Staff Turnover's Big Brother

Revealing a major hidden drain on talent.

Worried about Staff Turnover? Well, there is another even bigger drain on talent that needs your attention too.

In these full-employment times, managers are rightly focused on reducing staff turnover. But most don't realize that Staff Turnover has a BIG brother, another talent-related challenge that could be up to 2.5 times greater. It is the volume of unproductive time resulting from internal collaboration overload and too many ineffective or unnecessary internal meetings.

Does your organization's internal collaboration drive its innovation and agility? Is it cost effective, with minimal waste in terms of unnecessary or poorly organized internal meetings? This research paper presents data to help you address both these questions.

Time Investment:
9 mins

Potential Payback
Up to: **37%**

Audience:
C-suite

Executive Summary:

In these full-employment times, managers are rightly focused on reducing staff turnover. But an organization that is losing around 15% of its talent to staff turnover, could be losing up to 37% due to unproductive internal meetings!

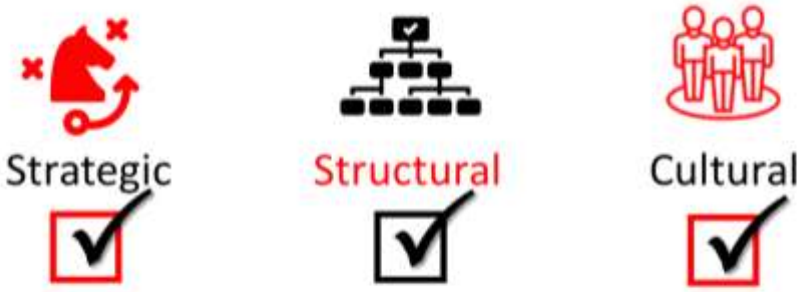
Time is money and **37% time wasted is 37% of salaries wasted.** Of course, the wage cost of so much unproductive time is only one measure of the broader impact on an organization. The value lost is harder to measure but is likely a multiple of the wages bill.

The impact of cutting the number of internal meetings each week by just 24 (in a business unit of 1000 people) could be the equivalent of cutting staff turnover by 2%. Indeed, **every 1% improvement in internal collaboration could have the same impact as reducing staff turnover by 2%.** The message is that while managers work on reducing turnover, they should also cut the cost of unproductive internal meetings and poor internal collaboration generally.

'…losing up to 37% due to unproductive internal meetings!

How an organization collaborates internally can either be a source of competitive advantage or disadvantage. The question is: Does your organization's internal collaboration drive its innovation and agility?

Measurement is important, but few managers have KPIs to manage internal collaboration. Return on Collaboration™ is a <u>next-generation KPI</u> that tracks cross-functional collaboration as a key driver of organizational Competitiveness, Agility & Innovation in a VUCA world. It is complex – with strategic, structural and cultural dimensions.



Typically, problems with internal collaboration are only a symptom – the root problem generally concerns leadership, structure or culture. For example, effective internal collaboration is inimical to the changing shape of the modern organization. Moreover, how an organization collaborates could be seen as the 'canary in the mine' of organizational health.

There are two questions for ambitious leaders to consider:

1. Does your organization's internal collaboration drive its innovation and agility?

2. Is it cost effective, with minimal waste in terms of unnecessary or poorly organized internal meetings?

Keywords
Performance
Potential
Collaboration
Cross-Functional
Strategy
Execution
Agility
Internal meeting
Waste
Structure
Culture
Innovation

Introduction

Staff turnover is a problem – a very costly one. But, while retention steals the headlines, there is a larger and more insidious talent-related problem that gets almost entirely overlooked. It is a problem that could be as much as 2.5 times greater!

The Hidden Problem Is…

The hidden problem isn't about people leaving unnecessarily, but rather people meeting unnecessarily. In particular, the amount of time spent on internal meetings that add little or no value. Pitstop Analytics™ data puts this figure at an average of 37% of the typical working week.

'…a larger and more insidious talent-related problem that gets almost entirely overlooked.'

It is worth pausing on that figure for a moment. **More than a third (37%) of the entire productive time** available to an organization's executive and managerial workforce (including its senior management) is being spent or miss-spent on internal meetings (and other forms of internal collaboration) that add little or no value. That is a staggering figure!

