

The Costs of Poor Communication

From lost relationships to steep financial penalties, the price of poor communication is high

POOR COMMUNICATION COSTS BUSINESS MILLIONS of dollars every single day. Most executives and managers understand this, yet they don't realize how big a part they play in this miscommunication.

Financial statements do not carry a line item for poor communication, although they should since, with a little effort, it can quickly be quantified.

Communication is vital to the success of your organization. To be most effective, communication must circulate and reach all levels, not just the core.



Different forms of poor communication.

Here are but a few:

- ◆ Long, unproductive, numbing meetings without a clear purpose or agenda, often reaching no conclusions, result in lost productivity as well as the collective time of everyone attending.
- ◆ Poor documentation neglects to mention the purpose of the software or hardware and only explains how it works. Users, however, don't care how it works; they want to know how to use it!
- ◆ Uninspired selling skills and anemic sales presentations showing no interest or understanding of a prospect's needs, result in missed opportunities and lost sales.
- ◆ Rambling, cryptic, and incoherent emails that are misunderstood or ignored, result in wasted time. Often (up to 50% of the time) an email's tenor is incorrectly perceived, simply because body language cannot be analyzed and

tone of voice not perceived; this results in hurt feelings, ill will, and inaction.

- ◆ Distracted managers who simply do not or cannot truly listen alienate staff and lower morale. Staff members who realize they are not being listened to and simply patronized, themselves stop communicating.
- ◆ Staff members from different generations or gender lack a basic understanding of each other, their communication styles, and preferences. Incomprehensible and inappropriate statements are commonplace. Baby boomers (thinking it's still the '70s) and today's generation (who were not even alive then) simply do not share the same communication foundation. Poor communication squanders time, wastes effort, erodes loyalty, and loses business.

Squandering time. Poor communication simply takes longer to process and understand, if understanding can be attained. Unnecessary questions are asked, discussions are needlessly lengthy, the communication is recreated, only to be foisted again on a wary audience.

Here's an example of an email received by a colleague: "The company may need the more accurate methodology since it's the standard approach employed of the more approximate method that may result in an estimate that underestimates and not on-target estimates." After a lengthy conversation with the sender, my colleague's client rewrote the email. Final squandered time for *one* email: six hours.

Wasting effort. My bank's CEO recently sent every customer a letter explaining the bank's checking account overdraft policy: five dense paragraphs. The policy was more onerous than the current overdraft protection plan. Many customers didn't appreciate the change and called to protest, inundating the bank. The customer service representatives explained why the letter was misleading and inaccurate. As a result, the CEO planned to rewrite and resend the letter.

The CEO's effort fell prey to the 30% of business letters that initially fail.

Eroding loyalty. According to an Accenture study, American consumers returned \$13.8 billion in electronics in 2007; Europeans returned \$11.5. That's over \$25 billion. Between 60%–85% had nothing wrong; that's between \$15.2 and \$21.5 billion in perfectly functional equipment returned. Why? Confusing interfaces, features difficult to access, no customer education, weak documentation were overriding factors—all issues that superb communication could solve. \$25 billion! That's a lot of lost loyalty.

Losing business. The presentation was wonderful, beautiful slides, expertly delivered—all about the expertise of the company who was leading the proposal. Unfortunately, the state agency wanted to know how the company would solve the agency's problem and support their budget. Instead, the agency got egotistical fluff. The agency, rightly, awarded the contract to another firm; the company came in "second".

How big a cost? Poor communication cost Merck \$253 million after losing their Vioxx trial. Why? The jury was befuddled by Merck's scientific explanations.

Positive results. Thoughtful, effective communication delivers unparalleled benefits to both you and your audience. Effective communication reaps positive results: increased market valuation and stockholder value; greater employee commitment, involvement, retention, and morale; and stronger customer loyalty. All of which saves you—and makes you—money.

How much is poor communication costing you? 🍷

—RICH MAGGIANI

Solari assists utilities with creating their integrated resource plans (IRPs) through an integrated resource, distribution, and grid planning process for incorporating renewable generation.

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