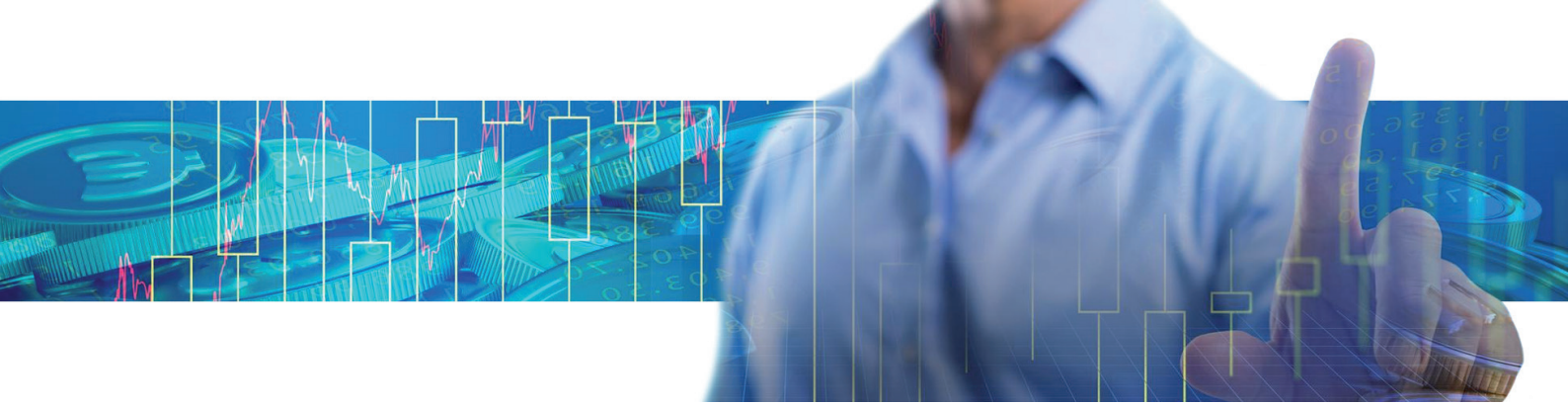




Your business is in Debt – and it's not Financial

Denis Wallace Barnard ©Bloor Research November 2025

Most organisations carry debts they don't see. Not financial debts, but something far more crippling: Technology debt and Labour debt.

Both build up quietly when companies prioritise speed over sustainability. Quick fixes, outdated systems, overworked teams, and underdeveloped or unused employee skills all create a drag that compounds year after year. Decisions made or deferred in the name of cost saving at the time can result in slow systems, overworked, underproductive employees and stalled progress all round.

Add executive inaction to the mix, and by the time the problem becomes tangible, the 'interest' on these debts is seen through poor results and low activity.

And, of course, a much bigger bill to put it right, even if that is still an option.

Labour debt and technology debt are accumulated deficiencies that make future work harder.

Over time, these impede the flow of timely information, slow down work activity and increase the potential for errors.

Technology Debt

Technology debt occurs when the expected benefits of technology investments are not fully realised.

Organisations often anticipate a 100% return from a technology purchase but in reality, achieve only 50–60%. The gap between expected and actual outcomes creates technology debt.

The extra work and future problems created when software or systems are chosen inexpertly, implemented too quickly, or not updated from legacy systems are contributory factors to this gap and are considered as 'interest' on the debt.

It's like taking out a short-term loan: faster results today, but you pay the 'interest' later through inferior performance, fewer features, less functionality and maintenance headaches.

Common reasons for Technology Debt:

- Choosing the wrong system to begin with
- Incomplete implementation
- Delaying replacing legacy tech
- Deferring upgrades
- Integration issues between applications
- Any or all the above causing workarounds (see Labour Debt).

Technology Debt also has a direct impact on the budget and depreciation. Technology on the balance sheet depreciates over time, reducing the available budget for savings.

Example:

- Total budget: 100
- Depreciation: 30
- Desired savings: 10% of 100 = 10
- Available budget after depreciation: 70
- If 50% of the remaining budget is fixed costs, only 35 is available to achieve the 10% savings.

