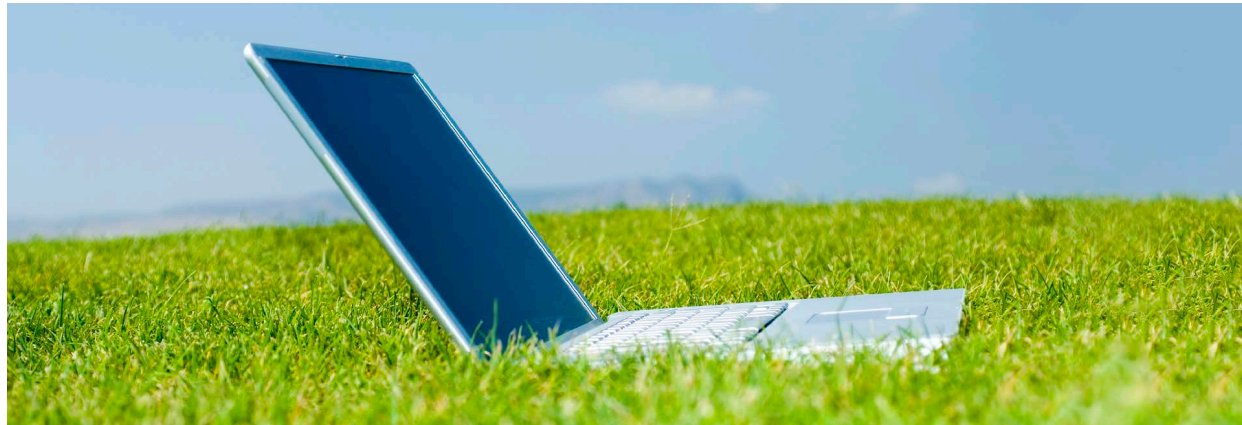


Workplaces of the Future: Creating an Elastic Workplace



Workplace flexibility has become table stakes for attracting and retaining employees. Now companies must align their flexibility strategy with their core strategy to realize the benefits.

The workplace flexibility movement began years ago when many organizations launched talent initiatives to accommodate working mothers. Over time, flexibility options mushroomed: from compressed workweeks to job sharing, telecommuting to adjustable schedules, career lattices to career reentry. From its birth as an employee entitlement, workplace flexibility has grown to become a requirement for organizations that want to make the most of its people's productivity. Consider these statistics:

- Women without children would rather have more free time than make more money (68 percent)—even more than those with children (62 percent).¹
- About 40 percent of professional men work more than 50 hours per week. Of these, 80 percent would like to work fewer hours.²
- One of every five employees cares for elderly parents, a number that could increase to almost half of the workforce over the next several years.³
- By 2025, Gen Y employees, now in their 20s, will grow to represent 75 percent of the workforce. For this emerging generation, work-life fit is valued more than compensation growth or skill development.⁴

Workplace flexibility is vital for many employees and a welcome option for others. It can be just as beneficial to organizations—but only if they execute it well. That means seeing it from a business strategy perspective. Technology made today's brand of flexibility possible, but companies can't view workplace flexibility as a technology issue; it's a management challenge.

Of course, implementing an effective flexibility strategy is not easy. Demanding clients and customers want to be served at their convenience. Peak loads—and undesirable shifts—must be covered. Managers accustomed to face-to-face supervision worry that homebound employees will fritter away work time. Remote team members fear they will miss a midnight email. And sometimes, employees who remain in the office believe they're taking on heavier workloads while others take "flex time" — and they'll resent it, whether or not it's true. Management should be prepared to nurture and grow an effective flexible work environment over time—it can't be left to chance.

Leading organizations understand the need for workplace flexibility, but every organization should think through and define how flexibility will work in its particular case. One size does not fit all. It's advisable to define broad parameters that establish clear boundaries and give people flexibility within those boundaries, allowing employees to embrace arrangements that work for them.

It's also vital to be certain the needed capabilities are in place. Are managers prepared to direct remote teams, or does leadership need new muscles? Some telework programs have foundered under the weight of poor approaches that created more managerial problems than they solved. Is the organization's technology up to the task? What is the relationship between the value employees derive from flexibility and the value it brings to the business? Finally, when does face-to-face interaction remain indispensable?

What's driving this trend?

We're in the midst of sweeping demographic changes that affect companies' abilities to recruit and retain skilled employees. Leaders who are able to balance their people's needs with their business needs can be a step ahead of the competition in the race for talent. Finding this balance is what leading companies do. Technology plays a role as well. As mobile computing speed and connectivity keeps growing, connecting is an anytime, anywhere proposition.

Talent competition and changing expectations. High unemployment rates have not created the talent surplus some predicted. Instead, many executives are experiencing talent shortages in critical functions. When vying for top talent, workplace flexibility can be a deciding factor: one in three workers report that being able to flexibly integrate work and life is the most important factor in choosing a job.⁵

Digital natives. We're all digital natives by now. Mobile technologies and online collaboration tools are transforming how business gets done—and no generation is more comfortable in this virtual work world than Gen Y. As baby boomers retire, recruiting and retaining talent from this generation is becoming increasingly important.

Workplace disruption. No longer are employees bound together by place—in the open talent economy, they can work together from anywhere on the globe. As more teams work across time zones, the traditional 9-to-5 workday could become obsolete.

Practical implications

Often, what's good for employees can also be good for companies. For example, companies have learned that many employees are more productive and satisfied when they have a say in where, when, and how work gets done. The average home-based employee is willing to put in 19 more hours of work each week. To capture this advantage, managers must learn how to harness the benefits of flexibility so it leads not only to convenience, but also to increased employee productivity and engagement.

