



THE COST OF EMPLOYEE TIME LOSS



“Better the devils we know than the devils we don’t.” It very much applies to employees and the approach business owners and management take in tolerating low productivity among other things. Productivity is about outputs influenced by inputs. When it come to personnel, if the inputs relating to time, energy, focus and morale are all high, obviously the outcomes/results will be reflected as such. The inverse situation is also true. Low input = low outputs.

Here are just some of the affects of low personnel productivity:

- Higher staffing costs to counter lost time
- Lower morale also creating replacement staff costs
- Wasting managements time thus affecting business development and growth
- Customer dissatisfaction
- Lower sales
- Increased work errors

It doesn’t take much for the above areas to mount up. For a smaller business this might mean that low productivity is costing upwards of \$100,000 per annum. In ten years that’s a million dollars that could have been sitting in your super or invested for even greater returns. For larger businesses and organisations the losses can be staggering.

Here is a scenario demonstrating different size organisations with varying amounts of time loss and the subsequent financial outcomes.

Staff Numbers	10	30	100	500	1000	2000
Minutes lost per person per day	90	75	60	45	30	15
Hours lost per person per day	1.5	1.3	1.0	0.75	0.50	0.25
Weekly total loss in hours	75	188	500	1875	2500	2500
Annual Loss in hours (assuming working a 5 day week over 48 weeks)	3600	9000	24000	90000	120000	120000
Annual Loss in weeks	75	187.5	500	1875	2500	2500
Additional Personnel required at 38 hours p.w	2.0	4.9	13.2	49.3	65.8	65.8
Extra staffing for lost productivity at \$60k per person	\$ 118,421	\$ 296,053	\$ 789,474	\$ 2,960,526	\$ 3,947,368	\$ 3,947,368
Potential revenue loss at \$80 per hour	\$ 288,000	\$ 720,000	\$ 1,920,000	\$ 7,200,000	\$ 9,600,000	\$ 9,600,000

Arriving a little later, leaving a little earlier, extending the lunch break, checking social media, wandering around the office, multiple coffee/cigarette breaks, needless chit chat and so on. Combine that with process inefficiencies, an interruptive and reactive work environment, outdated systems and technology, unnecessary meetings, low/no performance accountability and you have the recipe for time loss that snowballs into many other areas. When one tolerates these low productive behaviours and does nothing about it, one is sanctioning it.

Organisational efficiency, focused position descriptions with related performance measures, people held accountable in an environment of trust; laziness, indifference and excuses not tolerated are some of the ways forward.

Create a great workplace culture, raise the bar high and assist your team in knowing that they are valuable, that you will do everything to support them but that business comes first.

Case Study 1 – The Administration Team

A company I consulted to was in chaos and needed order. After analysis of the current people and processes there was an estimated time loss of 51 hours per week from the administration team. We then streamlined processes, aligned the right people in the right roles for them as individuals and implemented performance measures with accountability. The employees, customers and owners all benefited significantly from the improvement process ending up with 51 hours to drive their business forward.

Case Study 2 – The Sales Star

Consulting to an industrial firm, one of the issues we had to address was the low productivity of the account manager. We reinforced the budgets he was to meet and worked alongside of him for the achievement of such. Nothing much moved for a number of months until the business owner pulled him aside and said, “I will give you all the support you need to meet your budgets but if you cannot meet them you will not be able to continue in this role.” The sales person never looked back, gaining a 50% increase in output and subsequently met budget.



Ray Hodge speaks and consults to businesses and organisations, a notable event being the Department of the Australian Prime Minister and Cabinet. His emphasis is on improving critical efficiencies to dramatically increase key results. He has coached and provided consulting services to leaders and teams for over 25 years.