

The Hidden Cost of Human-System Risk

A Decision Risk Intelligence Workbook for Leaders



PEOPLE

Your greatest asset
and greatest risk.



HIDDEN
RISKS



DECISIONS

Every decision is shaped
by human dynamics.



HIDDEN
RISKS



OUTCOMES

Better decisions
drive better outcomes.

INCLUDES:



COST CALCULATOR

Estimate the financial impact of
common human-system risks.



HUMAN-SYSTEM RISK ASSESSMENT

Identify early warning signs
already affecting your organization.



ACTION GUIDE

Gain clarity and discover
your next steps.

“

The greatest people risks
are often **the ones**
you cannot see.

SEE RISK. | UNDERSTAND IMPACT. | MAKE BETTER DECISIONS.

What's It Costing Your Business?

The Hidden Cost of Human-System Risk

What are hidden people risks really costing your business and how much could you save by identifying them before they become expensive problems?

Every year, organizations lose significant time, talent, productivity, and revenue to preventable challenges such as burnout, turnover, disengagement, poor communication, misalignment, and ineffective leadership decisions.

The problem is not that these risks exist. The problem is that most leaders cannot see them until after the damage has already occurred.

Human-system risks often remain invisible beneath the surface, quietly affecting performance, collaboration, retention, execution, and growth long before they appear on a balance sheet or employee survey.

This guide will help you:

- ✓ Estimate the financial impact of common human-system risks
- ✓ Calculate hidden costs using your own team roles and salary data
- ✓ Identify warning signs that may already be affecting performance
- ✓ Understand where Decision Risk Intelligence can help reduce preventable losses

Let's put real numbers to the hidden risks operating inside your business and uncover what they may already be costing you.

Human-System Risk	Estimated Cost Per Instance (\$)
Turnover & Talent Loss	\$15,000–\$50,000
Burnout Risk	\$5,000 ea.
Engagement Risk	\$3,500 ea.
Communication & Conflict Risk	\$2,000/event
Role Misalignment Risk	\$4,000–\$20,000 ea.
Innovation & Collaboration Risk	Intangible—choose impact level
Capacity & Execution Risk	\$3,000–\$12,000 ea.
Wellbeing & Attendance Risk	\$300/day

Understanding the Cost of Human-System Risk

These estimates are based on widely cited research from organizations such as SHRM, Gallup, and workforce analytics studies. While every organization is different, these figures provide a conservative framework for estimating the financial impact of common human-system risks.

The goal is not to calculate an exact dollar amount.

The goal is to understand the magnitude of the risk and the potential cost of waiting until the problem becomes visible.

Turnover & Talent Loss Risk

When valuable employees leave, organizations absorb far more than recruiting expenses. Productivity disruption, knowledge loss, onboarding time, leadership attention, and team instability often create costs that significantly exceed the employee's salary.

- **Typical range:** 33% to 200% of annual salary depending on role (SHRM, Gallup)
- **Mid-level estimate:** 50% of annual salary = reasonable default
- This includes recruiting, hiring, onboarding, ramp-up time, lost productivity, rework, and manager time—not just the job posting.

💡 *Formula:* Annual Salary $\times$ 0.5

Burnout & Engagement Risk

Burnout and disengagement rarely appear overnight. More often, they develop gradually through chronic stress, workload imbalance, unclear expectations, or misalignment between the individual and the role. The resulting productivity loss can accumulate for months before leaders recognize the warning signs.

- Gallup data shows ~**34% disengagement** in U.S. workforces
- Disengaged or burnt-out employees can cost **18%–35% of salary** in productivity loss
- 6-month disengagement period is an average, yet conservative, modeling timeframe

💡 *Formulas:*

- Burnout Risk: Annual Salary $\times$ 0.25 $\times$ 0.5 = 6-Month Productivity Loss (25% productivity loss for 6 months) or simply: Annual Salary $\times$ 0.125
- Engagement Risk: Annual Salary $\times$.18

Communication & Conflict Risk

Poor communication, unresolved conflict, and misaligned expectations can delay projects, reduce collaboration, consume leadership time, and create hidden performance drag across teams.

