It's a puzzle at the heart of British business. For more than a decade, the UK has poured money, attention, and hope into new technologies — from cloud computing to advanced analytics and, most recently, the AI revolution. Yet the nation's productivity statistics remain stubbornly unimpressive. According to the latest ONS data, UK output per hour is still languishing below G7 peers, and the gap with the United States has widened in the years since the pandemic. In boardrooms and policy circles alike, frustration has mounted: why aren't the investments in digital tools and smart systems showing up in the bottom line?

This is the UK's productivity paradox — and it is not just a matter of spreadsheets or economics. At stake are real outcomes: growth, competitiveness, quality of work, and national well-being. Drawing on both the latest independent research and exclusive analysis from **2b Intelligence**, we ask a simple but urgent question: What does it truly mean to "work smarter" in an age of generative AI and digital co-pilots? And what needs to change if British business is to finally close its productivity gap?

If technology alone cannot move the needle, what are we missing?

For all the hype around AI and automation, the story on the ground is far more nuanced. Public surveys suggest that as many as 78% of UK businesses say they "use" some form of artificial intelligence. However, official figures from the ONS put genuine, embedded adoption at just 9% of businesses — and even this figure hides a stark divide between the largest, best-resourced enterprises and the UK's army of SMEs. According to proprietary analysis by 2b Intelligence, AI uptake in sectors such as financial services now exceeds 70%, while manufacturing lags below 10%. Among smaller firms in professional services, true adoption is as low as 15%.

Why does this matter? Because the productivity boost from digital tools is real — but it is highly concentrated. Ben Peters, CEO and co-founder of **Cogna**, argues that "the most meaningful gains occur when AI addresses business-critical processes that directly impact revenue and operational performance. High-value knowledge work... is transformed by automating data-heavy processes, whilst preserving human judgment for strategic decision-making." In physical industries, Peters says, "AI is already delivering real-world savings, often in the millions of dollars in a matter of weeks" — but only when the technology is embedded with genuine domain expertise.

There is a persistent misconception, he cautions, that simply giving ChatGPT or Copilot to staff will yield transformative results. "These tools are brilliant for individual tasks — writing emails, summarising documents, brainstorming — but they can't solve the messy, multi-system problems that actually constrain most businesses."

That view is echoed by Erik Nicolai, CEO and co-founder of **Workspace 365**, who warns against seeing AI as a silver bullet. "One big misconception is the idea that simply deploying AI tools automatically boosts productivity. Without thoughtful integration into workflows, they risk becoming just another interface people have to navigate." Instead, Nicolai emphasises that true gains come where AI is embedded to remove friction in day-to-day work, "simplifying how employees interact with tools and information, not just automating work, but eliminating unnecessary steps." The upshot? For many businesses, AI will accelerate a broken process as easily as it will an effective one.

Clearly, the UK's productivity challenge comes from the need to deploy new technologies intelligently, in a way that is aligned to the real — often complex and sector-specific — problems at the heart of each business.

Reimagining work design —

If the story of AI adoption is one of complexity and uneven progress, the debate over new work models — from the four-day week to hybrid and asynchronous schedules — is equally layered. Nowhere is this more apparent than in the results of the UK's most ambitious four-day week pilots.

Data suggests that over 90% of pilot companies chose to continue with the model after the initial trial, and more than half have made the change permanent after a year. The headline numbers uncovered by 2b Intelligence are striking: revenue growth among pilot companies averaged +35% year-on-year and attrition fell by 57%.

But behind these figures lie important caveats. Kirsty Angerer, development director at **HLW**, notes that the benefits of compressed hours are "compelling, particularly relating to wellbeing and engagement with sick days decreasing and employee retention increasing." However, she cautions that "there is no doubt it takes a significant shift in mindset — from managing client expectations to investment in tech and training. If these aren't implemented effectively, pressure could intensify and begin to negatively impact employees through overworking and reduced collaboration."

For Angerer, the real value of these experiments lies in their capacity to "balance productivity underpinned by wellbeing, purpose, and trust," not simply to do more in less time.

That tension is echoed by Ashley Bailey, founder of **Dig This Deal**, whose business operates in a sector where the four-day week is less easily implemented. "It's hard to ask me about a four-day week — I'm an entrepreneur and run my own business and work seven days a week, sixteen hours a day! I personally can't see how a four-day week works positively from our business side, but I know businesses in our industry who are doing this and it's spoken positively internally."

Bailey does, however, cite strong trial data — "92% of companies continued after the pilot, with many making it permanent, and employee stress down 39%, burnout down 71%, sick days down 65%" — while noting that balance, rather than uniformity, is the watchword: "Time isn't the problem. Complexity is."

As these examples show, radical work redesign is not a universal solution, but it is an increasingly mainstream option. Its success depends on thoughtful implementation, clear communication, and above all, alignment with the unique context and pressures of each business.

The lesson from the four-day week is not simply to compress hours, but to rethink how work is structured, supported, and measured.

> *“Flexibility isn’t a perk; it’s a strategy. When people feel trusted and supported, they deliver their best.”*
>
> — *Ashley Bailey,* ***Dig This Deal***

The leadership challenge —

At the core of every successful transformation — technological or organisational — is a distinct kind of leadership. If British productivity is to break free from its long stagnation, it will require more than digital investment or policy ambition. Instead, leaders must have the courage to question legacy structures, the wisdom to foster cultures of trust, and the discipline to prioritise genuine value creation over cosmetic change.

Aaron Albury, CEO and founder of **LACE Partners**, believes the biggest opportunity lies in “reimagining the operating model itself. Too many businesses still rely on legacy structures that create friction from duplicated effort, fragmented technology and inconsistent service.

Businesses can unlock significant gains by rethinking where work gets done, how talent is deployed and what skills are really needed.”

