is about ‘doing the right things’. This is more about ensuring that your direction and long-term approach is right, the strategy.

How these two factors interact impact the business and an overview of these interactions can be seen in the Efficiency/Effectiveness matrix below.





## Efficiency/Effectiveness Matrix

### **THRIVE: Highly Effective & Highly Efficient**

Businesses that pursue the right strategy efficiently thrive. They can meet strategic targets earlier than anticipated and can go on to meet more challenging strategic targets, so as to sustain their ability to thrive.

### **SURVIVE: Highly Effective & Inefficient**

Many businesses ‘survive’, they show potential but never attain the growth that they should be capable of. This can be due to poor management or inefficient practices.

### **DIE SLOWLY: Ineffective & Inefficient**

The business lacks a clear vision of what it is trying to achieve, and so lacks the right strategies or has weak strategies on which to execute. The lack of clear strategies means that the short-term plans and tactics are lacking. As such the business delivers poor results for several years and are in a state of steady decline before the business eventually ‘dies’.

### **DIE QUICKLY: Ineffective & Highly Efficient**

Here the business is executing very well, but on the wrong strategies which drive it into a state of rapid decline. The business leaders are not learning from their mistakes, or are not aligned with the market’s realities, and by doing so negatively compound the effects of their wrong strategies.

### **What Do You Do Next?**

For businesses to thrive they need to get *both* their efficiencies (tactics) and effectiveness (strategies) aligned – have the right direction and the right actions to help you bridge the gap between where you are now and where you want to be. Look at what you are doing and where you are going – review your assumptions, get an objective perspective, and continually review and improve to reflect the realities of your business, marketplace and the business environment.

So, what are you going to do? And will it take you in the right direction? And are you effective and efficient in what you do?