

The Hidden Costs of *Misunderstandings* in the Workplace

PREPARED BY
John Bentley

Power 2 Transform
Custom Leadership Development
for Midsize Companies

Overview

Corporate misunderstandings cost more than just wasted time. Repetitive misinterpretations can leave employees feeling frustrated, unsupported, and overlooked while leaders are left questioning the unproductivity of their teams. When effective communication is not prioritized, feelings of inadequacy and conflict rise while unmotivated, devalued employees begin searching for new employment opportunities.

A study conducted by Siemens Communications in partnership with SIS International Research found that a business with 100 employees has the potential of annually losing \$524,569 due to ineffective communication practices. This statistic is only further exasperated when considering the significant financial impact that ineffective communication has on decreasing employee efficiencies and lowering companywide retention rates (see Figure 1).

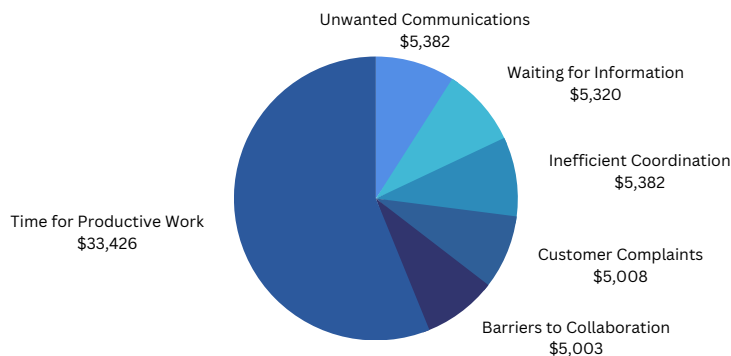


Figure 1. Results of Siemens Communications Study of Small and Medium-Sized Businesses (SMB)

Cost of Miscommunication = \$26,041 per worker/per year
Based on an average salary of \$59,467

Consider that 40% of the work week is lost to these communications inefficiencies. The negative impact on critical business processes, new revenue, and customer satisfaction becomes painfully apparent.

When clear, consistent communication is brushed aside, employee productivity, turnover rates, innovative thinking, and revenue streams suffer. Stressed, underinformed teams can't work collaboratively if expectations aren't clearly assigned. Strong communication matters more than you think – it can mean the difference between inspiring and retaining a talented employee or sending them to your competitor's doorstep.

Continue reading to learn more about the impacts of miscommunication in the workplace and how we can successfully fight against it together.

The Problem

Miscommunication leads to more significant, expensive problems.

Misunderstandings decrease morale and hinder productivity.

Frequent misunderstandings negatively impact employee morale by causing feelings of confusion, resentment, and frustration. When miscommunication is not handled appropriately, conflict can arise amongst frustrated employees – poisoning overall company culture and leading to higher turnover rates.

Gallup has reported that disengaged employees cost their employers 18% of their annual salary. Furthermore, Gallup's most recent State of the Global Workplace: 2022 Report found that only 21% of global employees are engaged at work. This means that 79% of your workforce is likely costing you significant revenue due in part to unproductivity.

Communication is directly linked to team member productivity.

- Ineffective communication correlates to higher rates of errors and delays, especially when the consequence of a misunderstanding is re-doing a job already done.
- If an employee doesn't understand expectations, feels undervalued and unheard, or is uncertain of whom to approach with questions, their productivity will reflect such.
- Moreover, a confused, frustrated employee isn't one who will readily seek out operational efficiencies.



Productivity among highly engaged teams is 14% higher than that of teams with the lowest engagement.

-Gallup, 2020

Misunderstandings erode trust while increasing turnover rates.

A lack of clear, consistent communication is detrimental to overall company culture, hurting both retention and recruitment efforts. When an employee doesn't feel validated or works in a perpetual state of confusion, relationships begin to erode as trust and confidence quickly dissipate.

