

**RSM! McGladrey**



**Is a flextime program right  
for your organization?**

**Flexible work schedules are becoming a compelling benefit**

### Is a flextime program right for your organization?

In the past, companies tended to embrace the old adage: leave your personal problems at home. However, as competition for high-performing employees heats up, many organizations are now taking work-life balance needs into account. By offering benefits like flexible work schedules, these companies are gaining an edge over competitors that impose more rigid work schedules.

#### Statistics show the shift in priorities

According to a study conducted by the Families and Workplace Institute<sup>1</sup>, the shift in priorities from work-centric to family-centric is a result of demographic changes in the workplace. These changes are reflective of generational differences in priorities. The study found Gen-X and younger employees place a higher premium on work-life balance compared with baby boomers and older workers.

What are the underlying reasons behind these generational differences?

- More mothers are entering the workforce.
- Young fathers are playing a more active role in family life.
- Aging adults are requiring more care from working children.

What's more, the level of responsibility workers desire in their jobs has decreased significantly in recent years, further demonstrating the shift in priorities.

- Among college-educated men of Gen-Y\*, Gen-X\* and boomer\* ages, 68 percent wanted to move into jobs with more responsibility in 1992 versus only 52 percent in 2002 – a decline of 16 percentage points.
- Among college-educated women of Gen-Y, Gen-X and boomer ages, 57 percent wanted to move into jobs with more responsibility in 1992 versus only 36 percent in 2002 – a decline of 21 percentage points.

*\* Workers surveyed spanned in ages between 18 to older than 58. Gen-Y survey respondents were 18 through 22 years old, Gen-X participants were 23 through 37 years old and baby boomers were between the ages of 38 and 57.*

#### What does this mean for the future of the workplace?

As workplace demographics continue to change, emphasis on work-life balance will play an important role in employee recruitment and retention. A survey conducted by Spherion Corporation<sup>2</sup> found job satisfaction is directly linked to work-life balance.

- Eighty-six percent of survey respondents cited work fulfillment and work-life balance as their No. 1 career priority. Conversely, only 35 percent of workers said being successful at work and moving up the ladder were their top priorities.
- Seventy-three percent of survey respondents said they were willing to curtail their careers to make time for family and personal fulfillment.
- Fifty-four percent of survey respondents said they were confident in their ability to earn a stable income outside the conventional work structure.

#### Less 9 to 5 – alternative ways to make a living

The basis of work-life balance has taken new shape in the form of flextime. Flexible work arrangements enable employees to spend more time with their families and if managed correctly, don't negatively impact productivity.

The standard workweek as we know it is changing. Flextime policies are becoming more prevalent among companies and while "9 to 5" may still be the norm, these companies are taking advantage of flextime options to attract and retain employees.

According to research conducted by the Families and Workplace Institute, only 18 percent of companies offering one or more flexible work arrangements perceive the costs of their investments in these policies as outweighing the benefits, while 36 percent perceive these programs as cost-neutral and 46 percent perceive a positive return on

their investments.

### **Benefits – compelling reasons to consider a flextime program**

While the benefits for employees may be obvious – more freedom and time to accomplish personal goals and the flexibility to spend more time with family – the benefits for employers are just as valuable.

- **Increased productivity.** Employees receive an adequate amount of time to deal with personal issues so when they're on the job, they're able to focus on work.
- **Improved morale and job performance.** If employees' personal well being isn't compromised by work, there will likely be a boost in morale and job performance.
- **Loyalty.** Employees are more likely to remain in their jobs and thus, companies don't have to recruit and train new employees.
- **Payroll expense savings.** If all employees aren't working during seasonal or economic slowdowns, there are significant cost savings.

But before your company says yes to non-traditional work arrangements, you need to make sure it's the right decision for your workplace.

### **Steps to take before implementing a flextime program**

According to the NFIB, an advocacy organization that represents small and independent businesses, it's important to take the following steps before implementing any type of flex plan<sup>3</sup>.

#### **Conduct a survey**

A survey gives an indication of what appeals to employees, but it shouldn't include options the company won't support. For instance, if an organization would never allow employees to take Mondays off, they shouldn't have that choice on the survey.

