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## **ARTICLE** **MANAGING PEOPLE**

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*by Tanya Menon and Leigh Thompson*

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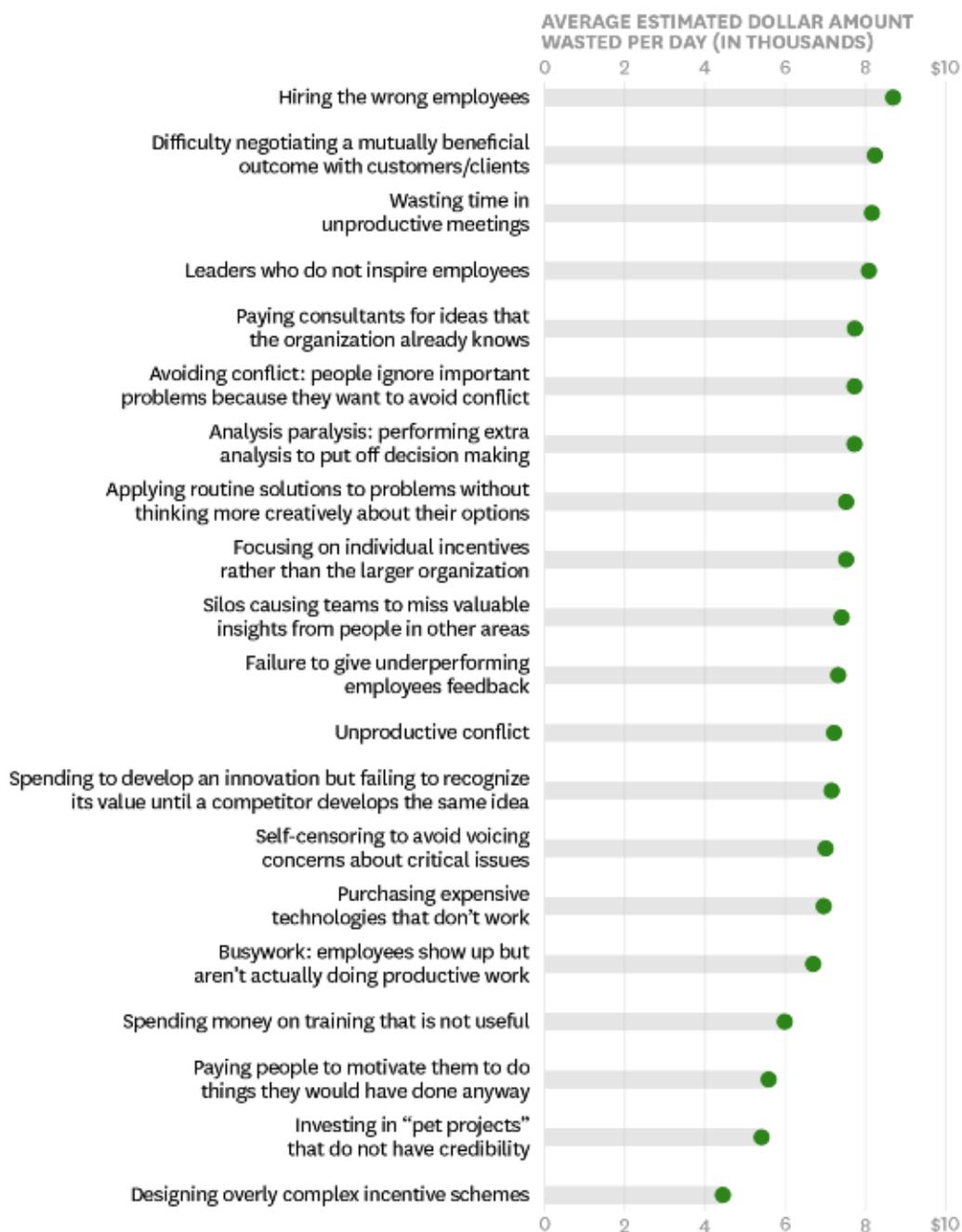
In our work as business school professors and consultants, we've met countless managers who fail to achieve their goals. They come up against problems that refuse to budge no matter how hard they push. Indeed, such problems may even get worse the harder they try to solve them.

At the heart of most of these apparently intractable issues at work, we usually find people problems: interpersonal conflict, miscommunication, poor decision-making, and more. Managers typically waste massive amounts of money, time, energy, and resources in order to fix these issues. And while these problems can seem tedious or frustrating, the true costs of this class of problems is much more troubling.

We asked eighty-three executives (70 percent male; 87 percent with more than ten years of work experience, with 45 percent having ten years or more senior management roles) to put a price on the amount their companies lost each day due to a range of people issues, from interpersonal conflicts and unproductive weekly staff meetings to hiring the wrong employees and investing in training programs that don't work. We gave them a number of prompts and asked them to estimate the daily costs, on a scale of \$0 to \$20,000, of each. The figure below shows the results of our findings.

## How Much Money Executives Estimate They Waste Each Day

And on what, based on a survey of 83 senior managers.



