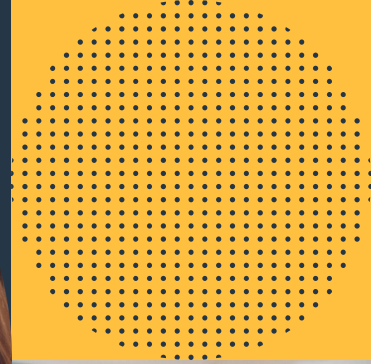
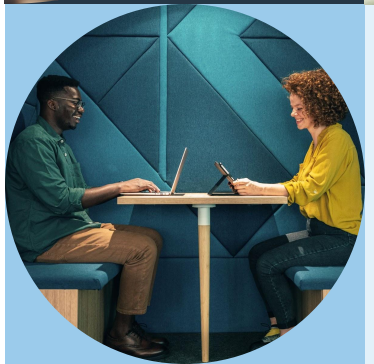
WEX Trends Report

How business inefficiencies impact performance





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Executive Summary of Findings

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Key Findings

Primary Friction Points

- Employee engagement and retention is the top friction point businesses are facing, with half of all leaders reporting it as a moderate to major challenge.
- About two in five leaders report inefficient processes, systems, or procedures and a lack of integration between different departments or systems as a major to moderate challenge. Just over one-quarter of leaders say issues with payment and billing systems are a challenge for them.
- C-Suite leaders are most concerned about challenges related to profitability, whereas lower-level leaders are more focused on day-to-day friction points, such as employee retention and engagement and a lack of integration between departments and systems.

The Business and Human Impact

- The majority of leaders report at least some amount of money wasted on these issues. On average, leaders estimate that quarterly:
  - $532K is lost dealing with inefficient processes
  - $360K is lost due to a lack of integration between departments and systems
  - $294K is lost because of issues with payment and billing systems.
- In addition to impacts on profitability, employee well-being is also a main concern of leaders when they consider the impact of these challenges. Employee stress and burnout and too much time spent on simple tasks are often listed as consequences of inefficient processes, a lack of inter-department and system integration, and issues with payment and billing systems.
- The majority of leaders believe that outdated systems and inefficiency are a contributor to issues with employee retention and engagement

Investments and Solutions

- Nearly half of all leaders say businesses should be prioritizing improving integration and communication between different areas of the company and investing in technology that will enhance internal processes, followed closely by updating outdated systems and processes.
- Leaders also identify their top three investment focuses for the next five years as
  - improving the overall customer experience,
  - improving employee retention and attracting new talent, and
  - adapting quickly to global changes.
- While C-Suite leaders believe they are on the right track in terms of their investments, day-to-day managers believe there is more to be done to improve day-to-day issues and would like more communication from executive leadership.

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Friction Points

What challenges are businesses facing?

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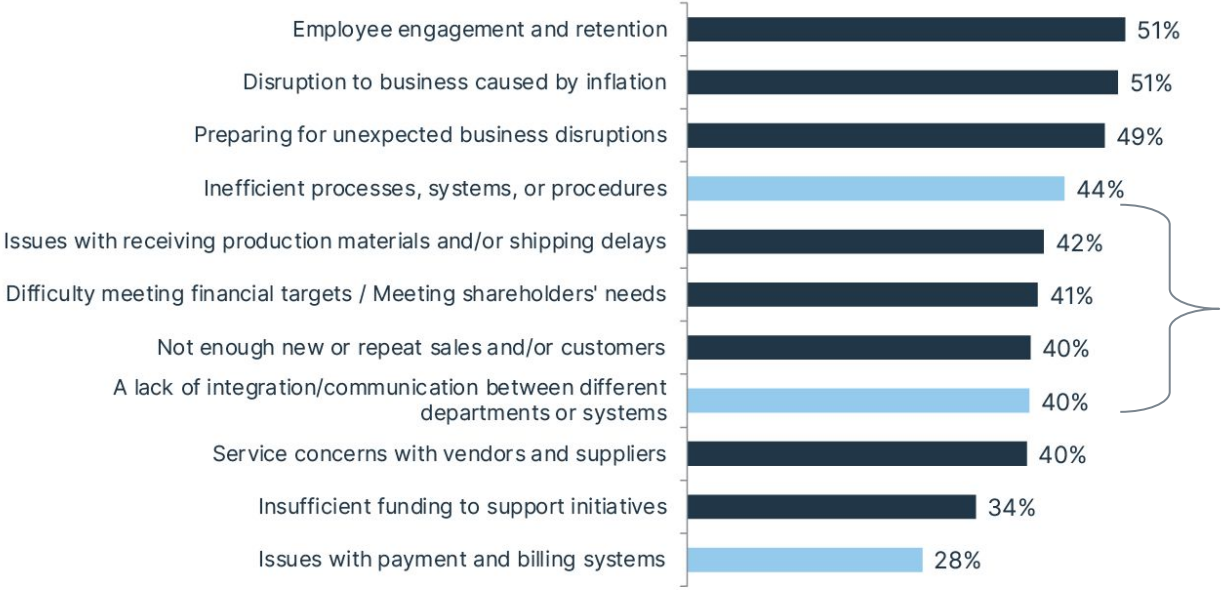
Employee engagement and retention and disruptions to the business from inflation are identified as the top friction points for companies

Major/Moderate Challenge Summary



Service Concerns

About **2 in 5 leaders** identify issues related to service concerns as challenges, including inefficient processes, shipping delays, and a lack of integration between systems

Q2. To what extent, if at all, are the following challenges for your company? Please select one response per item.
Base: All respondents (n=702)

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C-Suite is most concerned about challenges related to profitability, whereas lower-level leaders list employee retention and engagement as their top challenge

Top Three Challenges for Leadership

Managers-Directors

- Employee engagement and retention
- Disruption to business caused by inflation
- Issues with receiving production materials / shipping delays

VP-Senior Execs

- Employee engagement and retention
- Inefficient processes, systems, or procedures
- Preparing for unexpected business disruptions

C-Suite

- Disruption to business caused by inflation
- Preparing for unexpected business disruptions
- Not enough new or repeat sales

Q2. To what extent, if at all, are the following challenges for your company? Please select one response per item.
Base: Manager-Directors (n=292), VP-Senior Execs (n=151), C-Suite (n=259)

