Flexibility - The Business Case

By: Mary L Bennett, MBA, CIA, CEC

Introduction

Why do organizations offer flexibility? Successful accomplishment of business strategy is the primary reason. The majority of our employees require flexibility at some point in their careers. Research increasingly points to flexibility as one of the most important career considerations of staff, emerging leaders and even our seasoned leaders. If we do not offer this flexibility in our organizations we will lose productivity in our top talent pool and we may lose this top talent completely to our competitors. In addition to flexibility as a requirement for top talent, consider the possibility that flexibility can actually improve your organizational results.

There are many definitions of flexibility. For the purposes of this discussion we are talking about any type of flexibility that allows team members to depart from the standard schedule of an early morning start time to an early evening departure, with all hours served as face time, either at a client site or at the office location. There are many articles and books written regarding the types of flexible work arrangements available. See attached resource guide for these reference guides. This article will not focus on the mechanics of the arrangements but the business case behind them.

Flexibility is not exclusively about part time work. Many types of flexibility involve no reduction in the amount of hours worked. In fact, many types of flexibility involve only one dimension of work structure, such as location, amount of travel or timeframe of the hours worked. There are many dimensions to work structure. Each of these dimensions can be considered when offering flexibility options to team members which in turn gives organizations many options.

The days of flexibility centered on “flex-time” programs and individual “accommodation” has past. Organizations that are making flexible work cultures a success are doing so by using flexibility and the building of a “flexible work culture” as a business strategy that supports business goals directly.

Each organization will have a slightly different emphasis in their business case for flexibility. The business case should be directly tied to the strategic plan of the organization which will drive the prioritization of the flexibility business case components specific to each organization.

The following list includes many common business goals and how flexibility can assist in the accomplishment of these business goals. These business goals should be prioritized based on...
applicability to the organization and customized with actual organizational data when formulating the business case for specific organizational flexibility.

**Business Case Components**

**Employee Attraction & Retention**

As stated above there are very few employees that go thru their entire career without the need for flexibility at some juncture. In addition we know that there are many groups within our talent pools that require flexibility as part of a desired career package. Dual income families are the first group that comes to mind. ¹Eighty percent of all couples in the United States are dual income. This means that both members of the household work in jobs outside of the home. Many of us in the accounting profession can remember a time when all those we worked with were from single income families. Many of us may still be members of a single income family; however this is far from the norm. Only 20% of the population have an adult at home full time managing household tasks and this percentage is shrinking. Our organizations are still in many ways structured as if everyone has an adult family member at home managing the many things that must be done to run a household. As a result we may not even be aware of all that it takes to keep a household chaos free. Most individuals in the U.S. do not have this luxury. Simple things such as car repairs or maintenance, doctor appointments, home maintenance, financial management, and last but not least child or elder care responsibilities require time to manage effectively. Dual income families are under tremendous pressure not only to make ends meet but to stay organized and accomplish household and family related tasks in a timely and effective manner. This pressure often causes significant stress. In addition, we know from research that the reduction of this pressure can result in a powerful barrier to exit in employees. For many of our employees, it is high on their list of priorities to establish flexibility that works well for their family unit. Once this flexibility is in place, it is a very strong and low cost employee benefit and barrier to exit.

Not only dual income family members are looking for flexibility. Other groups that are demanding flexibility in their career package are generation x & y, those moving toward retirement, those with increasing outside interests such as hobbies or educational goals, and those serving in the military and working in reserve units. There are more and more reasons why individuals require flexibility and our competitors are providing it. The size of the talent pool that will periodically require flexibility in their career is growing rapidly. The organization with a flexible work culture will be well prepared for the future. Flexibility is a competitive advantage in today’s marketplace.

In addition to the competitive need to provide flexibility, the bottom line is best served by preparation for flexibility as well. The loss and recruitment of replacement staff conservatively costs a Firm 150% to 200% of annual salary. By contrast, a full one year parental leave, or elder care leave costs only 32% of annual salary. Multiple the savings noted above by the number of employees likely to require flexibility in the future and bottom line impact is evident.

¹ Marriage.families.com
Increased Productivity

Flexibility, when well executed, will improve productivity within an organization in a variety of ways. Well executed flexibility requires improved communication regarding roles and expectations. Flexibility often reduces stress dramatically which can result in increased concentration, improved attendance, morale and improved performance. Each of these elements is a building block to improved productivity.

A 2007 CCH Survey shows that 66% of absence from work is related to other than personal illness. In addition, 35% of absence from work is related to stress and family needs with another 18% related to personal needs. Similar surveys have shown that individuals will often not actually take the day off, but will come into work with these distractions pulling them away from work during the day. This lack of concentration directly impacts productivity because many individuals cannot use all of their vacation time for these needs yet the issues must still be dealt with using work hours to make calls, and keep appointments. Catalyst cites 76% of managers and 87% of employees reported that flexibility had a positive impact on productivity.

A recent study out of Cranfield School of Management suggests that workers given flexible hours by their employers tend to work more intensely than their counterparts who are keeping more rigid office hours. The researchers suggest that the reason for this phenomenon is a “kind of payment” to the employer from the worker in exchange for the freedom to choose where and when to work.

