The State of Business Communication



The Backbone of Business Is Broken

We spend almost half our workweek communicating—shouldn't we be good at it by now?

A new study conducted by the Harris Poll on behalf of Grammarly surveyed 251 business leaders and 1,001 knowledge workers in the U.S. to find out what's getting in the way of collaboration, productivity, and output in the hybrid work era.



Table of Contents

Executive Summary	3
Introduction: No One Can Climb on Crumbling Foundations	5
Section 1: The State of Communication at Work	15
1.1 Employees spend half the workweek communicating in writing	
1.2 The most used communication methods include email, virtual video meetings, and text-based chat	
1.3 Employees spend half their time collaborating with others	
1.4 The majority of knowledge workers experience communication issues at work	
1.5 Ineffective communication claims 1 in 5 workdays	
1.6 Effective communication drives real business value	
1.7 Confident communicators see others as more effective	
Section 2: The Real Cost (and Consequences) of Ineffective Communication	28
2.1 Direct and indirect costs of ineffective communication	
2.2 Nurturing more effective communication in the workplace	
2.3 Communication as the key to overall efficiency	
Section 3: What's Possible When You Invest in "the Backbone of Business"?	34
Section 4: Five New Rules of Business Communication for Enterprises	38
Conclusion: Upgrade Half the Workweek for All Your Employees	40



EXECUTIVE SUMMARY

The silver lining of technological disruption was supposed to be that everything would get easier.

Seamlessly work from home or #WorkFromAnywhere. Access secure documents from any network. Hire the best talent based anywhere in the world from wherever you are.

But what if we don't realize any of those benefits—because we can't communicate with each other effectively?

And what if this ineffectiveness comes at the cost of \$1.2 trillion every year? That's the annual loss U.S. businesses see from unsuccessful communication practices.

The Grammarly State of Business

Communication report seeks to answer a fundamental question: What is getting in the way of collaboration, productivity, and employee experience in the hybrid work era? This is a critical challenge of our time, and it directly corresponds with urgent priorities of executives everywhere.

This report reveals that 86% of business leaders have a dedicated budget to support communication improvements for their team or department. But how are they measuring the impact of these investments?

A bright future for companies that get it right

- Knowledge workers report spending approximately half of a typical workweek
 (20 hours) on written communication
- 93% of business leaders agree that "communication is the backbone of business"
- 96% of business leaders agree that "effective communication is essential for delivering the business results expected of my team in the coming year"

But there are also warning signs that could become more severe if businesses don't take action.

Ineffective business communications present serious hurdles

- → Business leaders estimate their teams
 lose an average of 7.47 hours per week
 to poor communication (almost one full workday)
- Almost 3 in 4 business leaders (72%) agree, "My team has struggled with communicating effectively over the last year"
- → Of 1 in 5 business leaders (22%) who report lost business as a result of poor communication, the vast majority (86%) estimate the value of business lost to be \$10,000 or higher

This report will inspire you to reconsider foundational assumptions about business communication within your organization.

Assumption #1

Communication comes naturally (it doesn't)

Assumption #2

Communication is already working for you (it isn't)

Assumption #3

Communication is not a significant source of risk for leaked cost and adverse business impacts (it is)

Our hope is that leaders can use data like this to look within and make the most of the incredible talent, ideas, and ability already within their organization. By learning how teams can communicate effectively, leaders can keep their talent, grow it, and tap into its full potential.

The team at Grammarly

INTRODUCTION

No One Can Climb on Crumbling Foundations

Ask any analyst, and they'll agree that digital industry is faster, more productive, and more globalized than ever before. Endless waves of technological and economic advancement facilitate innovation and rule breaking everywhere we care to look—so what's stopping so many companies from fully realizing the promises of the digital age?

The answer is a building block so essential it's often been overlooked: communication.

Many companies are realizing a vision of seamless processes and workflows, such as employing advanced applications of analysis and artificial intelligence that augment human effort. But all of them take for granted that the foundation of "work"—the exchange and receipt of information between employees, business leaders, and external parties—is happening successfully along the way. That isn't always the case.

In fact, according to new data, knowledge workers spend as much as half of their workweek communicating—with the majority (86%) experiencing communication issues during that time.

In another era of business, such an issue might not severely inhibit organizational operations or fundamentally limit company potential. But businesses today are also navigating the shift into a new hybrid world where traditional office work can be done across time zones and from disparate locations.

Hybrid models of work—where teams operate with some members on-site, some remote, and some a combination of both—are where the business world is going, with 9 in 10 executives surveyed by McKinsey & Company in agreement that this is the future they see for their organizations. But our findings reveal some new challenges associated with this shift. The majority of business leaders (82%) and more than half of knowledge workers (59%) agree, "I am concerned about effective communication with remote or hybrid working models in the future."

Significant changes in the hybrid work era

Work	Tool-Powered and Tech-Driven	Employees have more tools and channels for communication than ever before.
Workplace	Hybrid and Digital-First	A hybrid working model forces employees to default to digital-first communication.
Workforce	Dispersed and Diverse	Digital-first communication enables workers with diverse backgrounds around the world.

Amid the shift to increased remote work, ongoing waves of technological disruption, and a burst of new perspectives from a more dispersed and diverse workforce, the landscape of communication at work has been forever changed.