- Typical project delays or tension-related issues cost **\$2,000–\$10,000+ per event** depending on role and project scope
- You can standardize:

💡 *Formula: # of Incidents × \$2,000 (or customize per org)*

Role Misalignment Risk

Many costly performance problems are not capability problems. They are alignment problems. When a role, leadership responsibility, team environment, or organizational expectation does not fit the individual, the result is often reduced performance, frustration, disengagement, team disruption, and eventual turnover.

- Employees who are misaligned with their role often require additional supervision, experience lower engagement, contribute below their potential, and may struggle to achieve expected outcomes
- Misalignment can occur through hiring, promotion, restructuring, leadership changes, or shifts in job responsibilities
- Research suggests that poor role fit can result in substantial productivity loss and often contributes to burnout, conflict, disengagement, and turnover
- A conservative estimate is 30%–50% of annual salary, though the true impact is often higher when team disruption and replacement costs are considered

💡 *Formula: Annual Salary × 0.4*

Innovation & Collaboration Risk

Some of the most expensive risks never appear on a financial statement. Teams operating with low trust, poor collaboration, or limited perspective-sharing often miss opportunities, delay innovation, and make weaker decisions over time.

- Harder to quantify, but industry estimates put this at **\$10,000–\$50,000+ annually** for small-to-midsize teams

💡 *Formula – Use scaled estimates:*

- Low Impact = \$10,000
- Medium = \$25,000
- High = \$50,000+

Capacity & Execution Risk

Vacant positions and prolonged hiring timelines create execution risk. Work is delayed, responsibilities are redistributed, and leaders often spend additional time compensating for missing capacity.

- Productivity Gap calculations based on standard **salary-per-week cost** modeling, commonly used in HR benchmarking to estimate financial loss during position vacancies. Backed by SHRM and Indeed reports that cite significant costs when roles go unfilled.

💡 *Formula:* $\text{Annual Salary} \div 52 \times \text{weeks unfilled}$

Wellbeing & Attendance Risk

Employee wellbeing challenges often show up as increased absenteeism, presenteeism, missed workdays, reduced focus, and unexpected disruptions to team productivity. While occasional absences are normal, recurring attendance issues can create significant operational and financial costs over time.

- Absenteeism costs include lost productivity, workflow disruption, overtime coverage, temporary staffing, and management time
- According to workforce studies, health-related absenteeism costs U.S. employers billions annually and is frequently linked to burnout, stress, disengagement, and workplace wellbeing challenges
- Even a few additional missed days per employee can create meaningful financial impact across a team

💡 *Formula:* $\text{Annual Salary} \div 260 \times \text{Number of Missed Workdays}$

(260 = average working days per year)

What Would These Risks Cost Your Team?

Model Potential Human-System Risks Before They Become Expensive Problems

Use the following examples to estimate the potential financial impact of common human-system risks within your organization. While no calculator can predict the future, understanding the cost of these scenarios can help leaders make more informed decisions before problems escalate.

Summary Table of Plug-and-Play Formulas

Problem Type	Example Formula
Turnover & Talent Loss Risk	Salary $\times$ 0.3-0.5 (based on impact)
Burnout Risk	Salary $\times$ 0.125
Engagement Risk	Salary $\times$ 0.18
Communication & Conflict Risk	\$2,000 per event
Role Misalignment Risk	Salary $\times$ 0.3-0.5 (based on impact)
Innovation & Collaboration Risk	\$10k-50k based on severity level
Capacity & Execution Risk	Salary $\div$ 52 $\times$ weeks unfilled
Wellbeing & Attendance Risk	Salary $\div$ 260 $\times$ working days

Example:

Let's say your Operations Manager earns \$80,000 annually. Over time, signs of burnout, role misalignment, and communication challenges go unaddressed. Performance declines, conflict increases, and the employee eventually leaves the organization. It takes eight weeks to recruit, hire, and onboard a replacement.

