



## Finding the Lost Dollars in Your Organization

In today's economy every dollar counts. You plan how to streamline operations, minimize the cost of resources and try to market more strategically. All of these attempts shave some of the growing costs of operating a business today but you might be missing something; something lurking in the hallway that is costing you far more.

Don't feel bad, it can be easy to miss, to overlook or to cast a blind eye. It affects all organizations, big and small. Its quiet impact might go unseen for quite some time before you notice the groundswell of dollars that have floated away. Let us help you to stop the money loss and find the lost dollars in your organization. This article will put a stop gap into the three largest money drains.

You are successful because your leaders are successful, but are they as successful as they could be? The highest cost impact in your organization is ineffective leadership. Leaders who have not evolved with the times, leaders who allow disengagement to fester eroding performance over time, leaders who believe they are leading but lack followers who share their vision. It's not their fault, people have changed and they want to be involved in decisions, to have a voice and to engage in creativity. Employees want more than a paycheck and the old carrot and stick method of leadership no longer works. Many leaders are frustrated and don't know what to do.

### **What is the cost of ineffective leadership?**

Today's leaders gain their competitive edge and lead high performing teams because they understand the new rules of leadership, how to engage employees, build trust and to foster open communication and collaboration as cornerstones in their culture. As a result profits soar and great workplaces are formed. We know that organizations with high employee engagement and great workplaces outperform their competitors. Let's look at where your valuable dollars might be lost.

Well the costs are eye-opening. Tally the costs associated with turnover, lost or misused resources, lost time, and many other negative impacts and you will quickly see why.



## **Let's look at turnover.**

Employees are no longer willing to work in unsupportive work environments. The cost of turnover is conservatively estimated to be 150% of an entry level person's salary and 200-250% or more of an executive salary. The national average turnover rate is 25%. (Society for Human Resource Management) reports that an 8.00 an hour employee requires 3500.00 to replace. What is your turnover rate?

Even losses at the entry level have a vast impact. If you lose an entry level employee salaried at \$25,000, the cost of that loss, at one hundred and fifty percent, is \$37,750. That is your cost losing one employee due to poor leadership. What if you were to lose ten? That's \$377,500.00. What could your organization do with another 400k? Upgrade technology? Hire needed staff, expand?

Conflict and tension exists in every organization. If leaders and employees are not given the skills to coach around conflict and to build effective team's productivity falters. Errors are made, materials wasted, customer service complaints increase. Fostering leadership at all levels and giving leader the skills they need to model the way for employees quickly reduces conflict.

Conflict spurs turn over. People don't leave organizations, they leave managers. Turnover costs are real costs to organizations. They are costs that can be reduced, significantly.

## **Let's look at another cost to organizations: Employee Engagement.**

Engaged employees perform 30% more than disengaged, 87% of them remain loyal to their company. Engaged employees arrive committed to their work, are aligned with the shared values of the organization and feel valued at work. 87% of them are less likely to leave the organization. What if the leadership within your organization fosters disengagement? Employee morale plummets and often employees chose to leave – and there we are back at turnover.

With effective leadership employees are conscious of the big picture, they are innovatively thinking of ways to achieve success just as you are. Fact of the matter is that 68% want to take a stake in reducing costs and improving the bottom line and 72% of engaged employees believe they impact service delivery and client retention.

Sometimes ineffectively leadership arrives quietly, you might even be aware of it as a problem until the bottom starts to fall out. When performance drops, sales numbers are "off," you see key intellect walking out your door, and you scramble to fix the impact on your customers. You might even point to other believable causes, economic pressures, doing more with less.



There you have it. Ineffective Leadership, Turn-over and Lack of Employee Engagement serve as your largest money drains. In contrast, engaged employees who are lead by today's real world leaders outperform, remain loyal to the company and demonstrate the behaviors and values that are dear to your heart. Imagine an organization where everyone arrives at a meeting ready to share ideas and leaves ready to take action. Imagine your management teams, or yourself, having the time to think more expansively rather than be pulled into the minutia of day to day operations. Imagine a stress free environment where healthy leader lead healthy teams.

### **Imagine finding the lost dollars in your organization.**

Your first step is to take a balcony view of your organization. How would it rate as a great workplace? How good of a job is it doing in activating the top 10 Employee Engagement drivers as indicated by the current studies? How evolved is your leadership?

We don't know, and you might not either. But you could find out. There is an opportunity to still bring your leaders into today's real world leadership, giving them the leadership skills that work for today's challenges, for today's employees, employees like the innovating millennium generation who will go if they don't grow but offer the opportunity of the highest performing workforce available. At the Real World Leadership Institute we are committed to putting current knowledge into your hands.

### **How to get started.**

Let's help you to get the metaview you need to diagnose where to take action. Join us for a discover event where you and other like minded leaders will come together to look at the current data, to evaluate the current state of your organization and to learn the key strategies to make improvements.

Join us and learn the strategies used by the Forbes list of the 100 Best Places to Work that caused them to outperform the Standard and Poors in performance. Assess if your company has what it takes to be rated one of the Great Places to Work using the same assessment that these companies used for evaluation. Leave with your action guide for the next steps you can take.

We pride ourselves on the results our clients have achieved, growth in the organizations, 2011 profits that are reflection of an earlier economy, outshining their competitors, loyal employees that become raving fans of the organization and long term sustainability.

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#### **About The Real World Leadership Institute**

*The Real World Leadership Institute was Co-Founded by Donna Price, M.S., M.S. President and Founder of Compass Rose Consulting, LLC and Debora McLaughlin, Executive Coach and CEO of Open Door Coaching. The Real World Leadership Institute provides exceptional leadership development resources for business leaders, CEO's and managers including executive coaching, leadership development, articles, blog posts and weekly radio show. The Institute is a*



*comprehensive leadership development program and also provides customized training to organizations and companies. The RWLI is a joint venture program of Compass Rose Consulting and Open Door Coaching.*

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**Donna Price** has over 25 years of experience in management, training, coaching and people dynamics of teams. The Real World Leadership Institute has been established to provide leadership development programs that are comprehensive and are able to ensure skill acquisition. Donna Price is the owner of her own coaching and consulting company: Compass Rose Consulting, since 2003, providing strategic planning, team building, leadership development and business coaching services. Donna Price is a member of the NJ State Chamber of Commerce, the NJ Association of Women Business Owners and serves as the Chair of the Board of the Holistic Mentorship Network.