Nearly 9 in 10

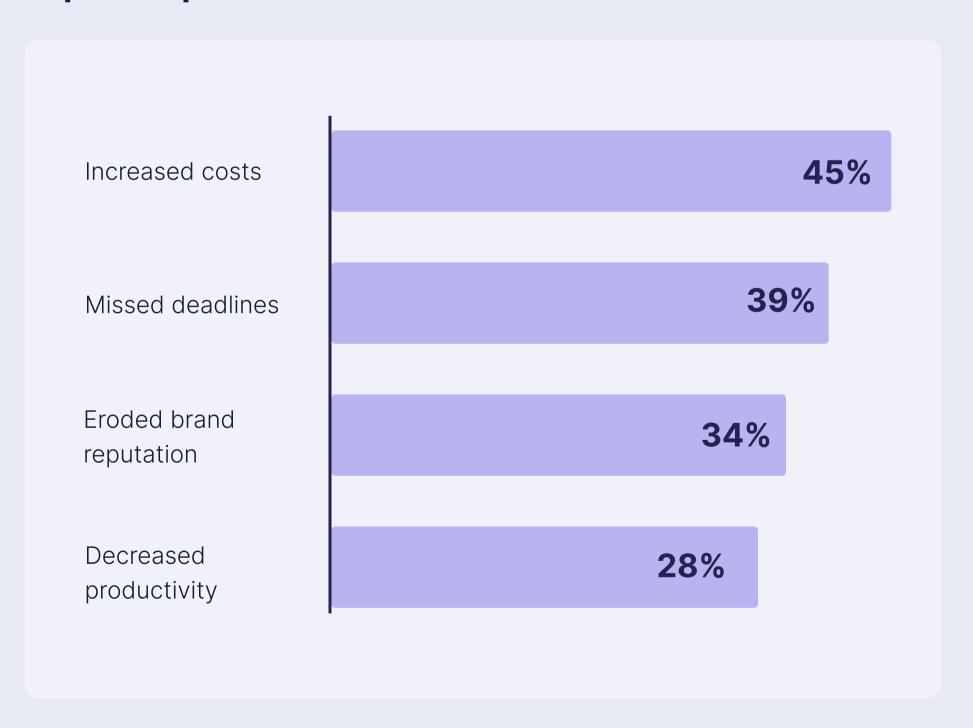
business leaders have experienced the adverse impact of poor communication at work.

With this change comes a new business truth: the communication and collaboration that take place—or don't take place—throughout the workday make or break the performance of an organization.

And as criticality increases, so does the cost. Businesses in the U.S. may lose as much as \$1.2 trillion per year as a result of communication breakdowns—and now business leaders have the data to prove it.

Nearly 9 out of 10 business leaders have experienced the adverse impact of poor communication at work, including increased costs (45%), missed deadlines or increased time to resolution (39%), and eroded brand credibility or reputation (34%).

Impact of poor communication at work



INTRODUCTION

Work no longer takes place 100% in the office—but your teams still need to communicate 100% of the time.

For the majority of business leaders and knowledge workers, the *what* of work has not changed—tasks must be performed and customers must be supported. Business leaders and knowledge workers alike are still under pressure to share information, brainstorm new ideas, and push through tough conversations.

But the *where* of work has shifted to a digital space available to everyone, whether they opt to work in the office, at home, or via the nearest Wi-Fi connection. Communication must take place in new places and forms, often through written communication, voice, and video—and it's not happening as effectively as we think it is.

To explore how workplace forces are impacting business communication today, Grammarly partnered with the Harris Poll to conduct a research survey around the state of business communication. The results reveal a growing link between communication and business results in the era of hybrid work—and a clear warning sign to businesses that don't prioritize effective communication patterns and practices as they prepare to navigate the future.

Study demographics

Grammarly and the Harris Poll surveyed **1,252 business leaders** and **knowledge workers** in the U.S. to understand the landscape of business communication today.

Knowledge workers 1,001 respondents Professionals who are employed full-time at organizations with 150 employees or more and use a computer as part of their job. Business leaders 251 respondents Director-level or higher executives w work full-time at organizations with 1 employees or more, who are decision makers in the company.	
They come from a wide range of They are decision makers across a job functions: range of industries:	
11+ Job functions represented	19+ Industries represented
26% Information technology (IT)	31% Technology
11% Customer support and experience	18% Financial services
11% Operations	10% Industrial manufacturing
10% Finance, accounting, and legal	7% Banking and capital markets
9% Administrative	4% Engineering and construction
6% Sales and marketing	4% Energy, utilities, and resources
4% Engineering	4% Healthcare
4% Human resources	3% Education

Industries represented by 2% or less include Asset and Wealth Management, Consumer Markets, Telecommunications, Transportation & Logistics. Unlisted functions include Research & Development, and other occupational roles.

Written communication is a significant part of the workday	Team members and leaders think they're communicating well	Leaders know business communication is important
 Knowledge workers report spending approximately half of a typical workweek (20 hours) on written communication Over half (57%) of knowledge workers say they communicate in a written format a majority of the time 	 The majority of knowledge workers (73%) are "very confident" in their own written communication abilities The majority of business leaders (82%) are "very confident" in communicating with their direct reports 	 93% of business leaders agree that "communication is the backbone of business" 96% of business leaders agree that "effective communication is essential for delivering the business results expected of my team in the coming year"
but it's a significant obstacle to getting work done	but ineffective communication runs rampant within companies	but don't have the tools to facilitate success
 86% of knowledge workers experience communication issues at work, with responsiveness and clarity emerging as top pain points Almost 3 in 4 business leaders (72%) and half of knowledge workers (50%) agree, "My team has struggled with communicating effectively over the last year" 4 in 5 business leaders (82%) and 3 in 5 knowledge workers (59%) agree, "I am concerned about effective communication with remote or hybrid working models in the future" 	 Almost 3 in 4 business leaders (72%) and almost half of knowledge workers (45%) acknowledge, "My team struggles to communicate clearly and consistently with external parties" Business leaders estimate their teams lose an average of 7.47 hours per week to poor communication (19% of a 40-hour workweek) Internal communications aren't a source of strength: knowledge workers feel their internal leaders don't communicate any more effectively than external parties 	 The majority of business leaders (88%) and knowledge workers (63%) want tools to make this process easier, agreeing, "I wish my company had better tools to help people communicate effectively" 96% of business leaders agree that "new tools and/or strategies could help my company communicate better in the coming year"

Four consequences of ineffective communication

Ineffective communication has critical, damaging influence over several hard-to-pin-down problems in business and employee performance, productivity, and collaboration.

1. Ineffective use (or just plain loss) of time and money

It's one thing to know your teams could be operating more effectively. It's another thing entirely to see how much time and money is wasted every day. Business leaders in this survey found poor communication contributed to increased costs, missed or extended deadlines, and reputation erosion.