Putting it in Context

To put the figure in context, an organization that is losing around 15% of its talent to staff turnover[1], could be losing up to 37% due to unproductive internal meetings!

15% from 37% is 22%, in other words meeting overload is costing 22% more total talent (time, skill, energy, etc.) than people leaving! Indeed, in direct terms it could be costing up to 2.5 times more[2]. In any respect it is a lot of lost hours, days, weeks and months.

Calculating the Cost

When you add it up and apply across an entire organization the numbers can be staggering. **For an organization of 1,000 people, up to 370 of them are likely to be in an unproductive internal meeting**

at any point in time. That is 370 people who could be doing work that matters – like cutting through their to-do list or more to the point working on important and interesting projects. Alternatively, they might as well leave the office and go shopping or golfing!

It isn't easy to calculate the lost output or productivity as a result of spending so much time on non-value adding collaborative activity. Much less to put a cost on it. But easy to quantify is the wages paid to people while they are sitting through waste of time internal meetings or sifting through lots of unwelcome cc'd internal emails.

Time is money and if people are spending up to 37% of their time on unnecessary or ineffective internal meetings (and other forms of non-value adding collaboration) then the cost can be directly mapped onto the wages bill. **Put simply, 37% time wasted is 37% of salaries wasted.**

'Put simply, 37% time wasted is 37% of salaries wasted.'

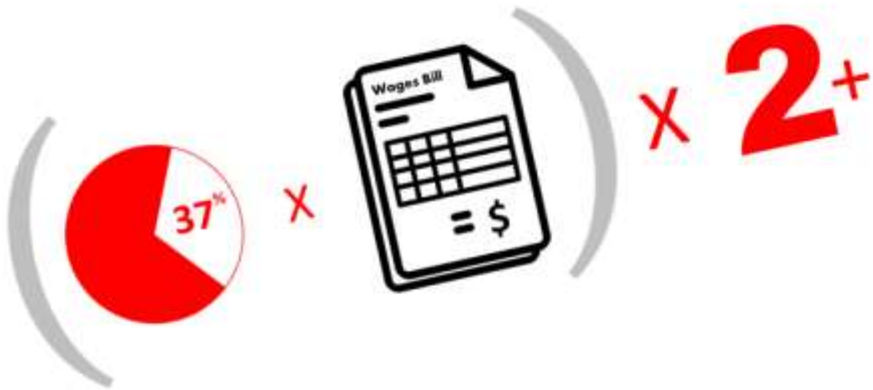
Calculating the Cost

Of course, the wage cost of so much unproductive time is only one measure of the broader impact on an organization. People are not just a cost driver, but the creators of value. The value lost is harder to measure, but no less important.

Economists tell us that wages account for approximately 50% of overall economy[3]. The rest is the return to capital or value-added element of output. So, a simple calculation of the total cost of the time wasted would be to double the wages bill. That is only a start however, for many organizations the correct multiplier could be 4, 6 or 10[4].

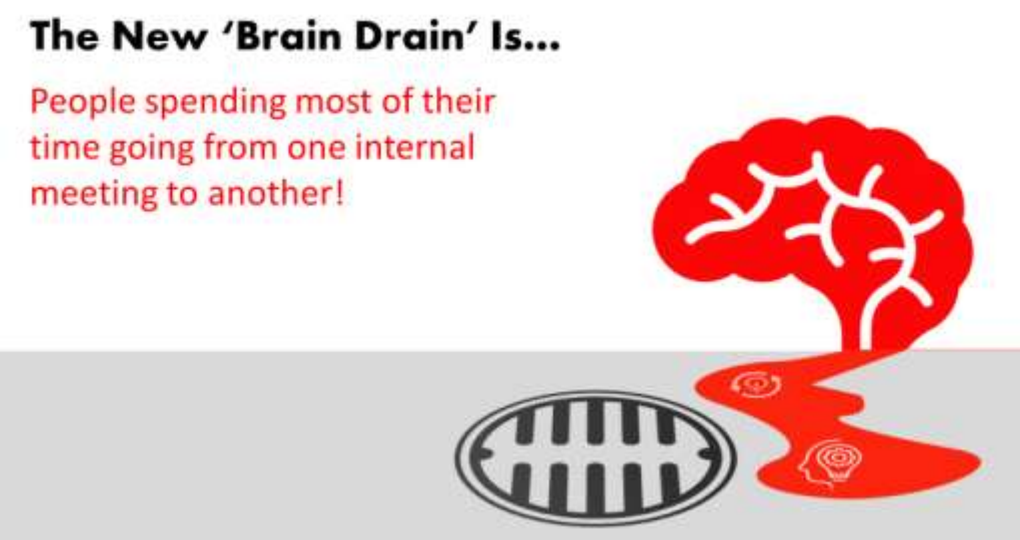
The True Cost is Likely to be...