Flexibility is not always about personal needs, often flexibility is requested for business reasons that directly increase productivity. Flexibility requests are increasingly about setting aside uninterrupted time to complete certain tasks and to accommodate urgent work requests and to address the following business needs:

- To be available to colleagues and clients in other time zones
- To address needs put aside during periods of heavy workload
- To avoid long commutes of unproductive time

In the accounting industry there is often a question about how to structure a comparable schedule for those who may have some type of flexibility in order to protect Firm metrics and promote fairness. In reality, a simple proration of billable hours to non billable hours is directly translatable for those who flexible arrangements involve a reduction in hours. For example, if a firm policy calls for an 85% to 15% billable to non billable ratio, then the same is true regardless is someone works 3000 hours or 1000 hours a year. Many firms alter these ratios of billable to non billable dependant on an individual role and therefore direct proration of hours is not necessary or practical in these Firms. In addition as stated

---

2 CCH Absence Survey - 2007
3 Discovery News, Feb 2010
4 Building a Flexible Workplace, Catalyst July 2009
previously, many flexibility arrangements do not involve an overall reduction in hours and therefore total billable hours may actually increase due to the increased productivity noted above.

Firms should avoid removing individuals from advancement and promotion tracks as a result of flexibility. First and foremost the number of individuals who desire flexibility is increasing and these numbers suggest it is prohibitive to exclude the significant number of individuals from maximizing their potential. In addition, the lost of talent from reducing the growth of this talent pool is short sighted. It is critical that outcomes, experience requirements, and role responsibilities are not confused directly with hours work. There are positions that are very difficult to execute with less than a full time plus level of hours. However, in reality many of these roles can be split or shared if viewed in a new light. In addition, as has been stated previously many types of flexibility do not require a reduction of overall hours and therefore there is no impact regarding full time plus executive roles. If the team perceives lack of advancement as a consequence of flexibility the competitive advantage and business case is lost.

Improved Client Service & Satisfaction

Flexibility can improve client service in a variety of ways that include extended hours, deeper bench strength, improved employee engagement and improved back up service

When our clients need extended hours of access to service providers this does not always mean that the hours need to be served by one person. Flexibility promotes service by the engagement team as a whole. Putting flexibility in place regarding work hours can be an improvement for clients and our engagement teams simultaneously. With a little planning and good communication, a flexible work culture can extend the amount of hours we are available to our clients and the quality of that response. For example, an engagement team can agree that one individual desires to begin work very early in the morning and wrap up late afternoon while other team members prefer to begin work late morning and wrap up in the evening. With both of these team members covering client communication- the client is covered for a 12 or even fourteen hour day on a regular basis while still matching the desired work hours of those on the team. These arrangements create a powerful productivity enhancer and barrier to exit within the team while simultaneously improving client service and building stronger continuity and relationships. In addition, the team members share client coverage and communication and develop stronger skills for future advancement. If there is turnover in the team at some point, the relationship with the client does not rest in the hands of one person. The team relationship protects the client relationship and increases client continuity which will directly improve client retention which is a top concern of accounting Firms today.

Client satisfaction and retention is a number one concern of firms according to a 2009 PCPS survey. Serving current clients is much more profitable then acquiring and acclimating to new clients. Client retention is a significant bottom line issue for all Firms and one that can be improved by well executed flexible work culture efforts. Employee engagement is improved when desirable career components such as flexibility are available. Flexibility fit is a powerful predictor of employee engagement for
employees of all ages. Increased employee engagement has been proven to predict increased customer satisfaction.

Effective Management

A flexible work culture can positively impact the effective management of a Firm which is most significantly a bottom line issue and important component of the business case. Flexibility improves Firm management by impacting the costs related to the peaks and valleys of work flow, both predictable fluctuations such as seasonal changes and unpredictable fluctuations such as timing issues, growing and shrinking practices, sabbaticals and absence leaves. Consider the following scenario. A Firm requires a 40% increase in hours to complete seasonal work each month for four months. Firm #1 deals with the increase by requiring individuals to increase their hours to cover this gap in hours. Firm #2 hires individuals who work forty to fifty hours per week to cover these seasonal hours. Some of these individuals work part time during other seasonal flux periods, others are completely non active in the slower seasons which works with their family considerations. Other team members make themselves flexibly available in the slow period should any periodic project work arise that requires additional hours over and above those available with traditional staffing.

In Firm #1 most individuals are required to work significant overtime during the seasonal work period which limits the talent pool that is willing to work with Firm #1 and increases turnover and burnout among those who do. The turnover, burnout and stress related ailments increase costs in recruitment, training, medical leave, and health insurance costs. In Firm #2 those individuals with traditional full time schedules in the Firm are not required to work significant amounts of overtime unless they wish to do so. Moderate levels of overtime are compensated properly. Unsustainable levels of overtime are not encouraged as this creates poor role modeling and misconceptions about what is required to advance in the Firm. In each individual case, compensation is adjusted accordingly to ensure Firm metrics are met.

Flexibility allows for and even enables customized career and life integration design while simultaneously providing depth in staffing for planned and unplanned contingencies. Flexibility is a two way concept and individuals who are able to access flexibility when desired are very often willing to respond when the Firm requires flexibility of them to accomplish business needs and/or meet client needs. Decisions are not static and therefore morph as individuals move through different stages of their lives. This adjustable model increases the number of years of employee retention which decreases recruitment, and training costs. With a flexible work culture and deeper bench strength, changes in practice volume and other volatilities in the practice are more easily staffed at a lower cost with less negative impact to the client.

---

5 Marcie Pitt-Caatsouphes; Christina Matz- Costa
Conclusions

Building a flexible work culture is a business strategy that supports the accomplishment of other business strategies. The business case for flexibility is supported by a deep connection with many common business strategies in play today at most organizations. The business strategies include: top talent attraction and retention from almost all pools of workers, productivity gains, improved client service & satisfaction and improved business effectiveness. It is not difficult for any organization to create a strong business case for flexibility that is tied directly to its primary business objectives in a very specific manner. The Firms that begin to approach the building of a flexible work culture in a determined, systemic, and strategic manner will be building a strong competitive advantage.