

# The Cost of Poor Communication

## 1. Time and Financial Losses

According to Grammarly's 2022 Business Communication Status report, business leaders estimate that poor workplace communication results in an average of 7.47 hours wasted per employee each week. For full-time knowledge workers earning an average annual salary of \$66,976, this equates to a sunk cost of 12,506 dollars per employee per year.

## 2. Factors Leading to Poor Internal Communication

The degree of financial loss due to poor communication depends on the scope and depth of the issue, how long it remains unresolved, and its impact on others.

## 3. Common Scenarios in Organizations

Most organizations face at least one of the following issues:

### 4. Delayed Decision-Making

When key personnel experience communication breakdowns, decisions get delayed, making problems harder to address. Defensive attitudes, overconfidence, and emotional overreactions hinder problem-solving. Encouraging open discussions and valuing different opinions can accelerate decision-making.

### 5. Recurring Conflicts

Unresolved conflicts and misunderstandings can spread like wildfire if left unaddressed. If disputes and disagreements are not minimized, team members may view their leaders as incompetent, leading to neglect of responsibilities. Timely conflict resolution is key to maintaining team harmony.

### 6. Dominant Personalities

Strong personalities dominating team meetings or a difficult individual affecting the team's ability to complete projects or tasks can diminish productivity and collaboration. These dynamics can harm team morale, engagement, and performance. Even unintentional behavior from difficult individuals can damage team cohesion and efficiency. Creating an environment where everyone feels heard and valued is crucial.

### 7. Employee Turnover

High turnover rates negatively impact company culture and morale, often leading to systemic breakdowns. Relentless layoffs create unbearable pressure and fear in the work environment. During planned or unexpected personnel changes, lack of transparent, empathetic, and clear communication leads to frustration, sadness, and fear, which can spread to other employees. This affects mental health, engagement, and workplace culture.

## **8. Unexpected Changes**

Even positive changes like mergers and acquisitions can become exhausting burdens if not managed well. Combining poor communication skills with dominant personalities makes merging teams and personalities, collaborating respectfully, building relationships, and solving problems a nightmare.

## **9. The Pervasiveness of Communication**

Since communication permeates every aspect of an organization, leaders or employees unable to effectively express their thoughts exacerbate all problems and concerns. Without strong communication skills, organizational and interpersonal issues will persistently trouble your company, causing financial losses.

## **10. The Importance of Communication Skills**

Few leaders understand how directly poor communication impacts profit and loss. Communication skills are often labeled as "soft skills," diminishing their perceived importance. Because soft skills are seen as less valuable and harder to quantify than technical skills, they are often not prioritized. Consequently, many professionals offer minimal or fragmented communication training or neglect it entirely.

## **11. Communication as a Valuable Skill**

Despite being considered a soft skill, employers regard communication abilities as a valuable asset in potential new hires. Emphasizing communication skills in new employees is justified. A new hire must interact effectively with teammates, supervisors, and clients to fully perform their role.

## **12. Financial Impact of Poor Communication**

Poor communication can cost you over 18% of your annual payroll. For a company with an average salary of 66,976, *poor communication results in an average loss of* 12,506 per employee. Investing just 12% of this loss amount in communication training can reduce sunk costs, increase efficiency, productivity, and revenue, and decrease workplace stress and employee turnover.

## **13. Prioritizing Communication for Long-term Success**

For long-term success and to enhance company resilience, culture, and capacity for innovation and development, prioritizing communication is essential.