Building the Business Case for Work-Life Programs

This presentation is a companion to the Boston College Center for Work & Family Executive Briefing Series. It is designed to be customized by your organization. Please feel free to cut and paste these slides into your own format, and to use the information provided as a guide to develop your own presentation. If you do not have a copy of the full Briefing, please email: cwf@bc.edu or visit our website for the briefing and bibliography

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Introduction

• Establishing work-life policies and programs begins with developing the case for change, the "business case".

• The business case should include an analysis of benefits and costs that will accrue from the initiative

• The analysis should include a broad perspective across a range of stakeholders, including impacts on:

- Financial measures
- Operations – costs and productivity
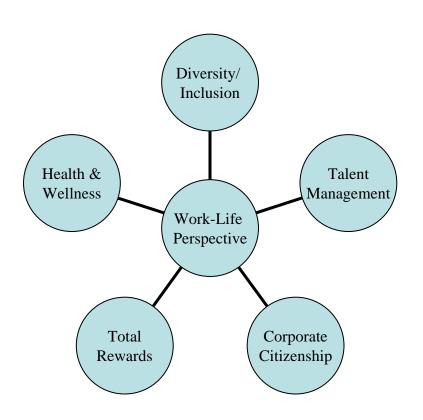- Customers
- Employees
- Society

Introduction

A number of major categories should be considered when developing the business case

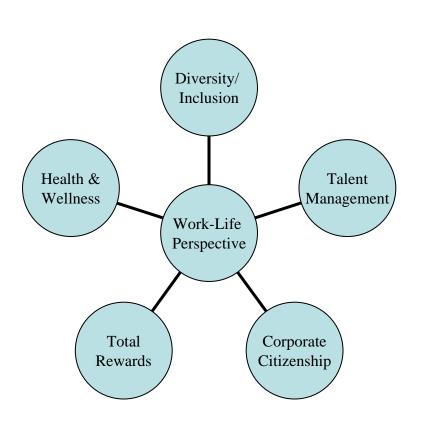| Categories	Metric (Examples)
Financial	• Increase shareholder value • Increase sales • Provide good return-on-investment (ROI)
Operations	• Increase productivity • Reduce costs
Customers	• Improve customer satisfaction • Better meet customer needs
Employees	• Recruit and retain the best talent • Improve employee engagement and morale
Society	• Advance progress on a pressing societal need • Provide stewardship for the environment

Introduction

…the best business case is one that is tailored to the unique needs and aspirations of your organization

Framing the Business Case for Work-Life

Diversity/
Inclusion

Talent
Management

Health &
Wellness

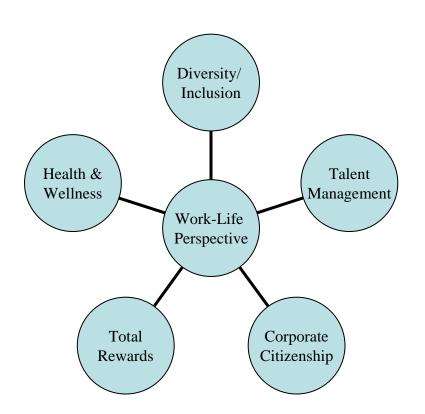Work-Life
Perspective

Total
Rewards

Corporate
Citizenship

It can be useful to frame a new work-life initiative in a way that links closely with one or more other important corporate initiatives.

•For example, work-life programs can reduce employee stress which has an important impact on health and wellness.

•Work-life initiatives clearly help with recruiting and retaining the best employees (i.e. talent management).

Framing the Business Case for Work-Life

Diagram: "Work-Life Perspective" (center) connected to:
- Diversity/Inclusion
- Talent Management
- Corporate Citizenship
- Total Rewards
- Health & Wellness

PricewaterhouseCoopers focuses on the quality of life, and has aligned its work-life strategy with its diversity and inclusion strategy. They believe this approach has significantly reduced turnover.

Framing the Business Case for Work-Life

GlaxoSmithKline's approach is to make links from work-life initiatives to health and well-being to productivity. They have made use of an internal study suggesting people with the least amount of stress feel best about their jobs and are more productive.

