

PREVENTING PAYROLL DEFICIT: CALCULATING THE COST OF DISENGAGEMENT.

What could you do with a half-million?

increased earnings. faster product-to-market. customer satisfaction. fast growth. success.

BY DR. BEVERLY KAYE,
FOUNDER & CEO, CAREER SYSTEMS INTERNATIONAL

IT'S NOT LIKE TIMES ARE GOOD SO WHAT'S A FEW LESS BUCKS IN THE OLD CORPORATE COFFERS? YES, BUSINESS ISN'T TERRIFIC. YES, MAYBE WE CUT A FEW POSITIONS. SO THE BALANCE SHEET LOOKS BETTER. FROM AFAR.

The irony is that while we may look better on paper, in truth, we may be hemorrhaging money. Nobody writes a check to "Productivity Loss, Inc." But that doesn't mean it's not real. It's just invisible.

Losses in performance and productivity don't show up as a line item in Accounts Payable. Doesn't mean it's not there. It is harder to find and harder to calculate, truly, but critical nonetheless.

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WHAT IF:

According to Gallup, on average, 55% of the workforce is not engaged and 19% are actually spreading discontent.

What's the cost? Well, if the 55% of the workforce that are not engaged are operating at just 90% of their productivity level (a generous assumption on our part), then that 55% are costing you 10% of whatever you pay them.

Yikes! Even just a 5% reduction in productivity, the cost would be enormous. What would you do with that kind of money?

RUN THE NUMBERS IN A MINUTE

CSi has an automatic calculator on our website that calculates your cost of loss due to disengagement and the resulting productivity deficit - you can do this at an organizational level, business unit, team or even at an individual level.

SHOCK & AWE...THEN FIX

IF YOU ARE SHOCKED WHEN YOU CALCULATE YOUR COST OF LOSS AND WANT TO DO SOMETHING ABOUT IT, LET'S HAVE A CONVERSATION. IT PAYS TO LOOK BENEATH THE BALANCE SHEET. AND PAYOFFS ARE GENERALLY HUGE.

ABOUT US

Dr. Beverly Kaye is a leading thought leader and best-selling author in the area of employee engagement. Her company, CAREER SYSTEMS INTERNATIONAL, helps organizations worldwide maximize the strategic engagement, development and retention of key talent and gain the Talent Edge™. Their resilient talent management processes are linked to business strategies to increase productivity and profitability and deliver significant returns on investment.

Estimating the Annual Cost of Disengagement to Your Team or Department		
	Your Situation	Example
E. Total annual payroll of group under consideration	\$ 2500000	\$4,750,000
F. Number of employees in the group	38	80
G. Average payroll of employees in group = (E+F)	\$ 65,789	\$59,375
H. The value of productivity and subsequent compensation lost each year due to your employees that are "not engaged" = (A X B X F X G)	\$ 225,000	\$261,250
I. The value of productivity and subsequent compensation lost each year due to your employees that are "actively disengaged" = (C X D X F X G)	\$ 230,000	\$270,750
J. Total annual cost of disengagement to your team or department: - in payroll \$'s = (H + I) - in full time equivalent employees = ((H + I) + G)	\$ 455,000 6.9	\$532,000 9.0

www.careersystemsintl.com/EngagementCalc.asp

TOP 10 Reasons to Run Your Own Costs

1. LAYOFFS HAVE HAPPENED
2. YOU'VE LOST A LOYAL CUSTOMER
3. PRODUCTIVITY IS STATIC, OVERTIME IS COMMON
4. EMPLOYEES SEEM LESS CONTENT
5. CUSTOMERS MAY NOT BE AS SATISFIED
6. ABSENTEEISM IS ON THE RISE
7. PERFORMANCE IS SUFFERING
8. IT ONLY TAKES A FEW MINUTES
9. YOU'VE NEVER THOUGHT ABOUT THE DOLLAR COST
10. YOU KNOW THIS STUFF, BUT NEED TO MAKE THE CASE TO THE TOP