#### **Determine feasibility**

What if you discover that 75 percent of employees favor having Fridays off? It's important to determine if your

business can operate for one day with only 25 percent of its employees. If it can't, your company must decide what alternatives are available. Perhaps the group can be split into Fridays and Mondays. These are decisions that must be made before any steps are taken to implement a non-traditional work plan.

#### **Put it in writing**

The company needs a written policy of just what flexibility it will allow. Guidelines for every type of plan should be included. Make copies of the rules for every employee and have all employees sign the policy, whether they plan to change their work hours or not.

#### **Decide who is eligible for each flexible policy**

In order for this policy to work, the employer must focus on the job requirements. Certain jobs in your company may not be eligible for this plan. For example, administrative assistants may need to be available for all traditional working hours. Salespeople, however, may be able to work Monday through Thursday, as long as their quotas are met. Carefully spell out the factors that go into identifying whether a position is eligible for flextime.

#### **Understand the laws**

Before launching a work-life initiative such as flextime it's also a good idea to seek legal counsel, according to the Society for Human Resource Management (SHRM). In addition, if a union represents the workplace, or if employees are in the process of organizing, it's important to check with both the union and a company attorney. The presence of a union in the workplace may place limits on the types of flextime plans a company can offer.

SHRM experts note that it's also important to keep in mind the impact of state and federal employment laws<sup>4</sup>, including:

#### **The National Labor Relations Act (NLRA)**

This law affirms employees' rights to form unions. Work-life issues are usually part of collective bargaining

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agreements, limiting employers' ability to enact family-friendly policies without input from the union.

### **The Fair Labor Standards Act (FLSA)**

This law, passed in 1938, holds that workers who work more than 40 hours per week must be paid overtime. One intent of the FLSA was to create incentives for employers to hire more workers, rather than making existing workers put in long workdays. However, with the emergence of a service-oriented economy, a growing number of workers are considered to be exempt from the FLSA's overtime provisions.

### **The Family and Medical Leave Act (FMLA)**

Enacted in 1993, the FMLA requires employers with 50 or more workers to provide staff with up to 12 weeks of unpaid leave annually to care for a newborn, newly adopted or newly placed foster child; a child, spouse or parent who has a serious health condition; or the employee's own serious health condition, including maternity-related disability and prenatal care.

### **Lay the groundwork**

Upon the decision to start a flextime program, it's important to lay the groundwork by developing a roadmap. An article in an issue of *Mosaics*, a bi-monthly newsletter published by SHRM, identified five business basics that can help establish the direction of your program<sup>5</sup>:

- **Purpose.** Create the vision for your flextime. What should it achieve?
- **Plan.** Develop a plan for how to achieve that vision. What needs to happen, both in the culture of your organization and in the policies, programs and processes? Benchmark other companies in the same industry and geographic locations. Your organization's partners – and competitors – are excellent sources for ideas.
- **Networks.** Determine how everyone can work together to be a part of a successful flextime program.

- **Tools.** Find the resources to fully address the issues of work-life balance. This may involve further analysis of the employee survey conducted prior to the decision to implement a flextime plan.
- **Results.** Decide how to measure the plan's success. Are traditional HR measures the most appropriate to account for success, or are there other measures that are more significant? The key measure is return on investment (ROI). However, calculating ROI for flextime plans can be tricky since the payoff is often over a long period of time.

### **Flextime options**

A wide range of flextime options exist, including<sup>6</sup>

#### **Alternative scheduling**

Employees with children and eldercare responsibilities often have obligations that crop up during the workday. For many employers, the time when their workers arrive and leave is not as important as their dedication and performance.

Establishing a way for employees to bend their schedules can reduce sick leave and other unscheduled absences. Staggered workdays can provide greater coverage for your company. For example, a West Coast employer that allows an employee to work from 6 a.m. to 2 p.m. will have someone available to attend to the needs of customers on the East Coast. Employees that are allowed to arrive during off hours spend less time commuting and are often more productive.