Framing the Business Case for Work-Life

"Our industry is different now and we are facing different business challenges compared to 10 years ago. Now we are placing greater emphasis on work-life as a driver of engagement. The goal is to increase engagement [in order] to retain employees and maintain productivity while not losing your culture in a tough environment…"

- Andrea Moselle; Senior Manager, Work/Life; AstraZeneca Pharmaceuticals

Research Findings

Benefits	Costs
To the company: • Improve financial performance and shareholder value • Improve ability to attract and retain talent • Improve productivity • Reduce costs **To the employee:** • Improve employee satisfaction, engagement and commitment • Improve work-life effectiveness • Improve employee health and wellbeing **To society:** • Help meet important social needs	• Specific costs of individual programs (e.g. building an on-site child care center, or providing laptop computers to telecommuters) • Established trust between manager and employee • A commitment to performance/results-based management (although not a monetary cost, this is an important element that can require additional management effort) • Reduction in face time with employees (telecommuting, flextime) • Negative impact on employee career advancement

Research Findings

Improve financial performance and shareholder value

- S&P firms emphasizing quality of work-life for employees had higher sales growth and return on asset growth over a 5 year period (Lau, 2000).

Work-life programs improve employee satisfaction, which in turn improves business results.

- 67% of employees report high levels of job satisfaction in organizations with high levels of workplace flexibility, versus 23% in organizations with low levels of flexibility. (Galinsky et al, 2004)

- A study of 5,500 employees from 100 organizations showed a direct link between employee satisfaction and a company's profit (Oakley, 2005).

- Companies with highly committed employees had a 112% return to shareholders over three years, compared to 90% for companies with average commitment, and 76% for companies with low commitment (Human Capital Index, 2000).

Research Highlights

Improve ability to attract and retain talent

- When employees are satisfied with stress levels and work-life balance, they are more inclined to stay with their companies (86% versus 64%) and more likely to recommend them as places to work (88% versus 55%). (Watson Wyatt, 2007).

- 75% of employees who experience a high level of supervisor support for managing work-life priorities are far more likely to remain with their companies in the subsequent year versus only 42% of those who experience low levels of support (Business and Professional Women's Foundation, 2006).

Research Highlights

Improve productivity

- A study on the impact of workplace flexibility conducted by the Center for Work & Family in 2000 found that 70% of managers and 87% of employees reported that working a flexible work arrangement had a positive or very positive impact on productivity (Pruchno et al, 2000).

- 7,000 employees at British Telecommunications work from home and have increased productivity by 31% (Hughes, 2007).

- Ernst & Young found that individuals' perceptions of their own flexibility are highly predictive of level of commitment, which in turn is highly predictive of revenue per person (Corporate Voices, 2005).

Research Highlights

Reduce costs

- Deloitte estimates a savings of $41.5 million in turnover costs alone, by retaining employees who would have left the firm if they did not have a flexible arrangement (Corporate Voices, 2005).

- Steelcase reports 55% lower medical claims for participants in their wellness program over 6 years (Work & Family Connection, 2005)

- An emergency back-up child-care program at KPMG had a 125% ROI within six months of implementation and a 521% ROI by the fourth year (Work & Family Connection, 2005)

- Flexible scheduling at Chubb reduced unscheduled time off by 50% each month and overtime by 40% per employee (WFC Resources, 2006)

- Telecommuting in particular has been shown by IBM, Sun Microsystems, JetBlue, ARO and Holland America to save millions in real estate and other expenses. (WFC Resources, 2006)

Research Highlights

Improve employee health and wellbeing

- In 1998 The Royal Bank of Montreal surveyed their users of flexible work arrangements (part-time work, job sharing, work at home or other modified work schedules) and found that 70% reported lower stress levels and 65% had more energy. (WFC Resources, 2006)

- A study by the University of Arkansas in 2001 found that working longer hours was not the cause of stress; rather it was how one worked, and the amount of flexibility, control and autonomy a worker was given. (Ganster, Fox, & Dwyer, 2001)

- WFD Consulting has done a study that demonstrates how longer work hours and time spent on low-value work increase burnout and negatively impact employees and productivity. (WFD Consulting, 2008)

Research Highlights

Help meet important social needs

- Studies have found that organizations that are more socially responsible have higher sales, profit growth and return on equity (Murphy & Vershoor, 2002). 81% of Americans consider a company's social commitment when deciding where to work (Cone Corporate Citizenship Study, 2004).

- The U.S. Patent Office claims to have saved more than 613,000 gallons of gas, prevented 9,600 tons of emissions and saved over $1.8 million annually in fuel costs thanks to its teleworking program. (USPTO, 2007)

Research Highlights

Improve work-life effectiveness

- Employees who have more access to flexible work arrangements are significantly more satisfied with their jobs, are more satisfied with their lives, and experience less interference between their jobs and family lives than those employees who have less access to flexible work arrangements (Families and Work Institute, 2002).