Scenario	Plug-in Calculation	Cost
Burnout (25% loss $\times$ 6 mo)	$80,000 \times 0.25 \times 0.5$	\$10,000
Turnover	$80,000 \times 0.5$	\$40,000
Conflict x 2 events	$2 \times 2,000$	\$4,000
Misaligned role	$80,000 \times 0.4$	\$32,000
Productivity gap	$80,000 \div 52 \times 8$	\$12,308
Total	--	\$98,308

Total Estimated Human-System Risk Impact: \$98,308

One unresolved people challenge can easily create costs that exceed an employee's annual salary when turnover, productivity loss, conflict, and replacement costs are considered together.



Important: These calculations are intended to estimate potential risk exposure, not provide an exact financial forecast. Actual costs vary by industry, role, organizational structure, and business impact. The purpose is to reveal how seemingly isolated people challenges can create significant cumulative costs over time.

Your Turn:

Scenario 1: Turnover & Talent Loss Risk

Choose a key role in your organization. Over time, signs of burnout, role misalignment, and recurring communication challenges begin affecting performance. Despite efforts to address the issues, the employee eventually leaves the organization. It takes eight weeks to recruit, hire, and onboard a replacement. Use the formulas below to estimate the potential financial impact.

Role: _____ **Salary:** _____

Scenario	Plug-in Calculation	Plug in Your Values	Your Cost
Burnout Risk (25% loss × 6 mo)	salary × 0.125		
Role Misalignment Risk	salary × 0.3-0.5 (you choose)		
Turnover & Talent Loss Risk	salary × 0.3-0.5 (you choose)		
Communication & Conflict Risk	2 events × 2,000		
Capacity & Execution Risk	salary ÷ 52 × 8		
Total Estimated Human-System Risk Impact	--	--	\$

Scenario 2: Burnout & Engagement Risk

Choose a role within your organization. The employee appears increasingly overwhelmed and disengaged. Productivity declines, mistakes become more frequent, communication becomes strained, and several days of unexpected absence occur throughout the year. Use the formulas below to estimate the potential impact of prolonged burnout and declining engagement.

Role: _____ **Salary:** _____

Scenario	Plug-in Calculation	Plug in Your Values	Your Cost
Burnout Risk (25% loss × 6 mo)	salary × 0.125		
Engagement Risk	salary × 0.18		
Communication & Conflict Risk	1 × 2,000		
Wellbeing & Attendance Risk	salary ÷ 260 × working days		
Total Estimated Human-System Risk Impact	--	--	\$



What These Numbers Reveal: Most organizations do not struggle because of a single major event.

They struggle because multiple small risks accumulate over time. Burnout, disengagement, misalignment, communication breakdowns, and turnover often reinforce one another, creating costs that are difficult to see until performance, culture, or retention begin to suffer.

Your Annual Human-System Risk Estimate

Use the totals from the scenarios above to estimate the potential impact on your organization if similar risks occurred over the next 12 months.

Scenario	Your Total Loss per Scenario (\$)	Est. Annual Cost (\$)
Turnover & Talent Loss Risk		
Burnout Risk		
Engagement Risk		
Communication & Conflict Risk		
Role Misalignment Risk		
Capacity & Execution Risk		
Wellbeing & Attendance Risk		
Total Estimated Human-System Risk Exposure	--	\$

Reflection Questions

- Which risk category generated the highest estimated cost?
- Which risks are already showing signs inside your organization?
- Which risks would have the greatest impact if left unaddressed?
- Where do you currently have the least visibility into what is driving these risks?

Human-System Risk Assessment

Are Hidden Risks Already Affecting Your Organization?

Many organizations don't recognize human-system risks until they begin affecting performance, retention, culture, execution, or growth.