Albury’s experience in HR and digital transformation shows that “AI is only as effective as the operating model it’s embedded into… Implementation alone does not equal transformation; unless the human experience and legacy processes are addressed, you’re just shifting friction rather than removing it.”

Trust and autonomy are equally vital. For Bailey, who leads a fully distributed, tech-enabled team at Dig This Deal, “we believe trust is the foundation of productivity. We’ve moved away from micromanagement and instead empower our team to make entrepreneurial decisions. Flexibility isn’t a perk; it’s a strategy. When people feel trusted and supported, they deliver their best.”

This kind of culture, Bailey argues, allows staff to move quickly, experiment, and build processes that fit real business needs.

Ultimately, the productivity gains of the digital era are unlocked by organisations willing to rethink not only their technology, but also their culture, operating model, and management philosophy. For leaders, the real task is to embed trust, purpose, and operational clarity at every level — creating the conditions for genuine, sustainable improvement.

As these shifts take hold, a new question emerges: how do we know when “smarter work” is actually happening?

The measures of productivity —

For generations, British business has relied on a simple set of productivity metrics: output per hour, sales per employee, units shipped. Yet as the nature of work has changed — becoming more hybrid, distributed, and digitally augmented — so too has the challenge of measuring what really matters.

The old yardsticks no longer capture the value created by knowledge work, collaborative problem-solving, or improvements in well-being and engagement.

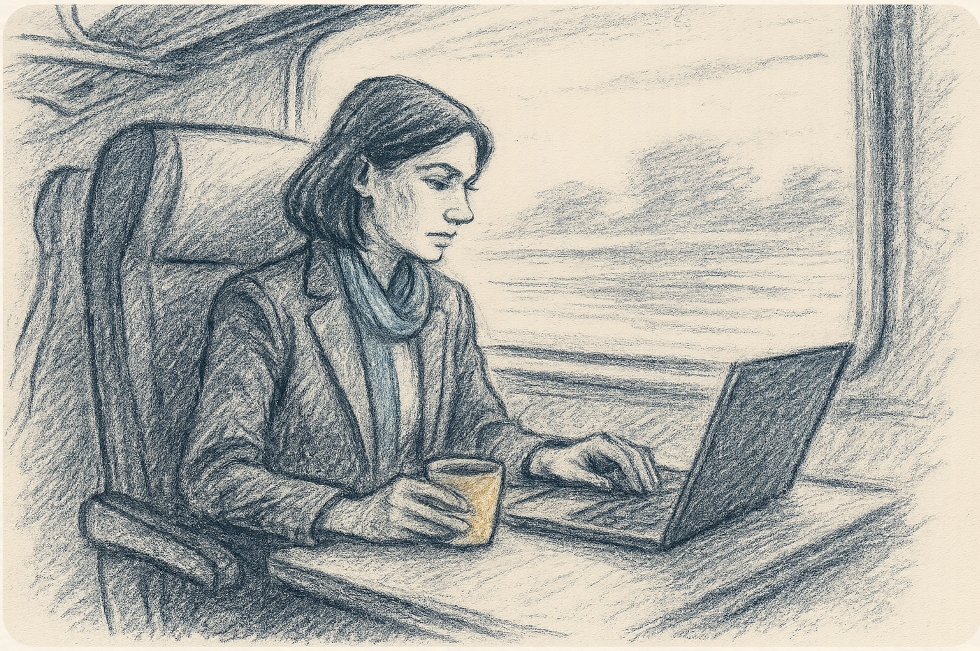
Kirsty Angerer sees this shift every day in her work with clients. “We are moving away from the hustle culture we’ve become accustomed to, to balancing productivity underpinned by wellbeing, purpose, and trust,” she explains. In her view, the most progressive organisations are now tracking indicators like leadership quality, happiness, and engagement alongside — or even instead of — traditional performance outputs.

“One of the discussions I attended at the WorkTech Finance conference focused on evolving how we track productivity – moving towards employee engagement as an indicator of productivity, such as leadership and purpose, happiness, and wellbeing. This concept is becoming increasingly popular and is supporting a holistic approach to productivity that considers efficiency and wellbeing together.”

This aligns with a growing body of research, including meta-analysis from 2b Intelligence, which finds that successful four-day week pilots and hybrid work schemes increasingly rely on a blend of hard and soft metrics: output and revenue, but also retention, absence rates, staff satisfaction, and even “output per happy hour.”

Erik Nicolai takes a similarly pragmatic view. “Metrics like reduced context switching, fewer support tickets, faster time-to-information, and even improved employee satisfaction are key indicators that AI is enhancing focus and value, not just output.”

For Nicolai, the real measure of productivity today is whether technology and process change are genuinely reducing unnecessary friction and enabling deeper, more meaningful work.



In a world of hybrid teams, rapid tech shifts, and evolving expectations, measuring productivity is no longer about counting widgets or hours. The new challenge is to track the impact and value of work — not just its quantity.

The practical impact of working smarter is most visible in how individual organisations redesign work and decision-making, often combining digital tools with shifts in culture and process. For some, small operational tweaks have delivered outsize results; for others, the journey has involved major changes in strategy or business model.

At **Time Etc**, a virtual assistant platform, CEO Barnaby Lashbrooke recalls a simple but transformative step: “A simple agreement that no meetings would take place unless absolutely unavoidable has given us a measurable productivity boost. The focus of the team is now uninterrupted and valuable deep work can be prioritised. Similar benefits can be seen when repetitive, low-value tasks are automated throughout the company.”

This approach is underpinned by research Lashbrooke commissioned, showing that entrepreneurs who are “expert delegators” — adept at passing on administrative work — not only free up hours each week but also report healthier revenue growth and profit margins.