

Workshifting: The Business Case



Introduction

Thanks to technology, people are no longer tethered to a “place of work.” They can communicate, collaborate and connect from wherever they are and that changes everything.

- It changes where people work
- It changes how they work
- It changes how they live their lives
- It changes how they manage their time and energy
- It changes how organizations function

Leading public and private sector organizations around the globe have transformed their workplaces and work practices to reflect these new realities. They are leveraging technology to optimize employer, employee and environmental outcomes.

These leaders are not simply replacing old work practices with new technological solutions, they are fundamentally shifting the how, when and where of **work in a way that is better for people, planet and profits.**

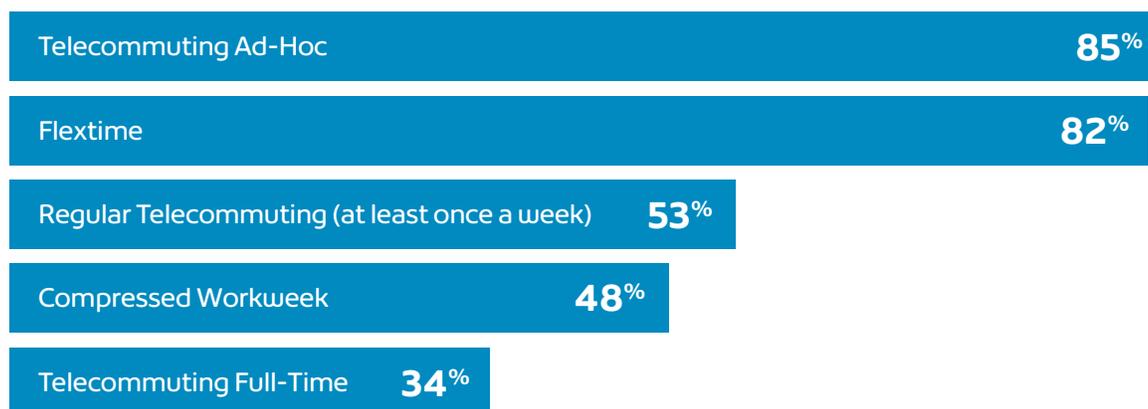


What is Workshifting?

The term “workshifting” refers to a wide range of workplace strategies that **allow employees to shift how, when and where they work**. These include telework and telecommuting—the substitution of technology for travel, flexible start and end times, compressed workweeks, and a number of other alternatives.

Globally 85% of businesses offer some type of workshifting (See Table 1).¹

(Table 1) Prevalence of Workshifting Programs Globally - 2015

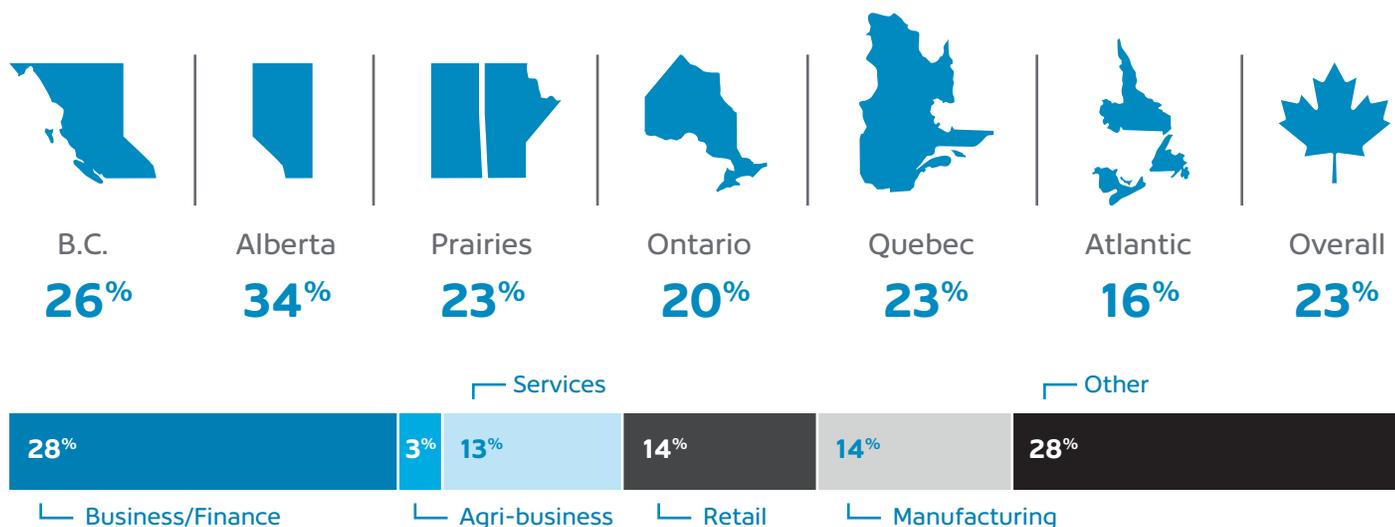


Trends in Workplace Flexibility, WorldatWork, 2015.