- 3 in 4 business leaders say their company "underestimates the cost of poor communication"
- → 1 in 5 have lost business
 due to poor communication at work,
 with 86% estimating the value of
 business lost to be \$10,000 or higher
 and 22% estimating \$50,000 or higher
- 2 in 5 business leaders
 have experienced increased costs over
 the past year
- 90% of knowledge workers and 96% of business leaders agree that poor communication negatively impacts their team or company growth

2. Fading engagement and productivity

The Great Resignation has urged employers to not take high performers for granted. But few have acted on the connection between engagement, productivity, and the ineffective communication that beleaguers employees and has reverberating negative effects.

- More than 9 in 10 knowledge workers and business leaders agree that poor communication negatively impacts their team or company's productivity, morale, and growth
- Business leaders also estimate their teams lose an average of 7.47 hours per week to poor communication (19% of a 40-hour workweek)
- 87% of business leaders agree, "My team will not be able to meet their goals without effective communication skills"



Four consequences of ineffective communication

Continued

3. High employee stress, burnout, and turnover

Employee satisfaction and experience are increasingly recognized as critical business drivers and differentiators to prioritize and address. This study found a clear link between effective communication and turnover: business leaders that report better employee retention are also more likely to have better communication.

- Over half (57%) of business leaders identified employee satisfaction and retention as a top priority for 2022
- Knowledge workers cite increased stress as the top impact of poor communication at work
- Business leaders (89%) and
 knowledge workers (86%)
 agree that "communication is one of
 the most underrated professional skills"
- An even higher percentage
 (98% business leaders; 94%
 knowledge workers) agree that "it makes my job easier when my colleagues communicate clearly"

4. Decreased customer satisfaction

Delivering an exceptional customer experience depends on clear interactions among employees internally and with customers externally. Ineffective communication allows for breakdowns that can ultimately impact customer service costs, customer satisfaction score (CSAT) and Net Promoter Score (NPS), and business growth.

- Half of business leaders (50%)
 identify customer satisfaction and retention as a top priority for 2022
- → More than 1 in 3 business leaders

 (39%) see missed deadlines, extended timelines, or increased time to resolution as a result of poor communication at work
- → 1 in 4 business leaders (25%) see decreased customer satisfaction as a result of poor communication at work
- → 1 in 5 business leaders (20%)
 experience lost business or sales as a result of poor communication at work



Business communication was critically important before hybrid models became the new standard of normal for workplace operations. But now that work must take place between employees and teams that may never share the same physical space—or even the same time zone—effective written communication has become the crucial thread of getting work done.

Organizations that want to maintain high levels of collaboration, creativity, and connection—core requirements to compete in a hybrid business landscape—must chip away at these challenges intentionally. If they don't, businesses risk losing as much as \$12,506 per employee per year as a result of poor business communication.

The cost of ineffective communication: a breakdown

Cost per	Cost per	Cost per	Cost per year:	Cost per year:
employee per	employee per	employee per	company of 50	company of
calendar day	month	year	employees	500 employees
\$47.37	\$1,042.17	\$12,506	\$625,300	\$6,253,000

Based on business leaders estimating the loss of 7.47 hours of work per week due to poor communication and reporting an average salary of \$66,967 for their teams.

INTRODUCTION

In this report, we explore the state of business communication. We offer insights and solutions for organizations that need to unlock the highest possible levels of collaboration, productivity, and profitability in a hybrid world.

The findings reveal fascinating differences in perception between knowledge workers and business leaders, interesting new correlations between employee confidence and business benefits, and—most importantly—clear steps businesses can take to become more observant about workplace communication practices, fill in collaboration gaps, and ensure effective communication takes place at every level of operation.

Businesses that successfully implement effective communication do more than simply clean up processes and remove friction from the entire organization—though that itself would be quite a feat. They also gain the ability to handle the present, respond to the unpredictable, and proactively seek out the best possible path forward. They solidify the business foundations that will support them into the future, no matter what uncertainties they may encounter there.

SECTION 1

The State of Communication at Work

Somewhere along the way, communicating at work became transactional. We lost the sense of communication as a shared understanding between sender and receiver, of creating mutual understanding and driving the desired outcome. Instead we focused on the sending—on delivering a message, regardless of how it is received. But what happened when we lost touch with what makes communication work?

Part of the disconnect between communication and successful outcomes stems from how the shift from traditional office work to hybrid work removed the physical, 3D nature of communication that had for so long been the default. We experienced more fragmentation, more opportunities for misunderstanding.

Learning more about these issues grants opportunity for solutions. Businesses must replace some of those no-longer-available physical cues with intentional support around remote communication, to help employees re-learn the "how" and "why" of communication instead of just transmitting their message without knowing whether it has been successfully received.

