

Flexible Work Arrangements: A Productivity Triple Play

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Executive Summary

When flexible work arrangements are understood and used as a management strategy for creating more effective workplaces, they enhance organization performance in three ways: (1) Produce measurable improvements in individual and team performance; (2) Reduce stress on employees and more fully engage them in accomplishing organization goals; and (3) Strengthen a results-focused, inclusive management culture.

When flexible work arrangements are introduced as an employee perk or an accommodation to individual employees, companies often fail to realize these benefits. In contrast, a team-based, results-focused approach to the introduction of flexible work arrangements capitalizes on the shared need of both companies and their employees for increased flexibility. The experience of ten American companies in a variety of industries proves that, when flexible work arrangements are introduced with the two-fold purpose of enhancing performance and creating more flexibility for employees, everyone wins.

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Few would quarrel with the claim that time is a scarce and highly-prized resource. Countless media reports show that employees are struggling to cope with the growing stress caused by both the increasing requirements of a highly competitive work environment and the complex web of expectations emanating from outside the workplace. Routinely, employees are forced to use up personal and vacation time to take care of their own or their family's needs, depriving them of the opportunity to get away from work pressures for a more extended vacation period and increasing the likelihood of burnout. Many highly-competent women and a much smaller number of men, who have the financial means, are choosing to leave the workforce in mid-careers to devote more time to raising their children. These patterns mean that turnover, absenteeism, and stress-related illnesses are a growing cost of doing business.

Broad economic, demographic and sociological trends increasingly are adding to the misalignment between work demands and work structures on the one hand, and family structures on the other. Competitive pressures are causing companies to drive down costs by outsourcing work or reducing staff, putting an even greater burden on those who remain employed. At the same time, family structures have changed dramatically, making it increasingly difficult for employees to meet family as well as work obligations. In 2003, approximately one in four working households was headed by a single parent and, in over half of two-parent families, both parents were wage earners for either professional or financial reasons (Chittenden, 2004). No longer can many working spouses leave the major responsibility for child-rearing or caring for elderly parents to their partners, because there is no partner or that person is also working full time.

The increasing diversity of the workforce also contributes to the misalignment between the family and the workplace. In major urban areas, non-Hispanic white males make up only 15-20% of the population. The rest are women and people of color. In its work with companies on leadership diversity, focus groups with diverse employees run by The BOLD Initiative reveal that conflicts between work and other pressures on their time appear disproportionately to impact women and people of color, who bear more of the burden and have fewer resources to draw on than white males. Aware of this connection, companies increasingly are combining responsibilities for diversity and flexible work arrangements in the same executive position.

Finally, the aging of the workforce is a factor. Because people can expect to live longer while, for many, their company-funded health and retirement benefits are increasingly at risk, those approaching retirement often may need or prefer to work beyond age 65 - but less than full time.

It is no surprise then that the Society for Human Resource Management (SHRM) reports that work-life stress is among the most important factors in employees' ratings of job satisfaction, particularly among women and younger workers. However, in the last two decades, while the percentage of full-time workers with flexible work schedules has more than doubled to slightly more than 25% (Gurchiek, 2005), of all the benefits they receive, employees give their companies' flexible work schedules and family leave plans the lowest satisfaction ratings (Gurchiek, 2005). And, according to a recent study by the U.S. Bureau of the Census, in the last three years the number and percentage of workers on formal flexible-schedule programs has actually dropped by about half of one percent: (Gurchiek, 2005).

But the problem is not that flexible work arrangements have reached the limits of their utility. Rather, it is the faulty assumptions about the role flexible work arrangements can and should play in the work place that bedevil their implementation.

Faulty Assumption # 1: Workplace Flexibility and Productivity Are a Zero-Sum Game

The issue of work-life stress itself typically is framed in a way that reinforces the view that, when employees gain flexibility, the company loses productivity. The very term “work-life balance” connotes a trade off between the interests of the company and those of its employees.