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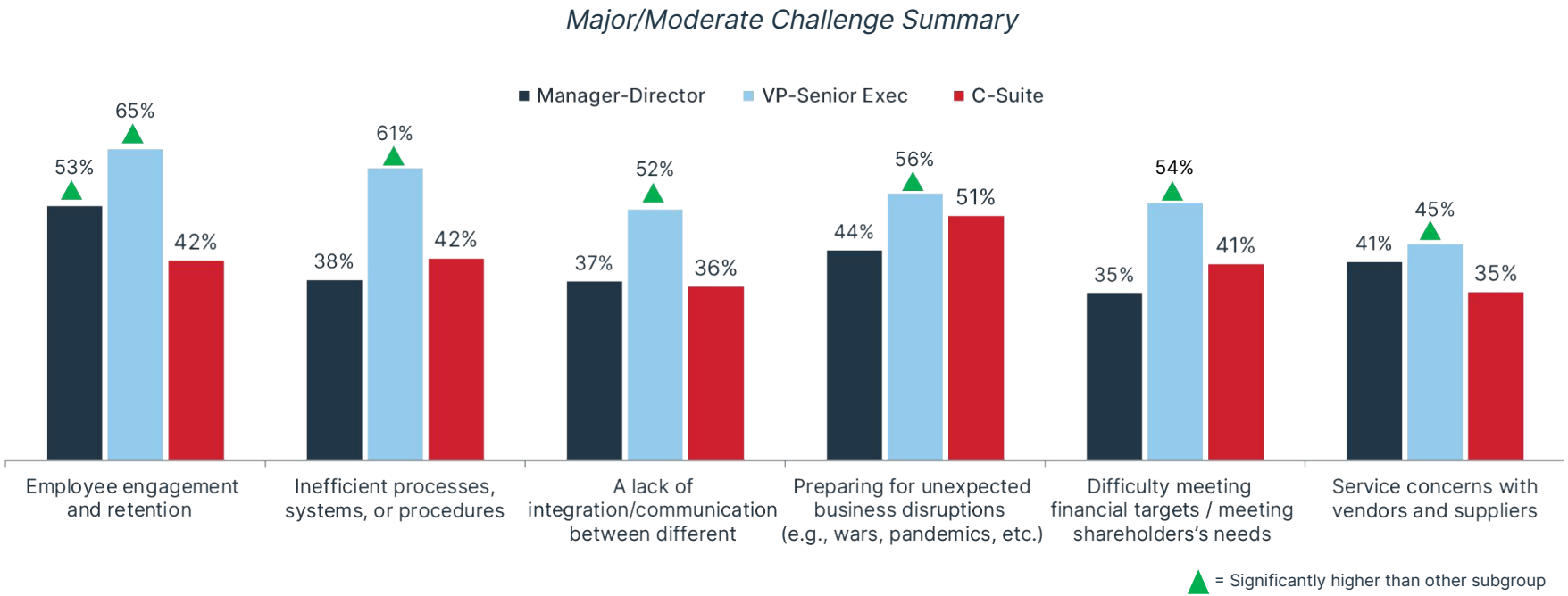
Leaders at the Vice President to Senior Executive level identify more challenges as major to moderate compared to other leaders



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Numerous leaders highlight the impact that a lack of integration between departments and systems has on their business

"...interaction between departments. We often have **inefficient handoffs and teams pass the buck**. 2) We have very bad employee engagement and retention. Currently, we have over 100% attrition over the course of a year. YIKES!"
— *Senior Vice President*

"As a very large organization we continue to see opportunities around finding and affording the right people for the business. Also as we have a **need to bring multiple aspects of our business together to drive efficiencies** - there are systems that need it."
— *Senior Executive*

"We are a services company. One of our **biggest challenges is the inefficiency of coordination between departments**. Work often ends up getting repeated because of **poor coordination**. Another recent challenge is that some **clients have become slow to pay us**"
— *C-Suite*

"We're a legacy manufacturer in a business that was in decline but has experienced a massive resurgence in demand. We're expanding to meet the needs of the market, but **improving our operational performance while growing rapidly presents lots of people challenges**"
— *Vice President*

"Our major challenge is scaling to achieve a sustainable production level and get out of the R&D mode. **Communication between teams is part of the difficulties**. Some changes are implemented too early before proofs are provided."
— *Manager*

"We **need to streamline processes and procedures leveraging RPA whenever repetitive tasks are being performed**, which will provide employees higher valued-added work job satisfaction and reduced unnecessary our cost structure..."
— *Vice President*

Q3. Please expand on the top challenges your company faces currently. Please be as specific as possible.
Base: All respondents (n=702)

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The Impact

What are the consequences of these friction points?

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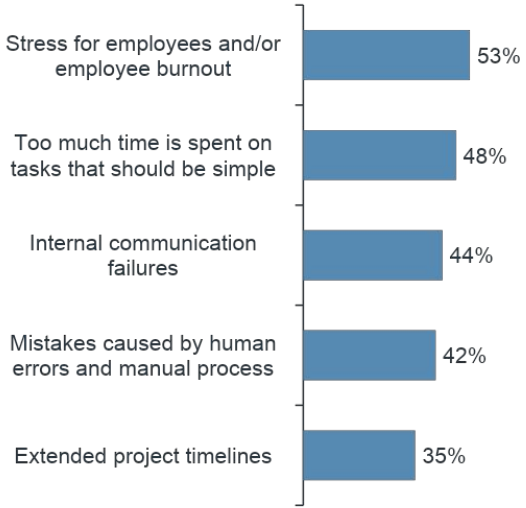
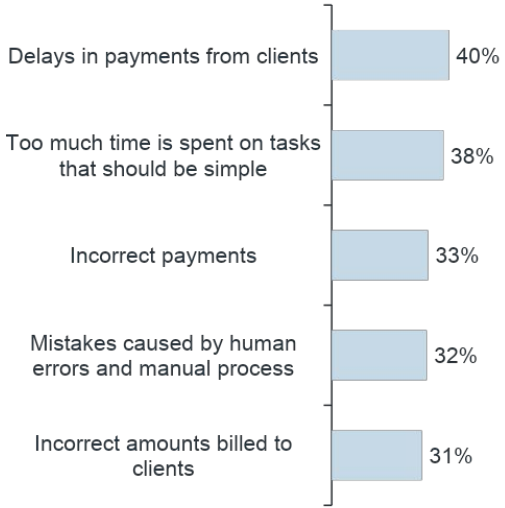
The primary impact of inefficient processes, lack of integration, and issues with payment systems are time inefficiency and employee burnout

Top 5 impacts of inefficient processes, systems, or procedures

Top 5 impacts of a lack of integration of departments or systems



Top 5 impacts of issues with payment and billing systems



Q5. You mentioned inefficient processes, systems, or procedures are a challenge for your company. What kind of impact does this issue create? Please select all that apply.
Base: Selected “inefficient processes” as a challenge (n=523)
Q6. You mentioned a lack of integration/communication between different departments or systems is a challenge for your company. What kind of impact does this issue create?
Base: Selected “lack of integration” as a challenge (n=508)
Q7. You mentioned issues with payment and billing systems are a challenge for your company. What kind of impact does this issue create?
Base: Selected “issues with payment/billing systems” as a challenge (n=422)