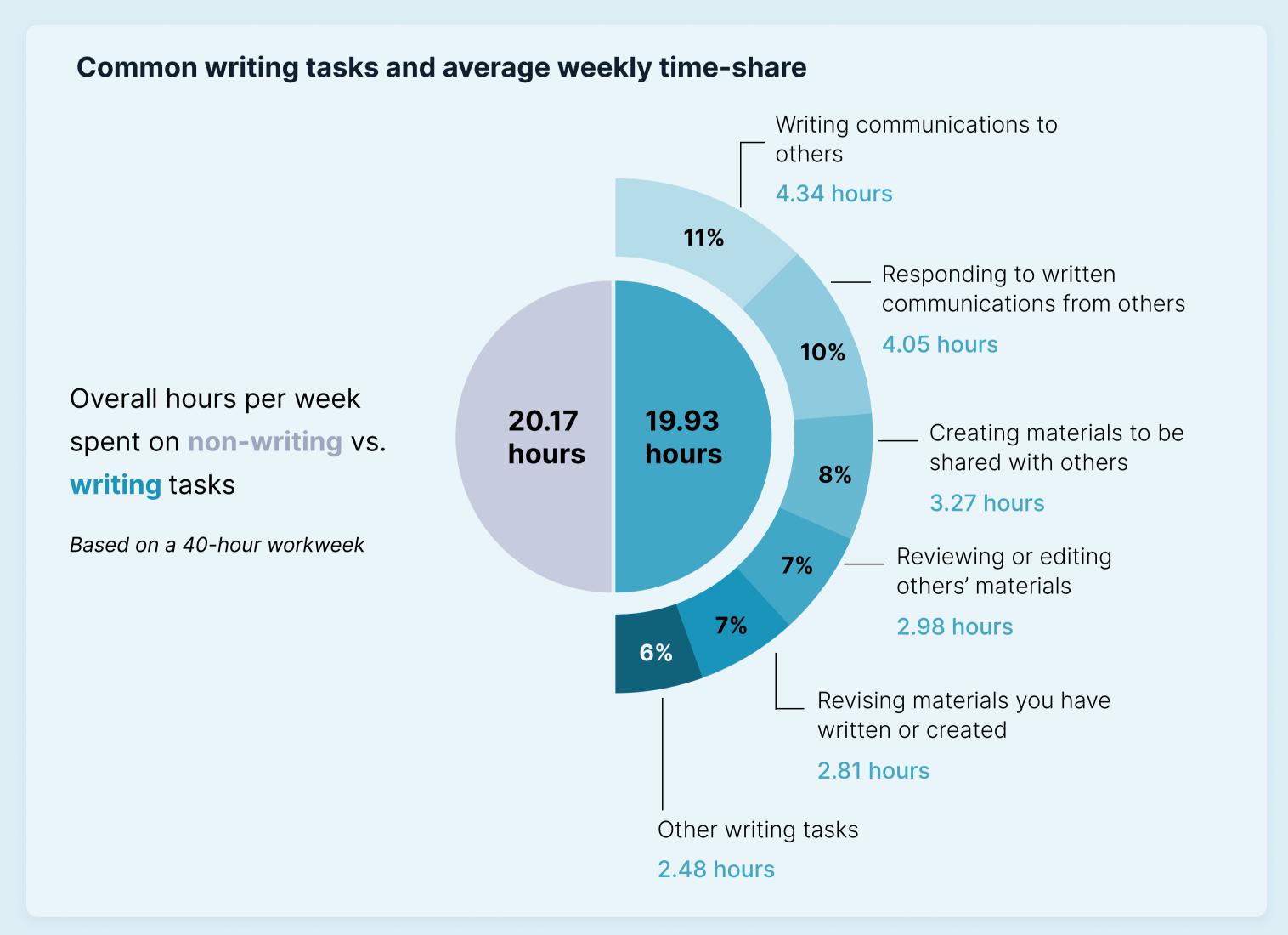


What is effective communication?

Effective communication refers to communications that are clear, consistent, and engaging, and that land in a way that produces the desired outcome. Ineffective communication refers to communications that do not result in understanding and that prevent important business outcomes such as collaboration and productivity.

Employees spend half the workweek communicating in writing

Written communication occupies the majority of communication time for knowledge workers, including writing messages to others (4.34 hours), responding to written messages from others (4.05 hours), and creating materials to be shared with others (3.27 hours). This adds up to about half of the typical 40-hour workweek, or 19.93 hours per week.





The most used communication methods include email, virtual video meetings, and textbased chat

If you were expecting knowledge workers to spend a lot of time writing emails, attending meetings, and sending text-based chat messages, you'd be right. Knowledge workers report spending the most time in email (5.3 hours), followed by virtual video meetings (4.03 hours), and text-based chat (3.35 hours). In total, knowledge workers spend over 26 hours per week solely on written or verbal communication channels.

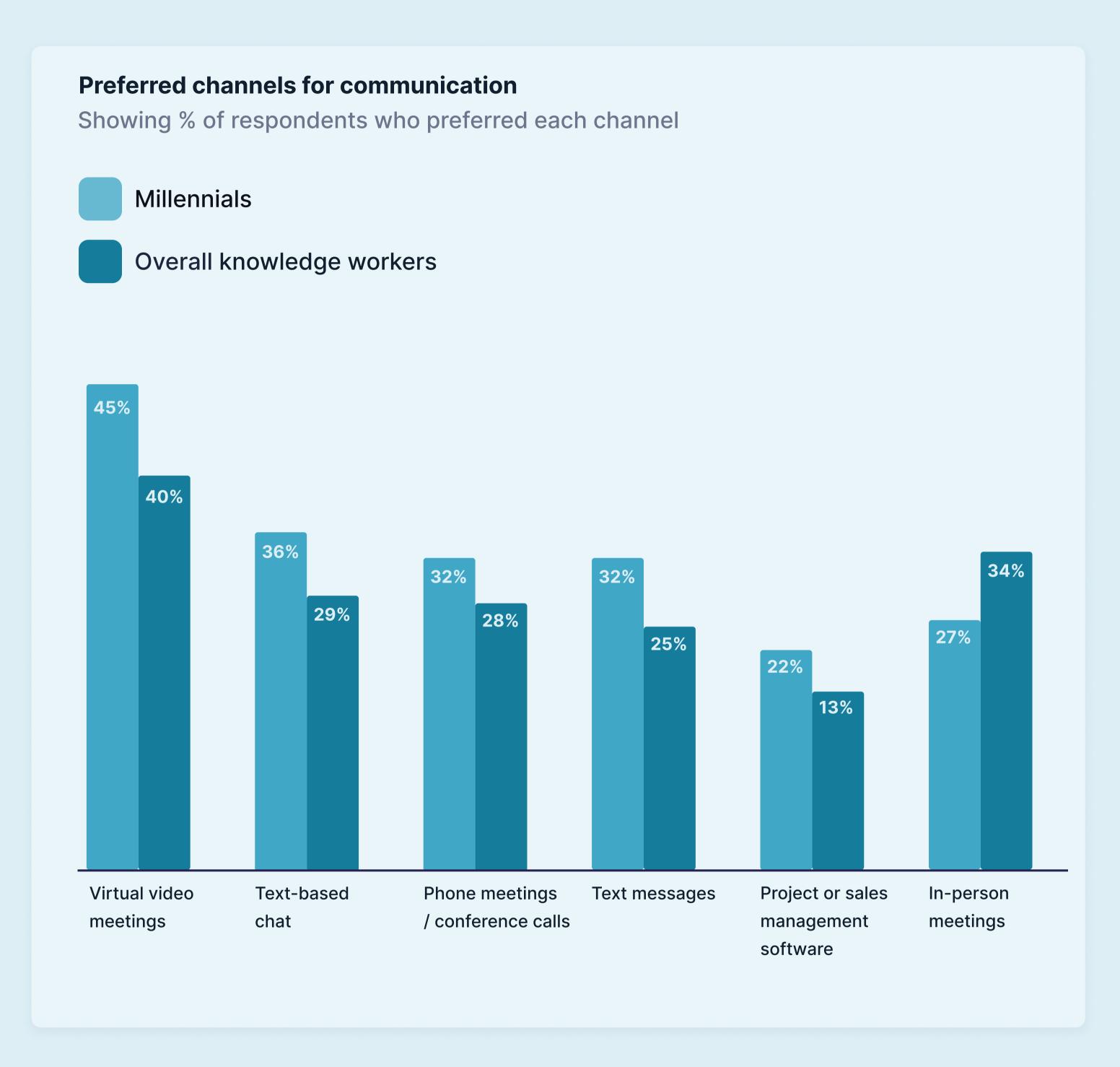
This aligns with how knowledge workers prefer to communicate (and what they have available while remote). More than half indicate a preference for using email (57%), followed by virtual video meetings (40%), in-person meetings (34%), and text-based chat (29%).

