



**Challenger, Gray & Christmas, Inc.**  
The original outplacement company

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## **FOR IMMEDIATE RELEASE**

### Challenger March Madness Report

## **EMPLOYERS BRACE FOR PRODUCTIVITY DECLINE, BUT SMALL PRICE TO PAY FOR HIGHER MORALE**

**CHICAGO, March 11, 2014** – The 2014 NCAA Division I men’s basketball tournament is still about one week away, but the nation’s employers already may be bracing for the inevitable dip in productivity resulting from office pools and online streaming. With an estimated 50 million Americans participating in March Madness office pools, companies stand to lose at least \$1.2 billion for every unproductive work hour during the first week of the tournament, according to calculations by global outplacement firm Challenger, Gray & Christmas, Inc.

“There are distractions every day at the office, but the first week of the annual men’s college basketball tournament is particularly hazardous to workplace productivity. While March Madness distractions may not alter the nation’s quarterly GDP numbers, you can be assured that department managers and network administrators notice the effect on work output and company-wide internet speeds,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“The impact on productivity comes from several directions. You have employees talking about which teams made or didn’t make the tournament. You have other workers setting up and managing office pools. Of course, there are the office pool participants, some of whom might take five minutes to fill out a bracket, while others spend several hours researching teams, analyzing statistics and completing multiple brackets.

“Finally, Thursday and Friday bring the actual games, which typically begin right in the middle of the work day for folks on the east coast. Meanwhile, in California, where tournament coverage begins at 9:00 am, workers can spend the entire workday streaming games on their computer or mobile device.”

Unlike the game stats compiled on the 64 teams, statistics on how many American workers are participating in office pools and watching games online when they should be working are a little harder to come by.

A 2009 Microsoft survey estimated that 50 million Americans will participate in March Madness office pools. If each of those 50 million workers spend just one hour of work time filling in their brackets, the cost to employers in terms of wages paid to unproductive workers would be \$1.2 billion, based on average hourly earnings of \$24.31 reported in the most recent employment report from the U.S. Bureau of Labor Statistics. ( $50,000,000 \times \$24.31 = \$1,215,500,000$ )

According to other surveys, this estimate could be low. In 2012, 86 percent of respondents to an MSN survey indicated they will devote at least part of their workday to updating brackets, checking scores and following games during the tournament. If that survey pool was representative of the U.S. working population, more than 100 million workers expected to be distracted by March Madness.

The same survey found that 56 percent of workers planned to spend at least one hour of their workday on March Madness activities. If that percentage holds for this year's tournament, it could mean that approximately 77.1 million workers will spend an hour or more either filling out brackets, chatting with co-workers about the tournament or watching games. At an average hourly wage of \$24.31, the damages climb to \$1.9 billion in lost wages for each hour of work time spent on March Madness.

While a much smaller portion of workers watch games from their computers and mobile devices during work hours, the lost wages from this activity could still amount to more than \$660 million. That figure is based on the 6.8 million unique visitors who watched online streams during the first week of last year's tournament. These visitors spent an average of 1 hour and 51 minutes online each time they opened a stream, according to data reported by Turner Sports, which manages NCAA March Madness Live.

"Of course, as any corporate IT manager will attest, increased internet traffic resulting from just a handful of employees streaming games will dramatically slow internet speeds for the entire office. So, this means that productivity could be hindered even for those workers not caught up in March Madness," said Challenger.

Despite all of the scary numbers, Challenger suggests that employers not try to clamp down on March Madness. Initiatives to block access to sports sites and live streaming in order to boost productivity in the short term, could result in long-term damage to employee morale, loyalty and engagement.

“Department managers may notice that their workers are more distracted and the IT department may notice the loss of bandwidth. However, at the end of the day, it is unlikely that a few days of March Madness distraction will impact the company’s bottom line. Taking a hardline on office pools and online streaming, on the other hand, could have a dramatic impact on the bottom line, if it leads to increased turnover or causes employees to become disengaged, which will not only lower work both the quantity and quality of work output,” said Challenger.

“Instead, employers may want to seek ways to use March Madness as a tool to increase employee engagement. Promoting a company-wide office pool that is free to enter, for example, could help boost camaraderie and encourage interaction among co-workers who may not typically cross paths. Relax dress codes and allow workers to wear sweatshirts and t-shirts in support of their favorite team.

“Companies may be able to prevent unplanned absences related to March Madness by serving a catered lunch on the first two days of the tournament. Others may want to have a couple of televisions around the office showing games, which might keep some employees from streaming games at their desk,” he suggested.

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