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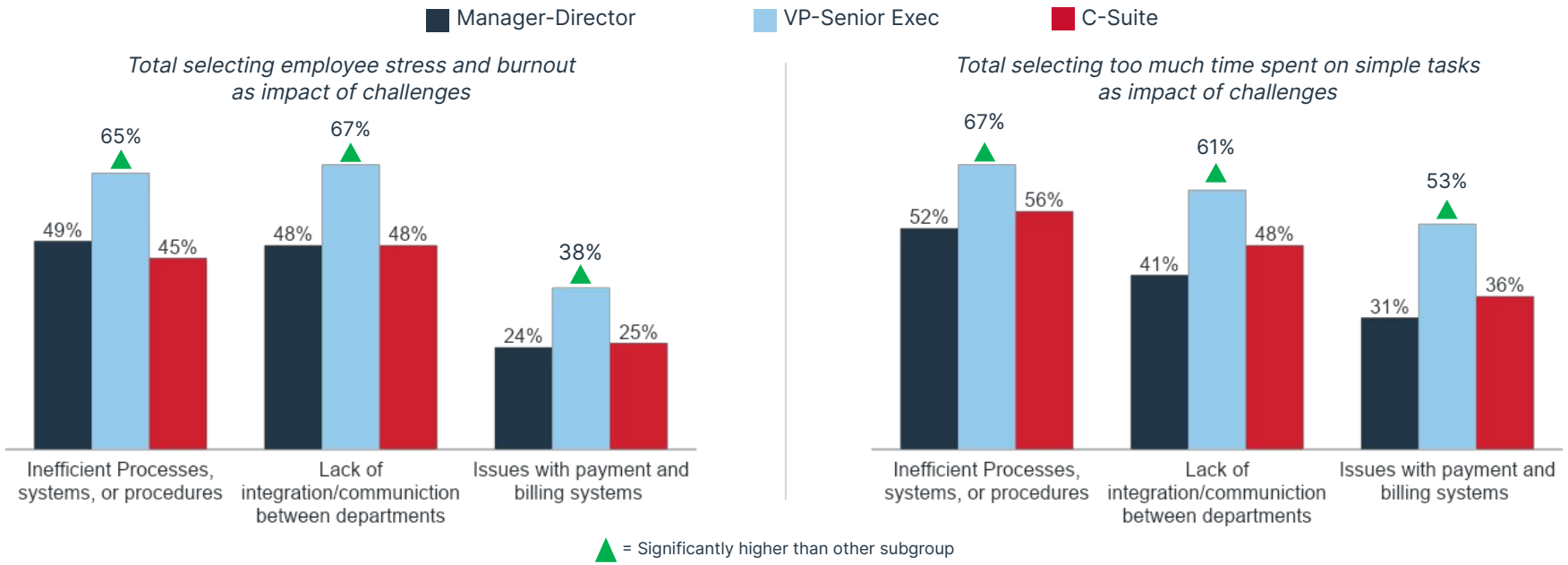
Leaders at the Vice President to Senior executive level are more likely to identify employee stress and burnout, and too much time spent on simple tasks as impacts of challenges



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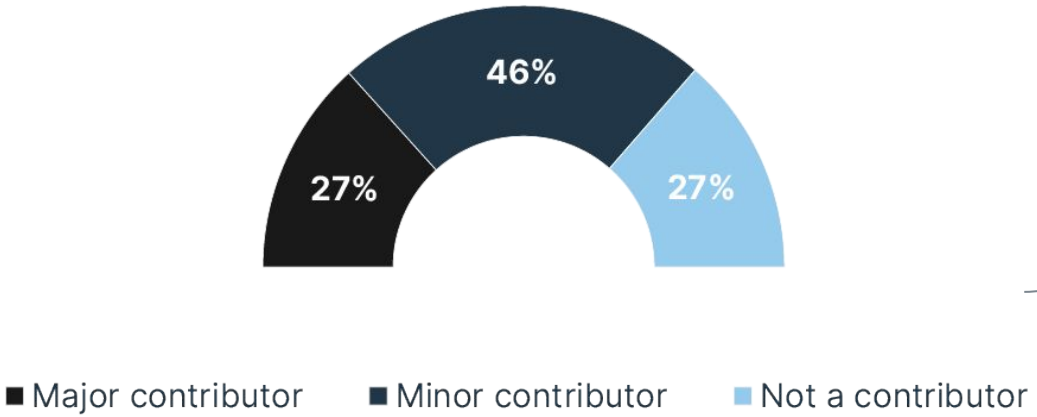
While outdated technology or inefficient processes is a second-tier challenge for 2 in 5 leaders, it has a significant impact on the number one challenge – employee retention and engagement.

You mentioned that employee engagement and retention is at least a minor challenge for your company. To what extent, if at all, would you say outdated technology or inefficient processes contribute to this issue?



1 in 4

leaders say outdated systems and technology are major contributors to issues with employee retention and 73% report it as at least a minor contributor

Q4. You mentioned that employee engagement and retention is at least a minor challenge for your company. To what extent, if at all, would you say outdated technology or inefficient processes contribute to this issue?
Base: High employee engagement is a challenge (n=556)

