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Today's State of Work: The Productivity Drain

We asked nearly 1,000 managers at companies in the US and UK with at least 500 employees whether today's work processes are efficient or whether they sap their productivity.

Introduction

> Are most business processes "consumerized" now, or are enterprises neglecting a critical opportunity to transform their productivity?

The Internet has created radical changes in our personal lives. We now live in a "consumerized" online world where we shop for products and services with a few taps on a smartphone. Social media gives us a global forum where anyone can speak their mind. We see news as it unfolds, watch videos on YouTube, stream music from Spotify, and make friends on Facebook. We expect the web to be automated, on demand, and always on – delivering instant gratification no matter where we are.

We wanted to know if there has been a similar revolution in the state of work. Do businesses leverage the power of connected technology to simplify and accelerate work? Or, are they still stuck using inefficient manual tools – emails, phone calls, and spreadsheets – for even the most mundane administrative tasks? Are most business processes "consumerized" now, or are enterprises neglecting a critical opportunity to transform their productivity?

To find out, we surveyed 915 managers in the US and UK. Respondents came from all working age groups, and from a wide range of industries, company sizes and business functions. We asked them how much time they spend on administrative tasks, which processes they use, and how well these processes work. We also asked them about the business impact of their administrative workload, and what they would like to see change.

The answers were remarkably consistent – and they were eye-opening.

Methodology

ServiceNow commissioned Lawless Research to design and conduct a study about the state of work in companies with 500 or more employees. Between March 10 and March 15, 2015, 915 managers who supervise at least one employee completed the 10-minute online survey (610 in the US and 305 in the UK). The online survey was hosted by Qualtrics, and Survey Sampling International provided respondents from their online panel. The margin of error for the study is ±3.2 percentage points at the 95 percent level of confidence. Tests of significant difference were conducted at the .01 level (99% probability that the difference is real, not by chance).

8 in 10 companies still use unstructured manual tools such as email, spreadsheets and even personal visits to drive routine work processes.

Survey Highlights

Key highlights of what we found include the following:

- Managers say that they spend 2 days a week, on average, on administrative tasks, and that this prevents them from doing strategic work.

- 9 in 10 managers say their productivity depends on the efficiency of routine work processes provided by other departments – such as delivering marketing services, IT support, issuing purchase orders, and onboarding employees.

- The majority of managers say these work processes are time-consuming, and about half say they are frustrating.

- 8 in 10 companies – both large and small – still use unstructured manual tools such as email, spreadsheets and even personal visits to drive routine work processes.

- 4 in 5 managers say that these routine work processes cause significant delays.

- 3 in 4 managers want simple, self-service support processes that are as easy to use as Amazon or FedEx.

The magnitude of this administrative overhead is astounding. $575 billion a year is approximately equal to the combined annual profits of America's 50 largest public companies.

Managers Spend 2 Days a Week on Administrative Tasks

First, we asked managers if they routinely perform administrative tasks. If so, how much time do these take? We defined these tasks as administrative activities that were not part of a respondent's core job function – for example, putting together status reports, filling out forms, updating spreadsheets and requesting support services.
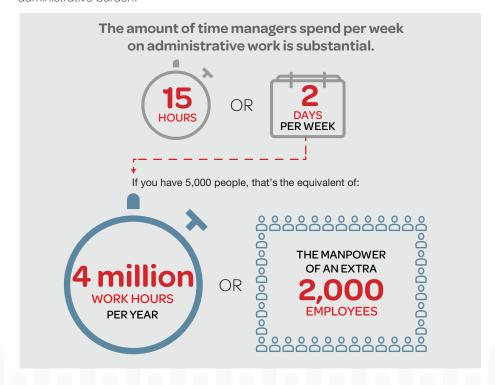
Of those surveyed, 9 in 10 managers regularly spend time on administration. On average, they said that administrative tasks consume **2 days every week**, and 20% said that they spend 3 days or more. This result was consistent across industries and job functions in both the US and the UK.

