



Bad connection: Study finds poor communication costs businesses \$1.2 trillion annually

by Richard Carufel | Mar 14, 2022 | Public Relations

[Effective communication](#) with teams, customers, and stakeholders is pivotal as the hybrid workplace continues to evolve business demands—but new research from Grammarly reveals that not only does good communication remain a problem for many brands and businesses, but it is also racking up costs.

The firm's recently released *State of Business Communication: The Backbone of Business Is Broken* report, in partnership with The Harris Poll, reveals the far-reaching impacts of poor workplace communication on U.S. businesses and employees. The study estimates up to a \$1.2 trillion annual loss among businesses due to ineffective communication.

Among respondents, nearly three in four business leaders (72 percent) say their team [struggled with communicating effectively](#) over the last year, and most business leaders (82 percent) and employees (59 percent) are concerned about effective communication with remote or hybrid working models in the future. Leaders estimate teams lose the equivalent of nearly an entire workday (7.47 hours) each week to poor communication—or approximately \$12,506 per employee every year.

“Poor communication permeates the workplace—we all know that intuitively. This research finally puts a number on how massively it’s costing businesses,” said Dorian Stone, Grammarly Head of Organizations Revenue who leads the company’s enterprise offering, Grammarly Business, in a news release. “Businesses must stop ignoring the impact of poor communication and commit to making communication a competitive advantage to move faster, be more efficient, and do better for customers and employees. It’s time for a reckoning of how we communicate in the digital workplace and empower teams to be successful.”

By exploring communication [trends, challenges, preferences, and tools](#), the survey of U.S. business leaders and knowledge workers illuminates why success in a hybrid landscape hinges on improving communication.

Additional top-line findings include:

- 96 percent of business leaders agree that effective communication is essential for delivering the business results expected of their team in the coming year, but nearly three in four (74 percent) say their company underestimates the cost of poor communication.
- Employees spend nearly half of a 40-hour workweek on written communication alone (19.93 hours), and business leaders (88 percent) and employees (63 percent) alike wish their company had better tools to communicate effectively.

Source: <https://www.agilitypr.com/pr-news/public-relations/bad-connection-study-finds-poor-communication-costs-businesses-1-2-trillion-annually/>

- Three in four business leaders (75 percent) say they spend too much time and energy resolving miscommunications, and those that grew revenue in the last year are more likely to say their team communicates effectively (92 percent, vs. 81 percent whose revenue declined or did not change).

Overcome bad communication to achieve growth and profitability

Nearly all business leaders (93 percent) acknowledge that effective communication is the backbone of business, but the study reveals the widespread effects of poor communication on business results. Over nine in 10 business leaders say poor communication impacts productivity, morale, and growth, contributing to increased costs, missed or extended deadlines, and reputational erosion. One in five leaders even lost business or deals due to poor communication.

Evolve the employee experience with better communication

Amid the Great Resignation and rising workforce expectations, most business leaders (57 percent) cite employee satisfaction and retention as a top priority for the coming year—ahead of team productivity and customer satisfaction. But the vast majority of employees (86 percent) experience communication issues at work, and they cite increased stress as the top impact. The study also links communication with turnover: business leaders reporting higher employee retention were more likely to have better communication.

Revisit lagging technology to underpin the digital workplace

Written communication occupies a significant part of employees' workday; over half (57 percent) say they communicate in a written format a majority of the time, and email remains the most popular and preferred method. But employees and business leaders cite the need for tools to make communication easier. Teams may also be collaborating more than leaders realize: they estimate their team spends 29 percent of the time working with others when employees say it's nearly half of their time (49 percent).



Poor communication could be costing your business \$12,506 per employee, per year



Grammarly partnered with the Harris Poll to survey 251 business leaders and 1,001 knowledge workers in the US about the landscape of business communication today. The results are in:

The true cost of poor communication is not just lost revenue, but also lost time and productivity.

Cost per year for a company of...

50 employees	500 employees	10K employees
\$625,300	\$6.25M	\$125M



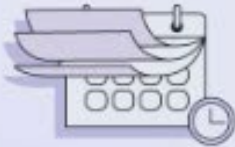
Business leaders estimated 7.47 hours a week of time lost to poor communication



Communication breakdowns can cost companies upwards of \$50,000 or more in lost revenue per year

Which is more costly?

Let's break it down.



7.47 hours is 18.7%* of a workweek

*Percentage is rounded.



In salary terms, that's \$12,506 per employee

$$\$66,967 \times 18.7\% = \$12,506^{**}$$

Average worker salary, per business leader estimates

Lost working time due to poor communication

Average yearly cost of lost time, per employee

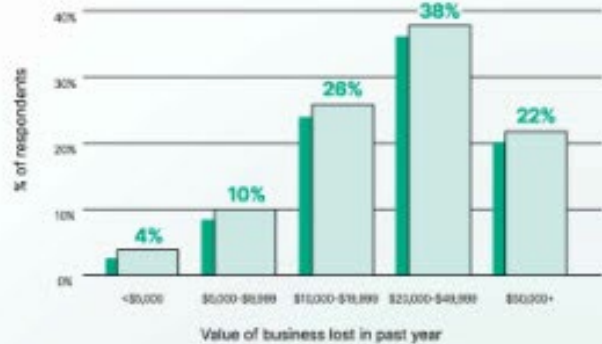
**Calculated from unrounded percentage.



For a US company of 500 full-time employees, this amounts to \$6.25M lost every year

→ \$50,000 looks pretty small now, doesn't it?

Estimated dollar value of business lost due to poor communication



Lack of confidence in communication could be at fault in losing deals:

40% of knowledge workers

17% of business leaders

report that they are not confident when communicating with external clients and vendors

Taking into account the invisible tally of workers' time, ineffective communication is costing the entire US economy **\$1.2 Trillion every year in wasted labor hours.***

*Based on an estimate of 100 million knowledge workers in the US.

[Download the full report here.](#)

Source: <https://www.agilitypr.com/pr-news/public-relations/bad-connection-study-finds-poor-communication-costs-businesses-1-2-trillion-annually/>

The findings are based on a survey conducted online by The Harris Poll from October 1–28, 2021 among 1,001 knowledge workers and 251 business leaders in the U.S. Respondents include employees working full-time at corporations with 150 employees or more and represent a diverse mix of industries and job functions. The online survey is not based on a probability sample, and therefore no estimate of theoretical sampling error can be calculated.



Richard Carufel is editor of *Bulldog Reporter* and the *Daily 'Dog*, one of the web's leading sources of PR and marketing communications news and opinions. He has been reporting on the PR and communications industry for over 12 years, and has interviewed hundreds of journalists and PR industry leaders. Reach him at richardc@bulldogreporter.com; @BulldogReporter