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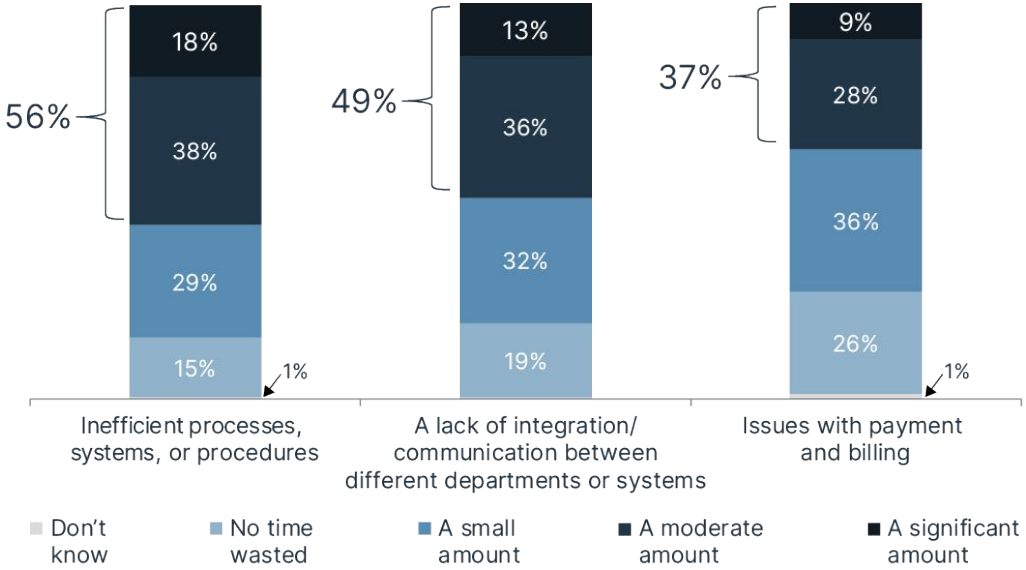
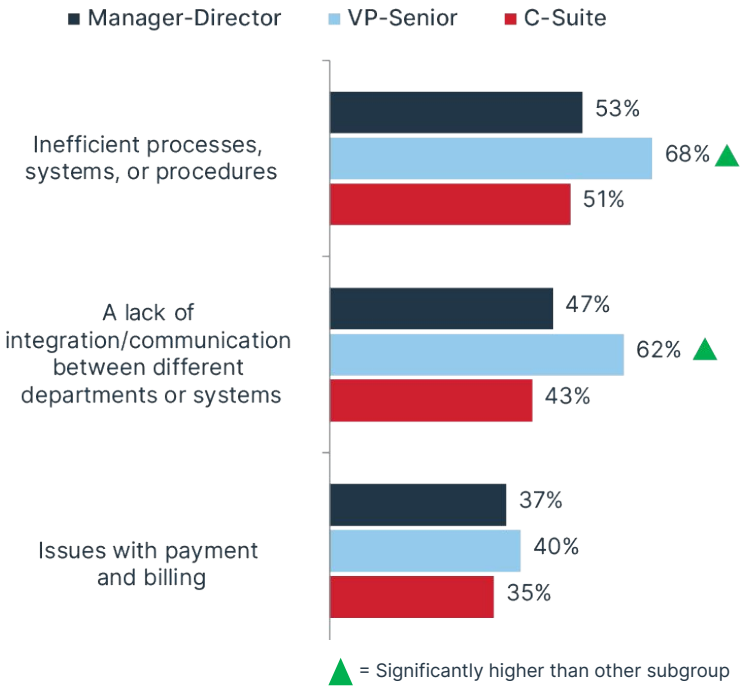
In addition to human costs, time efficiency is also impacted by these issues. Executives at the VP to Senior Executive level are more likely to say a significant to moderate amount of time is wasted on these issues





Q8. How would you rate the amount of time lost at your company dealing with each of the following challenges?
Base: All respondents (n=702), Manager-Directors (n=292), VP-Senior Execs (n=151), C-Suite (n=259)

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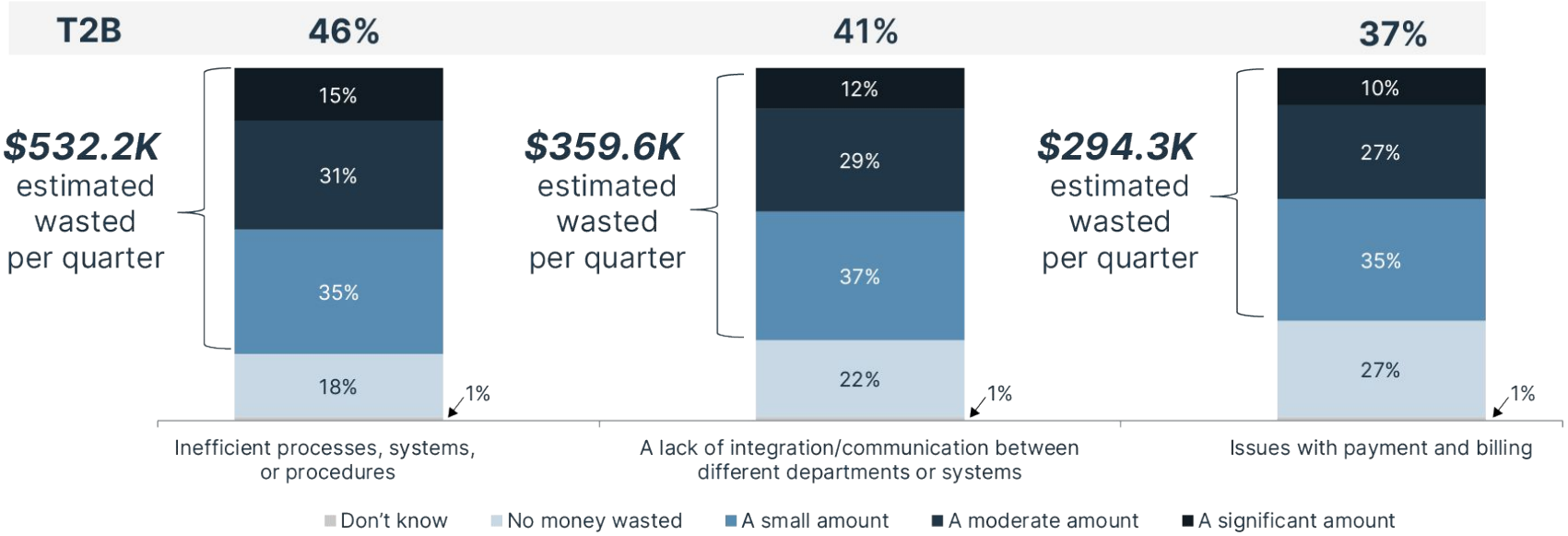
As they say, time is money. About 2 in 5 leaders report at least a moderate amount of money wasted on each of these issues.



Q9. How would you rate the amount of money lost at your company dealing with each of the following challenges?
Base: All respondents (n=702),
Q10. On average, how much money would you estimate is lost dealing with each of the following challenges quarterly? Your best guess is fine.
Base: Wasted money on issue (n=Varies)

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Solutions and Investments

What solutions are companies focusing on and what investments are they prioritizing?

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Leaders identify improving the overall customer experience, improving employee retention and attracting new talent, and adapting quickly to global changes as their top three investment focuses for the next five years

What are your top three investment priorities for your business in the next five years?

On average, leader estimate...