To put this in context, 2 days per week equates to:

- **2.000 employees or 4 million hours a year** for a large corporation with 5,000 managers.

- **$575 billion a year** spent on administrative tasks in the US – or 3.3% of GDP.[1]

The magnitude of this administrative overhead is astounding: $575 billion a year is approximately equal to the combined annual profits of America's 50 largest public companies. Enterprises need to ask what they could achieve with an extra 2000 highly skilled employees – and whether administrative activities are the best use of these resources.

Younger managers also seem to bear the brunt of administration. Our results show that Millennials spend 43% of their time on administrative work, while Gen Xers spend 40% and Baby Boomers only 34%. It is not clear whether this is due to heavier administrative workloads or a lack of experience. However, one thing is perfectly clear – if younger managers are more tech-savvy, this is not translating into a reduced administrative burden.
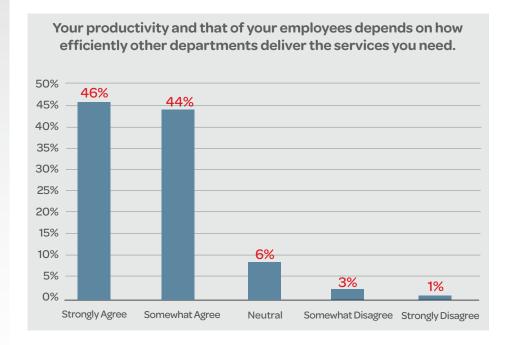

The amount of time managers spend per week on administrative work is substantial.

15 HOURS OR **2** DAYS PER WEEK

If you have 5,000 people, that's the equivalent of:

4 million WORK HOURS PER YEAR OR THE MANPOWER OF AN EXTRA **2,000** EMPLOYEES

[1] There are 16,199,000 managers in the US (Bureau of Labor Statistics, 2014 Labor Force Statistics), with a median salary of $88,885/year (Bureau of Labor Statistics, 2014 Occupational Outlook Handbook).This gives a total US managerial wage spend of $1,439,848,115,000 per year. Administrative work is 40% of this, or $575,939,260,000. This represents 3.3% of US GDP, which stands at $17.42 trillion (Bureau of Economic Analysis, 2014 GDP).

Efficient Administration is Critical

9 in 10 managers agree that their productivity depends on how efficiently other departments deliver their services.

Although managers spend an enormous amount of time on administrative tasks, they also stress that these tasks are important and that efficiency is critical. This is particularly true of services provided by other departments. When asked, **9 in 10 managers agreed that their productivity depends on how efficiently these services are delivered**.

Your productivity and that of your employees depends on how efficiently other departments deliver the services you need.

Given their criticality, we wanted to know how these work processes operate today. Are managers satisfied with them? What tools and processes do they use? Are these work processes efficient? If not, why not?
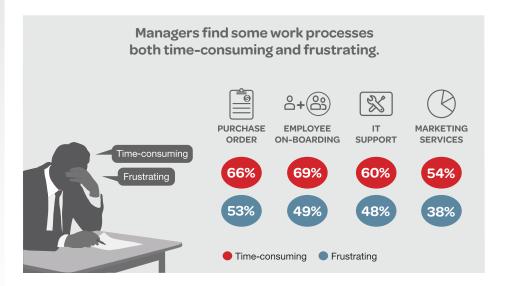
To find out, we asked respondents about 4 routine work processes:

- **IT Technical Support** – This is usually provided by the IT department's help desk or service desk. It includes help with resolving computer, software and smartphone problems, as well as ordering and installing hardware and software. Employees also use IT technical support to request access to company databases and programs.

- **Marketing Services** – This involves all of the steps needed to request and receive marketing materials and services. This includes items such as webpage creation and updates, delivery of sales and marketing materials, and graphic design.