Research by BMO Financial suggests that Canadian employers are behind other nations in their adoption of workshifting with an average of 23% of employers offering telecommuting (47% of large employers and only 22% of small employers).²

The prevalence of those who offer the option varies substantially across regions and industry sector (see Table 2). For example, while 34% of Alberta employers offer telecommuting, only 16% of those in the Atlantic province do so. Those in the business sector are far more likely to support it than those in other sectors.²

(Table 2) Companies who offer telecommuting by region



Source: BMO press release, April 2013

There are two primary reasons for the relatively low participation rates.

First, the majority of businesses do not allow all their employees to workshift. For example, Table 1 indicates that 53% of global employers allow some employees to work remotely at least one day a week, but only 22% offer this option to all employees.¹

The second reason workshifting is practiced far less frequently than it is offered is that **while policies may offer it, the majority of employers, either implicitly or explicitly discourage it.**

Leading global employers are proving that when employees are given a choice about where, when, and how they work, they are more: **productive, engaged, and loyal.**

However, the challenge remains that managers are uncomfortable managing people they can't see. Sharon Wall, a regional administrator for the U.S. General Services Administration often counters this argument with the following statement, "*Telework doesn't create management problems, it reveals them.*" In other words, it forces managers to manage by results, rather than simply counting heads.³

Another common misconception is that these workshifting options are all or nothing. Managers worry that they will never see their people. In fact, it's a mix of workshifting options that work best. In the case of remote work, for example, 1-2 days a week seems optimal. Home and other remote work locations are becoming the place for concentration, while offices are being transformed into places for collaboration.

A large body of research and real world examples show that workshifting programs, when properly deployed, can yield big results for employers, employees and the environment.

A study by Global Workplace Analytics estimated an **annual savings of over \$10,000 per employee** per year based on telecommuting just 2 days a week. Canada-wide, that would yield an employer impact of over \$44 million a year.⁴ The employer, employee, and the environmental impact of this form of workshifting is summarized in Table 3 and discussed in the following sections.

Leading global employers are proving that when employees are given a choice about where, when, and how they work, they are more productive, engaged, and loyal.

(Table 3) Annual savings impact of 2-day-a-week remote work for employers and employees



Source: Workshift Canada - The Bottom Line, Global Workplace Analytics, 2011

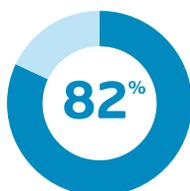
Why Workshift?

Attract and retain talent

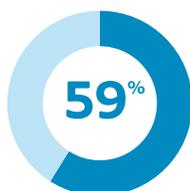
Employee turnover is expensive. Estimates put the cost at between 50% and 200% of an employee's salary.⁵

Talent shortages are no longer looming—they're here. A 2015 survey by ManpowerGroup showed 56% of Canadian employers feel talent shortages impact their ability to meet client needs and 32% have difficulty filling jobs. More than half of Canadian employers feel talent shortages and skills gaps will reduce their ability to serve clients in the future.⁵

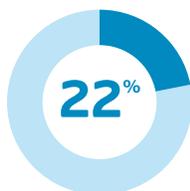
(Table 4) Workshift options, in particular the ability to work remotely at least part of the time, are among the most desired non-financial benefits⁶:



82% percent of Canadians say they would change jobs for the ability to work from home



59% would use their own resources to support their remote work



22% would take a pay cut to work from home



20% would work longer hours to work from home

Source: *Talent Trends 2014, LinkedIn Talent Solutions, 2014*

Workshift options can help attract and retain talent by:

1. Providing access to populations who might not have otherwise been able to work such as parents, senior caregivers, the disabled, military spouses and others who need to relocate due to family circumstances
2. Expanding geographic boundaries
3. Keeping retirement age individuals in the workforce.