Advocates of greater flexibility have argued that, in today’s environment, work needs to be structured to align more closely with the evolving needs of single-parent and dual-income families. However, in championing employees, they have focused primarily on what companies can do to meet employee needs, particularly those with family responsibilities, often paying little attention to the impact this increased flexibility will have either on productivity or on co-workers. Conversely, often under pressure from shareholders, hard-driving, bottom line-oriented corporate leaders have tended to disregard the impact on employees of the drive to reduce costs and increase profitability. They reason that in today’s competitive environment, there is little that can be done about it, and, that while jobs may be more demanding and stressful, it’s better than no work at all.

More enlightened companies and their leaders have recognized the cost of ignoring employee needs and the impact this has had on absenteeism, performance, and turnover – all of which cost companies money and reduce their competitiveness. But, even when prepared to take action, these companies tend to view responses such as offering more

flexible working arrangements as achieving benefits only in the long run while risking reduced productivity in the short run.

Similarly, in making the case for workplace flexibility, employee advocates, like their corporate counterparts, argue that, over time, better alignment will reduce stress, absenteeism and turnover. Implicit in both positions is the belief that, in the short run, there is a direct trade off between work arrangements that create more flexibility for employees and reduce their stress levels on the one hand, and, on the other hand, work structures and schedules that enhance productivity.

Faulty Assumption # 2: Flexible Work Arrangements Are First and Foremost an Accommodation to Employees

Given the conventional view that there is a trade off between workplace flexibility and productivity, companies have tended to introduce flexible work arrangements as an accommodation to individual employees. For example, an employee may have a personal need to be off work for a short period of time each week, e.g. two hours for a medical appointment for a special-needs child, and arranges with the supervisor to be off for that period of time and make it up by coming in an hour early two days a week. Sometimes these arrangements are made informally between employees and their supervisors. In other instances, there are formal arrangements for personal time off, governed by policies with explicit procedures for applying and seeking permission.

With the intention of helping employees deal with conflicts between work requirements and other demands on their time, companies have offered these flexible arrangements in good faith. However, many companies have experienced difficulties and unintended consequences as a result. Commonly, these include:

- Managers, challenged to meet tough business demands, often feel that flexible arrangements are made at the expense of productivity and so consider them a form of “soft” management. Or, they believe that, if one employee gets “special treatment”, everyone will want it, which would be impossible without disrupting the work. Actively or subtly, these managers discourage employees from applying for flexible arrangements.
- Employees who would like, or need, an alternative arrangement may fear that this will negatively impact their performance evaluations or their careers. Thus, they may fail to take advantage of the flexibility that is available to them. In organizations where face time is highly valued, this is particularly true of telecommuting.
- Conversely, even when work requirements change and their alternative working arrangements become an impediment to performance, some employees who have been on flexible arrangements for many years may come to view them as entitlements.
- Other employees may be envious of a co-worker’s flexible arrangements and feel that the boss is playing favorites. Or they may resent having to do additional work to cover for the person who has the flexible arrangement.
- Managers find themselves on the spot, having to arbitrate between competing requests for flexible arrangements. Is it “first come, first served,” until the unit can’t absorb any more flexibility? Are some reasons for the request more valid than others? How can the manager say “yes” to one person and “no” to another?

One company HR professional found she was spending an inordinate amount of time arbitrating complaints associated with flexible arrangements or coaching managers how

to deal with employees who were dissatisfied with their, or others', flexible arrangements. In this instance, a well-intentioned effort to respond to employee needs was proving to be counter-productive.

Another approach companies have taken to workplace flexibility is to create alternative schedules for all employees in certain situations. A typical example of an alternative work schedule is summer hours, where employees work a little longer each day for nine days and have a half day or a day off every second week. While avoiding the perceptions of unfairness that can accompany one-off arrangements for selected employees, offering specific flexibility options to all employees through corporate programs may not suit the needs of individual employees and fails to address the performance consequences in various departments and work units.