Flexible scheduling options include:

- **Alternate work schedules.** Modified schedules allow employees flexibility in when they start and stop work, and even what days they report.
- **Compressed workweeks.** The most common compressed workweek is a four-day, 10-hour schedule (a 4/40 plan). Some employers opt to allow compressed

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workweeks in the summer only, when children are out of school.

- **Paid-time off plans.** These plans allow employees to pool their sick and vacation leave.
- **Part-time work.** For some employees with ongoing family obligations, a permanent part-time schedule may be needed.
- **V-Time.** This is a mutually agreed upon arrangement that allows an employee to voluntarily take a portion of the year off or change to a part-time schedule (and pay) to meet personal needs. Unlike regular part-time work, V-time scheduling includes an expected return to full-time work.
- **Job-sharing.** This allows two employees to do the work of one full-time worker by sharing hours and responsibilities. There are many challenges associated with job-sharing, and it requires good communication between the employees and with the supervisor to maintain job efficiency and effectiveness.

### **Telecommuting**

Allowing employees to work from home helps them juggle unpredictable schedules caused by family or personal matters. Many employers report that teleworkers spend more time on the job because they are not caught in traffic. Telecommuting can also benefit the employer by offering savings on office space and electricity.

The disadvantage for employees – Because telecommuters lack the face-to-face time, they may find themselves left out of important meetings and key decisions. As a result, they are often overlooked for advancement opportunities.

### **Keys to managing a flextime program**

Regardless of what type of flexible work arrangement your organization offers, such initiatives require careful planning and monitoring. Without these elements, flexible arrangements could result in confusion, conflict and even charges of discrimination. SHRM documents the following ways to help ensure a well-managed flextime program.

### **Provide training**

Employees who are shifting to an alternate work arrangement need instruction on how to perform their jobs. Provide information to supervisors, as well as team members and others who work with employees opting for flex scheduling.

### **Clearly communicate employee performance expectations**

It's always important for employees to understand what is expected of them. But it's especially critical for employees who spend a large part of their workweek away from their supervisors.

### **Implement ongoing follow-up**

Flexible work arrangements don't always work. Sometimes the problem lies within the organization's culture, other times there are conflicts with the requirements of the position or the personality of an employee or supervisor. However, employees are likely to resent flextime being taken away from them.

Recognize that workers are likely to view alternate work options as an ongoing commitment by your organization, rather than a temporary experiment. If you employ monitoring practices to identify when the program is – and is not working, it will be easier to justify eliminating or modifying the flextime option.

### **How RSM McGladrey can help**

The RSM McGladrey human resources consulting group is your continuing business partner on people issues. We help organizations effectively address critical human resources challenges such as compensation strategy, performance management, executive search and organizational effectiveness.

We understand the time involved in finding new talent, increasing employee productivity and developing a competitive compensation and benefits package. Add in regulatory compliance and resolving internal performance problems and it can seem like there aren't enough hours in the day to accomplish everything.

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RSM McGladrey's human resources consultants can see you through these challenges. Our consultants have human resource management backgrounds and in-depth industry experience. We become involved in your business to help you foster a positive change for achieving your objectives.

At RSM McGladrey, we believe in forming long-term relationships with our clients. Our approach is designed to help you develop systems and programs to improve your business as well as provide a resource for implementation and on-going follow-up.

To learn more about RSM McGladrey's human resource consulting services, contact 800.274.3978 or visit [www.rsmmcladrey.com](http://www.rsmmcladrey.com).

### **About RSM McGladrey**

The RSM McGladrey group of companies are financially focused business services providers that serve mid-sized companies with tax and business consulting, retirement resources, employer services, corporate finance, wealth management and financial process outsourcing. With 100 offices in the United States, RSM McGladrey helps clients with global business needs through its membership in RSM International (an affiliation of separate and independent accounting and consulting firms).

RSM McGladrey Inc. and McGladrey & Pullen LLP (a partner-owned CPA firm) have an alternative practice system. Though separate and independent legal entities, they work together to serve clients' business needs. When considered together, the two companies rank as the fifth largest provider of accounting, tax and business consulting in the United States.

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**September 2005**