



### ***The Diminishing Parking Lot - Measuring a subjective side of productivity***

The value of learning can be measured in objective factors such as improved processes, increased sales or greater market penetration. It can also be measured in subjective factors such as employee commitment, the sense of being part of a team, and the feeling of being valued by an employer. While objective measures have an obvious connection to the return on investments made, subjective measures have an equally large but less obvious contribution to make.

Some time ago we worked for one of the largest computer manufacturers in the world. The company provided a rich environment – resources, interesting work, a range of assignments, travel, and a range of learning and development resources. It also manifested a commitment to its employees in an unstated expectation of “lifetime employment” once an individual became an employee. In those days it was hard to find a parking space when driving into the parking lot around 8:00 am at the facility in which we worked. And if we left work around 5:00 or 6:00 pm the parking lot would still be quite full.

The company entered more competitive and difficult times about ten years later and it became necessary to lay off thousands of people. The commitment to lifetime employment went by the wayside, as did many other aspects of the previously rich environment. In those days we encountered no difficulty in finding a parking place when driving into work around 8:30 and if we left around 5:00 we would often find ourselves waiting in line to exit the company lot.

Sometime later, as an exercise we thought it would be interesting to calculate the impact on the company's profitability based on the facts we had on hand, and what we had seen of the changing population in the parking lot. Our calculations went as follows:

- There were about 100,000 people in the company worldwide
- One-half to one hour of work was lost at the beginning and the end of each day
- Therefore, to the extent that the parking lot phenomenon was manifested in each of its facilities, during the troubled times the company lost between 50,000 and 100,000 hours of work each day
- The average “loaded” salary (what it cost the company to employ each person including salary, benefits, facility costs, etc.) was about \$120,000 per year
- If we assumed eight hour work days and 48 weeks of work per year there are 1,920 hours of available work time
- The average, fully-loaded hourly rate therefore would be \$62.50
- So during the hard times the company lost between \$3,125,000 and \$6,250,000 of productive time per day



Even given the limited accuracy of our calculations, the magnitude of this loss is striking and the reasons for it were even more dramatic. We have heard it said that you need to lead people today by appealing to their hearts and minds in order to gain their commitment and this kind of a loss in productivity was due entirely to the company's inability to address such issues anymore.

Several years after we first noticed the parking lot phenomenon we were delivering management programs to the company's first level managers. The classes lasted five days – an anachronism in today's work environments – and had anywhere between twenty and thirty participants in each class representing many different internal functions. We often heard two things from some of the participants at the conclusion of those classes:

- "I appreciate the company making this time available for me to go to class"
- "We don't often get opportunities like this to meet other people in other functions within the company."

These comments represent avenues to the hearts and minds of a company's people. They address the subjective side of the productivity equation. There are many such avenues available to companies and leaders who take the time and care enough to consider them. Learning conveys new skills and knowledge that address a company's needs and help it grow. Learning also helps convey a company's commitment to its employees and makes it possible for those employees to learn from each other. It helps keep the parking lot full, longer, and the impact of that fact alone goes beyond the simple calculation we have offered here.