So, whether flexibility is offered to individual employees or made available to all, these approaches focus almost exclusively on employee needs – and are perceived as doing so by both managers and employees. To the extent that individual or team performance is considered at all, it is to try to prevent deterioration in productivity or service levels.

Antidote #1: Recognize That Companies Need Flexibility Too

When the focus of increasing workplace flexibility is on employee well being, what is often overlooked is that companies have an equally compelling need for flexible work arrangements. Often, workloads vary for different work teams from the beginning to the end of the week, or in monthly or seasonal cycles. When employees are on a fixed weekly schedule, these companies are required to staff up closer to what is needed for the peak periods or, more typically, pay overtime for staff to work longer on certain days. For example, in a claims processing unit of an insurance company, teams that handled incoming mail over a week-long processing cycle worked extensive overtime at the

beginning of each week and had time on their hands toward the end of the week. The opposite was true for those teams at the back end of the weekly work cycle.

Similarly, in project-oriented work, when deadlines are at hand, employees tend to work long hours. Conversely, when deadlines are in the distant future, there is less pressure and employees may be less productive. In many of these situations, fixed schedules are not the most effective way to match resources with work demands.

Companies need other kinds of workplace flexibility as well, namely the flexibility to adapt to new technologies, competitive threats, and changes in the marketplace. They may need to redesign their work processes or change their skill mix or restructure their organizations to bring the right resources together to solve a given problem or meet a specific threat. Jobs may need to be split or combined, or employees may need to learn new skills quickly. To be competitive, they need employees who are flexible, open to new approaches, and sensitive to what it will take for the company to succeed. These employees are already there, but in order to tap into this latent capability, companies will need to be equally sensitive to the needs of employees for flexibility and open to new approaches to meet their needs.

Antidote #2: Use Workplace Flexibility to Create More Effective Workplaces

Their shared need for flexibility provides the common ground on which both the company and its employees can pursue the goal of creating a much more flexible, dynamic and productive workplace for their mutual benefit. However, rooted in the belief that flexible arrangements are a tradeoff between the needs of employees and their employers, traditional approaches fail to capture the common ground.

Contrast more traditional approaches with a unique, groundbreaking program undertaken by The BOLD Initiative and funded by the Alfred P. Sloan Foundation*. In this program, ten companies in a variety of industries piloted a team-based, results-focused approach to the introduction of flexible working arrangements. Work teams were invited to set performance improvement goals, identify their personal needs for flexibility, devise innovative work schedules to meet these needs, and explore ways to improve the work process to accomplish both improved performance and increased flexibility. These companies' measurably enhanced individual and work group performance, while, at the same time, expanding the range and utilization of flexible work options to relieve employee stress. While each participating company tailored the approach to meet its own specific requirements, they all employed a common results-focused strategy for introducing flexibility consisting of the following steps:

1. Identify a function or location where there is a business reason for increasing workplace flexibility. Prudential saw this approach as a way to engage employees in designing a high performance organization in the claims processing unit undergoing significant restructuring. Johnson & Johnson selected the Accounts Payable group, a corporate shared services function because, historically, they had not been included in the company's alternative work arrangement programs. A Sales Operations (support) function in Nextel Communication's headquarters in Reston, Virginia was chosen to pilot the approach because its Vice President was concerned that, coupled with high work demands, the notoriously lengthy commute facing the staff in the Washington, D.C. area, had the potential to erode both morale and productivity.

*The BOLD Initiative program is part of the Alfred P. Sloan Foundation's *National Workplace Flexibility Initiative*. Other programs in this initiative are cited in an appendix to this report.