Business leaders spend even more time communicating: over 36 hours per week. Their most used channels include virtual meetings (5.82 hours), in-person meetings (5.23), and project or sales management software (5.06). According to this data, business leaders spend almost twice as much time in in-person meetings each week as knowledge workers (5.23 hours compared to 2.96 hours).

57%

of knowledge workers use email as a preferred communication channel.

It's interesting to note that knowledge workers who fell in the millennial demographic are more likely to communicate in a written format the majority of the time (64% compared to 57% of knowledge workers overall). They also report an 8% higher preference for virtual video meetings (48% compared to 40%), a 7% higher preference for text-based chat (36% compared to 29%), and a 9% higher preference for project or sales management software (22% compared to 13%).



Synchronous > Asynchronous

61% of knowledge workers prefer real-time communication, and 55% say they communicate synchronously a majority of the time.

Employees spend half their time collaborating with others

The survey data reveals that knowledge workers spend about half their time working independently (51%) and half their time collaborating (49%). Business leaders assume otherwise, indicating they believe their teams spend 71% of their time working independently. Put in real terms over a 40-hour workweek, that's a whole 8 hours per week—an entire workday—that knowledge workers are collaborating and communicating with their colleagues but which their managers believe are being spent working alone.

The collaboration gap

Over a 40-hour workweek, business leaders assume their workers are overwhelmingly spending their time working alone.

Portion of time
knowledge workers
spend on independent
work, according to

... business leaders: 71%

... knowledge workers themselves: 51%

This means that over a 40-hour workweek, business leaders are **underestimating** how much collaboration occurs for their team by **over 8 hours**.

The majority of knowledge workers experience communication issues at work

Of all the knowledge workers who spend half their workweek communicating, 86% report that they experience communication issues at work. The top challenges they face include not receiving timely responses from others (49%), communicating clearly so receivers understand the message (37%), and understanding messages received (33%).

86% of knowledge workers experience some sort of communication challenge at work. Here are the most common ones:

- Receiving **timely responses** from others
- Communicating clearly so everyone understands their message
- Understanding messages communicated by others

Challenges knowledge workers face in communicating at work

Showing percentage of knowledge workers that expressed agreement with challenge

49%

Receiving timely responses from others

31%

Keeping up with the frequency of communication

37%

Communicating clearly so everyone understands my message

30%

Identifying the proper tone to use in messaging

33%

Understanding messages communicated by others

26%

Choosing the right platform or tool for communication

For the ultimate example of the importance of delivering and receiving the same message, look no further than The Great Resignation of 2021. In one line, McKinsey summarizes the flight of 19 million knowledge workers from their jobs, explaining that "the great attrition stems from a great disconnect." And it makes sense in the context of our findings, where knowledge workers rate their confidence in communicating with professionals outside their organization higher than communicating with their own teams or senior leadership.

A breakdown in communication is a critical business issue for two reasons.

First, conveying information accurately and efficiently is essential to business operations. Second, knowledge workers and business leaders spend a significant amount of the workweek in communication.

Ultimately, organizations must proactively manage ineffective communication and put practices in place to increase the amount of time spent communicating effectively. Otherwise they run the risk of hindering operations, wasting time, and directly limiting productivity and results.

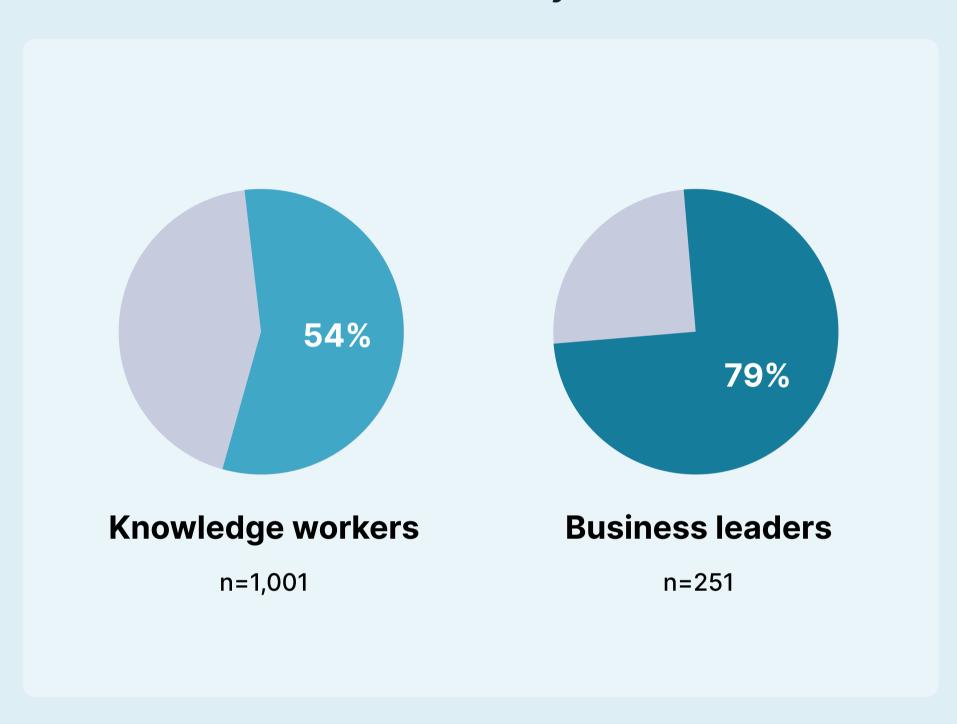
Ineffective communication claims 1 in 5 workdays