Considering Value Lost or Capital Cost



The New Brain Drain Is…

Traditionally, staff turnover was talked about in terms of a 'Brain Drain'. However, the real 'Brain Drain' is people spending most of their time going from one internal meeting to another. It is not just about lost hours but also about lost ideas, lost energy and lost engagement.



There is of course a double meaning to the use of the term 'brain drain'. After all, most executives are likely to feel drained on leaving a meeting that has been a waste of their time! This collective draining of organizational energy has to be a factor in quantifying the cost of poor internal collaboration and is measured by Pitstop Analytics™ .

The Message is…

Of course, it would be too simplistic to say that: 'Internal meeting overload is two and a half times the problem that staff turnover is'. But it certainly does deserve more management attention. **The potential payback is to give each person 2, 4, 6 or even more hours back per week** so that they can be more productive.

'…to give each person back 2, 4, 6 or even more hours per week.'

The message is that while managers work on reducing turnover, they should also cut the cost of unproductive internal meetings and poor internal collaboration generally. Here is a stark example of why managers need to do both:

The impact of cutting the number of internal meetings each week by just 24 (in a business unit of 1000 people) could be the equivalent of cutting staff turnover by 2%[5]. Indeed, **every 1% improvement in internal collaboration could have the same impact as reducing staff turnover by 2%[6].**

Of course, it is not an either / or situation. Managers will want to do both – that is to reduce staff turnover and at the same time improve internal collaboration.

Your Payback

Managers are wise to be sceptical of big claims, so let's go back to basics. The important question is: How much time could you save if you cut down on the number of ineffective internal meetings and emails?

Even a small saving such as a few hours each week can add up to a substantial windfall when applied across a full-year and multiplied across all the organization's people.

Pitstop Analytics™ has a clever way of analysing the potential savings to be realized through cutting unnecessary internal meetings and other forms of collaborative waste. As shown overleaf, it suggests the actual point where work becomes unproductive (i.e. the part of the week that is consumed by unproductive internal collaboration).

KPIs for Internal Collaboration

Measurement is important, but while many managers track staff turnover, they don't have **KPIs to minimize the lost time, talent and energy** due to poor internal collaboration and internal meeting overload. This is where the Return on Collaboration™ metric comes in.

Return on Collaboration™ is a next-generation KPI that tracks cross-functional collaboration as a key driver of organizational Competitiveness, Agility & Innovation[7].

'…every 1% improvement in internal collaboration is equal to a 2% reduction in turnover.'

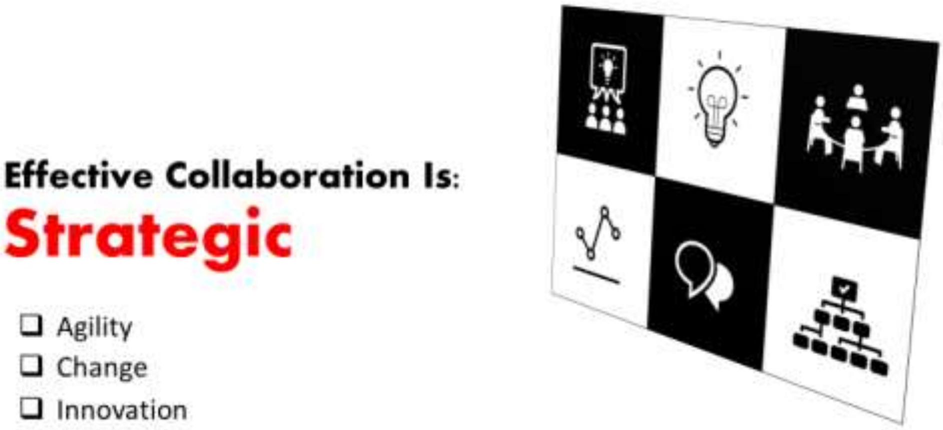
Beyond Numbers

Talking about internal collaboration in terms of dollars or euros is key to getting senior management attention. Yet, Return on Collaboration™ isn't just about cutting the cost of unproductive internal meetings and other miss-collaboration. Certainly, that is a great opportunity, but the issue of effective collaboration goes much deeper. It goes to the heart of competitiveness, agility and innovation in an increasingly VUCA world, also to how the future of work is changing[8].

