

A SUPPLEMENT TO

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SPECIAL REPORT ON  
TELECOMMUTING

# Planning Enhances the Potential of Telecommuting Success

Telecommuting is becoming an increasingly popular answer to lengthy commutes, the desire for flexibility among employees, and employers' need to retain valuable talent and bolster productivity.

While respondents to the *HRfocus Telecommuting Survey* indicated these are very achievable goals, they warned that a planned program, with agreed upon and enforced terms, monitoring, and accountability, is needed to make sure that telecommuting works for both employers and employees.

## PROS AND CONS

We asked the 95 survey respondents to share the pros and cons of telecommuting arrangements at their organizations.

Common benefits to telecommuting include retaining key workers, expanding geographic boundaries on a remote basis, reducing commuting time and costs for employees, greater flexibility for both employer and employees, the ability to attract new talent, higher productivity, and greater morale among employees.

Often-cited "cons" included the sense that there was less control over telecommuters; scheduling issues; loss of "face time" and interaction/relationship-building among workers; fewer opportunities for training and mentoring; and feelings of isolation for the telecommuters. Employers also need to have policies to protect

the confidentiality of information and equipment security.

The need to have effective technology solutions in place before starting a telecommuting arrangement was noted by quite a few respondents. Without this, telecommuting can become a "con" and an unexpected expense to the organization.

Pros to telecommuting for a pharmaceutical company with 3,000 full-time equivalents (FTEs): "We would be more competitive within industry and improve flex time offerings, work-life balance, and stress reduction," wrote the senior director of compensation, benefits, and HRIM (HR information management).

Cons included: "Telecommuting is contrary to senior management work style; reduction in face-to-face communication; management challenges; and our site has a strong production facility which cannot telecommute, so equity among employees becomes an issue."

Stress reduction is the main benefit for a manufacturing company with 131 FTEs, which likes the "work-life balance. It allows highly stressed employees to reduce their stress level," said the human resources manager. On the negative side, there is the "possibility of an employee taking advantage. Telecommuting can send negative perceptions to nontelecommuters."

A government consulting company located near the U.S. Capitol takes

an environmental stance in favor of telecommuting: "Retaining employees due to avoidance of stress of D.C. metro area traffic congestion, more free time, and ability to manage more easily family needs; decrease of cars on road is more environmentally conscious" are reasons to support it, said the director, human resources, of the 750-FTEs consulting firm.

"Cons: it is harder to have effective teamwork occur; somewhat counter to the corporate culture of face-to-face meetings; a challenge for managerial oversight; harder to immediately assemble resources and respond to last-minute client needs, which is quite important to a consulting firm."

Telecommuting can be a strong reward in an economy where cash rewards may not be affordable. "Due to business and financial results, we have not been able to offer salary increases or bonuses the past couple years," said the director, human resources, at a training company with 40 FTEs.

"Working from home is a big plus to many of our employees and has definitely helped us retain employees. However, we may have productivity issues that may impact company performance. So we question, 'Is the working at home impacting results?' We can't confirm it does, but we can't confirm it does not."

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service to telecommuters who work from a home office (27% of respondents do so). (See Table 5.) Many organizations also provide technical support to the home office for such equipment and services (24%).

**Table 4. Telecommuting Arrangements**

	Full-Time Equivalent Employees					Overall
	1 to 50	51 to 100	101 to 250	251 to 500	More Than 500	
Formal arrangement with a written agreement between employee and his/her department with agreed-upon terms.	24%	0%	43%	27%	43%	32%
Formal though oral agreement between employee and his/her department with agreed-upon terms.	18	50	14	18	4	15
Informal agreement between employee and his/her department.	59	50	43	55	54	53

**Table 5. Reimbursement Provided to Telecommuters**

	Full-Time Equivalent Employees					Overall
	1 to 50	51 to 100	101 to 250	251 to 500	More Than 500	
Equipment such as computer, high-speed Internet/modem service, etc. to a home office.	23%	24%	29%	25%	31%	27%
Technical support for home-office equipment.	21	24	33	20	25	24
Insurance coverage for home-office work.	8	18	4	5	7	7
Furnishings or other materials for offsite work at home office.	13	0	4	10	2	6
Equipment such as computer, high-speed Internet/modem service, etc. to remote office.	8	0	0	13	12	9
Technical support for remote-office equipment.	10	6	13	13	15	12
Insurance coverage for remote-office work.	6	0	4	8	2	4
Furnishings or other materials for offsite work at remote office.	4	0	4	5	2	3
Other.	6	29	8	3	6	7

**Telecommuting**

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**FINANCIAL COSTS & BENEFITS**

Few could quantify the costs and benefits in financial terms now, although many noted that they are hoping to track metrics in this area soon. Even so, intangible financial benefits, such as less turnover and greater productivity, are hard to beat. Expenditures for technology and support were mentioned as expenses to the company.