2. Introduce flexible work arrangements to intact work teams and make them available to all team members, not just to “privileged” or uniquely needy employees. Opening up flexible options to all team members as a legitimate way to accomplish team goals removes the stigma attached with receiving special consideration and avoids putting the manager in the position of arbitrating between team members’ competing needs for flexibility. And, since all team members’ needs for flexibility are considered equally valid and the team itself determines what aggregate schedules will work best, team members are more likely to back each other up than to resent covering for someone else who has a schedule negotiated bilaterally with the manager. A pilot team member at Weyerhaeuser, a forest products company, said it best. “Before this project, we were individuals working on a team. Now we are team members working together.”

3. Challenge team members to set performance goals and develop and implement a plan for achieving those goals and improving workflows, while simultaneously creating more flexibility to address pressures and demands outside of work. Employee engagement is the key to using flexible work arrangements as a strategy for creating effective workplaces. Team members are invited to use their creativity and experience to come up with a plan for making the team more productive and eliminating unnecessary work. The fact that they can consider their own needs for flexibility in designing the optimal work arrangements only reinforces their commitment to successfully implement the plans they develop. And they appreciate the confidence shown in them by management.

4. Assess results and insights from the pilot projects and create a strategy for expanding successful approaches to other parts of the organization. The pilot projects demonstrate the power of a team-based, results-focused approach to workplace flexibility and offer insights regarding what it will take to apply this approach on a larger scale. The modest scale of the pilot project permits experimentation so that the approach can be

modified to address unanticipated consequences of the original plan. Johnson & Johnson, when it did not get an expected reduction in absenteeism in the pilot project, made this expectation explicit as they expanded the effort to include more of the Financial Business Services' employees in the expansion phase.

As the above examples illustrate, other than the common focus on hours and location of work, the team-based, results-focused approach to workplace flexibility differs from conventional approaches in almost every respect (See Exhibit 1 below).

Exhibit 1: Comparing Approaches to Workplace Flexibility

While the two approaches to the introduction of flexible working arrangements focus on modifications to hours and location of work, they differ in many other respects.

Accommodation to Employees	Team-based, Results-Focused Approach
1. The implicit assumption is there is a short-term tradeoff between employees' need for flexibility and the company's ability to produce results.	1. The approach is grounded in the belief that both the company and employees need flexibility, so flexible arrangements can have an immediate positive impact on organizational performance.
2. The purpose of introducing flexibility is to reduce employee stress by offering alternative work arrangements.	2. The purpose of introducing flexibility is, simultaneously, to improve organization performance and reduce employees' stress by helping them gain better control over conflicting demands on their time.
3. Flexibility is granted to individual employees on an as-needed basis, or	3. Flexibility is made available to work teams and open to all team members.

available to all employees as a specified program.	
4. Flexibility options are prescribed in advance, usually by the Human Resources department. The employees' role is to choose from available options.	4. Employees on a work team create their own proposal for deploying flexible working arrangements. Within constraints imposed by the work requirements, flexibility arrangements are tailored to the unique requirements of each team member.
5. Managers and/or the Human Resources function take responsibility for determining who gets flexibility and who doesn't – and adjudicate disagreements.	5. The team reaches consensus on flexibility arrangements and takes responsibility for resolving conflicting schedules or dealing with the impact of flexibility on team performance.
6. Flexibility, at best, has no impact on team cohesiveness and could have a negative impact if team members feel others are getting special privileges.	6. The team develops a shared commitment to making the flexibility arrangements work, and ensuring that performance is improved. Team members back each other up. Engagement, communication and teamwork, are enhanced.
7. Flexibility has little impact on managerial behavior, other than requiring the supervisor to adjust workloads and assignments to accommodate the special relationships.	7. Supervisor strengthens performance measures, shares responsibility for results achievement with team members, and serves as a coach.
8. Introduction of flexibility has little impact on pre-existing culture.	8. Introduction of flexibility creates inclusion and a culture supportive of diversity.