The Society for Human Resource Management (SHRM) reported that on average it costs a company 6 to 9 months of an employee's salary to replace him or her. For an employee making \$60,000 per year, that comes out to \$30,000 - \$45,000 in recruiting and training costs. Companies simply cannot afford to continually lose competitive talent – focusing on clear, ongoing communication can help stop this bleed.

Team cohesion matters – and so does the brand image. Repetitive misunderstandings lead to disinterested, unsatisfied employees who lack the motivation to work collaboratively. Word travels fast - when employee retention is low, so is the public perception of your company.

Misunderstandings obstruct innovation.

An unsupported employee quickly loses confidence in their employer as well as in their own abilities. Misunderstandings further contribute to this by hampering an employee's willingness to think outside of the box. Frustrated, timid employees may be fearful to share new, innovative ideas or even feel uninspired to investigate more efficient, time-effective processes.

For example, a survey with executives, managers and junior staff members found that communication breakdowns in the workplace have multiple downsides.

When asked about the consequences of poor communication:



20%

of respondents said that they experience obstacles in innovation.



52%

of respondents said they feel higher stress levels.



44%

of respondents said they failed to complete their projects.

Note: Most significant consequences of poor work communication in the past year (% of respondents)

Misunderstandings jeopardize your bottom line.

Misunderstandings are costly as they significantly contribute to a decrease in productivity, an increase in employee turnover, and foster an environment where innovation isn't prized. A study by Grammarly conducted by The Harris Poll found that \$6.25 million is annually lost addressing communication issues at companies with 500 employees.

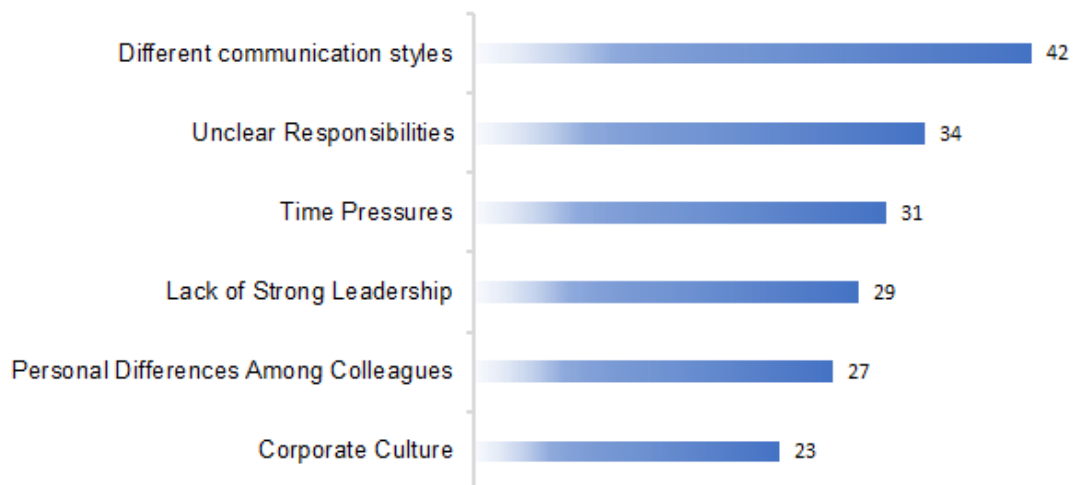
There is a clear link between communication effectiveness and achieving critical business objectives. Ineffective communication acts as a missing link—a major deficiency that stands between a company and its goals. Yet, a brighter future is possible when you take action to develop a team that communicates with clarity and empathy.

The Challenge

But what are the biggest challenges when it comes to communication at work?

Effective workplace communication is crucial for employee satisfaction and success, which means reducing communication obstacles is a top priority for businesses. Therefore, identifying the root of workplace misunderstandings is key. Let's dive deeper into this pressing matter.

A survey from [The Economist Intelligence Unit](#) reveals some of the perceived causes and effects of communication breakdowns. The survey, conducted from November 2017 to January 2018, included 403 senior executives, managers, and junior staff at US companies divided equally and from companies with annual revenue of less than US\$10m, between US\$10m and US\$1bn and more than US\$1bn. The survey research provides insights into what employees see as the biggest barriers to workplace communication.