The majority of business leaders and knowledge workers experience the negative impact of ineffective communication. Three in four business leaders agree that "my team spends too much time and energy resolving miscommunications" (76%) and "I spend too much time and energy resolving miscommunications" (75%). And a majority of business leaders experience the negative impact of those miscommunications on a weekly basis.

76%

of business leaders agree their team spends too much time and energy resolving miscommunications.

Percentage of respondents who experience written miscommunication at least weekly



In fact, business leaders estimate that the fallout of ineffective communication—including resolving communication challenges, missed deadlines, and needing to follow up—takes up as much as 19% of their team's workweek.

Most common miscommunication issues

Reasons for lost time due to poor communication at work	Business leaders
Resolving communication challenges or confusion (e.g., clarifying next steps, asking additional questions, etc.)	63%
Resolving mistakes caused by communication issues (e.g., missed deadlines, unsatisfactory deliverables, etc.)	59%
Following up with colleagues on deliverables	52%
Total hours lost per week due to poor communication	7.47 hours

Effective communication drives real business value

Business leaders and knowledge workers in this study were quick to acknowledge the pivotal role of effective communication in the workplace: 94% of knowledge workers agree that "it makes my job easier when my colleagues communicate clearly," and 89% of business leaders agree that "communication is one of the most underrated professional skills."

"Communication is one of the most underrated professional skills."

86% knowledge workers 89% business leaders "It makes my job easier when my colleagues communicate clearly."

94% knowledge workers98% business leaders

"I wish my company had better tools to help people communicate effectively."

63% knowledge workers88% business leaders

The data shows that knowledge workers and business leaders are in alignment about the impact of ineffective communication on the ease of the job and about communication as an underrated professional skill.

But while these groups agree on general issues, they have different perspectives within their organizations—and different estimations of the related challenges. Business leaders are slightly more aware of specific problems, highlighting the important role they can play in making improvements for the future.

For example, 82% of business leaders (compared to 59% of knowledge workers) agree with the statement "I am concerned about effective communication with remote or hybrid working models in the future." This is one of many areas in which business leaders are in a unique position to see the broad scale of challenges for their company.

Top concerns for a remote or hybrid work future

Business leaders	Knowledge workers
 Misunderstood messages communicating across work environments Reaching colleagues in a timely manner Clear expectations regarding communication frequency 	 Reaching colleagues in a timely manner Communication difficulties due to technology issues Lack of connection with coworkers or team;* Misunderstood messages communicating across work environments*

^{*}Tied results

Confident communicators see others as more effective

In exploring communication between different groups of people in the business ecosystem, it quickly becomes clear that confidence is not consistent across the board. It varies depending on whether one is sending or receiving communication and on the methods being used.

For example, knowledge workers have a high confidence in their own written (73%) and verbal (68%) communication abilities, but they report lower perceived effectiveness of communication they receive in written (62%) and verbal (63%) communication from others.

Business leaders are even more confident in their own written (85%) and verbal (88%) communication abilities, and they also report higher perceived effectiveness of communication they receive in written (85%) and verbal (83%) communication from others.

There are also further signs of confidence having an amplifying effect. Knowledge workers who are confident communicating in a written format are more likely to be confident communicating with their team overall. And 74% of those confident writers feel confident when communicating with their team, compared to only 31% of their peers who are less confident writing. This is great insight into the power that business leaders have to improve communication within the company by focusing on empowering individual knowledge workers. Confidence breeds confidence.

Leading with confident communication

The amplifying effect of confidence on effective communication comes from both business leaders and knowledge workers who are confident writers.

	How confident are you communicating in a written format?	How effective are the written communications you receive?
Among business leaders	85% highly confident Business leaders are more confident written communicators than knowledge workers are	85% highly effective and they perceive of written messages from others to be more effective than knowledge workers do
Among knowledge workers	73% highly confident	63% highly effective

Among knowledge workers who are confident writers, 66% rate the written communications they receive as highly effective.

Overall, business leaders seem more aware of communication struggles within the organization, with almost 3 in 4 business leaders (72%) and less than half of knowledge workers (45%) agreeing with the statement, "My team struggles to communicate clearly and consistently with external parties."

As an interesting sidenote: the number of knowledge workers who agree with that statement rises to 64% in the tech industry, indicating they have more awareness around the issue.

SECTION 1

It also matters whom one is communicating with. Knowledge workers are most confident communicating with their boss but least confident communicating with senior leaders. In fact, they rate communications from professionals outside of their company (55%) as equally effective as that of senior leaders within their own company (56%), indicating senior leaders may not be as effective in communicating as they think they are.

82% of business leaders

are confident communicating with their direct reports, but only 68% of knowledge workers agree they receive effective communication from their direct managers.



SECTION 2

The Real Cost (and Consequences) of Ineffective Communication

For many businesses, it's hard to grasp all the ways communication underpins operations—which means it's doubly hard to see how poor communication impacts the business.

After all, if you don't know what to fix, how can you fix it?

That's why the first step in correcting and recouping the cost of ineffective communication is to understand the long-term impact of not taking action today.

We found that 74% of business leaders say, "My company underestimates the cost of poor communication" and that 76% say, "My company undervalues the impact of strong communication"—which hints that the cost is even higher than we might think.