A study published by LinkedIn in 2014, suggests that a 1% reduction in preventable turnover—estimated at about 70% of all turnover would equate to \$750,000 in annual savings for a Canadian employer with 1,000 employees.⁷ Beyond the obvious costs of turnover—hiring, training and lost productivity—losing a valued employee can also result in lost customers, co-workers, corporate intelligence, organizational memory, team cohesion and customer satisfaction.

“In an evolving workforce, Canadian businesses are fighting to be flexible, innovative and enticing by offering incentives that will benefit not only the organization, but also their employees,” said Steve Murphy, Senior Vice President, Commercial Banking, BMO Bank of Montreal. “These flexible work arrangements help employees achieve greater work-life balance, improve workplace productivity and strengthen employee morale.”²

Increase Productivity

Canada's labor productivity ranks 11th when compared to 16 peer countries.⁸

According to the Conference Board of Canada "Improving productivity is not about working longer or harder; **it's about working smarter... finding more efficient ways to produce goods and services.**"⁸

The fear that employees will not work as hard if they are not under the watchful eye of a manager has plagued remote work since the word was first invented. But reality has proven otherwise. Study after study shows that employees are more productive when they work remotely.

Nearly two-thirds (65%) of Canadian businesses that offer remote or flexible work report increased productivity.¹

The Apollo Group, Inc., one of the largest private education providers, measured 34% higher productivity across 16 objective work performance indicators as a result of its integrated telework program. Participants indicated they saved an average of 49 minutes a day due to fewer distractions and interruptions. Seventy-nine percent of managers reported positive impact on productivity.⁹

BT (British Telecom), one of the pioneers of telework, now has 15,000 homeworkers out of 92,000 employees. The company finds homeworkers to be 20% more productive.¹⁰

In a study of more than 24,000 global IBM managers, 80% agreed that productivity increases in a flexible environment.¹¹

"Improving productivity is not about working longer or harder; it's about working smarter...finding more efficient ways to produce goods and services"

Some of the primary factors that contribute to increased productivity include:

- 1. Feeling like a trusted employee:** Feeling trusted by managers and co-workers increases employee engagement which increases productivity.
- 2. More effective time management:** E-mail and other asynchronous forms of communication can be time-managed more effectively and are less apt to include non-work digressions.
- 3. Fewer and shorter meetings:** Workshift employees are less likely to be called into last minute meetings. Virtual meetings tend to be more on time, on target, and they do not involve travel time.
- 4. Flexible hours:** For those who are able to flex their hours as well as their location, workshifting allows them to work when they are most productive.
- 5. Increased commitment:** Many remote workers are willing to 'go the extra mile' because they appreciate being allowed to workshift. The majority report giving back 50-60% of the time they would have otherwise spent commuting.⁴

A study by Global Workplace Analytics showed that twice-weekly workshifting can increase productivity by approximately \$6,000 per employee per year.⁴

Lower real estate costs

Employers around the globe are finding their facilities substantially underutilized. Occupancy surveys in a wide range of industries and geographies point to average utilization of only 45%-50%, and even as low as 20%-33% is not uncommon.¹²

Employees spend most of their time away from their desk

A global study by CBRE showed employees spend less than 50% of their workday at their desk; the majority of time is spent working with others (either in meetings, face-to-face or virtually).¹³



Most businesses are just waking up to this reality. The majority of companies have let workshifting happen, rather than *making* it happen. Their real estate is bloated and their workspaces are out of sync with what employees want and need.

A study by Knoll showed that North American employees put a high value on flexibility in work location—rating it 4.6 on a 5 point scale of importance. Flexibility and collaboration technology were the only workspace features U.S. and Canadian respondents valued more highly than the rest of the world.¹⁴

Leading employers are saving money by designing their workplaces and work practices to better support their people and enable employees to do their best work.

As a result of their workplace transformation and remote work, SCAN Health Plan realized a 22% reduction in space requirements, a 38% reduction in provisioning costs, and provisioning time went from 12 weeks to 3 days.¹⁵

Apollo Holdings, Inc. saved \$3 million a year in real estate expenses as a result of their remote work program. The program produced a positive ROI and payback of upfront costs in under one-year.⁹

More than half (54%) of Canadian employers surveyed by BMO said that working remotely reduced office and overhead expenses.²

Reduce absenteeism

Absenteeism in Canada is far greater than in the US or UK¹⁶



Source: US numbers based Labor Force Statistics— Current Population Survey, Bureau of Labor Statistics, 2013; UK numbers based Sickness Absence in the Labor Market, ONS, 2014 (2013 data)