- **Purchase Orders** – This includes all of the activities needed to purchase goods and services, from initial purchase requisition to ensuring the vendor is paid.

- **Employee Onboarding** – This encompasses all of the activities needed to equip new employees for their jobs. This includes arranging for computers, email, phone lines, badges, business cards and credit cards, as well as setting up company orientation sessions and job training.

As work processes become more complex, consumers – in this case, managers – end up spending more of their time and experience more frustration.

Managers Are Dissatisfied with How Work Gets Done Today

When asked about these 4 work processes, the majority of managers said they are time-consuming, and about half said that they are frustrating. This response was across the board – in every case, most managers complain that the process takes too much of their time. Even the most satisfactory – Marketing Services – still creates high frustration levels.

Managers find some work processes both time-consuming and frustrating.

	PURCHASE ORDER	EMPLOYEE ON-BOARDING	IT SUPPORT	MARKETING SERVICES
Time-consuming	66%	69%	60%	54%
Frustrating	53%	49%	48%	38%

● Time-consuming ● Frustrating

We will discuss the complexity of these work processes later in this report. However, it is interesting to note that the two most complicated – Purchase Orders and Employee Onboarding – create the most dissatisfaction. This points to a lack of "consumerization" with these processes.

When a shopper orders a product from an online retailer such as Amazon, they are largely unaware of how that product is delivered. It might be shipped directly from Amazon's own stock, or it might be sourced from an Amazon partner. An order can have one product in it – or it can have 100. The order may be an advance order, in which case the product is shipped once available. And so on. The point is that the consumer is not involved in all of the steps that go on behind the scenes. From their perspective, a "complex" order is no different from a "simple" one.

This isn't the case with these work processes. As they become more complex, consumers – in this case, managers – end up spending more of their time and experience more frustration. If these processes were truly transparent, managers should see no difference. But they do – which strongly suggests that they are directly involved in the delivery process. Rather than being a true consumer, they have to head into the warehouse to fill their own order.
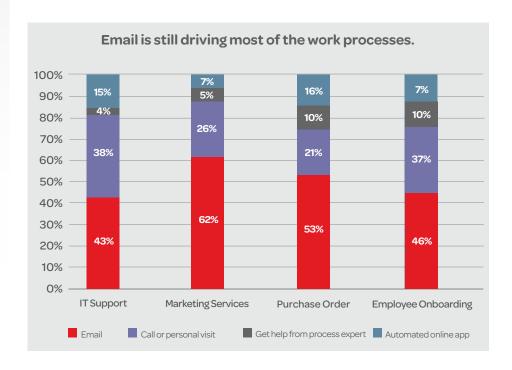
The problem with emails, phone calls and personal visits is that they do not drive an end-to-end workflow.

Administration Still Relies on Manual, Unstructured Tools

Next, we asked managers about the communications tools that their company uses to drive these administrative processes. We found that they still overwhelmingly rely on emails, phone calls and even personal visits to get work done. More than 8 in 10 companies do this, rather than using automated applications to coordinate activities across departments. For example:

- More than half use email to get purchase orders, and another 21% call or make a physical visit.
- Fewer than 1 in 10 have automated applications for employee onboarding and marketing services.
- Even with IT support – arguably the most mature service – only 15% have automated systems.

We expected that larger companies – those with more than 5000 employees – would have more automated systems. However, this is not the case. Larger companies use exactly the same manual tools that smaller companies do.

Email is still driving most of the work processes.

