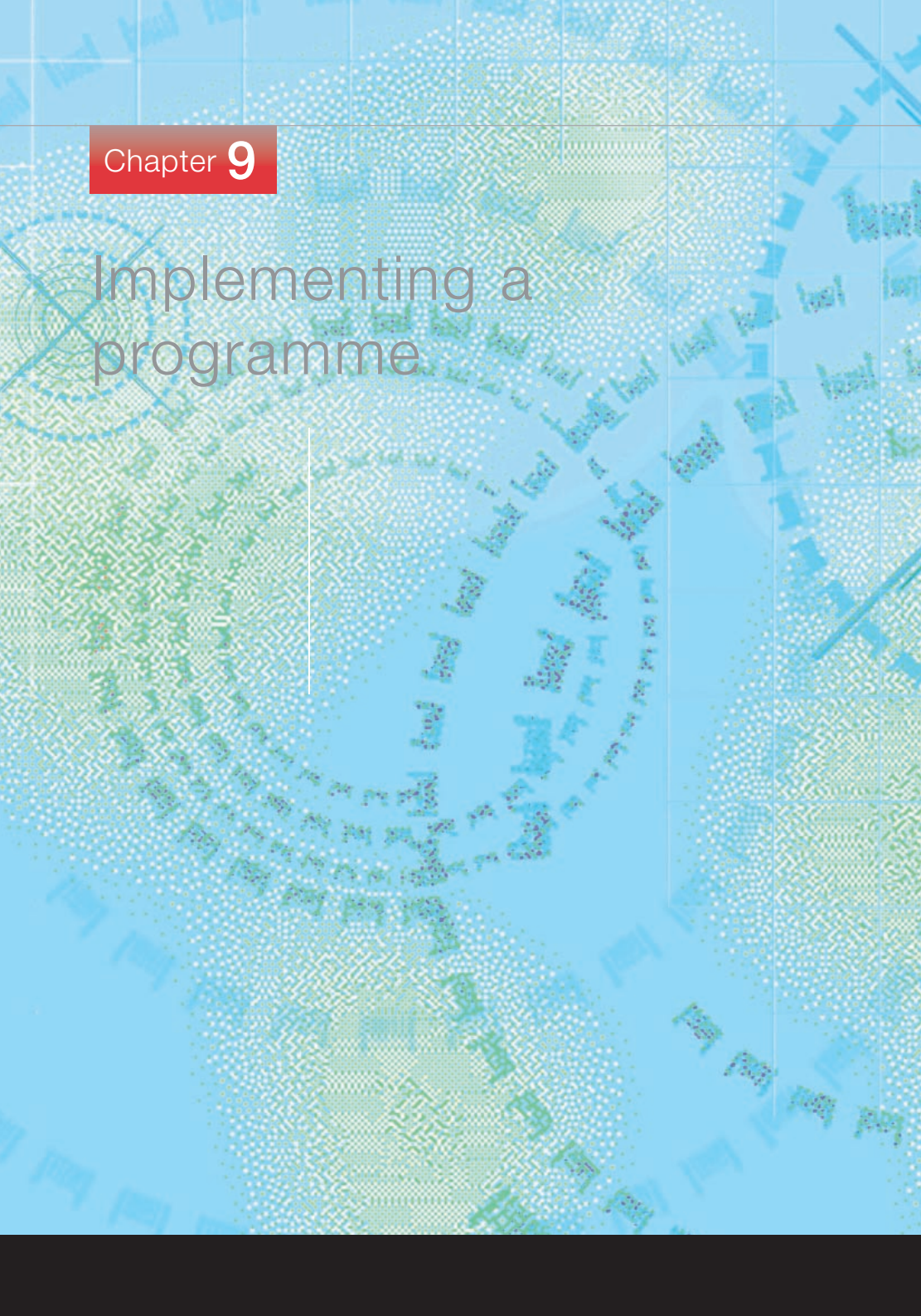


Chapter 9

Implementing a programme



This chapter is concerned with the pragmatic issues associated with justifying, launching and managing a flexible working project in the large organisations of today – be they in the business or not-for-profit sector.