5.2% of EPS is invested in improving the overall customer experience

- 55% of leaders say they are investing the right amount
- 36% of leaders say they are not investing enough

4.8% of EPS is invested in improving employee retention/attracting new talent

- 37% of leaders say they are investing the right amount
- 49% of leaders say they are not investing enough

4.6% on being agile and adapting quickly to what is going on in the world

- 53% of leaders say they are investing the right amount
- 36% of leaders say they are not investing enough

Q12. What are your top three investment priorities for your business in the next five years? Please select your top three goals.
Base: All respondents (N=702)
Q13: What percent of earnings (EPS) is your company currently investing in each of its top three priorities?
Base: Varies
Q14. In your opinion, is your company currently investing enough of its budget to reach each of these top three goals?
Base: Varies

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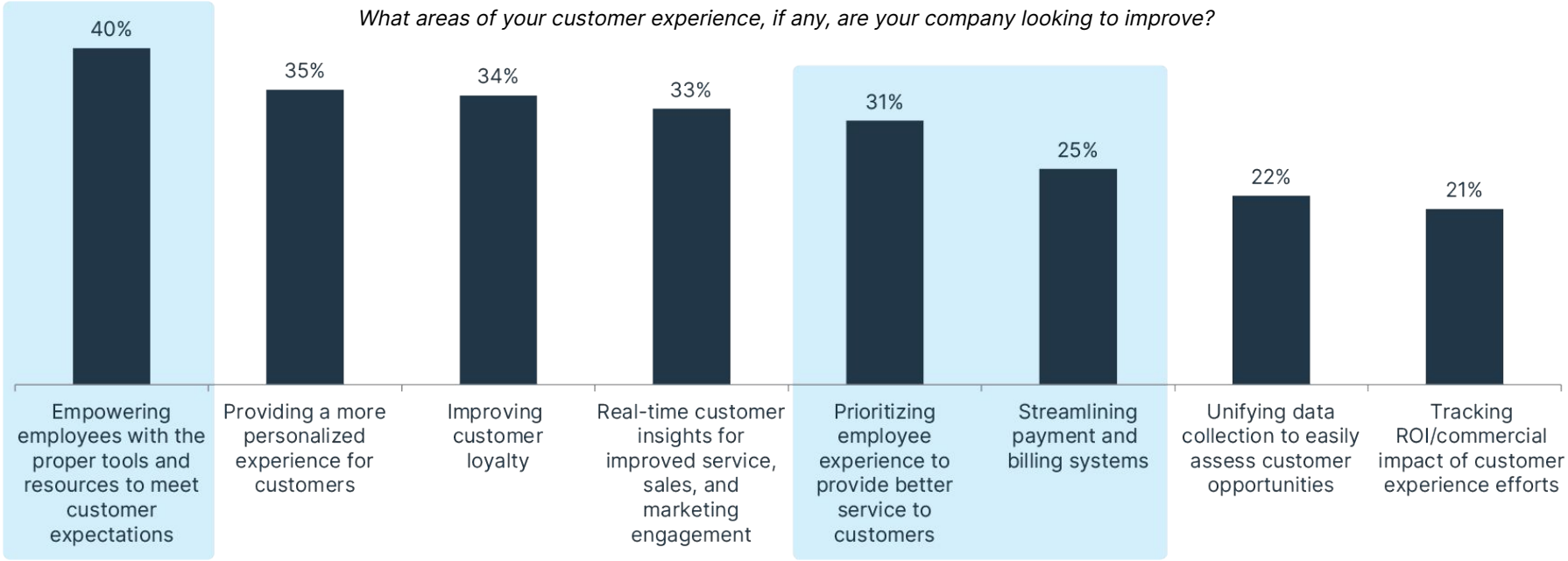
To improve their customer experience, leaders are primarily looking to empower their employees with the tools they need to meet customer expectations

What areas of your customer experience, if any, are your company looking to improve?



Q16. What areas of your customer experience, if any, are your company looking to improve?
Base: All respondents (N=702)

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In general, leaders at different seniority levels agree about which solutions and investments should be prioritized

Managers-Directors

Improving employee retention/attracting new talent
50% say not investing enough
33% say investing the right amount

Improving overall customer experience
30% say not investing enough
56% say investing the right amount

Improving administrative tools, including tools used to manage billing and payments
32% say not investing enough
55% say investing the right amount

VP-Senior Execs

Improving data management and analytics
54% say not investing enough
40% say investing the right amount

Being agile and adapting quickly to global issues
49% say not investing enough
43% say investing the right amount

Improving employee retention/attracting new talent
55% say not investing enough
37% say investing the right amount

C-Suite

Improving overall customer experience
33% say not investing enough
61% say investing the right amount

Being agile and adapting quickly to global issues
30% say not investing enough
60% say investing the right amount

Staying current with new trends and technology
26% say not investing enough
61% say investing the right amount

Q12. What are your top three investment priorities for your business in the next five years? Please select your top three goals.
Base: All respondents (n=702), Manager-Directors (n=292), VP-Senior Execs (n=151), C-Suite (n=259)
Q14. In your opinion, is your company currently investing enough of its budget to reach each of these top three goals?
Base: Varies

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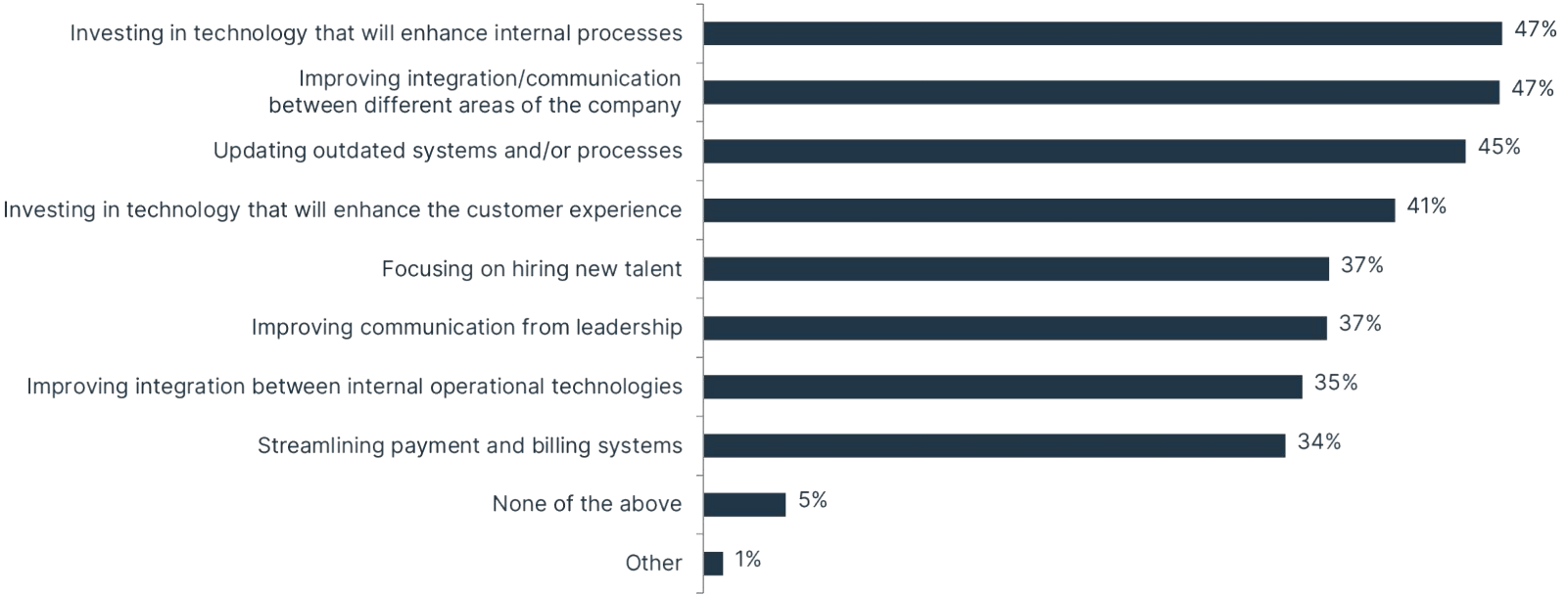
Leaders say prioritizing improvement to inter-company integration and investing in technology to enhance internal processes is important