Generations aligned. Many company payrolls span three generations—Baby Boomers, Generation X, and Generation Y—each with different leadership, communication, working, and learning styles. What they do have in common is a desire for more workplace flexibility. Nearly all millennials (92 percent) say that flexibility is a top priority. Almost half (45 percent) of working parents are very concerned about having more time to spend with their families—and that number increases to 72 percent for those who are simultaneously balancing parenting and care giving responsibilities. Boomers say that the freedom to choose when and where they work motivates them to give discretionary effort.⁶

Leading organizations understand the need for workplace flexibility, but every organization should think through and define how flexibility will work in its particular case. One size does not fit all.

Some flexibility is better than none. Workplace flexibility can take many forms, and it's up to leaders to select a menu of options that fit the needs of the business and its people. A 2012 study showed that U.S. employers are providing their employees with more options to choose the times and places in which they work, but fewer offer alternatives to full-time work.⁷

The flip side of flexibility. With increased responsibility for choosing where and when they work, some employees may find that they miss some of the boundaries that a 9-to-5 office job can provide. Many workers feel pressured—often by their peers—to be available anytime and anywhere. Employees need to learn how to connect and disconnect, which is a new skill for many.

New managers for new workplaces. As workplace flexibility and virtual teams become the norm for getting things done, managers, team leaders, and executives will need to improve their skills and broaden their expectations. Office- and company-based work may cease to be the norm.

Lessons from the front lines

Few, if any, organizations have fully cracked the code on workplace flexibility. What's clear is that even incremental steps toward a more flexible work culture can make a big difference in attracting and retaining more productive talent. But how do leaders know when enough is enough? Here are a few guiding principles:

Recognize the business case. Workplace flexibility can add value beyond employee recruiting and retention. For example, consider how flexible scheduling and/or telecommuting can allow the company to operate in inclement weather, reduce office space, or hire talent who live in other geographic areas.

Assess and segment the requirements. Survey employees to learn which types of flexibility would be most valuable to them and carefully think through all the potential organizational implications before executing any new strategies. An evaluation often uncovers opportunities for small changes that can make a big impact on employee satisfaction without disrupting the organization.

Support transparency. Create a safe environment for employees to come forward with their unique situations that could be solved with increased flexibility. While learning about employees' requirements for work-life fit, leaders often uncover other situations that need attention before they become a crisis.

Develop and support effective managers. When it comes to improving the performance of remote teams, effective managers are able to identify each individual's role and assignment, and clearly link their contribution to business goals. They take a prescriptive approach in defining the team's deliverables and coordination required, especially as the virtual team learns to work together.

Develop self-directed teams. Informal strategies are often more effective than formal policies in managing day-to-day work life flexibility. Set clear expectations about what work must be done and by when—then allow teams to negotiate on how they can most effectively meet their collective work goals and personal needs.

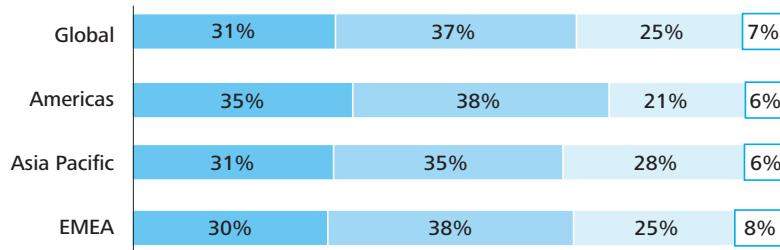
Build the infrastructure. Don't assume the organization's technology can support virtual workers. Test the infrastructure with a rigorous pilot project designed to uncover potential problems that could frustrate employees and undermine credibility.

Relinquish control. Some managers may be more invested in traditional management styles, while younger workers often expect more freedom in getting the job done on their own terms. Some leading companies are piloting changes in benefit programs, including eliminating paid time off; employees can choose to work as much or as little time as they want—as long as the job gets done.



Workplaces of the Future: Survey highlights

Relevance by region



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Not applicable

Region	Total
Americas	315
Asia Pacific	582
EMEA	412
Total	1309

Digging deeper

- Across industries, respondents view this trend as almost equally relevant today, in the next 1-3 years and 3 years and beyond
- Respondents from the Life Sciences and Health Care and Public Sector industry rank this trend at 41% in relevance in the next 1-3 years, which was the highest across industries.

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Endnotes

- ¹ More magazine, 2011, Third annual "Women in Workplace Study."
- ² Center for American Progress, 8/16/12, http://www.americanprogress.org/wp-content/uploads/issues/2012/08/pdf/flexibility_factsheet.pdf.
- ³ whenworkworks.org, 2008, <http://whenworkworks.org/research/downloads/FlexAtAGlance.pdf>.
- ⁴ Brian Amble, "Work-Life Balance Becoming Critical to Recruitment and Retention," Management-Issues, February 1, 2006, <http://www.management-issues.com/2006/8/24/research/work-life-balance-becoming-critical-to-recruitment-and-retention.asp> (accessed August 31, 2009).
- ⁵ Huffington Post 2010 report.
- ⁶ Center for Work-Life Policy's 2009 study, Bookend Generations.
- ⁷ The Families and Work Institute's (FWI) 2012 National Study of Employers (NSE), released on April 30, 2012.

Resetting horizons: Global human capital trends 2013

Looking beyond continued uncertainty, the world's leading organizations are raising their sights, and pivoting from the great recession to the new horizons of 2020 with a focus on talent, globalization, growth, and innovation. This report introduces 13 global trends that are driving critical business and human capital decisions. The report provides information on these trends across global markets through results of a survey of over 1,300 business and HR professionals from 59 countries. www.deloitte.com/hctrends2013

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