74%

of business leaders say, "My company underestimates the cost of poor communication."

75%

of business leaders say,
"My company undervalues the
impact of strong communication."

It's stating the obvious to say that ineffective communication costs money. What's far more interesting (and more actionable) is being able to trace the connection between ineffective communication and critical business objectives.

For example, can a team with ineffective communication and a jumble of messaging apps really be equipped to do their job on a daily basis? And just how much better can they do so when each of those unruly elements are secured: well-curated systems, shared expectations, and compelling interactions?

The conclusion follows: effective communication actually leads a business to do everything effectively, from creating a more positive employee experience and higher engagement to developing and innovating products and services.

Direct and indirect costs of ineffective communication

In this study, nearly 9 in 10 business leaders (89%) report experiencing an adverse impact of poor communication at work. For the first time, we're able to put words to the direct financial costs and the indirect talent and operational costs of ineffective communication. And there are some surprises—the first being that the cost of ineffective communication could be as high as \$1.2 trillion per year for U.S. businesses.

Cost per employee per year	Knowledge workers in the U.S.	Estimated total cost of ineffective communication
\$12,506	100 million	\$1.2 trillion

Based on business leaders estimating the loss of 7.47 hours of work per week due to poor communication and reporting an average salary of \$66,967 for their teams. Number of U.S. knowledge workers is an <u>estimate</u>.

SECTION 2

Many business leaders reported that ineffective communication led to direct costs or costs that relate directly to losses in productivity, resources, time, or money.

But equally worrisome are the indirect costs of ineffective communication, which can have long-lasting and far-reaching effects on an organization's ability to achieve its goals.

For example, many of these indirect costs cut away at the efficiency and performance of an organization's workforce, which is the most critical competitive advantage an organization has today. By bringing more attention to alleviating employee stress and supporting productivity, confidence, and effectiveness—among other components of work that can affect performance—organizations position themselves to capture the maximum potential of their workforce. When deployed strategically, effective communication can be a powerful tool to retain, support, and strengthen teams.

Impact of poor communication at work

	Increased costs	Lost time	Lost business
Direct costs	45% of business leaders reporte increased costs	Business leaders estimate their teams lose an average of 7.47 hours per week	20% of business leaders indicate they've lost business or deals

	Employee confidence and effectiveness	Employee retention and morale	Brand credibility, reputation, and image	Customer satisfaction and retention
Indirect costs	Almost 1 in 3 knowledge workers (29%) have difficulty understanding next steps or responsibilities	Businesses with 15% or more employee turnover are 34% more likely to say that their team struggled with communicating effectively over the last year	1 in 3 business leaders note negative impacts on brand credibility and reputation	1 in 4 business leaders note negative impacts on customer satisfaction

Indirect costs may not come with a clear price tag, but all of these talent-related areas have been shown to have an impact on a company's bottom line. Engaged, productive employees contribute higher-quality work, deliver a better customer experience, and drive higher employee lifetime value.

Nurturing more effective communication in the workplace

While the solution will vary for every company based on its priorities and current areas of challenge, the data indicates three interesting sources of resolution for nurturing more effective communication at work:

Preventing stress and burnout

Business leaders plan to leverage new tools to improve communication clarity (55%), empathy (53%), consistency (50%), and tone (45%)

Given the higher performance and lower stress levels of effective communicators in this study, it's not surprising business leaders are looking to create more positive cultures of communication—in particular looking to nurture empathy and build awareness of tone. Making such improvements can engage employees in a way that's less likely to cause stress and burnout.

Enhancing collaboration

32% of knowledge
workers and 30% of
business leaders are
concerned about a lack of
connection with coworkers
on their team in a
hybrid environment

Providing more guidance around where and when teams collaborate—which can also account for the discrepancies between leaders and their employees—can be a powerful tool in promoting effective communication and collaboration.

Bringing attention to employee experience and engagement

Business leaders (57%)
cited employee satisfaction
and retention as a top
priority in the next year,
even above team
productivity (54%) and
customer satisfaction and
customer retention (50%)

Employee experience is increasingly a direct business driver. Companies that prioritize exceptional experiences are more likely to have their choice of talent—and have that talent choose to stay. How employees communicate with each other, business leaders, and external parties has a significant impact on day-to-day experience.

What aspects of communication do leaders plan to improve in the coming year?

Showing percentage of business leaders that expressed agreement to each aspect

55%

clarity

of communication

53%

empathy

in communication

50%

efficiency/volume of communication

50%

consistency in language, style, and messaging

45%

communication tone

Communication as the key to overall efficiency

The data reveals a clear link between communication effectiveness and achieving critical business objectives. Ineffective communication acts as a missing link—a major deficiency that stands between a company and its goals.

But when we consider all a business can do to set new standards and best practices for communication, emphasize its importance to employees, and make gains in important markers like clarity, empathy, and consistency, a brighter future becomes possible.

SECTION 3

What's Possible When You Invest in "the Backbone of Business"?

Much of this report focuses on the cost of ineffective communication—and the long-term consequences of not investing in it—when so much of a successful hybrid workplace revolves around productive, compelling interactions.

But that means there's enormous opportunity for businesses that do take initiative to improve communication at work. What's in store for them?

Business leaders across the board identified several priorities for the upcoming year, but there were key differences between the priorities of business leaders from companies who showed revenue growth in the past year and those from companies that stagnated or declined. For both groups, however, employee statisfaction and retention are high on the priority list.

Business investments and priorities for the future

Here are the top three priorities for business leaders from companies in the two groups:

Growing revenue	Declining or stagnating revenue
 Improving operational efficiency* Increasing revenue/profitability* Employee satisfaction and retention 	 Customer satisfaction and retention* Optimizing team productivity* Employee satisfaction and retention

^{*}Tied results

But all business leaders clearly tie success in these areas back to effective communication: 96% of business leaders agree that "effective communication is essential for delivering the business results expected of my team in the coming year," and 95% agree that "communication is a critical factor for enabling my team to work effectively in the coming year."