SOURCE STOP SPENDING, START MANAGING BY TANYA MENON AND LEIGH THOMPSON

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We expected our study to reveal significant waste. However, we were not ready for the magnitude of the results. In the course of a day, the executives estimated wasting an average of \$7,227.07 per line item per day, for a total of \$144,541.30 per day, summing each of the twenty points of waste. That's

an astounding \$52,757,574 of lost value and potential per year per organization on people problems. These are perceptions rather than scientific measures, but they reveal significant amount of lost value.

Other studies reveal similar waste. For example, [in one study](#), American employees reported spending 2.8 hours per week dealing with conflict, amounting to approximately \$359 billion in paid hours, or the equivalent of 385 million working days in the country as a whole. Further, 25 percent of employees said that avoiding conflict led to sickness or absence from work, and nearly 10 percent reported that workplace conflict led to project failure.

Managers are trying to solve their intractable people problems in any way they can. They're exhaustively using all their skills to find solutions—in fact, most of the leaders and managers we have worked with are highly motivated and educated, yet when they confront certain people problems, their traditional approaches just aren't working. They become vulnerable to what we call *spending traps*—where spending, whether it's through money or time, energy, and other resources, comes to substitute for the real work of leading, managing, and executing.

These traps did not emerge from people's weakness, lack of expertise, or character flaws but were often the direct result of many of the talents and skills that had allowed them to excel in so many other situations. When overused and misapplied, these managerial strengths—expert knowledge, competitive spirit, compassion, and communication and delegation skills—led them straight into a spending trap.

By understanding these traps, managers can think about problems differently, and channel their strengths to access real solutions, without the cost.

**The Expertise Trap:** Expertise has many attractive benefits, often allowing people to effortlessly exercise excellent judgment and achieve success. And by placing their well-learned behaviors on autopilot, managers can conserve mental resources for their more pressing obligations and complex problems. But they can also occasionally get blindsided by the novel, business-as-unusual situation. They end up having the same tiresome conversations, repeating sequences of behavior, and exploring conventional solutions when something new is needed. To combat this trap, managers must think about problems differently—engage in [problem finding](#) before *problem solving*—so they can see innovative solutions that can break through impasse.

**The Winner's Trap:** Most successful managers and the talent they work with have all gotten to where they are in their jobs and careers by prevailing in competitive situations, whether it's clinching the interview, getting promoted, or succeeding in the marketplace. But winning at problem solving involves getting comfortable with a set of skills that people tend to associate with losing—questioning their identities as winners, acknowledging that it is nearly impossible to always be right, and learning to accept losses and change course. In many organizations, people get trapped in a fruitless course of action because staying the course is rewarded, whereas failing, learning, and

accepting losses are not. Managers must redirect these innate tendencies to win and impress others, so they can channel their people's competitive spirit into value creation rather than waste production.

**The Agreement Trap:** Rather than speaking honestly and confronting problems head-on, those caught in the Agreement Trap are overly concerned with being collegial team players and avoid necessary conflicts. In an effort to spare other people's feelings, they capitulate in negotiations when it doesn't make sense. They make premature concessions when they should hold their ground. They give feedback that is confusing or vague. These problems are often exacerbated in "politically correct" conversations that tiptoe around sensitive topics such as race and gender. But when people avoid conflict, they lose opportunities for the insights and breakthroughs that often emerge from disagreement. To escape the trap, managers must balance teamwork and collegiality with the need to speak up and disagree in important situations.

**The Communication Trap:** The information revolution may have increased the amount and speed of communication, but it hasn't improved the quality of communication and people's ability to understand each other, leading to the Communication Trap. The vast amount of data and information managers get—and even ask for—can make for ineffective discussions and misguided decisions. And while technology offers more opportunity to connect with diverse people to attain novel ideas, these interactions are becoming increasingly rare. In order to escape the trap, managers must decrease both *redundant* noise, in which people communicate with others nearby or those with similar perspectives and expertise, and the *chaotic* noise, the overcommunication that emanates from meetings, networking, and conversations that interferes with actual work.

**The Macromanagement Trap:** We've all heard of micromanagers, who hover over their employees and control their every move. Macromanagement is micromanagement's lesser known, but extremely costly, opposite. When managers fail to pay sufficient attention to details, often in the name of empowerment and delegation, they fall into the Macromanagement Trap. They create teams, committees, and task forces to solve problems, expecting them to spontaneously create value and synergy, without establishing the conditions to make that happen or stepping in when there are challenges. This hands-off approach leads to unfocused action, creating more breakdowns than breakthroughs. To escape this trap, managers must set ground rules for team success by strategically coordinating people's individual actions so that their collective actions gain traction.

As you consider each of these traps, think about which ones lurk in your organization. Perhaps it's just one, or maybe you find yourself struggling with multiple traps at once. In either case, you need a plan of attack to stop spending time and money in these sinkholes, break out of the impasse, and solve your most frustrating problems.

*Adapted from the HBR Press book [Stop Spending, Start Managing: Strategies to Transform Wasteful Habits](#) by Tanya Menon and Leigh Thompson.*

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