Research Highlights

A survey of senior Fortune 500 male executives (Miller & Miller, 2005) had some surprising results.

- *Fully 84% say they'd like job options that let them realize their professional aspirations while having more time for things outside of work.*

- *55% say they're willing to sacrifice their income.*

- *Half say they wonder if the sacrifices they have made for their careers are worth it.*

- *In addition, 73% believe it's possible to restructure senior management jobs in ways that would both increase productivity and make more time available for life outside the office.*

- *87% believe that companies that enable such changes will have a competitive advantage in attracting talent.*

- *Other interviews suggest that the younger a male executive is, the more likely he is to say he cares about all of this.*

Developing a Work-Life Business Case for Your Specific Organization

1. **Start from the needs of the business**

    -   Focus on the organization being considered and its leaders
    -   What are the strategic goals and priorities for this organization?
    -   What are the needs of the employees?
    -   What types of work-life initiatives will best meet the business needs?
    -   What additional information will be needed to support the business case?

Developing a Work-Life Business Case for Your Specific Organization

PricewaterhouseCoopers, in making the business case, uses **anecdotal stories** profiling success of individuals; **internal research** showing retention of top performers; and **pulse surveys** that contain work-life effectiveness measures.

According to Jennifer Demirdjian of PwC, the strongest leverage comes from the success stories and profiles. Internal information gathered from an employee survey has also been effective in creating a compelling business case.

Developing a Work-Life Business Case for Your Specific Organization

2. **Create the business case**

    - Use a combination of internal and external metrics to provide information to management

    - Anecdotal evidence helps foster better utilization of work-life programs

    - Consider using consultants to help build individual cost models designed for your business and individual business units

Developing a Work-Life Business Case for Your Specific Organization

Dell's approach is to look at:

- Employee impact (reduce sick leave, increase productivity, reduce fuel costs);
- Employer impact (reduce healthcare costs, etc);
- Environmental impact (improve carbon footprint);
- Societal impact.

Dell has developed a **business modeler** that shows, among other things, that for every 1000 employees that telecommute, Dell saves $4.2 million in replacement costs, healthcare costs and facilities costs. Productivity gains, reduced sick leave, and business continuity produce an additional $11 million in savings.

Developing a Work-Life Business Case for Your Specific Organization

"We make the business case by drawing from our internal study showing that when employees are loyal, we gain loyal customers which contributes to our profit margins."

- Vicki Dye, Culture and Work/Life Manager, First Horizon National Corporation

Developing a Work-Life Business Case for Your Specific Organization

3. **Communicate the business case**

- Find a champion, preferably a senior executive, who is a strong supporter of the initiative and is willing to communicate his/her support

- Determine approaches to take with managers

- Consider both communications and training

Developing a Work-Life Business Case for Your Specific Organization

"Our attempt is to get teams talking to each other so people become more engaged and ultimately become more productive. We show managers how many people use EAP and the results of our internal studies suggesting the least stressed feel best about their jobs and are ultimately more productive. We also try to find unique cases and show them the data."

– Annette Byrd, Work/Life Manager, GlaxoSmithKline

How to calculate the business case for your organization

1. **Employer impact**
   - **Calculate turnover costs in your industry, organization and business unit**
   - **Calculate sick leave, absenteeism, mental and physical health care costs**
   - **Calculate space savings for telecommuters and others**
   - **Measure return-on-investment for child care, fitness and other programs**

2. **Employee impact**
   - **Measure the degree of employee satisfaction, engagement, stress**
   - **Measure current usage and need/desire for various types of programs**

3. **Environmental impact**
   - **Measure energy and emission savings for telecommuters**

In Conclusion…

There is no simple formula for creating a business case for work-life. The various resources we have referenced can help to fill in some of the important parts of the analysis, but in the end, **the most compelling case is one that is based on data that comes directly from the organization itself**. This data may be available, but it may also be difficult to obtain and analyze. Nevertheless, if you maintain a focus on the business priorities of the organization and the ways that work-life programs can assist these priorities, we believe you will be on the right track.

In Conclusion…

"It's important to remember that there's no one single answer – I try to use the hook I can for the audience I'm attracting and hope 1 or 2 hooks will sync with them. We can't rely on any one area to make the business case. Instead, we want to be able to touch as many areas we can to make it hard for them to say no."

- Rolando Balli, Work/Life Strategist, Dell Inc.

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