In some industries and sectors, absenteeism averages over 13 days a year. What's more, over a quarter of Canadian absenteeism (28%) is related to personal or non-medical reasons.¹⁷

The cost of unplanned absences goes far beyond the loss of employee time. The direct cost of lost productivity for those absent days is approximately \$2,000 per person per year.¹⁸

Based on a formula developed by the Society of Human Resource Management (SHRM) the total direct and indirect cost of absenteeism for Canadian companies is approximately \$15,000 per employee per year.¹⁹

Workshifting can reduce absenteeism because workshiffters:

- Are more engaged in their work
- Are less exposed to sick co-workers
- Work from home when they are not feeling well enough to go to the office
- Can work from home more quickly than they could have returned to the office following surgery or extended illnesses
- Are able to handle personal appointments without taking a full day off
- Are less stressed

- Are happier in their job and therefore less apt to take “mental health days”
- Have more time for exercise
- Eat better

Continuity of Operations

Natural and man-made disasters happen. As do highway closures, political gatherings, athletic games, pandemics and other occurrences that can keep employees from reaching the office. When this happens, employers lose not just a day's worth of productivity, but potentially much more in terms of customer satisfaction, project delays and the like.

Unless employees are trained in, provisioned for, and experienced at working remotely, employers stand to lose an average of \$212 in productivity for every day an employee can't get to work. Across a population of 500 employees, that adds up to over \$100,000 a day in lost productivity alone.⁴

Remote work is the cornerstone of many government and private sector continuity of operations (COOP) plans to ensure that when disaster strikes, work does not stop.

Employee Savings

Workshifting from home just two days a week would save an average car commuter the equivalent of 9 workdays a year, time they would have otherwise spent in traffic. Transit commuters could save the equivalent of 15 workdays of travel time each year.⁴

Workshifting can also save employees between \$600 and \$3,500 per year—the result of reduced driving and fewer work-related expenses (food, clothes, parking, gas and other vehicle costs for drivers, or public transportation costs).⁴

As Canadian home prices continue to force employees further from central business districts, getting to work is becoming increasingly expensive, time consuming, and stressful.

Workshifting has also been shown to improve employee health and wellness by reducing work-life conflict and stress. Many workshiffters use the time they would have otherwise spent commuting to catch up on sleep and exercise. Access to better quality food can also help employees maintain a healthy weight.⁴



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Best practices

When approached and implemented as a workplace strategy—rather than a tactical solution to real estate, HR, sustainability, or other transient issue—workshifting can yield dramatic results throughout a business.

“Our clients have seen some dramatic results from their workshifting programs,” says Robyn Bews, Executive Director of WORKshift Canada “WORKshift Canada has developed the first of its kind playbook and framework to support the development of integrated and measurable flexwork programs.”²⁰

While there is no one-size-fits-all solution, decades of practical experience and academic study suggests the most effective workshifting programs:

- Involve cross-functional teams that represent the interests of HR, Real Estate, IT, Sustainability, Risk Management, Finance, Labor Relations, and Marketing/ Communications.
- Involve employees and enlist champions—the opinion leaders people trust and are comfortable with—who can gently shepherd the process.
- Involve outside consultants if internal experience is lacking.
- Establish measurable, achievable goals
- Celebrate success and acknowledge/learn from mistakes.
- Establish a culture that emphasizes results over presence.

- Deploy appropriate technology and make sure employees know how to use it effectively and efficiently.
- Formalize policies and practices to ensure consistency and avoid legal complications.
- Recognize and address cultural, geographic, generational, departmental and individual differences.

Decades of experience is available from colleagues and consultants and in the form of self-study through Internet resources, government publications, webinars, seminars, books, and other resources.

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Kate Lister and Tom Harnish are principals of **Global Workplace Analytics (GWA)**, a San Diego firm that helps organizations understand and communicate the business case for agile and healthy workplace strategies. Drawing on its proprietary knowledge base of thousands of research, academic, and popular press insights, GWA helps clients engage stakeholders in the success of workplace change programs. GWA's unique **Workplace ROI Calculator™** provides a data-rich approach to modeling a variety of agile work scenarios. GWA's research has been cited in the Harvard Business Review, Wall Street Journal, New York Times and hundreds of other publications. Kate Lister and Tom Harnish are co-authors of three books and numerous **white papers**. They are sought-after speakers and active members of International Facilities Management Association's, IFMA's 'Workplace Evolutionaries' community, CoreNet, NewWOW, WorldatWork, and the Society for Human Resource Management.

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