One corporation that does track the details reported that “telecommuters’ billable hours increased by approximately 15% compared to their in-office time. Preventing turnover of one professional saves us \$75,000 in finder fees, training costs, and lost time. Not having to deal with a long commute is huge for our staff,” noted the respondent, a CPA at a company with 55 FTEs.

“Telecommuters usually are able to be more productive due to fewer interruptions from not being in the

office,” observed the HR director at a manufacturing company with 131 FTEs. “There is less turnover. Once an employee has the option of telecommuting, it is very hard for them to give that up.”

Consider that financial effects may extend beyond “traditional” expectations such as retention. “Financial benefits include the ability to limit office space expansion and additional rental costs,” noted the manager of compensation and benefits for a manufacturer

with 850 FTEs. "Instead of having satellite sales offices, the company will be able to either eliminate a sales office or find less expensive space to house fewer employees."

**PLAN FOR SUCCESS**

Respondents who have succeeded with telecommuting programs shared their advice on how other organizations can make these arrangements work best for both the organization and the employees.

Planning is an absolute necessity, even if you choose to administer telecommuting on a case-by-case basis, respondents agree. While flexibility is inherent in all telecommuting arrangements, business goals must be met—and everyone must understand this. Structured programs, accountability, and monitoring were cited by a number of respondents as the best way to manage a telecommuting workforce.

"Setting clear expectations is extremely important," emphasized the HR director at an insurance company with 265 FTEs. "We have all of our telecommuters sign written agree-

ments so that they have clear expectations of the arrangement."

The HR director at a manufacturing company with 131 FTEs agreed: "The best advice is not to leave anything to assumption. Have a well-written policy and guidelines as to who may be eligible. Also, make sure you have technology that will allow you to check up on the employee. We use a login status built into Outlook that allows us to let everyone know if we are in the office or teleworking. The process should be seamless to your internal and external customers. Make sure you state in your policy that if an employee is not performing up to standard while telecommuting, you have the option of taking away that privilege."

Suggestions from the senior HR director at a software company with 5,200 FTEs about how to structure the telecommuting arrangement: "1) Make the agreement between manager and employee, not as a 'benefit.' 2) Don't make it a term of employment. State that the company can require changes to telecommuting based on business needs. 3) Don't allow unlimited expenses of furniture, office

supplies, etc. 4) The employee has to work to maintain communication internally and externally. 5) The employer is not responsible for insurance, liability, etc."

Starting with a plan is a must, but be prepared to adjust and to address some new issues, noted respondents. "People that normally work out of an office setting sometimes have a difficult transition," said the vice president of HR for a restaurant company with 190 FTEs. "Your top performers will continue to perform at that level, which should be of no surprise. Set guidelines and a process for reimbursement of expenses."

You may find, as this respondent did, that employees aren't the challenge—it's the supervisors and managers that need the most adjustment and attention. "Our biggest challenge is training a workforce, particularly managers, in how to work with support that is offsite," said the vice president of HR at a maritime business with 1,200 FTEs. "We have a very 'hands-on' business, and they are not as proficient in resolving issues via e-mail or phone."

"The area where we have had problems is managing expectations of the telecommuters in regard to technology," said the HR manager for a not-for-profit with 550 FTEs. "We are trying to run the telecommuting program at no cost to the organization and, in doing so, the technology that employees are used to in the office has not been the same as they have at their homes. I would make sure that HR clarifies what the expectations are and has staff who are going to telecommute agree to it."

As with any and all initiatives, support from senior leaders is key to making telecommuting work for everyone. "Success relies on commitment from above," said the director of benefits for a higher education institution with 2,600 FTEs. "Without senior management buy-in and promotion, it is hard for some managers to 'let go' of the face-to-face interaction." □

**Telecommuting Resources**

- "Telecommuting: Issues to Consider When Your Employees take the Office Home," by Sarah Flannery, *workspan*, April 2007, Worldat Work ([www.worldatwork.org](http://www.worldatwork.org))
- "Map Out a Detailed yet Simple Telecommuting Policy," by Marilyn Fish and Trisha Kinney, *SHRM Employment Management Today* ([www.shrm.org](http://www.shrm.org))
- "U.S. Telework Trends: Working From Anywhere," *workspan*, May 2007, Worldatwork ([www.worldatwork.org](http://www.worldatwork.org))
- Telecommuting Toolkit, SHRM Knowledge Center ([www.shrm.org](http://www.shrm.org))
- *Telework: A Critical Component of Your Total Rewards Strategy*, WorldatWork Press, 2007, WorldatWork ([www.worldatwork.org](http://www.worldatwork.org))
- The Telework Coalition ([www.telcoa.org](http://www.telcoa.org)): Research and information
- Work-at-home.com: List of "telecommute-friendly" employers ([www.2work-at-home.com/telecommute.shtml](http://www.2work-at-home.com/telecommute.shtml))