In your opinion, which of the following are solutions to your business challenges that your company should prioritize?



Q11. In your opinion, which of the following are solutions to your business challenges that your company should prioritize? Please select all that apply.
Base: All respondents (N=702)

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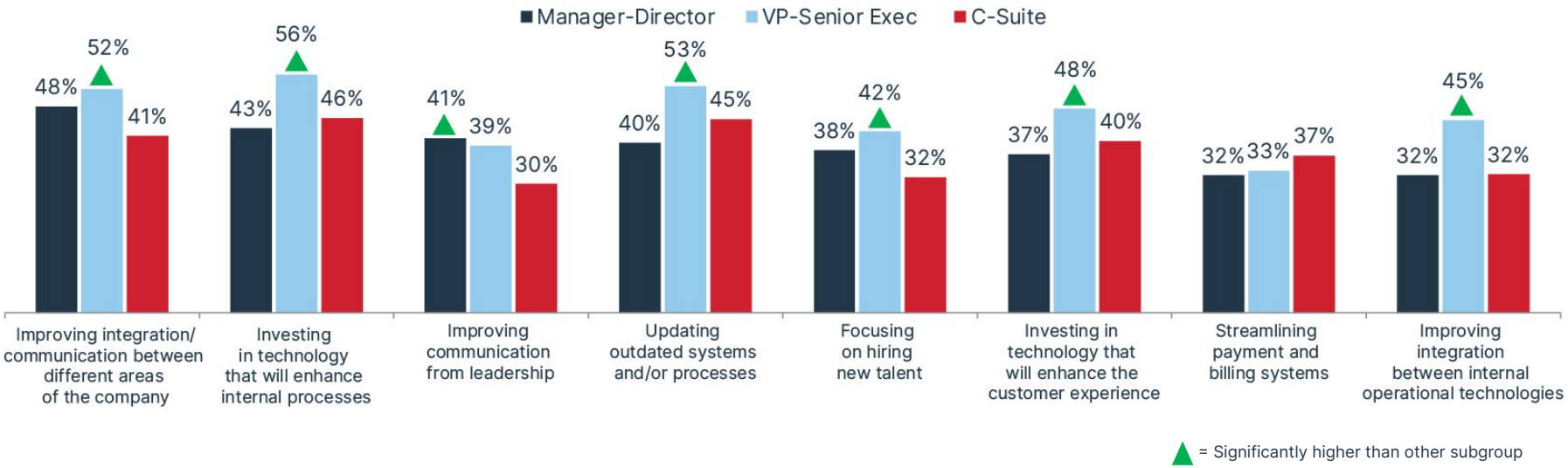
While overall leaders are in agreement about necessary investments, there are some differences on what solutions companies should be prioritizing

In your opinion, which of the following are solutions to your business challenges that your company should prioritize?



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Base: Manager-Directors (n=292), VP-Senior Execs (n=151), C-Suite (n=259)

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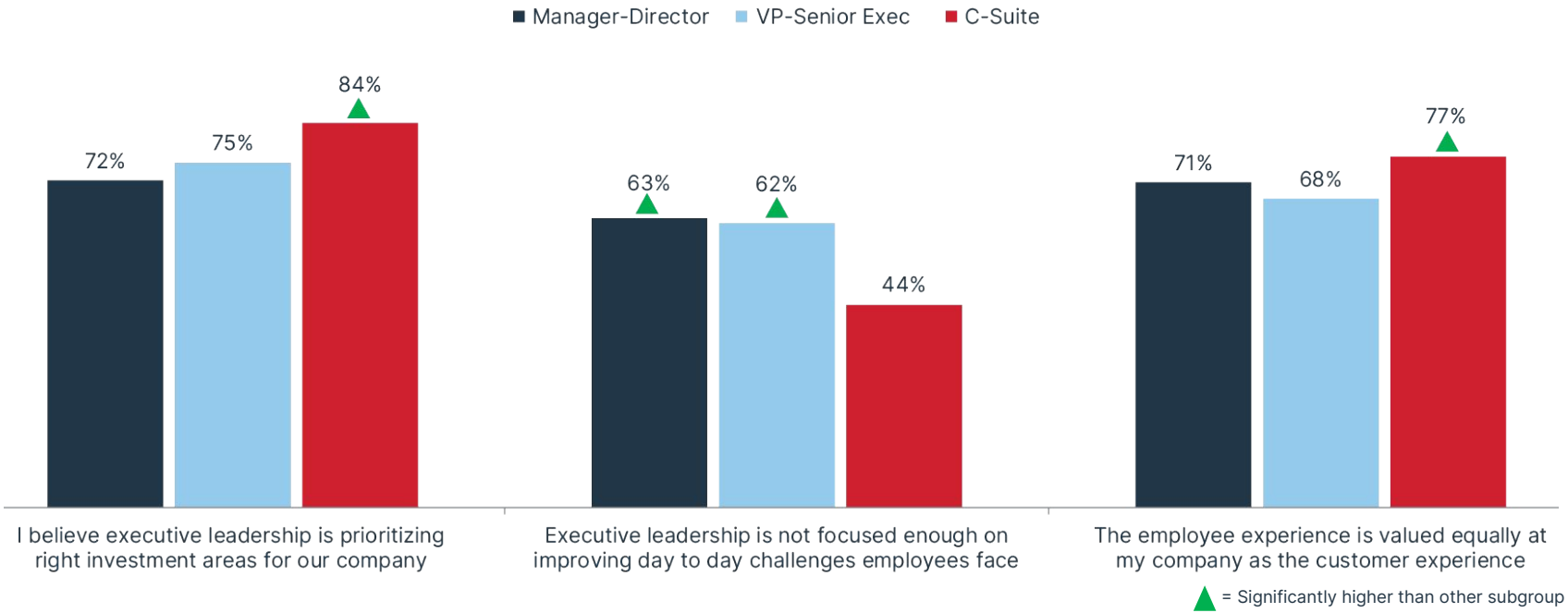
Significantly more C-Suite leaders say executive leadership is prioritizing the right investments than do lower-level leaders

