

# THE 70% TRUTH

*Why Managers Control Everything But Get Nothing*

*A White Paper on the Most Expensive Gap in Modern Business*

By Clive Hays, Neil Hays, and Chad Williams

## THE INVISIBLE CRISIS

Every quarter, executives stare at the same troubling metrics. Turnover creeping up. Engagement scores sliding down. Exit interviews revealing the same pattern: "I didn't leave the company. I left my manager."

The response is predictable. HR rolls out new initiatives. Leadership invests in culture programs. Consultants deliver workshops. Yet nothing fundamentally changes because everyone is solving the wrong problem.

Here's what the data actually tells us: managers influence roughly 70% of the variance in employee engagement scores. That's not a metaphor. It's a statistical reality derived from decades of workplace research, most notably Gallup's extensive studies of millions of employees across thousands of organizations.

Your managers are the single greatest determinant of whether employees stay or go, whether they're engaged or checked out, whether they deliver discretionary effort or do the bare minimum. They control the daily experience that shapes every outcome you measure. And we've given them nothing.

## THE RESEARCH NO ONE WANTS TO FACE

The 70% figure isn't pulled from thin air. It emerges from analysis of what drives the variance in team-level engagement within the same organization. Two teams in the same company, with the same pay, same benefits, same mission, can have wildly different engagement scores. The variable? The manager.

Gallup's research spanning more than 2.5 million manager-led teams found that managers account for at least 70% of the variance in team engagement. Other research puts the figure higher. A study tracking 60,000 employees found that the relationship with their immediate supervisor was the strongest predictor of employee engagement and satisfaction.

The implications are staggering. If you're spending money on company-wide culture initiatives, wellness programs, or engagement surveys without addressing manager effectiveness, you're treating symptoms instead of causes. You're betting the minority of variance instead of the majority.

But here's where it gets worse. Organizations with highly engaged teams are 23% more profitable than their disengaged counterparts. Companies in the top quartile for

engagement show 59% lower turnover. The financial impact of manager effectiveness isn't theoretical. It shows up in your P&L.

Consider what this means practically. If you have 250 employees and 15% annual turnover at an average salary of \$75,000, you're losing roughly \$4.2 million per year in turnover costs alone when you factor in recruitment, onboarding, lost productivity, and the ripple effects of institutional knowledge walking out the door. Studies consistently show replacement costs at 1.5 to 2 times annual salary, sometimes higher for specialized roles.

Now recognize that a significant portion of that turnover is directly attributable to manager effectiveness. The data is clear: people don't leave companies, they leave managers. Yet when someone resigns, we rarely trace the line back to daily management practices, missed one-on-ones, unclear expectations, or lack of development conversations.

## THE TRAINING ILLUSION

Faced with manager effectiveness challenges, most organizations default to training. The logic seems sound: if managers aren't performing well, teach them to manage better. The reality? Most management training is theater.

The average manager training program spans 47 hours that nobody actually completes. It's designed by people who haven't managed teams in years, delivered in formats that ignore how adults actually learn, and measured by completion rates rather than behavior change.

What happens after training? Research shows that only 23% of action items from workshops get implemented. Managers return to their desks, immediately consumed by the same fires they left to attend training. The carefully crafted development plans gather dust. The new frameworks are forgotten by Friday.

Even well-intentioned training fails because it doesn't address the core problem: management isn't a knowledge gap, it's a daily practice gap. You can teach someone the theory of effective one-on-ones, but if they're drowning in their own workload, struggling with unclear priorities, and lacking any system to track team dynamics, the knowledge is useless.

Consider the math. If your organization has 15 managers and you invest \$72,000 in consultant-led training (a conservative figure), you're getting a 23% implementation rate. That's \$55,440 in wasted spend annually. Multiply that by the number of training initiatives your company runs each year.

But the real cost isn't the wasted training budget. It's what doesn't happen because managers lack practical tools. The conversations that never occur. The early warning signs of disengagement that go unnoticed. The small interventions that could have prevented a resignation.

## THE TOOLS DESERT

Here's a thought experiment. Ask your IT team how many tools they have to do their jobs. They'll list project management software, code repositories, monitoring

systems, debugging tools, collaboration platforms. Probably a dozen or more purpose-built solutions.