The differences highlighted in Exhibit 1 are so fundamental as to require a re-definition of workplace flexibility. In our view, workplace flexibility encompasses:

- Flexibility in when and where employees work that makes it possible for them to meet their personal needs outside of work, while enhancing their contribution to team effectiveness.
- Flexibility in how work gets done and how team members prioritize their work
- Flexibility in the way that team members respond to a rapidly-changing and increasingly competitive work environment.
- Flexibility in the ways that managers provide direction, coaching and feedback to maximize the results achieved by the work team.

With this broader understanding of workplace flexibility, organizations can exploit the power of flexible work arrangements as a tool for both increasing employee engagement and satisfaction and enhancing performance, thus linking workplace flexibility with team performance. Both the company and individual employees can be more effective and in greater control of their resources. Workplace flexibility in the broader sense strengthens the common ground between those who are striving to make their companies more competitive and those who are concerned about the serious consequences on workers and their families of the growing disconnect between the way work is structured and the needs of employees and their families.

The Complete Process in Action: The Chubb Corporation

The Chubb Corporation is a global property and casualty insurer, with 10,800 employees worldwide and premiums of \$12.3 billion in 2005. Faced with competition for talent from financial services companies opening up near its Phoenix claims processing center, Chubb selected that location to pilot the team-based, results-focused approach to workplace flexibility. The 180 employees in the center, 70% of whom are female, are

highly diverse: families with two working parents, single-parent families, and singles, with varying child care and elder care needs and outside interests.

Within the claims center, two Casualty Claims processing teams and one support team from the Operations Services Division (OSD), a total of 15 employees plus three supervisors, were chosen for the pilot. A small design team, including the Senior Vice President of the claims center, and the HR generalist, as well as the leaders of the pilot teams, determined the base line measures of flexibility, performance, and employee perceptions and behaviors, designed the pilot team launch meetings, and established a timetable and a communication plan.

Within 10 days, launch meetings were held with the three pilot teams at which team members designed flexibility into their work processes and schedules. At the outset, the SVP made it clear that the company was committed to finding ways to offer more scheduling flexibility to employees to enable them to meet conflicting demands on their time and to ensure that, when they were at work, they were fully engaged. He was equally clear that the company's objective was to create more effective and productive work teams and that, along with increased flexibility, measurable gains in performance needed to be achieved.

The team members rose to the challenge. They engaged in an animated discussion of opportunities for improved performance, personal needs for flexibility, the various scheduling options that might satisfy these needs, and ideas about how work processes might be streamlined to enhance performance while increasing flexibility. Thus, the teams used a multi-faceted approach to creating a more effective workplace, with improved performance and increased flexibility as intended outcomes. Their plans included:

- Measurable productivity goals appropriate to each team, e.g. number of files handled per processor per week, backlog reduction, turnaround time, etc.
- Specific quality goals, e.g. correct payments, quality and completeness of file documentation, etc.
- A broad range of flexibility options that met each individual's needs, e.g. compressed work week, flexible lunch hours, opportunities to make up missed time, and working from home 2 days a month.
- Innovations in work methods, including cross-training, merging of tasks, revised and simplified forms, and the elimination of one form altogether.
- A master calendar for all participants to ensure that everyone was aware of the coverage being afforded at any one point in time and the impact of their schedules on coverage.

Senior management accepted the entire proposal with all its individual flexibility options and work innovations intact, and the pilot project ran for 90 days, with a mid-point review after 45 days. Throughout the implementation phase, team members evaluated the effectiveness of their plan and made changes, where warranted, to achieve a closer alignment between work requirements and team members' needs for flexibility, or to accommodate changes in work demands or personal needs.

The pilot project resulted in increased flexibility, measurable improvements in team performance, and significant changes in the attitudes and behavior of the participating employees. While the teams had experienced some flexibility before the project, many more flexible work options were devised by the pilot team members and these were tailored to their individual needs.