	IT Support	Marketing Services	Purchase Order	Employee Onboarding
Automated online app	15%	7%	16%	7%
Get help from process expert	4%	5%	10%	10%
Call or personal visit	38%	26%	21%	37%
Email	43%	62%	53%	46%

Legend: ■ Email ■ Call or personal visit ■ Get help from process expert ■ Automated online app

The problem with emails, phone calls and personal visits is that they do not drive an end-to-end workflow. Once a manager requests a service, the request is never tracked. If things are delayed or forgotten, no one is responsible for chasing the issue. If multiple steps are required, no one makes sure that the request is handed off smoothly from department to department as each step is completed. It is like having an orchestra with no conductor. It appears that managers end up becoming that conductor – which is what consumes their time and creates frustration.
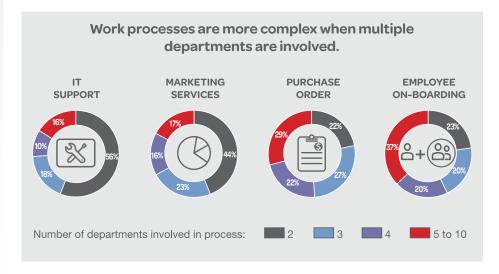
More than one-third of respondents said that 5 to 10 departments are involved in employee onboarding.

Complicated Processes Increase Administrative Workload

Earlier, we talked about how more complicated processes waste more time and create more frustration. So, just how complicated are these work processes? Again, we asked our survey respondents.
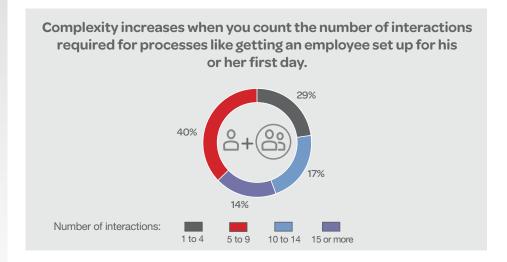
To measure complexity, we looked at two different aspects. First of all, how many departments are involved in delivering the service? Second, how many interactions does a manager typically have – by email, phone call or personal visit – before the service is successfully delivered?

What we found was that these work processes are highly complex. **On average, managers have to coordinate across 4 departments** to open a purchase order or bring a new employee onboard. In fact, more than one-third of respondents said that 5 to 10 departments are involved in employee onboarding.

Work processes are more complex when multiple departments are involved.

IT SUPPORT: 56%, 16%, 10%, 18%
MARKETING SERVICES: 44%, 17%, 16%, 23%
PURCHASE ORDER: 22%, 29%, 22%, 27%
EMPLOYEE ON-BOARDING: 23%, 37%, 20%, 20%

Number of departments involved in process: 2 | 3 | 4 | 5 to 10

It came as a surprise that managers are actually aware of how many departments are involved in each of these processes. This is a strong sign that they are engaged behind the scenes, rather than being a true consumer of the service.

It can take 10 or more interactions to get ready for an employee's first day on the job.

This was confirmed by the answer to our next question – how many interactions is a manager involved in when requesting a service? The results were enlightening – for instance, nearly one third of managers said **it takes 10 or more interactions to get ready for an employee's first day on the job**.

Complexity increases when you count the number of interactions required for processes like getting an employee set up for his or her first day.

Number of interactions: 1 to 4 | 5 to 9 | 10 to 14 | 15 or more

29%
40%
17%
14%

This is compelling evidence that managers are responsible for coordinating complex administrative tasks across multiple departments. They are indeed the conductor leading the orchestra. Because they are using manual, unstructured tools such as emails and phone calls, **they have no other choice**. Ultimately, we believe that this is one fundamental reason why managers spend such extraordinary amounts of time on administration.

The Business Impact of Today's Inefficient Work Processes

When we asked managers about how today's work processes and tools affect their businesses, they highlighted four major areas of concern:

- Heavy administrative workloads leave them less time for strategic work.
- Slow administrative processes lead to delays in work activities that depend on them.
- Unstructured, manual tools reduce their company's productivity.
- Spreadsheets and emails increase the probability of making mistakes.

We examine each of these areas in turn in the pages that follow.