In an increasingly fast-changing world, organizations need the type of internal collaboration that drives agility and innovation.

Collaboration is Strategic

Strategies, such as launching a new product or re-shaping an industry, **cannot be executed by one or a few people working in isolation**. It is likely to require a cross-functional and multi-disciplinary effort. If an organization's Return on Collaboration™ is poor, then there is a risk rating around the execution of such a strategy. The likelihood of a speedy and successful execution will be reduced as people struggle to collaborate effectively.



Problems with collaboration are not just a problem with people, but with the environment, structure and culture in which they are working. While executing the strategy may be the primary focus, a significant **amount of time and energy is likely to be spent on secondary activities**, such as getting the help or input of others, accessing information, navigating internal politics, overcoming bureaucratic hurdles and so on. As the Return on Collaboration™ data suggests the time spent on these types of activities can steadily grow to outweigh the time spent doing the work that actually needs to be done[9].

'…every 1% improvement in internal collaboration is equal to a 2% reduction in turnover.'

Effective collaboration is about performance, it is not soft or fluffy. It is strategic and underpins organisational competitiveness and agility and innovation. The question is:

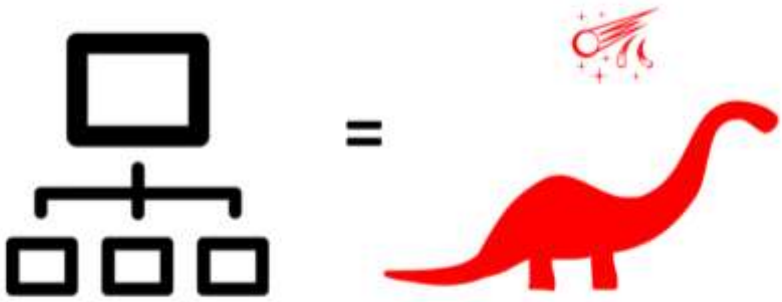
Pitstop Analytics™ provides a scientific answer to this question and quantifies the impact on performance of how well your people collaborate.

How an organization collaborates internally can either be a source of competitive advantage or disadvantage. It can either make an organization (a) more or (b) less dynamic and efficient. As one of our consultants likes to say, 'your people are all wearing the same jersey (as in working for the same organization/team), but if they cannot work together effectively that's a great opportunity for the opposing team (i.e. competing organizations)'.

Collaboration is Structural

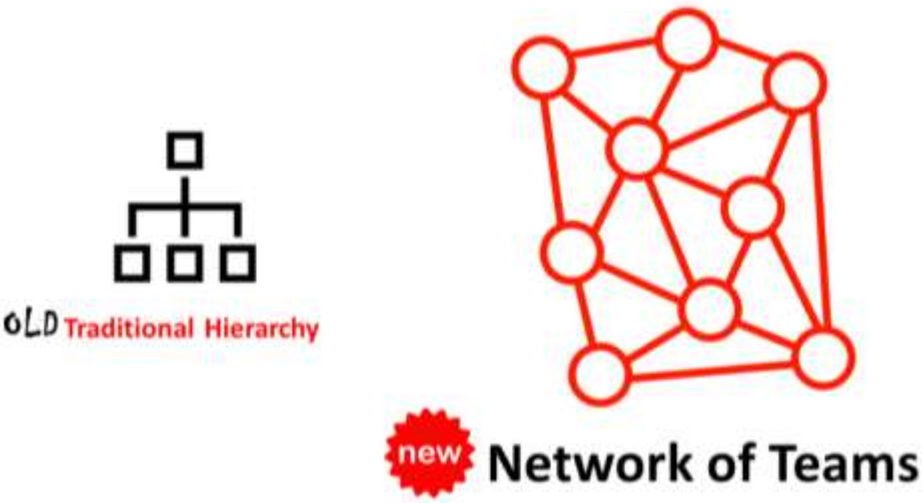
Organizations of the last century were modelled on a bureaucratic top down hierarchy organized on functional lines. It was great for control and efficiency, but lousy for speed and innovation. These structures are dinosaurs of a modern age - threatened with extension.