The Casualty Claims team had an 18% improvement in productivity as measured by the number of files handled per claims adjuster per week – thus reducing a claims backlog with no reduction in quality. The Operations Services team was able to extend the

schedule beyond the normal 8-hour day, reducing backlogged items, while at the same time reducing overtime hours by 40%. The creativity and commitment of the team enabled OSD to meet all of its productivity goals and increase its capacity to the point where it voluntarily assisted other units within the center with payments, faxes and handling of incoming phone calls. This resulted in a measurable reduction in the workload of other heavily-burdened teams – a result well beyond management’s initial expectations.

As important as the productivity gains were, the real story is how these gains were achieved. The management team reported a dramatic increase in the responsibility assumed by all team members for team performance. They were conscious at all times of the team’s performance and workload demands. When they identified volume spikes, they developed a plan to manage the increased volume. The engagement process produced a strong sense of commitment to the team as a whole and a willingness to pitch in when needed.

Increased commitment and greater flexibility also reduced by almost 50% the amount of unscheduled Paid Time Off in the OSD team. Requests to adjust work hours to accommodate outside commitments also dropped. In the Casualty Claims teams, during the pilot period absenteeism dropped 57%.

Having proven the value to both the company and employees of introducing greater workplace flexibility, the pilot process is being extended to other teams in the Western Claims Service Center, and ultimately will be offered to its 180 employees. Each team will develop its own flexibility and performance improvement plan, drawing on the pilot team’s resources and experience. Because they value the experience so highly, the pilot team members are eager to serve as ambassadors and advisors on the approach.

The Chubb Corporation is now extending the team-based, results-focused approach to flexibility to the 280 employees in its claims service center in Chesapeake, Virginia, and its CEO has committed to building upon the approach in 2006 through a deliberate, step-by-step process, allowing for more Chubb employees to benefit from more flexible arrangements.

Flexible Workplaces Pay Off for Companies

As evidenced by The BOLD Initiative's demonstration program, flexible workplaces pay off for companies in three ways:

1. Individual and team performance improves. In the Facilities Engineering function at media company Gannett's headquarters, month-end backlogs of incomplete work orders declined by an average of 81% over the comparable period in 2004. In PepsiCo's Frito Lay Division, when the pilot teams restructured the work to free them up from filling in for absent drivers or handling administrative work, District Sales Leaders (first line supervisors in Field Sales) were able to devote between 1 ¼ to 2 ½ more hours per week on high value-added managerial and customer contact activity.

Weyerhaeuser, a forest products company, introduced team-based, results-focused flexibility to a team of customer service representatives in its Employee Service Center, a call center created to handle employee and pensioner inquiries about benefits, salary, and other personnel services. Within three months of implementing flexible work arrangements and improving the work process, the customer service representatives had increased the number of calls answered in 20 seconds or less by 10%, while the length of time customers were kept on hold while answers were being sought for their inquiries diminished by 30%.

Qualitative measures of performance were also impacted by team-based, results-focused flexibility. In a survey conducted with internal customers served by Nextel's Sales Operations function, between 19 to 31% of respondents perceived increases in this support function's productivity, responsiveness, effectiveness, and deadlines met. Importantly, no one perceived a decrease in performance. The biggest change noticed by the internal customers was in the perceived morale of the employees supporting them. A full 56% reported increased morale among the Sales Operations groups with flexible work arrangements.

Employee behavior that impacts on cost is also enhanced. In Gannett's headquarters Mail Services unit, unscheduled absences during the pilot project dropped by 72% in January and 36% in February from the same period the year before the pilot project.

2. *Employees become more engaged and committed to achieving results.* Team-based, results-focused flexibility invites employees to put their experience and ingenuity to work to help the company create a more flexible, dynamic, and adaptive workplace that can respond to rapidly changing conditions and new challenges and threats. The fact that their own flexibility schedules are contingent on individual and team success only reinforces team members' shared commitment to achieving superior results. This approach produces solutions that managers would not have come up with themselves. The head of Prudential's Customer Service Office, observed, "The biggest insight we gained from the pilot project was that we had been underutilizing our staff. Given the cost containment pressures we are under, we can't afford to do that."

