

What Return Is Your Leadership and Communication Delivering?

Traditional methods of tracking performance don't measure the not so soft skills of communication in leadership. One of the attributes of successful leaders is that they have well developed EQ skills, however it is a factor rarely measured in most organisations and is under estimated in regards to the returns it provides to top line growth and bottom line profits. How would your leadership and communication rate in delivering a return to your business?

Background

Leadership and management are about being able to effectively use the resources in a business to achieve business objectives. The resources with the biggest impact in any organisation are its people, and...

"Achieving business performance is 95% people and only 5% systems!"

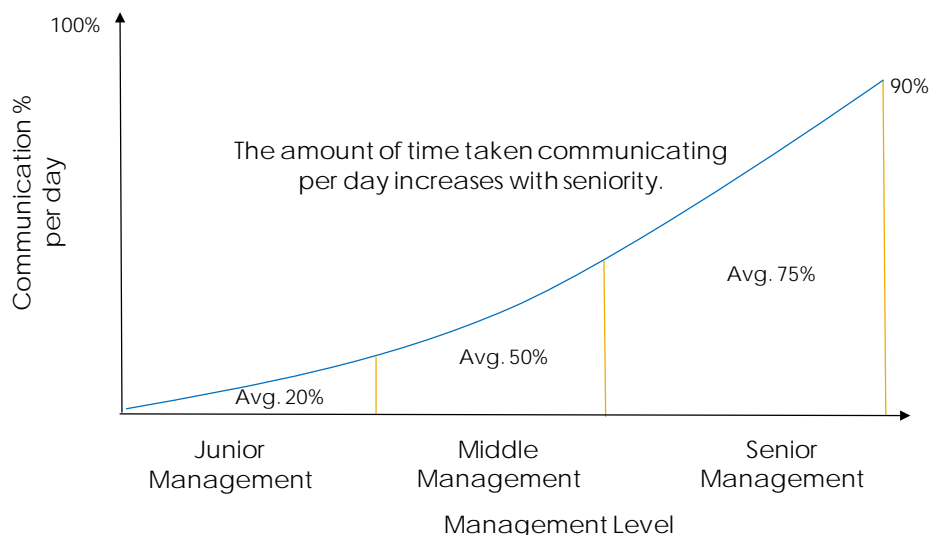
Leadership in the traditional organisation is a top down process through the business management structure. The more senior a role, the more the focus is on strategy and facilitating change to achieve results.

Communication

In organisations the span of control and the number of direct reports increases as seniority increases in an organisation. A great deal of time of a senior manager is spent in explaining and facilitating strategic objectives and projects with subordinates.

From Experience the amount of time on average that each layer of management spends in communicating with employees proportionally increases with each layer of management.

The relationship between management levels and the range of time spent by them in communicating with the organisations employees is represented in the graph below:



Note: Above diagram is © Copyright to Kotan Australia Pty Ltd and is based on 25 years' experience across a range of industries in management.

The average amount of time spent communicating with employees for each of the leaderships levels is:

Management Level	Average % Communicating	Hours per day	Comments
Junior (Lower)	20%	1.6	Working day basis is 8 hrs per day.
Middle	50%	4	
Upper (Senior)	75%	6	

Note: The number of working days per month used in further calculations is 20 days, based on standard working conditions in Australia. To compare in Asia this should be increased to 24 days / month.

Effectiveness

Business performance is an outcome from effective communication between the organisations leaders and its employees. They are looking to their managers for clarity and direction. Unfortunately most managers have had limited training in this area. Emotional Intelligence has gone some way in closing the communication gap; however this is still very limited in most organisations.



The most common form of communication in organisations to achieve actions is through meetings. Based on Neuro Science learning’s over the last 30 years it is clear that in any meeting there are always 2 types of communication, i.e.

i) What is **SAID**, and ii) What is **UNSAID**.

The **SAID** = **Content** of the meeting and is usually based on hard facts and figures; whereas the **UNSAID** = **Context** or the perception and feelings of the participants.

It is normal for the participants who are involved in meetings to have their own agendas and not be prepared to be totally open in airing their concerns and taking on board others opinions and/or suggestions.

Using a scoring system of a fully effective meeting = 100%, i.e. that everybody is totally open and prepared to accept and support all outcomes irrespective of how they feel.

The average effectiveness of meetings is only 70% based on surveying a range of managers on their personal experience in business, i.e. participants of the meetings are not openly saying how they feel and passively supporting the go forward position. These meetings can consist of one-on-one discussions either face-to-face or on the phone, team meetings, department meetings, etc.

Therefore the level of average ineffectiveness = 30% (range 20% to 40%) which directly impacts on the overall performance of the business.

The ineffectiveness is what drives poor performance in an organisation, i.e.

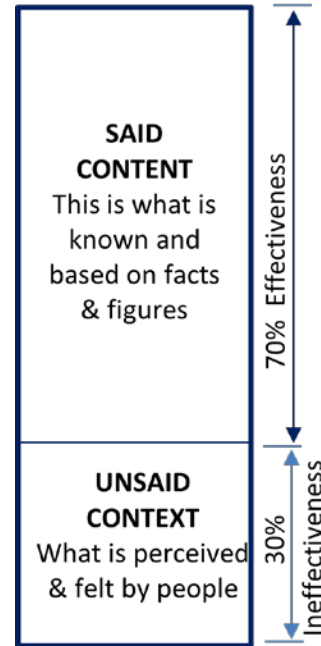
Ineffectiveness = Time Lost

In simple terms this means that leaders effectiveness and productivity is lower, as they have less time available to them to achieve objectives and get the needed results.

