

Efficiency vs. Effectiveness in Business • Asana

1.650 words

If you've never thought about the difference between efficiency and effectiveness, you're not alone—in fact, most teams use these terms interchangeably. But understanding the difference between these two business strategies can help your team succeed.

In his book, *The Effective Executive*, Peter Drucker [stated](#) that “efficiency is doing things right, effectiveness is doing the right thing.” Ideally, you want to build a team that's both efficient and effective—after all, everyone wants to do the right things right. To find that sweet spot, start by understanding what each term means and when you should focus on each metric.

What is efficiency?

Efficiency means doing things “right”—whether that means moving faster, getting work done with fewer resources, accomplishing big projects with a smaller budget, or otherwise doing “more” with “less.”

In general, efficient teams:

- Run process-driven projects
- Build [resource management plans](#)
- Embrace automation
- Succeed with limited resources
- Focus on the work directly in front of them
- Measure progress against specific metrics

What is effectiveness?

Effectiveness means working on the “right” things—that is to say, things that drive

business value and move the needle on company goals. Today, few teams are effective at connecting their current work to broader company goals. In a recent [study of over 6,000 knowledge workers](#), only 26% of employees reported having a very clear understanding of how their individual work relates to company goals and just 16% said their company is very effective at setting and communicating goals.

[Effective teams](#) know how to successfully prioritize and dedicate appropriate resources to important initiatives. They have a clear sense of how their work fits into the larger company strategy and goals, and they use this knowledge to inform what to work on and where to dedicate their resources.

In general, effective teams:

- Are goal-oriented
- Invest in results
- Focus on the customer or end user
- Connect their work to the big picture

Which is more important?

In order to run a truly great team, you need efficiency and effectiveness. An efficient team that isn't effective is getting work done quickly—but they may be prioritizing the wrong initiatives. Alternatively, an effective team that isn't efficient is getting the right work done—but not at the ideal velocity.

Imagine your sales team is pitching your product to a new enterprise client. The IT department has gotten involved, and they've asked for a pitch and demo from each of the three products they're considering implementing. Here's how the process might pan out depending on whether your team is efficient, effective, neither, or both:

- **Efficient but not effective:** The team builds a deck and demo in just three days. But once they present, the potential client is dissatisfied because the content focused on the wrong things. Ultimately, the presentation materials didn't speak to their specific company needs. They decide to go in a different direction.
- **Not efficient but effective:** The team works together to build a state-of-the-art demo and deck, but it takes them two weeks. The customer is dissatisfied with how much time it took to hear back from your team. You spend several more

weeks negotiating and pitching.

- **Neither efficient nor effective:** The team hasn't fully built out their sales processes, so no one is clear on who's creating the deck or demo. Ultimately, the team is able to scrape something together, but it doesn't speak to the true value of your product or communicate your competitive position to the client. They decide to go in a different direction.
- **Efficient and effective:** The team has a clear workflow in place and is able to build a deck and demo in five days. The next week, the pitch has the desired result: the client decides to move forward with your product!

How improving effectiveness leads to increased efficiency

Ideally, you want to build a team that is both efficient and effective. But you have to start from somewhere—and trying to implement both methodologies at once might not get you the desired effect. So, start by solving for effectiveness before working on efficiency.

By prioritizing effectiveness, you're ensuring that your team is working on initiatives that move the needle towards relevant company goals. Then, once you've developed effectiveness as a practice, you can optimize for efficiency—in other words, doing the same effective work in less time.

Take, for example, a cross-functional project between the creative and web design teams. The goal is to redesign the company home page to better communicate the company value prop. At first, the team is neither effective nor efficient. They don't have clarity on what value prop they're communicating, how it benefits their customers, or what messaging to prioritize on the home page.

The team starts by taking steps to solve for effectiveness and get everyone on the same page. They invest in a [work management platform](#) to coordinate information across various levels of their organization and connect individual initiatives to broader [company goals](#). With an increased understanding of the big-picture strategy, the team is able to create a home page that best represents their company and serves their customers.

The team isn't fully efficient yet—it took a while for them to get the project up and running, and the review process took longer than they wanted it to. But by focusing on

effectiveness, they ensured that their [project deliverable](#) was in line with the company goals. The next step is to get faster and more efficient.

Building a team that's efficient and effective

Ultimately, the goal is to help your team become both efficient and effective. Doing so means your team can see the big picture while also prioritizing velocity and [productivity](#). While the first step is to maximize effectiveness, there are several steps you can take to support your team in building efficient and effective best practices.

1. Start by connecting goals to everyday work

Your team can't be effective without understanding how their work impacts their company goals. Make sure they have clear visibility into how they are contributing to your [company's mission and vision](#). The best way to do that is with a work management tool.

[Work management](#) helps you coordinate people and work across all levels of your organization to ensure that everyone has the information they need to accomplish the work that matters most. Instead of siloed tasks and projects, work management tools can help you bridge the gap between daily tasks and broader company objectives. That way, your team can effectively prioritize tasks to maximize business value, instead of sinking time into low-priority work.



To ensure we're prioritizing the right work, we use OKRs to set quarterly goals that ladder up to bi-annual goals. On a weekly cadence, our team leads make sure that the work the team is doing ladders up to these goals.”

[Read: Introduction to work management](#)

2. Increase cross-functional visibility

Effective teams don't work in silos. To set your team up for success, make sure they have an understanding of how their work relates to other initiatives and projects. When everyone has visibility into who's doing what by when, team members can spend less time coordinating work and more time on high-impact projects.



Accountability, visibility, and discoverability are advantages that come from proper project management and using the right tools.”

3. Invest in automation and integration

Once your team has a handle on effectiveness, it's time to increase efficiency. One way to do this is to automate manual or duplicative work through [business process automation \(BPA\)](#). According to the [Anatomy of Work Index](#), the average knowledge worker spends 60% of their time on work about work—things like chasing approvals, searching for information, or duplicating work that's already been completed.

By [automating manual processes](#), you free up more time for your team to spend on strategic, skilled labor.



With [automation], we now save 2-6 steps for each of our 40-50 customer requests per sprint because tasks are automatically added to other projects and moved through each stage.”

In addition to work about work, knowledge workers lose critical time switching between apps and searching for information. [Research shows](#) that knowledge workers switch between 10 apps up to 25 times per day. Too often, our business tools can't speak to one another, which means employees have to switch between email, messaging platforms, function-specific tools, and [project management software](#). Instead, look for a way to [integrate](#) your most important business tools, so you have access to all of your important information in one place.

[Your favorite tools in one place](#)

4. Identify areas for improvement

In order to be efficient, you need to understand where the lag is. When work is overdue or team members are overworked, pinpointing those stress points early on can help you reevaluate and redistribute resources if necessary.

Developing a clear process to flag and identify areas for improvement can help your

team be proactive, instead of reactive. This not only increases efficiency—since you’re removing unnecessary work—but it also boosts effectiveness by helping your team be more mindful about your work.



The standard of our creative team, for a while, was just to react to work. But we’ll never do the best work we possibly can without a clear process.”

As for how you can get there? Make sure every initiative has regular check-ins where you can share project progress and any blockers. Don’t schedule this work as a meeting—instead, share [project status reports](#) in the same place you work, so you can quickly scan to see what’s off track and readjust as needed.

Out with the inefficient and ineffective, in with the new

Building an efficient and effective team will take time. To get there, start by focusing on effectiveness and empowering your team with clarity into company goals and priorities. Then focus on efficiency by investing in automation and reducing work about work. Interested in learning more? Get [12 tips to be more productive today](#).