To what extent do you agree or disagree with the following statements – Total Agree Summary



Q15. To what extent, if at all, do you agree or disagree with the following statements?
Base: Manager-Directors (n=292), VP-Senior Execs (n=151), C-Suite (n=259)

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Thank you!

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Appendix

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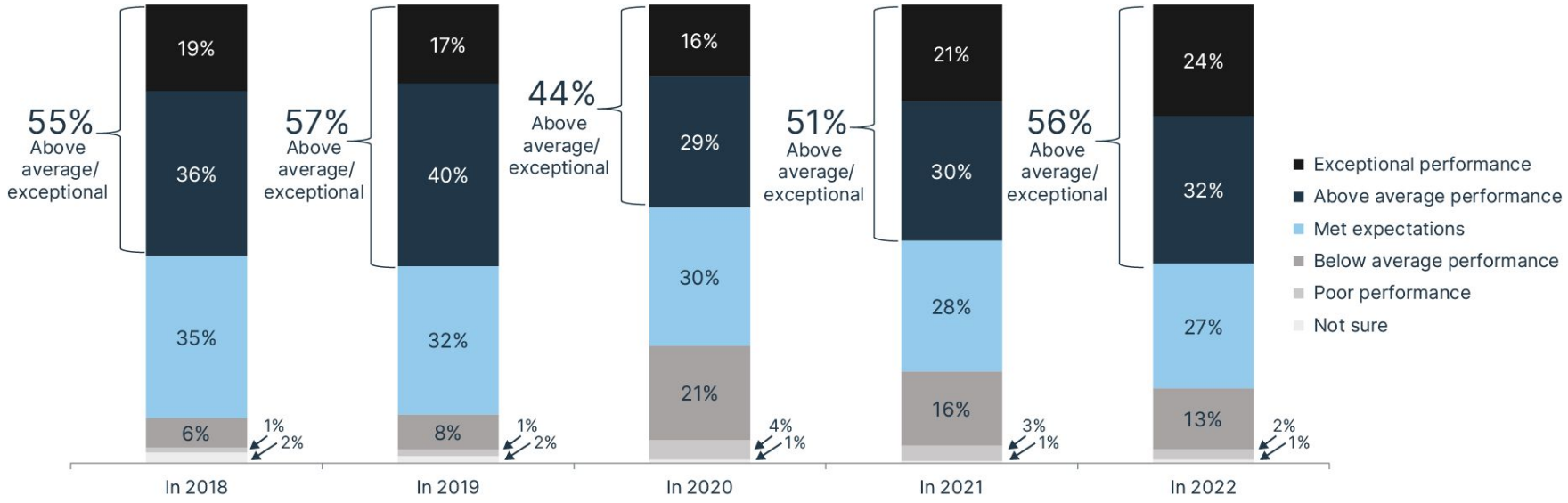
Majority of all respondents say their company performed above average in all of the past five years, except in 2020

How has your company performed overall compared to corporate expectations in each of the last five years?



Q1. How has your company performed overall compared to corporate expectations in each of the last five years?
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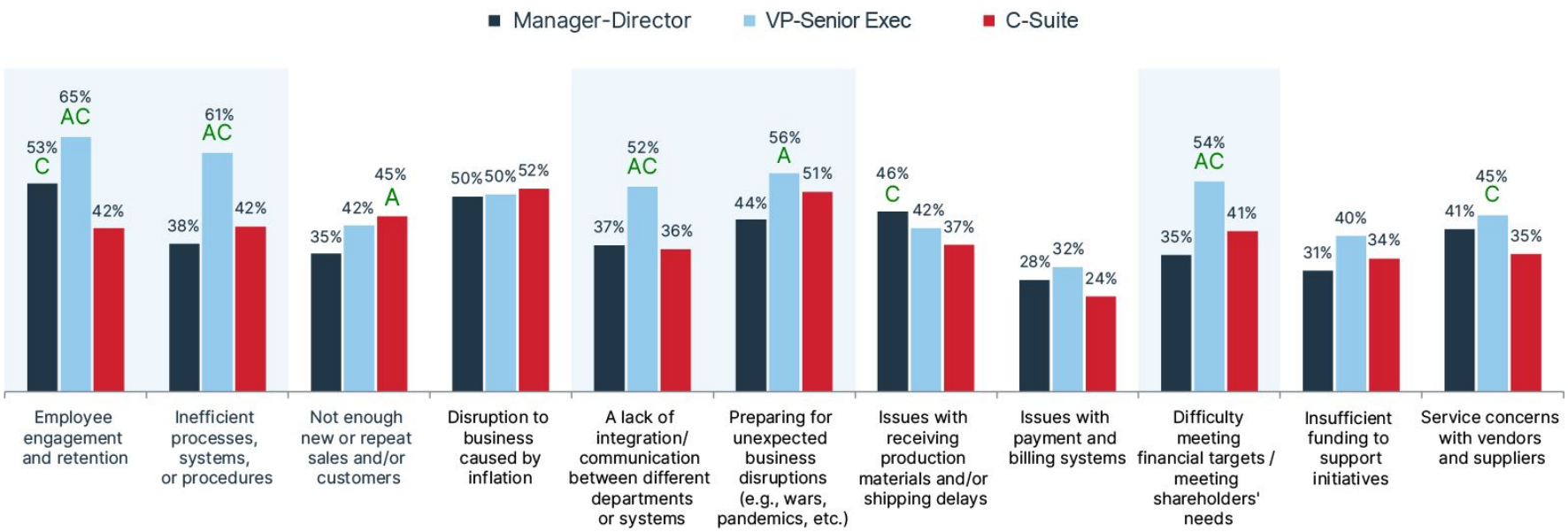
Leaders at the Vice President to Senior Executive level identify more challenges as major to moderate compared to other leaders