3. *Managers learn how to manage for results.* The projects in the demonstration program show us that managing employees with flexible working arrangements requires disciplined, results-focused management where performance expectations are clear, plans are developed and monitored, and success or failure produce consequences. For example, in Nextel, offering employees more opportunities to work from home or from a

remote location necessitated developing clearer expectations for what was to be accomplished when off-site. Managers had one-on-one meetings weekly with their team members to establish what needed to be accomplished off-site and how these employees would connect to activities back in the office. They found that these weekly reviews improved communication and helped to accelerate projects where key milestones and project deadlines were weeks or months away. Thus, for Nextel, managing flexibility strengthened the very disciplines needed to achieve improved business results.

Employees Gain Much More than Increased Flexibility

Employees also benefit from a team-based, results-focused approach to flexibility:

1. They gain a greater measure of control over their lives. When companies use workplace flexibility to create effective workplaces, team members participate in a unique experience of designing their own flexibility arrangements, in consultation with their colleagues, and within boundaries established by the need to maintain or enhance individual and team performance. Thus, employees experience not only greater flexibility, but also a greater measure of control over the pressures that create demands on their time.

As a result, employees report feeling less stressed and express satisfaction with the schedules themselves. The alternate work schedules do not have to be dramatically different to reduce stress on employees. Just being able to flex around doctors' appointments or household repairs, or being able to spend a little more time with their children or on personal pursuits is seen by employees as very valuable. Employees who are able to telecommute also report that they are able to get more work done because of uninterrupted blocks of time at home that would not have been possible in the office. Reducing the amount of commuting also saves time, money and aggravation. These

gains lead employees to feel more positive about the level of support their employers show for efforts to ameliorate their stress.

2. *They feel valued for their capabilities and their uniqueness.* By engaging employees and tapping into their ideas about how to structure and schedule the work, managers provide tangible evidence that they value the input of all staff members. Participants in several companies' pilot projects expressed views similar to this participant's, "For the first time in my life I don't feel like a robot. I don't mind coming to work." Also, with better planning and increased communication, personal needs for flexibility no longer stand in the way of employees contributing to team success. And employees know they will be evaluated on the basis of objective measures of contribution, not on preconceived stereotypes or unfounded assumptions about face time and their capacity or willingness to do the work. As noted earlier, being able to accommodate personal needs for flexibility more easily and being evaluated based on performance are of particular importance to women and people of color.

3. *They experience the power and support of an inclusive, team environment.* In contrast to situations where flexibility is negotiated bi-laterally between individual employees and their supervisors, employees participating in a team-based approach report a high level of teamwork where team members count on each other for support and for getting the work done. At Weyerhaeuser, 3 of the 11 original team members in the pilot project left for a variety of reasons. The call center manager noted that the three replacement team members were integrated into the team faster and more effectively than in any previous case of turnover in the five years since the unit was created. Building the new members' flexibility needs into the schedule required the existing team members to treat the newcomers as whole people and equal contributors, and vice versa. Since the team had a shared interest in achieving performance goals, more effort was spent helping the new team members get up to speed. In response, the new team members felt a strong obligation to pull their weight and quickly became fully-functioning team members,

valued for their contributions. The Weyerhaeuser anecdote illustrates the power of team-based, results-focused flexibility to create an inclusive environment where employees are accepted into a team based on their contributions and evaluated on the basis of their performance.

The team-based, results-focused approach to workplace flexibility also creates the conditions for a different relationship between supervisors and their work teams. Because they take more responsibility for the success of the flexible arrangements, employees develop an increased appreciation for the difficulties associated with managing a team and achieving challenging performance goals, as well as a stronger sense of personal responsibility for team outputs.