Administration Prevents or Delays Other High-Value Work

49% of the managers we surveyed agreed that administrative work leaves them less time for strategic activities.
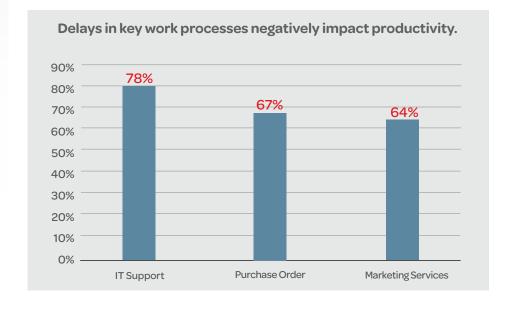
With managers spending two days a week on administrative tasks, the time and cost impacts of administration are clear. However, our survey revealed that managers have other serious concerns about the impact of administrative work.

Lack of Time for Strategic Initiatives
When asked, 49% of the managers we surveyed agreed that administrative work leaves them less time for strategic activities. This echoes our earlier observation that enterprises need to think about whether administration is the best use of their managers' time. Not only do companies pay a high price for administrative work itself, they **pay a heavy opportunity cost** in terms of lost strategic work.

Slow Administrative Processes Delay Other Work
Managers are also concerned about how long routine work processes take. We asked respondents whether these processes cause significant delays in their work, and a large majority agreed. For example, 4 in 5 said that IT support delays cause problems, while 2 in 3 said the same about getting purchase orders. It seems that managers spend their time trying to drive administrative processes, but they still **do not get the responsiveness they need** to move their business forward. For example, work is delayed if a supporting purchase order is not opened in a timely manner – or if a manager's computer is out of commission for too long.

Delays in key work processes negatively impact productivity.

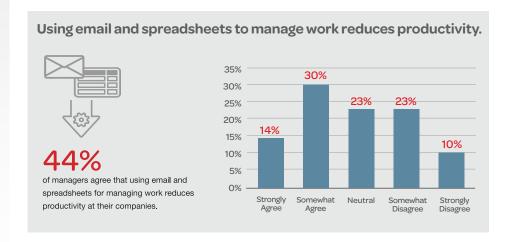| Process	Percentage
IT Support	78%
Purchase Order	67%
Marketing Services	64%

The majority of managers see no productivity benefits from these tools – and a substantial number actually believe spreadsheets and emails make things worse.

Manual, Unstructured Tools Reduce Productivity and Lead to Mistakes

Managers say that that manual tools are responsible for many administrative issues. Not only do they blame emails and spreadsheets for reduced productivity, they also worry about the potential of making mistakes.

Email and Spreadsheets Reduce Productivity

When we asked respondents whether using emails and spreadsheets to manage work **reduces their productivity, 4 in 10 agreed**. Given that spreadsheets are positioned as personal productivity tools, this is surprising. When used to drive work processes, it seems that the majority of managers see no productivity benefits from these tools – and a substantial number actually believe spreadsheets and emails make things worse.

Using email and spreadsheets to manage work reduces productivity.

44%
of managers agree that using email and spreadsheets for managing work reduces productivity at their companies.

In addition, it is possible that some of the managers in our survey may not be aware of alternatives – such as automated workflow platforms. Therefore, some of the minority who do see productivity benefits may be comparing emails and spreadsheets to having no tools at all.

Manual Tools Lead to Errors

Managers also worry about making mistakes with manual tools. For instance, when we asked respondents about progress and status reports, their top concern was making errors when updating spreadsheets. **Only 15% had no concerns at all**.

Overall, managers' top 3 concerns were:

❶ Manually updating spreadsheets increases the potential for errors.

❷ It takes too long to collect data or updates from multiple sources.

❸ Cutting and pasting spreadsheet and email data into reports is time consuming.

Managers want their work tools to mirror the consumerized tools they use in their personal lives.

Managers Want Automation and Consumerization

Faced with the reality of how work gets done today, the vast majority of managers we surveyed are crying out for change. They want their work tools to mirror the consumerized tools they use in their personal lives. They see this as a way to increase productivity, freeing them from the heavy administrative burden they carry today.