Labour Debt

Labour Debt is the **accumulated organisational cost** of not maintaining or developing your workforce properly, not fully training staff, failing to update job purpose or design, or hoping that relying already overstretched employees can cover the gaps.

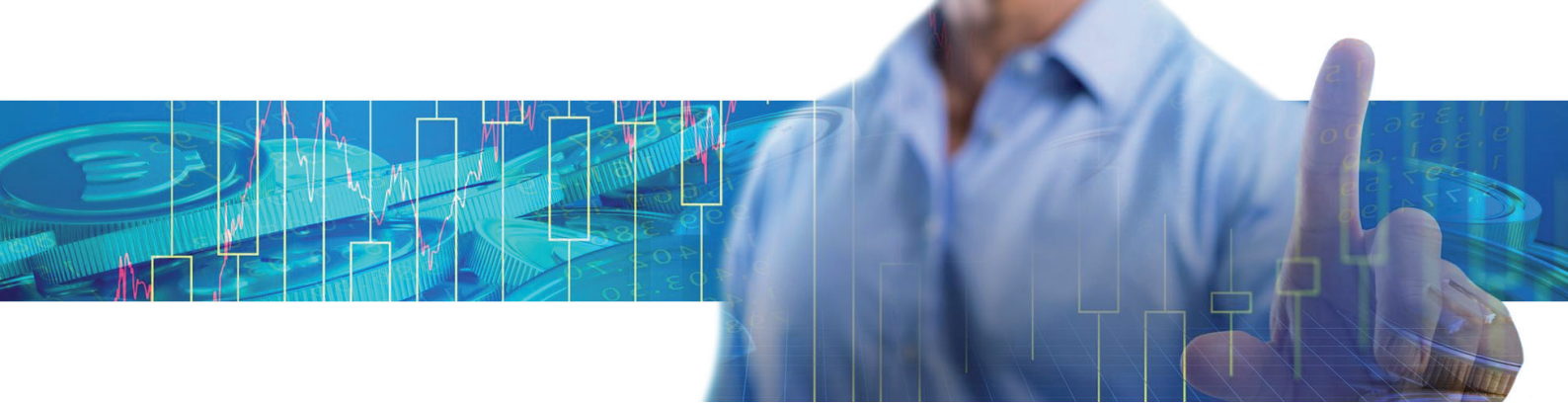
Essentially, you are running your business on borrowed human energy; output looks OK today, but exhaustion, skill gaps, or attrition are the debt building up to be faced sooner or later.

Common causes of Labour debt are:

- Failing to invest in employee upskilling for new roles as technology or market conditions change
- Keeping outdated processes and procedures
- Maintaining performance systems that don't improve performance (and maybe demotivate staff!)
- Using overtime working instead of hiring or automating
- Hiring freezes covered by more expensive temporary workers.

Progressively, over time, capability declines, morale drops, and organisational agility disappears, in the same way that technical debt hampers progress in systems. ▶

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► The link between Technology and Labour Debts

Technology often aims to free up staff time, but If staff levels remain unchanged or productivity gains are unrealized, labour debt increases.

Failure to achieve expected productivity savings can lead to increased costs rather than reduction, making the original technology investment less effective.

It is important to define the measurable impact of “valuable work” staff are expected to perform after implementing technology.

Conclusion

Both Technology and Labour debt result from decisions made (or NOT made), often in the name of reducing cost; the irony is that these debts rarely show on the balance sheet, yet they shape an organisation’s future viability.

At all levels of decision-making, Technical and Labour debt must be taken into consideration; cost avoidance now can prove to be an investment missed and a liability incurred when the full extent of the consequences is known.

Download Bloor’s *“Technology and Labour Debt Self-Assessment”* sheet [here](#) for a quick idea of where you currently stand.

If you need solutions, talk to us!

Contact:

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Question	High	Medium	Low
Updates & Patching How many versions behind the current one are your systems? How often do they re-write data between systems?			
Integration & Interoperability Are spreadsheets used because systems can't handle numbers? Are spreadsheets used because systems can't handle numbers?			
Security & Support Are any systems out of vendor support or patched periodically?			
Scalability Do systems limit growth, timely management info or company capacity?			
Expertise Did your last major Technology implementation not meet expectations?			

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