Managers, for their part, learn to value the contributions that team members can bring to achieving company goals when they are asked to do more than show up and perform pre-assigned functions. They see team members monitoring changes in work demands, personal needs, team composition, customer requirements and other changes and modifying their work plans and work processes accordingly.

Thus, the mutually-reinforcing effects of greater employee commitment, greater use of their skills, and increased managerial respect for team members creates a virtuous cycle of continuing improvement that enables companies to meet constant and ongoing demands for change.

Implications for America's Competitive Position and for Working Families

By helping companies to improve performance without adding resources, the team-based, results-focused approach places flexible working arrangements in the mainstream of corporate America's drive to be competitive. It takes employees' needs for flexibility out

of the category of a stand-alone issue that needs to be addressed separately, and gives managers both a reason and a methodology for engaging employees in developing working arrangements that are mutually beneficial.

The potential for achieving significant performance gains and reduced stress on employees through collaborative effort lies largely unused in most corporations. Companies in the demonstration program, representing a wide range of industries and functions, set improvement goals and exceeded them. Simultaneously, they heightened their employees' engagement, commitment, and enthusiasm for the work, while creating a work environment more conducive to diversity and inclusion. Their desire to sustain these improvements and expand the use of flexible arrangements reflects their belief that further gains are possible. The anticipated, longer-term benefits of increased attraction and retention of staff and reduced absence due to stress-related illnesses add to their commitment to deploy this strategy.

Companies will continue to look for competitive advantage through outsourcing, offshoring, and investments in technology. However, they must not overlook the potential for improved performance and increased competitiveness that is readily at hand, namely the energy, commitment, experience, and skills of their own employees. Through the same flexible, performance-based, and results-focused management culture, companies can achieve both performance excellence and a truly diverse workplace able to capitalize on the changing American demographics.

For those whose concerns are work and families, the team-based, results focused approach to the introduction of flexible working arrangements creates the possibility of setting a new direction – one that promises to embed it in the practices by which the most successful American corporations remain competitive. This is the one best way to align work practices and structures with the needs of employees in contemporary society and remove a significant source of stress from today's employees and their families.

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Appendix: National Workplace Flexibility Initiative Programs

The BOLD Initiative's report, *Flexible Work Arrangements: A Productivity Triple Play*, is funded by a grant from the **Alfred P. Sloan Foundation** through its *National Workplace Flexibility Initiative*. This collaborative effort includes a variety of projects at the national, state and local levels that coordinate with business, labor, government and advocacy groups to promote workplace flexibility as the standard way of working in America.

The Center on Aging & Work/Workplace Flexibility at Boston College is a unique research center that focuses on one of the defining issues of our time: aging and work. For more information visit www.agingandwork.bc.edu/.

Corporate Voices For Working Families is a non-partisan, non-profit corporate membership organization created to bring the private sector voice into the public dialogue on issues affecting working families. For more information visit www.cvworkingfamilies.org.

The Families and Work Institute project on workplace effectiveness and workplace flexibility, *When Work Works*, is a nationwide initiative to highlight the importance of workforce effectiveness and workplace flexibility as strategies to enhance businesses' competitive advantage in the global economy and yield positive business results. For more information visit www.whenworkworks.org.

The Labor Project for Working Families is a national nonprofit advocacy and policy organization providing technical assistance, resources and education to unions and union members on family issues in the workplace including: Childcare, Elder care, Family leave, Work hours, and Quality of life. For more information visit <http://www.laborproject.org/>.

The Sloan Work and Family Research Network supports research and teaching, promotes best practices at the workplace, and informs state policy on issues that affect the lives of working families and the places where they work. For more information visit www.wfnetwork.bc.edu.

Workplace Flexibility 2010 is a Georgetown University Law Center campaign to support the development of a comprehensive national policy on workplace flexibility at the federal, state and local levels. For more information visit www.workplaceflexibility2010.org.