Now ask your managers. What tools do they have specifically designed to help them manage employee engagement?

Email. Slack. Maybe a performance review system they're forced to use once a year. That's it.

This isn't an accident. It's a massive market failure. The enterprise software industry has built sophisticated tools for virtually every business function except the one that controls 70% of your engagement outcomes. We've automated accounting, optimized supply chains, and AI-powered customer service. But the people managing your people? They're operating with stone-age technology.

Think about what this means in practice. A manager oversees eight direct reports. Each person is having a completely different experience at work. One is burning out. Another feels stuck with no growth opportunities. A third is crushed under ambiguous priorities. The manager, if they're good, senses something is off. But they lack any systematic way to understand what's actually happening across their team.

Annual engagement surveys offer rear-view mirror data, aggregated at a company level, delivered months after the survey, often too high-level to drive specific action. By the time a manager sees that their team's learning and development score dropped, three people have already updated their LinkedIn profiles.

The gap is even more pronounced when you consider that most managers are promoted because they were good individual contributors, not because they demonstrated management capability. A brilliant engineer becomes an engineering manager with zero preparation for the psychological complexity of leadership. They might get that 47-hour training program, but they don't get tools that make the daily work of management manageable.

## **WHAT YOUR MANAGERS ACTUALLY NEED**

The question isn't whether managers need tools. The question is what kind.

Managers need systems that meet them where they are, not where idealized management theory thinks they should be. They need tools that integrate into existing workflows rather than adding to an already overwhelming task list. They need real-time insights that enable proactive intervention rather than autopsy reports.

Most critically, they need to shift from hoping they're good managers to knowing they are. That requires measurement. Not the vague, annual, company-wide kind. The specific, actionable, team-level kind that shows exactly which dimensions of engagement are strong and which need attention.

Consider what becomes possible when managers have access to daily pulse data about their teams. Not invasive surveillance, but simple check-ins that take 30 seconds and reveal patterns over time. A manager can see that three team members are consistently reporting unclear priorities. That's not a people problem. That's a communication problem, and it's fixable this week, not next quarter.

Or imagine a manager notices that their team's sense of psychological safety is dropping. Traditional methods might surface this months later in an exit interview. With the right tool, they see it developing and can address it through specific, evidence-based interventions, small actions that take 15 minutes or less but compound into cultural transformation.

The power isn't just in the data. It's in making management systematic rather than intuitive. The best managers have always done these things naturally. They remember to have regular one-on-ones. They notice when someone seems off. They connect work to purpose. But requiring every manager to operate at that level through pure talent and memory is setting most of them up to fail.

Tools don't replace good management. They enable it at scale. They take the practices that distinguish great managers and make them accessible to everyone. They transform management from an art that only a few people master to a science that everyone can practice.

## THE NEUROCHEMISTRY OF ENGAGEMENT

There's another dimension to this that most organizations completely miss: the neuroscience of engagement isn't theoretical anymore. We understand what happens in the brain when employees feel motivated, connected, or burned out.

Engagement isn't just a feeling. It's a neurochemical state. When employees experience progress toward meaningful goals, their brains release dopamine. This isn't just "feeling good," it's the reward neurotransmitter that drives motivation and focus. Clear goals and recognition trigger dopamine, keeping employees motivated and engaged.

When team members experience authentic positive interactions, collaboration, recognition, a simple thank you, their brains release oxytocin. This trust hormone doesn't just create warm feelings. It enables the psychological safety required for innovation and risk-taking. Leaders who foster trust and empathy trigger oxytocin, creating stronger team dynamics and higher engagement.

When employees see the impact of their work and feel satisfied with their contributions, serotonin flows. This mood stabilizer keeps people calm, confident, and optimistic. It's what makes employees emotionally resilient in the face of challenges. Connect the dots between employee contributions and organizational impact, and serotonin levels rise.

The opposite is equally biochemical. Chronic stress releases cortisol, the stress hormone. In small doses, it sharpens focus. Sustained over time, it impairs memory, shuts down creativity, and damages health. High-stress workplaces keep the amygdala, the brain's threat detection system, on constant alert, making employees less collaborative and more defensive.

Organizations spend millions on engagement without understanding this basic biology. They create programs that work against how brains actually function. They design jobs that chronically elevate cortisol. They structure feedback in ways that fail to trigger dopamine. They build cultures where psychological safety is impossible because oxytocin never gets released.