An overwhelming majority – 3 in 4 – said that they want **simple, self-service support processes** that make administration as easy as using Amazon or FedEx. Nearly 9 in 10 said that automating their work processes would make them more productive. Only 5% disagreed with "consumerizing" support processes, and only 4% disagreed with automating administrative tasks.

For enterprises, this is good news. They have an enormous opportunity to shift their managers from mundane administrative work to high-value initiatives that flow through directly to their bottom line. Equally important, managers overwhelmingly support doing this. Enterprises do not need to transform their culture and overcome widespread objections – they already have an enthusiastic groundswell that they can leverage to drive change.

Managers strongly support self-service and automated processes.

76% want to order work services online, like they do on consumer websites.

86% say automating work processes would make them more productive.

Recommendations from ServiceNow

By moving to a
consumerized delivery
model, enterprises can
dramatically enhance
the service experience
for service users.

Organizations can easily streamline and automate their internal business services today. The technology to do this already exists – intelligent applications that replace unproductive manual tools with automated end-to-end work processes. By moving to a consumerized delivery model, enterprises can dramatically enhance the service experience for service users – and for those who provide these services. Nearly every enterprise department provides business services, so the opportunity to increase productivity is immense.

Here are 3 easy steps to follow when automating business services:

Whiteboard the Service

Any process can be whiteboarded – which means it can be automated. First, identify the target service – this could be in HR, IT, legal, marketing or any other department. For instance, a hospital could decide to automate a service that manages patient supplies. Then, outline the current process. Which departments are involved? Who requests the service? Who approves service requests? How is the service fulfilled? Finally, look at how information flows in the process and where it is stored. Specifically, identify where emails and spreadsheets are used – these need to be automated.

Design the End User Experience

Think about how people want to interact with the service. Often, a portal makes it easier for people to request a service and check on the status of their request. For example, a healthcare worker who needs supplies delivered to a hospital wing wants to know when the supplies will arrive. Automatically tracking requests and displaying up-to-date status on a portal eliminates the need for employees to send dozens of follow-up emails. This can include sending automatic notifications in the same way that e-commerce sites do – as in "Your purchase has been shipped," or "Your request has been approved." Finally, think about whether you want a unique portal for the service, or whether you want an enterprise-wide portal that provides a one-stop "shopping cart" for all of your internal business services.

Use Software to Automate, Track and Report

Use service management software to turn your whiteboarded process into an automated service workflow. These platforms have easy-to-use templates that let business users create new service applications without writing code. These applications manage and track service requests – driving process workflows, handling approvals and generating notifications. They provide a consistent approach to managing business services across the enterprise, and give employees a single point to request services from other departments – making it easy for them to get work done.

By adopting service management software and practices, organizations have the opportunity to replace disconnected emails, phone calls and spreadsheets with consistent, automated workflows. In doing so, they can transform the efficiency of their business services, making them as simple and intuitive as the consumer services that their employees use at home.

We believe that enterprises that invest in consumerization and automation can gain a profound competitive advantage, delivering benefits that go far beyond simple cost savings.

Conclusion

Enterprises today – both large and small – spend enormous amounts of time and money on manual administrative work. This burden falls largely on managers – who expend two days a week filling forms and chasing mundane deliverables, rather than focusing on strategic activities that move the business forward. As a result, managers are deeply concerned about their productivity, are increasingly frustrated, and worry about the accuracy of what they deliver.

By consumerizing support services and automating administrative tasks, companies have a compelling opportunity to drive massive efficiency increases. This has the potential to free up millions of hours of highly skilled management time – resources that companies can use to focus on business growth and bottom-line profitability. We believe that enterprises that invest in consumerization and automation can gain a profound competitive advantage, delivering benefits that go far beyond simple cost savings.

From what we have seen, managers already strongly support this transformation – and are likely to be enthusiastic participants as enterprises embark down this path.

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