The role of effective communication in the future

87% of business leaders

"My team will not be able to meet their goals without effective communication skills."

Importance of effective communication

94% of business leaders

"New tools and/or strategies and needed to achieve effective communication in a hybrid or remote workplace."

Business leaders see effective communication as a priority for the future, especially in light of the fact that we're navigating an increasingly hybrid world. Namely, 96% of business leaders agree that "effective communication is critical for a remote or hybrid workplace," and 86% have a dedicated budget for communications—and they anticipate increasing that spend by 26% next year.

Average communications budget



How do business leaders plan on investing in these vital communication changes? They will prioritize tools to facilitate more effective written communication (68%). They will also look to incorporate tools to facilitate more effective communication in general (66%) and introduce quality assurance or review processes to ensure communication is accurate (65%).

Understanding the impact of effective communication can pave a smoother path forward for companies that want to accomplish the following:

- Scale an effective communications culture to grow the business
- Improve operational efficiency
- Improve company culture and employee retention



Understanding the impact and paving a path forward

Scale an effective communications culture to grow the business

Improve operational efficiency

Improve company culture and employee retention

The most distinguishing difference between business leaders from companies with revenue growth in the past year and those from declining or stagnating companies are their perceptions of effective communication from their teams and how they intend to invest their resources.

Business leaders from growing companies indicate that their teams communicate more effectively.

92% agree that their team's communication was highly effective, compared to only 81% among business leaders from companies that did not grow in the past year

From fears for the future of communication in a hybrid setting to confidence and communication gaps between business leaders and knowledge workers, it's an understatement to say that measurable improvements in communication effectiveness would lead to improved operational efficiency overall.

Almost all business leaders
(98%) and knowledge
workers (94%) agree "it
makes my job easier when my
colleagues communicate clearly"

Business leaders are recognizing the rising impact a positive culture and engaged employees can have on all other desirable business outcomes. By zeroing in on fixing rampant ineffective communication in the workplace, companies alleviate a lot of the causes of stress and low morale among today's knowledge workers.

43% of knowledge workers report increased stress at work as a negative impact of poor communication



SECTION 4

Five New Rules of Business Communication for Enterprises

A new way of working requires new rules for work. In light of this research, here are five ways companies can make sure business communication is a competitive advantage, not a source of stress, frustration, or disconnect.



Five new rules of business communication for enterprises

RULE 1

Practice good communication hygiene

Clarify unspoken expectations

RULE 2

RULE 3

Rigorously curate your tech stack

Tone, timing, tech—all of these choices affect the message received. Make it clear to everyone within your organization that what's important is not just what they're saying but how they're saying it. Openly prioritize good communication hygiene by giving guidelines for building blocks like self-awareness, intention, and emotional intelligence. These will help improve your company's overall culture of communication and help all team members get their messages across as intended.

Every workplace has a unique style of communication, whether it's established intentionally or by accident. Now is the time to turn those expectations into clear guidelines for internal and external communication so that everyone in your company understands where, when, and how to communicate. Shared expectations around sending messages after work hours, camera-on video meetings, and tone of voice create an even playing field where no one is left guessing.

Look for intuitive solutions that integrate with your existing tools and systems—and are easy to adopt across your company. Focus on creating a tech stack that empowers employees in the remote work era, enables more asynchronous communication, enhances crossfunctional workflows, and delivers insights to help individuals grow and improve their skills over time.

RULE 4

Sing the praises of soft skills

RULE 5

Pave a path for newcomers

Especially in a hybrid work environment that lacks consistent nonverbal communication cues, soft skills like teamwork and flexibility have a solid impact on how communication is received. Your leadership team should be vocal about the importance of soft skills and support their team in developing them.

An increase in globalized, locationagnostic roles brings a welcome boost of diverse and cross-cultural teams to many organizations—and a heightened need for sensitivity and inclusiveness. Make it easy for anyone to hop into your company culture and know what to do next. Whether they're new to workplaces or just new to your workplace, newcomers should be able to understand what to say and how to say it when they have something to contribute.

CONCLUSION

Upgrade Half the Workweek for All Your Employees

"Business communication" is not a box you can check. It is a nuanced, collaborative exchange that forms the backbone of your company's ability to innovate and perform—an exchange that takes up a significant amount of employees' time and energy every week.

What does it mean for your company that as much as one-fifth of your employees' time is wasted in ineffective communication every week?

And what would be possible for your company if you focused on making half the workweek—the amount of time spent on written communication—as effective and seamless as possible?



Effective communication is the foundation that stretches across organizations and underpins the ability to grow and succeed.

Without solid communication, there is no "us"—no mechanism for teamwork or for achieving the successful outcomes critical to your organization.

Plus, running a business hampered by ineffective communication is incredibly expensive. Thanks to this research, executives can finally put a number on the penalty they pay for bad communication as a direct cost: \$12,506 per employee per year. They can also point to indirect costs and consequences of not communicating effectively that prevent organizations from achieving critical business goals.

We're all trying to build a hybrid environment nurtured by seamless communication. In fact, for most of us, that's now synonymous with core ideas of work, progress, and collaboration. But we've been taking for granted the fact that communication happens well or at all.

Success in this area can only be achieved by taking action—by re-envisioning the most basic connections within companies and deploying the best solutions for today's digital communication paths.

About Grammarly

Grammarly is on a mission to improve lives by improving communication. Every day, 30 million people and 30,000 teams around the world rely on Grammarly to write with confidence and achieve results. Grammarly Premium elevates communication for individual students and professionals, Grammarly Business drives organizations of all sizes to accelerate business results, and Grammarly for Developers empowers builders to enhance the communication experience for their end users. Across all product offerings, Grammarly's real-time communication suggestions provide comprehensive feedback wherever writing is happening. Founded in 2009, Grammarly uses a combination of technological approaches and human expertise to offer unmatched, market-leading communication support to individuals and enterprises. Grammarly is one of Fast Company's Most Innovative Companies in AI, a member of the Forbes Cloud 100, and one of Inc.'s Best Workplaces. Learn more at grammarly.com/about and grammarly.com/business.