Major/Moderate Challenge Summary



Q2. To what extent, if at all, are the following challenges for your company? Please select one response per item.
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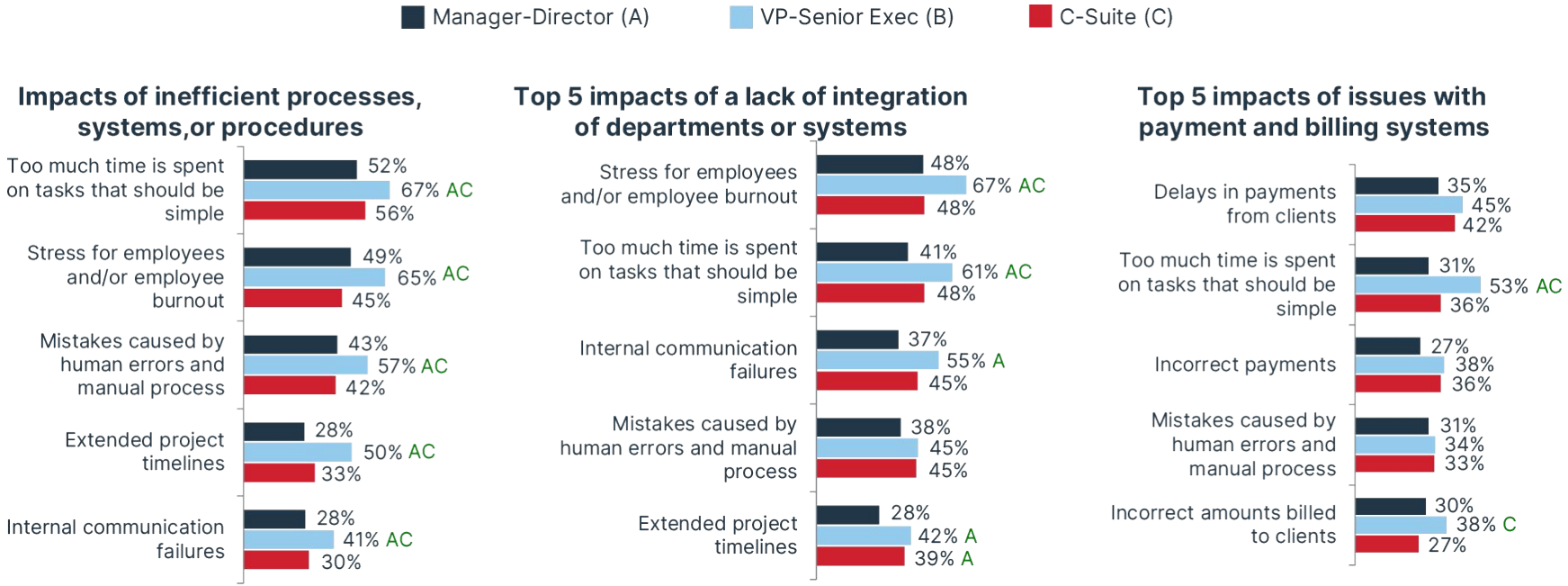
Differences between leaders at different seniority levels are seen in their evaluation of the impact of these challenges



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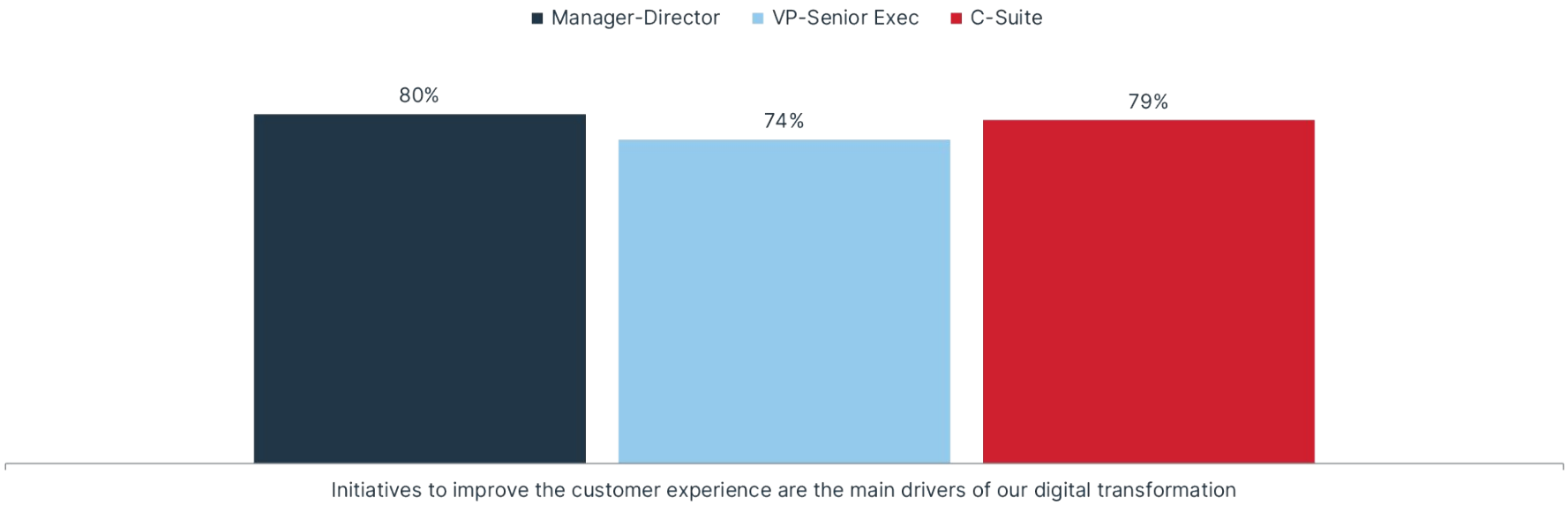
Leadership at different levels agree initiatives to improve the customer experience as drivers of their digital transformation

To what extent do you agree or disagree with the following statements – Total Agree Summary



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About the Study

These are some of the findings of an Ipsos poll conducted on behalf of WEX and Edelman between March 1-14, 2023. For this survey, a sample of business leaders in manager or above positions working in administration, finances, operations, sales, human resources, or other executive functions from the continental U.S., Alaska, and Hawaii was interviewed online in English. The sample includes 292 Managers, Senior Managers, and Directors, 151 Vice presidents, Senior Vice Presidents, and Senior Executives, and 259 C-Suite level leaders.

Statistical margins of error are not applicable to online non-probability polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 4.5 percentage points for all respondents. Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (n=702, DEFF=1.5, adjusted Confidence Interval=+/-6.0 percentage points).

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