'…take back up to 10 hours a week lost in poor internal collaboration'.



Effective internal collaboration is inimical to the changing shape of the modern organization. That is the shift away from the traditional and rigid organizational design with its vertical hierarchy and functional silos.

The demands for increased internal collaboration stem from the realities of a flatter and more matrix-like organizational structure – where **a network of teams attempts to spans traditional functional boundaries**. But as the challenges around collaboration show, organizational 'shape-shifting' is not easy. The move from vertical to horizontal means more time being spent on internal meetings as well as more cc'd emails and IM messages.



Life was simpler when people were working for one boss and were part of just one group or team. **Working on many teams can lead**

'…internal collaboration is inimical to the changing shape of the modern organization.'

to lateral pressures including greater confusion regarding roles, authority and accountability[10]. Yet, the successful transition from vertical to horizontal and from rigid to agile, depends on the ability to master internal collaboration.

Poor internal collaboration is a talisman for organizational rigidity. Effective cross-functional collaboration requires moving beyond individual solo runs and functional silos. But organizations that struggle to collaborate effectively will struggle to adapt and innovate in a fast-changing world. That puts Return on Collaboration™ high on the leader's agenda.

Pitstop Analytics™ provides a new level of insight to the role of organizational structure in collaborative performance.

Collaboration is Cultural

It is not just the formal structure of the organization that impacts on collaboration, but its informal structure too. That includes its culture and norms.

How an organization collaborates is the 'canary in the mine' of organizational health and agility. If your organization is having trouble with internal collaboration watch out. A culture that inhibits effective teamwork or collaboration, is likely to hinder individual as well as organizational performance.

Culture can be a nebulous concept over which managers feel that they have little control. To overcome this problem Pitstop Analytics™ provides actionable insight on 8 critical behaviours that define a culture of effective collaboration and collaborative performance[11].

Here is an example of how the behavioural lens is important to understanding effective collaboration: People will often complain that they are not listened to during internal meetings with a small number of those attending doing most of the talking[12]. Yet, it is not just about share of the conversation, but more fundamentally whether people feel appreciated or valued. In this way **Return on Collaboration™ may have as much to do with respect as it does with time management efficiency**. Other issues such as people arriving on time, finishing a meeting on time and coming prepared can also be seen through the lens of respect.

The reality is that you cannot just bring a group of people together and expect effective collaboration or collective performance. There are up to 200 reasons why the performance of a group of people so often falls short of the sum of its individual members' talent and skill. The technical term for these is Performance Losses[13] and they are what Pitstop Analytics™ was built to measure and manage.

Effective collaboration is not natural, but complex. When it happens, **it is by design rather than by accident**[14]. It requires ensuring that the right people are in the right roles doing the right work and so on. Moreover, because of the role of behaviour and culture, the **solutions to clumsy collaboration are adaptive, not just technical**[15]. It is not just about running more effective meetings or improved time management but will likely require a shift in mindset and behaviour.

Collaboration can be most difficult for individual high performers and powerful senior executives. The challenge is to create an environment where people are rewarded not just for individual solo-runs, but for their participation in and contribution to their teams.

A Call to Action

Does your organization's internal collaboration drive its innovation and agility? Is it cost effective, with minimal waste in terms of unnecessary or poorly organized internal meetings?

To measure the Return on Collaboration™ for your organization or team talk to us, we provide analytics and workshops that help leaders and their teams to transform internal collaboration into a driver of performance, innovation and agility. In the process, we also help executives to take back up to 10 hours a week each lost due to poor internal collaboration.

'…imagine the projects, strategies & innovations that could have been pursued'

Growth Pitstop® is one of the most exciting performance analytics companies in the world. Our analytics platform, called Pitstop Analytics™ leverages the latest science and psychology of performance, together with F1™-style BIG data, to measure, model and unlock the performance potential of ambitious business units, leaders and their teams.

Growth PitStop™

Powered by: Pitstop ANALYTICS

About Pitstop Analytics™

Pitstop Analytics™ reveals new options and strategies for performance, innovation and growth for ambitious leaders.

