



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

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FOR IMMEDIATE RELEASE

Challenger March Madness Productivity Report **NATION'S WORKERS COULD SPEND MORE THAN** **8 MILLION HOURS WATCHING GAMES FROM OFFICE**

CHICAGO, March 8, 2011 – Extra games and wider access to coverage of the NCAA men's basketball championship (A.K.A., March Madness) on smart phones and tablets could increase workplace distractions that threaten to sap employee productivity during the annual three-week long tournament, according to the workplace authorities at global outplacement consultancy Challenger, Gray & Christmas, Inc.

Challenger estimates that total online viewership during work hours is likely to reach at least 8.4 million hours during this year's tournament, which begins with special qualifying games on Tuesday, March 15. Multiply that figure by the average hourly earnings of \$22.87 among private-sector workers and the financial impact exceeds \$192 million.

The Challenger estimate is based on 2010 March Madness on Demand traffic statistics from CBSSports.com, the site's primary sponsor. Last year, the online streaming service attracted 8.3 million unique visitors, who enjoyed a total of 11.7 million hours of online video and audio (an average of about 1.4 hours per visitor). That was up 36 percent from the previous year.

According to CBSSports.com, 8.7 million hours, or nearly 75 percent of the total, was consumed in the first four days of the Tournament.

Approximately 80 percent of the four-day total was achieved in the first two days, based on the fact that 3.4 million hours of March Madness on Demand was streamed on the first day of the tournament alone.

With CBS Sports expanding its reach this year by providing free mobile apps, Challenger conservatively estimates that streaming will increase at least 20 percent in 2011 to about 14 million total hours. Assuming similar viewership trends will occur this year, roughly 10.5 million hours of streaming video and audio will be consumed in the first four days of the tournament, with about 80 percent of that (8.4 million hours) occurring on Thursday and Friday.

Not wanting to be a stick-in-the-mud when it comes to enjoying an American pastime, Challenger, Gray & Christmas CEO John A. Challenger offered to put the 8.4 million hours of lost productivity in perspective.

“At first glance, 8.4 million hours of lost productivity seems like it would deliver a crushing blow to the economy. However, it is important to remember that there are roughly 108.3 million people on private payrolls, each working an average of 34.2 hours per week, according to the latest Labor Department data. So, the total number of hours worked by the American workforce in one week comes to about 3.7 billion hours,” Challenger explained.

“Over the three weeks of the tournament, the nation's 108 million workers will have logged more than 11 billion hours of work. The 8.4 million hours lost to March Madness is a relative drop in the bucket, accounting for less than one-tenth of one percent (about 0.07 percent) of the total hours American workers will put in over the three weeks of the tournament,” he continued.

"Basically, there is no measurable impact on the economy or even an individual company's bottom line. However, if you ask department managers or IT staff whether March Madness has a noticeable effect on productivity, they are likely to answer in the affirmative. The situation is comparable to a traffic accident, which does not have any measurable impact on the overall economy, but if you happen to be stuck in the resulting congestion and arrive late to work because of it, it has an immediate and noticeable impact on your day's productivity.

"For an office with 50 to 100 workers, five or ten people streaming basketball games will definitely have an impact on everyone else's Internet speed."

This year, the NCAA basketball tournament is expanding to 68 teams. Four first-round games will be played on Tuesday and Wednesday, March 15 and 16 to determine the final teams added to the 64-team bracket that begins play with the second round on Thursday, March 17.

"These additional games probably will not add to the lost productivity due to the fact that they will be played in primetime, when most people are back at home in front of their televisions. However, it could make filling out one's bracket a little more complicated, depending on how those running the pools decide to incorporate the new format," said Challenger.

Last year, Challenger estimated that lost productivity would cost employers \$1.8 billion in lost wages paid to unproductive workers. The firm did not reach the same conclusion this year due to a lack of updated market research and statistics that it typically relies upon to compute what the firm admits is a non-scientific ballpark guesstimate.

“This year, we simply did not have enough information to support what is already a very rough estimate. In the end, however, we have already seen that the impact to the overall economy is so minute that it should not cause any concern. What is more important is how individual companies address the issue among their employees. Some companies, in an effort to keep employees focused and bandwidth unencumbered, have blocked access to streaming content of all types, including March Madness on Demand,” said Challenger.

Other employers are concerned about the legal and/or moral implications of permitting or even sponsoring gambling activities on company premises. According to a 2010 survey by the Society for Human Resource Management, about 33 percent of companies have policies prohibiting workplace gambling, but very few (six percent) have actually disciplined or terminated an employee for violating the policy.

“Rather than try to squash employee interest in March Madness, companies could try to embrace it as a way to build morale and camaraderie. This could mean putting televisions in the break room, so employees have somewhere to watch the games other than the Internet. Employers might consider organizing a company-wide pool, which should have no entry fee in order to avoid ethical and/or legal questions,” Challenger suggested.

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