Real Cost To The Business

The impact on the business is a reduction in the effectiveness of key resources, with the following cost impact:

- i) Junior Management
Loss of working time = 1.6 hrs x 30% = 0.48 hrs /day
- ii) Middle Management
Loss of working time = 4 hrs x 30% = 1.2 hrs / day
- iii) Senior Management
Loss of working time = 6 hrs x 30% = 1.8 hrs / day



The leaders (managers) in any organisation are a high cost to the business, and in business time is money:

- **Junior Management** - Estimated hourly cost = \$60 / hour
Cost to business = 60 x 0.48 = \$28.80 / day
Per month = 20 x \$28.80 = \$576 / month
Per Year = 12 x \$576 = \$6,912 / per junior manager
- **Middle Management** - Estimated hourly cost = \$90 / hour
Cost to business = 90 x 1.20 = \$108 / day
Per month = 20 x \$108 = \$2,160 / month
Per Year = 12 x \$2,160 = \$25,920 / per middle manager
- **Senior Management** - Estimated hourly cost = \$120 / hour
Cost to business = 120 x 1.8 = \$216 / day
Per month = 20 x \$216 = \$4,320 / month
Per Year = 12 x \$4,320 = \$51,840 / per senior manager

The cost impact and productivity loss for organisations referring to the table below can be significant:

Cost Impact Summary

No. Of Managers	Cost \$ per year		
	Junior (Lower)	Middle	Senior (Upper)
1	\$6,912	\$25,920	\$51,840
5	\$34,560	\$129,600	\$259,200
10	\$69,120	\$259,200	\$518,400
20	\$138,240	\$518,400	\$1,036,800

In addition the flow on affect is also high from opportunity cost loss from direct employees in the organisation, for example salesman, operators, etc.

Taking the example of a salesman who on average generates \$2 million of revenue p.a., through additional training on effective communication and using the tools to improve relationships could deliver improvements in his performance that go straight to the top and bottom line. Improving the 30% ineffectiveness only 10% can drive an extra \$200,000 in sales

Value Proposition

Leadership and communication training builds on existing knowledge and experience by providing the foundational principles that build rapport and trust, and improve the overall effectiveness in business and personal relationships. Unfortunately the trend is to view investment in communication training and coaching as a cost to the business rather than adding value.



Using the traditional approach to calculating a return on the investment is the best way to see what value can be achieved for the organisation.

Typical foundational level training can start at 1,500 per person, and can include a half day workshop, followed by a 60 to 90 minute one-on-one session and then follow up sessions; usually a minimum of 2 follow up calls or face-to-face sessions using a developed intervention process.

Additional advanced leadership and communication programs would also provide a wider knowledge base and also provide managers with a series of tools that could be used directly to improve their productivity. These are usually available in different forms, i.e. one-on-one coaching / mentoring and 1,2 or 3 day workshops. These programs typically range from \$1,000 to \$6,000 per person.

Return On Investment

As leaders we are always looking for a Return On Investment (ROI), whether it is Capex, Software, IT Systems or Training. The challenge has always been with training that it is a soft or intangible asset, until now. Using the *Ineffectiveness Levels* calculated for each of the management levels earlier it is now possible to calculate the ROI for any training and/or coaching for an organisations leaders.

- Investment – per person basis
 - i) Foundational level training (Matrix Impact) \$1,500
 - ii) Advanced leadership & communication training \$1,000 (base range)
 - Total Investment = \$2,500 per person

- Return
 - Cost impact based on table above:
 - i) Junior Manger: \$6,912 per annum **R.O.I:** 4.3 months (\$2,500 / \$6,912)
 - ii) Middle Manager: \$ 25,920 per annum **R.O.I:** 1.2 months (\$2,500 / \$25,920)
 - iii) Senior Manager: \$ 51, 840 per annum **R.O.I:** 0.6 month (\$2,500 / \$51,840)

The **value** provided to the business is **up to 20 times the cost** to the business; so why wouldn't you not be using these program!

Conclusion

Leadership and management are often used in the same breath when talking about what needs to be done, to create change, to align the organisation and get results. It is not well understood that the process between these are very different, i.e.

- Leadership – is about engagement and utilising the resources at your disposal to achieve the best outcome for the business, and allowing your people to be both responsible and accountable.
- Management – is about telling people what you want and you take on all the responsibility and accountability to achieve a result.

Leadership creates your team and is about being able to effectively use the resources in your organisation to achieve business objectives. Communication is the tool to getting everybody on the same page; it is what creates the environment to deliver results.

Being able to effectively communicate as a leader directly impacts the bottom line. Leadership and communication is an asset in your business that can deliver sustainable results.

So what is your leadership and communication ROI, for your business?

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Resource Box:

Mr Paul Mracek has **over 25 years’ experience** in Asia, Europe, USA and Australia establishing and building **successful businesses**. He is an author of several books on success, business, balance and how to apply the “Warrior Mindset” in business and in life.

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