

Solving for the Dark Side of Metcalfe's Law

Telecommunications networks in general—and the Internet in particular—have changed our lives forever. Metcalfe's Law explains why they've become so powerful: A network's value increases exponentially with its size, meaning that the more people are using it, the more their participation enhances the network. This is generally a very good thing, but not always. Metcalfe's Law, it turns out, has a dark side when it comes to workplace productivity.

As the cost of initiating one-to-one and one-to-many interactions drops to zero, the number of interactions increases—exponentially. By our estimates, a senior executive who in the 1970s might have received fewer than 1,000 outside phone calls, telexes or telegrams a year now faces a tidal wave of 30,000 emails and other electronic communications. Moreover, connected enterprises and automated scheduling have driven meeting time through the roof. At one company we analyzed as part of an organization-wide time-management study, employees

throughout the organization spent a staggering 300,000 hours a year supporting a single weekly executive committee meeting.

In reporting on this finding, the *Guardian* put it best: "Meetings: Even more of a soul-sucking waste of time than you thought."

In our research, a typical manager burned 16 hours a week managing emails and attending meetings that were unnecessary (*see Figure 1*). Useless meetings alone cost businesses more than \$30 billion a year in the US, according to Atlassian. Given how much this kind of wasted energy saps employee morale, it's no wonder a global Gallup survey found that only 13% of employees are engaged at work—with "engaged" defined as being psychologically committed to their jobs and likely to be making positive contributions to their organizations.

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\$30B

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—Atlassian

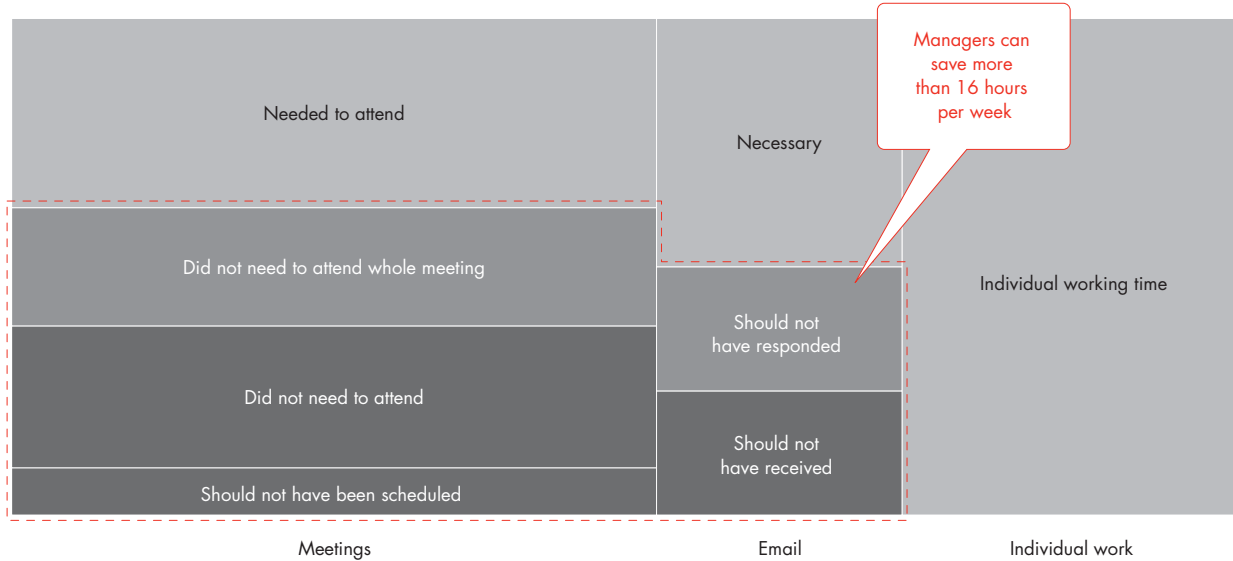


13%

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—Gallup

Figure 1: The high cost of useless meetings and emails

Example: Manager time budget
(Typical week)