Top causes of poor work communication (% of respondents). Source: Economist Intelligence Unit Survey, 2018.

Different communication styles (42%), unclear responsibilities (34%) and personal differences among colleagues (27%) are among the most frequently cited causes of poor communication. These causes suggest that team members need to tailor their communication styles to those around them to be effective. Doing so would ensure team members operate with a clear understanding of what they need to accomplish and expectations of when goals should be met.

The Solution

What's possible when you invest in developing a foundation of effective communication?

Don't let misunderstandings hold your team back. It's time to unlock the power of team dynamics by learning about DISC Behavioral Styles. Imagine being able to tailor your communication to your colleagues' unique styles. Gain a deeper understanding of how you and your peers operate, communicate, and respond to stress. With this knowledge, your team can achieve new levels of effectiveness and collaboration.

A key component of every Power 2 Transform workshop is the Everything DiSC® model. The Everything DiSC® model is a method that accurately measures personal preferences and priorities to help both teams and leaders understand themselves and others better.

This model identifies 4 personality types and uses these types to determine how you tend to communicate as well as how you prefer to be communicated to (see Figure 2). Each person has a unique behavioral profile with different styles and priorities—no one style is better or worse than the next.

Figure 2. The DiSC Model is a simple yet powerful model that describes four basic behavioral styles:

- D: Dominance**
- i: Influence**
- S: Steadiness**
- C: Conscientiousness**



As an Everything DiSC® Authorized Partner, I help participants identify and understand their unique DiSC® behavioral profile as well as those of their teammates. This enriches their appreciation for different preferences and values.

Participants of Power 2 Transform sessions learn practical skills that increase engagement, collaboration, and effective communication. By gaining a better understanding of your preferences as well as your co-workers' tendencies, you are more prepared to successfully communicate in a way that motivates, inspires, and supports a sense of teamwork. This leads to a decrease in misunderstandings and a more enjoyable, effective workplace.

The proof is in the results. [Click here](#) to learn how the Everything DiSC® method enhanced companywide communication at Carhartt.

A Case Worth Replicating

I partnered with Cullman Regional Medical Center to break down departmental barriers while transforming lines of communication from the top down.

Cullman Regional Medical Center located in Alabama provides services to more than 150,000 residents in a six-county area and earns an annual net revenue of \$100 million. This well-established medical facility was purchased in 2005 by new owners, resulting in significant misunderstandings between the hospital board, medical staff, and administration. Miscommunications ultimately lead to ineffective team dynamics, an overall loss of trust, and a strong opposition to change.

The leadership at Cullman Regional Medical Center partnered with Power 2 Transform to fully alleviate their communication issues by investing in a program with proven results.

Successes include:

Segment	Results
<i>Leadership Development</i>	<ul style="list-style-type: none">• I worked alongside my team to develop the Leadership Development Institute (LDI) to increase collaboration between the CEO and departmental leaders, breaking down communication barriers.
<i>Employee Engagement</i>	<ul style="list-style-type: none">• LDI trained leaders who actively support, motivate and listen to their employees.• This shift in leadership culture has significantly increased morale as staff members feel empowered to work as a cohesive team.

Learn more about this successful case study by watching this [short video](#).

Next Steps

Leverage the power of DISC Behavioral Model in your workplace.

With the help of Power 2 Transform, you can protect your budget and foster a culture where employees feel heard, supported, and encouraged to innovate.

To learn more and get started, visit www.power2transform.com/training-solutions



John Bentley Founder and CEO of Power 2 Transform

John Bentley's speaking and training programs have helped more than 20,000 people transform their organizations into healthy work environments, where team members feel valued, manage tasks better and fully invest their talents to achieve the organization's goals. Get in touch with John at john@power2transform.com

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WWW.POWER2TRANSFORM.COM

1005 Ashworth St NE, Hartselle, AL 35640 - 256-612-0015

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