Use this checklist to identify early warning signs that may indicate hidden risks are already developing within your team.

Check all that apply.

Section 1

Burnout & Capacity Risk

- ☐ Team members regularly appear overwhelmed or stretched beyond capacity
 - ☐ Energy, motivation, or engagement has noticeably declined
 - ☐ Important work depends heavily on a small number of people
 - ☐ We often recognize burnout only after performance begins to suffer
-

Section 2

Talent & Alignment Risk

- ☐ We have lost a valuable employee within the last 12 months
 - ☐ We have promoted someone who later struggled in the role
 - ☐ We have employees whose strengths may not match their responsibilities
 - ☐ We suspect some team members are not operating in roles where they can perform at their best
-

Section 3

Communication & Trust Risk

- ☐ Projects sometimes stall because expectations are unclear
 - ☐ Important conversations are avoided or delayed
 - ☐ Conflict tends to linger rather than get resolved
 - ☐ Employees hesitate to share concerns, feedback, or new ideas
-

Section 4

Performance & Execution Risk

- ☐ Meetings frequently consume time without producing clear outcomes
- ☐ Work must often be revisited due to miscommunication or misunderstandings
- ☐ Collaboration between individuals or departments is inconsistent
- ☐ We occasionally repeat the same people-related challenges without fully resolving them
- ☐ Team performance varies significantly despite similar resources and expectations

Your Human-System Risk Indicator

0-3 Checks → Low Risk Exposure

Some risk is normal. Continue monitoring and maintaining healthy team dynamics.

4-7 Checks → Moderate Risk Exposure

Several warning signs may be emerging. Proactive attention could prevent future performance, retention, or engagement challenges.

8-11 Checks → Elevated Risk Exposure

Multiple risk factors are present. Hidden costs may already be affecting productivity, collaboration, and execution.

12+ Checks → High Risk Exposure

Your organization may be experiencing significant human-system risk. Identifying root causes and addressing them proactively could substantially reduce future costs.

Reflection

If your organization is experiencing these risks, do you know what's causing them?

Most leaders can see the symptoms.

Far fewer can identify the underlying human-system dynamics driving them.

Now That You Can See the Risk, What's Next?

You've just estimated the potential cost of common human-system risks within your organization.

But calculating the cost is only the first step.

The bigger question is:

What's causing those risks in the first place?

Most leaders can see the symptoms.

- Burnout
- Turnover
- Miscommunication
- Disengagement
- Conflict
- Performance issues

What they often cannot see are the underlying human-system dynamics creating those outcomes.

Without visibility into those dynamics, organizations often spend significant time and money treating symptoms while the root causes remain unchanged.

The Visibility Gap

Organizations collect more people data than ever before.

Yet most critical people decisions are still made with limited visibility into the human systems those decisions affect.

This creates unnecessary risk in:

- Leadership decisions
- Hiring and promotion decisions
- Team structure and role design
- Communication and collaboration
- Change initiatives
- Employee development
- Retention efforts

When leaders cannot see the system clearly, risk increases.

How SPB Helps

The Strategic Personality Blueprint (SPB) is Insperai's proprietary Decision Risk Intelligence system.

Rather than simply measuring personality traits or generating static reports, SPB helps leaders uncover the human-system dynamics that influence performance, communication, engagement, leadership effectiveness, and organizational outcomes.

SPB helps organizations:

- ✓ Identify hidden risks before they become expensive problems
- ✓ Improve team alignment and collaboration
- ✓ Reduce avoidable turnover and burnout
- ✓ Make more informed people decisions
- ✓ Increase confidence in leadership and organizational decisions
- ✓ Turn people data into actionable decision intelligence

Curious About Your Organization's Risk Profile?

Start with a free Human System Risk Check and connect the numbers to the real challenges affecting your team.

[Take the Human System Risk Check](#)



or

[Schedule a Confidential Human System Risk Review](#)



The greatest people risks are often the ones you cannot see.