Source: Bain and VoloMetrix analysis

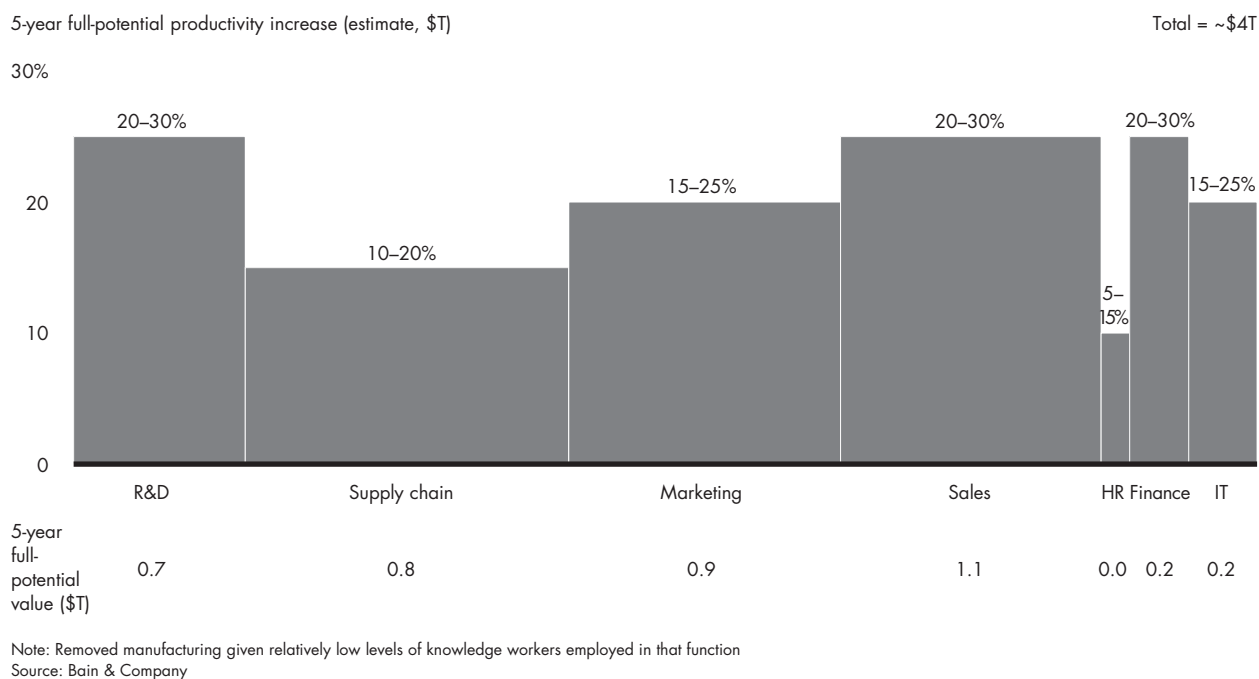
sible in the modern enterprise can range as high as 30%, depending on the organization and function (see Figure 2). The real question is: How can leaders capture that upside by closing the wide productivity gap that plagues so many modern organizations?

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The answer is part “analog” and part “digital.” The analog tools are old school: strategy and culture. The first foundational element for productivity is a strategy clearly stated, effectively communicated and linked to frontline priorities. People need to embrace the mission and buy in, understanding how it translates into specific behaviors and actions required of them. The second foundational element is a culture that values disciplined and engaged interaction. It is oriented toward action and results. It rejects swirl, indecision and collaboration for collaboration’s sake.

These analog management methods are essential. But in the modern and connected enterprise they are no longer sufficient. Improved productivity increasingly requires using technology to support strategy and culture. One aspect of this is using communication and collaboration platforms to increase engagement

Figure 2: The opportunity to boost productivity across functions is massive



when people collaborate. Simple changes like replacing more audio conferencing with video, for instance, can shame the more than 70% of attendees who admit to parallel processing during meetings into actually engaging. Community-based collaboration platforms vs. blast email can also serve to increase focus and engagement. There is a whole raft of new communication and collaboration technology coming out in this area.

But it is also essential to understand where organizational obstacles exist that prevent workers from focusing on their most important priorities. Increasingly, that means using analytics to see where breakdowns and waste occur so they can be addressed proactively, both through frontline and management feedback loops.

At a recent Bain Executive Digital Immersion session in Palo Alto, we discussed the growing

number of digital solutions that can help companies enable, analyze and empower their workforce to make it more productive. Some examples include:

- Analyzing a company’s email, calendar and CRM data to see how people are spending their time. This creates feedback loops within the enterprise that help individuals and the organization as a whole manage the unintended consequences of Metcalfe’s Law.
- Providing executives with insight into the “organizational load” they create—the meetings they schedule, the emails they send and the other ways they impose on people’s time.
- Melding collaboration platforms into a specific workflow—product design, for example, or an important ad-hoc corporate initiative like a merger. That helps focus collaboration and content within a specific context.

- Creating feedback loops around meeting-specific performance to help shift culture.
- Applying heuristics that link individual behaviors within a function to individual success. That data can then be fed back to front-line individuals and their managers to help sharpen development and performance.
- Creating team- and org-based employee engagement surveys and follow-up loops. This creates visibility and focuses attention on what is detracting from engagement.

Sunshine is the best disinfectant, as they say. And creating visibility around these issues is incredibly valuable in diagnosing where dys-

function is lurking within the enterprise. It is critical, of course, to protect employee privacy while creating a unique view of what is really happening within the organization. But existing tools—those that render the data anonymous, for instance—can solve that problem without compromising the value of the insights.

The point is that digital technology has dramatically enhanced a company’s ability to defeat the dark side of Metcalfe’s Law. Realizing the full potential of the modern, connected enterprise requires both good “analog management” and better digital tools to remain focused on the priorities and culture that make an organization successful. ↻

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