



## Costs of Low Productivity, Attrition, Disengaged Employees, Toxic Work Environments, Miscommunication, Etc.

“If you estimate...that the cost of finding, hiring, and training each new employee is 1.5 times his salary...” – Marcus Buckingham & Curt Coffman, *“First Break All The Rules”* 1999.

“Consider the cost of bringing in a new hire. There is the money spent recruiting new people, and then training them for the job. It takes time, especially in a small organization, to get the new hire up to speed, and in the interim, other employees or the employer have to fill in. The cost is huge, as a 2012 review by the Center for American Progress discovered. The average cost of taking on a new employee in a position earning less than \$75,000 per year is twenty percent of the salary – or \$13,000. It adds up.” – Eric Termuende, *“Rethink Work”* 2016.

“There are so many things one employee can do to affect profit – everything from turning off more lights, to negotiating harder on price, to avoiding the temptations of the till. Simply put, these will happen more often when each employee feels truly engaged.”, and, “Engaged employees will stay longer” – Marcus Buckingham & Curt Coffman, *“First Break All The Rules”* 1999.

“Axing an MVP...incurs not only the cost of replacing him or her (generally figured at 2.5 times salary at an executive level), but also the costs associated with delaying the achievement of the business strategy...lost opportunity cost, as well as replacement costs, must be figured into the cost/value ratio. The financial fallout can be dramatic, even traumatic.” – Margaret Buttriss, *“Coaching Corporate MVPs”* 2008.

“Common wisdom, of course, holds that employees who feel upbeat will likely go the extra mile to please customers and therefore improve the bottom line. But



there's actually a logarithm that predicts that relationship: For every 1 percent improvement in the service climate, there's a 2 percent increase in revenue." – Daniel Goleman, Richard Boyatzis, Annie McKee, *"Primal Leadership"* 2013.

"Resilience is defined as the ability to quickly bounce back from stressful situations – no matter what problems are thrown at us, we continually get back up, ready for the next one. But even for the most resilient person, getting ready doesn't happen instantly. It is a process – and an important one. Research has found that there is a direct correlation between lack of recovery and increased incidence of health and safety problems. And lack of recovery – whether it disrupts our sleep with thoughts of work or keeps us in continuous cognitive arousal as we obsessively watch our phones – is costing our companies \$62 billion a year (that *billion*, not million) in lost productivity." – Shawn Achor and Michelle Gielan, *"Chapter 24, Don't Endure; Recharge"*, *"HBR Guide to Emotional Intelligence"* 2017.

"A study across four large US companies found that insufficient sleep cost almost \$2,000 per employee per year in lost productivity. That amount rose to over \$3,500 per employee in those suffering the most serious lack of sleep...a net capital loss to these companies of \$54 million a year in lost revenue." – Matthew Walker, PhD, *"Why We Sleep"* 2017.

"A survey on the cost of insomnia claimed that, annually, the US lost 252.7 million days with a societal cost of \$63.2 billion and an individual cost of \$2,280 to the employer caused by loss of performance due to insomnia. A slightly more recent study claimed that insufficient sleep cost the US economy up to \$411 billion a year with an estimated loss of 1.23 million days – so 200x less days lost for 6x the cost." – Dr. Neil Stanley, *"How to Sleep Well"* 2018.

"If [my] research can inspire a million people to make these small changes and delay one chronic disease by just one year, it can provide an estimated savings of at least \$2 billion annually to the U.S. economy. – Satchin Panda, PhD, *"The Circadian Code"* 2018.