The gap isn't just that managers lack tools. It's that we've built management systems that ignore neuroscience. Annual reviews provide delayed, often critical feedback that does nothing for dopamine and everything for cortisol. Unclear priorities keep people in a state of chronic stress. Lack of progress visibility means the motivation system never activates.

What if instead, managers had tools designed around how brains actually work? Small wins celebrated frequently. Progress made visible daily. Authentic connection fostered systematically. That's not soft HR stuff. That's applied neuroscience.

## THE MATH OF INACTION

Let's make this concrete with conservative numbers. Take a company with 250 employees, average salary \$75,000, and 15% annual turnover. The all-in cost of replacing each person, including recruiting, onboarding, lost productivity, is conservatively 1.5 times salary. That's \$112,500 per person.

Fifteen percent turnover means losing 37 employees per year. Total cost: \$4,162,500 annually.

Now assume managers directly influence even half of that turnover through daily management practices. That's \$2,081,250 in preventable losses. The research suggests managers influence far more than half, but let's be conservative.

What would you pay to reduce that number by even 20%? If better manager tools reduced preventable turnover from 18 people to 15 people, you'd save \$337,500 annually. That's the price of three entry-level hires or one senior employee's replacement cost.

But turnover is just one metric. Engaged employees are 22% more productive than disengaged ones. If 60% of your workforce operates at baseline productivity because their managers aren't equipped to engage them, you're leaving huge performance gains on the table.

Calculate the productivity of 150 disengaged employees (60% of 250) operating at 78% capacity versus 100% capacity. At an average salary of \$75,000, that's \$11,250,000 in total labor cost for those 150 people. The productivity gap is \$2,475,000 in lost output annually.

Add the turnover cost and the productivity cost together. You're looking at minimum \$2.4 million in annual impact from the manager effectiveness gap. And we're using conservative assumptions.

The question isn't whether manager tools are worth the investment. The question is how you justify not making the investment.

## WHAT ACTUALLY WORKS

The solution isn't another training program or culture initiative. It's infrastructure.

Organizations need to invest in manager effectiveness with the same seriousness they invest in sales enablement or engineering tools. That means building systems

that give managers real-time visibility into team health, evidence-based interventions for common challenges, and the ability to act before problems become crises.

It means measuring manager effectiveness by outcomes, not by completion of training modules. Track whether team engagement improves. Monitor whether early intervention prevents turnover. Measure whether managers are becoming more effective quarter over quarter at the one thing that matters: creating environments where people thrive.

It means accepting that management isn't something people figure out through osmosis. It requires deliberate systems, ongoing practice, and tools designed for the actual work of managing humans, not the idealized version presented in leadership books.

Most critically, it means acknowledging the 70% truth. If managers control 70% of engagement, then 70% of your engagement investment should flow to manager effectiveness. Not to company-wide programs. Not to generic wellness initiatives. To the specific infrastructure that enables managers to do the most important part of their job well.

Some organizations are already making this shift. They're building manager dashboards that surface team health metrics daily. They're implementing quick pulse checks that take 30 seconds but reveal patterns over time. They're providing managers with specific, evidence-based actions they can take this week to improve specific dimensions of engagement.

These organizations are discovering something remarkable: when you give managers the right tools, they become force multipliers. They don't just manage their own teams better. They create cultures of engagement that spread. They become retention champions rather than turnover culprits.

## THE PATH FORWARD

The 70% truth creates an uncomfortable reality. Most engagement initiatives are elaborate ways of avoiding the real work.

The real work is equipping managers to do what research shows they already control: the daily experience that determines whether employees thrive or merely survive.

This doesn't require reimagining your culture or overhauling your organization. It requires taking the science seriously and building infrastructure around it. Give managers tools to understand their teams. Give them frameworks to intervene effectively. Give them time to do the work that matters most.

The alternative is continuing to hope that managers will figure it out through talent and determination. Some will. Most won't. And you'll keep watching your best people leave while wondering why your engagement scores never improve.

The research is clear. The math is brutal. The solution is available.

The only question is whether you're ready to invest in the people who control 70% of your engagement, performance, and retention outcomes.

Or whether you'll continue treating the 70% truth as someone else's problem.