Inspired by the track-side use of BIG data to drive performance in F1™, Pitstop Analytics™ accelerates data gathering and analysis to enable faster and better decisions.

Pitstop Analytics™ provides a new breed of future-focused KPIs (e.g. Return on Collaboration™). Called KPPIs (Key Performance Potential Indicators) they are key to the sustainability of performance, innovation and growth in a VUCA world.

Pitstop Analytics™ calculates the Return on Collaboration™ for any organization, department or team. It also illuminates strategies to drive performance, innovation and agility via improved collaboration, also to reduce time lost due to poor collaboration.

Pitstop Analytics™ leverages BIG data algorithms together with new measurement techniques from the social sciences to measure the unmeasurable, the messy and the unknown.

Footnotes:

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[1] As a rate of staff turnover 15% could be seen as a mid-range figure, with data from different sources putting industry-wide level of staff turnover at anywhere between 10% (linked-in data) to 25% (Deloitte), with other sources citing rates of 18% (SHRM) and 23% (Mercier).

[2] This is an important point as the indirect costs of staff turnover are a key consideration. They include lost productivity, as well as the logistical costs from recruitment costs to time spent interviewing candidates, training new hires, etc.

[3] See for example 'The Brain Drain' by Oxford Economics, 2014.

[4] This of course is likely to be a low estimate. There are many sectors of the modern economy where simply achieving twice the wages cost in revenue would derive sufficient profitability. An alternative would be to apply the firm's net margin to the wages cost of unproductive internal meeting time thereby calculating the revenue that would need to be generated to cover the cost.

[5] Calculation is based on a business unit of 1000 people, where a 2% reduction in staff turnover is the equivalent of 20 people. In terms of productive time this can be estimated as the equivalent of 24 internal meetings per week (avg. 6 attendees - meeting duration 66 mins).

[6] Based on bench-marking data up to 37% of time is spend on internal collaboration that does not add value. For any organization where staff turnover is up to 16%, a 1% improvement in internal collaboration can deliver the same boost in productive time as a 2% reduction in staff turnover. Specifically, that improvement in internal collaboration would mean less time spend on internal collaboration that adds little or no value.

[7] Return on Collaboration™ is part of a new breed of future-focused KPIs. Called KPPIs (Key Performance Potential Indicators) they are focused on the sustainability of performance, innovation and growth in a VUCA world.

[8] A variety of factors threaten to change the nature of work. These include the rise of the gig economy, increased automation and the emergence of artificial intelligence, the multi-generational workforce and the 100-year or multi-career life. An increasingly VUCA world, creating the need for greater agility, flexibility and innovation. This is predicated on greater collaboration and life-long learning.

[9] Pitstop Analytics™ data suggests that people are spending the majority of their time on internal collaboration, as opposed to doing their own work. In effect their main job as become secondary to internal meetings, emails, reporting and so on.

[10] Lateral Pressures are discussed in Naomi Stanford, Organization Design: Engaging with Change, Routledge; 2 edition (2013)

[11] These 8 critical behaviors, called Performance Dynamics, are explored in the book 'Pitstop to Perform' by Ray Collis & John O Gorman, ASG Group Press, 2018.

[12] This is one of most widely discussed aspects of group behaviour and social psychology and a principal process loss that occurs when working in groups. It is sometimes labelled 'Social Loafing' (see Daniel J. Levi, 'Group Dynamics for Teams', SAGE Publications, Inc; 5 edition).

[13] Performance Losses is an expansion of the concept of Process Losses and encompasses up to 200 factors (identified from research) that can inhibit performance. The concept is examined in 'Pitstop to Perform' by Ray Collis & John O Gorman, ASG Group Press, 2018.

[14] This is called Performance Design and borrows from research in the areas of Organizational and Team Design. See: 'Pitstop to Perform' by Ray Collis & John O Gorman, ASG Group Press, 2018.

[15] Keegan & Laskow Lahey explain the difference between adaptive and technical solutions as follows: '...many, if not most, of the change challenges you face today and will face tomorrow require something more than incorporating new technical skills into your current mindset. These are the 'adaptive challenges', and they can only be met by transforming your mindset, by an advance to a more sophisticated stage of mental development.' Source: Robert Kegan & Lisa Laskow Lahey, 'Immunity to Change: How to Overcome it and Unlock Potential in Yourself and Your Organization', HBR Press, 2009