Very few projects will enjoy the luxury of a "clean start". More usually, flexible working reaches the agenda in response to a particular challenge, such as a deficiency of space in the building, staff turnover being too high, pressure to reduce fixed costs and commuting disruption.

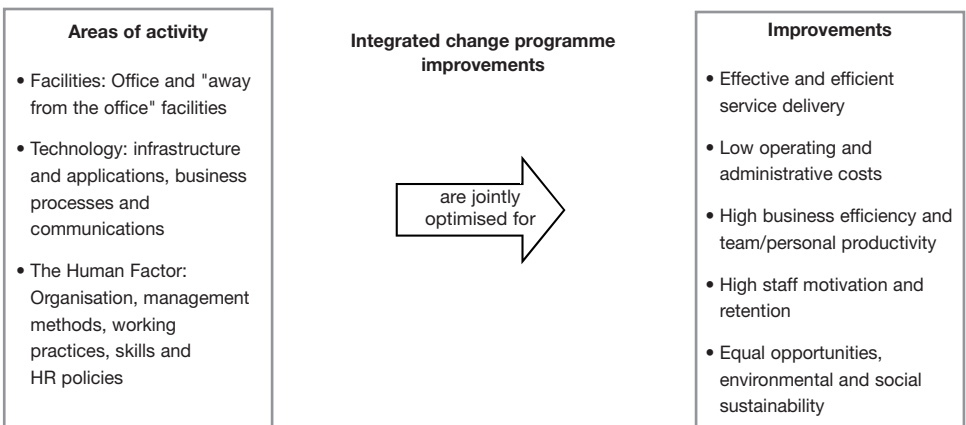
Whatever the challenge, the starting point is usually to build a business case and sell it to senior management. As with most changes in organisations, investment is required to reap the rewards. However, as indicated in previous chapters, most solutions can be piloted before large-scale investment is required.

As indicated before, successful flexible working programmes bring together human resources, facilities, technology and operational managers around a common agenda of business improvement. Organising and managing such an interdisciplinary team is itself quite a challenge.

Strategic overview

To provide a strategic overview, it is worth repeating the chart from chapter 2. This shows how co-ordinated work in facilities, technology and human resources areas can deliver a range of benefits.

The chart acts as a reference point for the remainder of this chapter. Previous chapters have shown the developments that need to take place in each of the key areas summarised in



the left hand box, in order to achieve improvements. Employers will want to see some numbers supporting the benefits outlined in the box on the right. Being able to quantify potential benefits is a key element of building the business case for flexible working and for implementation.

Quantifying the benefits

We will illustrate by example some of the benefits that have already been achieved by organisations that have embraced new ways of working. These are, of course, not necessarily all achievable at the same time! Most importantly, there is no substitute for detailed analysis in each case. What has been achieved in another organisation can be a useful indicator, but no more.

Effective and efficient service delivery

Many organisations, in both the private and public sectors, are keen to improve the ways they deal with customers, clients, business partners and the general public.

Flexible working can contribute to this in a number of ways:

- Operations can be "open for business" for longer hours – even around-the-clock. During anti-social hours, for example,

telephones can be answered by home-workers or by people working in different time zones

- Call-centres and switchboards can improve their answering statistics by diverting overflow calls to contingent employees
- Mobile staff can spend more time with their customers and clients, and less time visiting the office or travelling
- Staff can be relocated closer to their markets and customers, yet remain part of the employer's virtual office

Financial gains can be substantial. It has been estimated that 80% of callers will call a competitor if the phone is not answered or they are put in a long queue. One sales and marketing operation, with a million inbound calls a year, estimated that increasing the percentage of calls answered in three rings from 70% to 95%, allowed them to increase sales by 15% without taking on more staff.

Another organisation, in the public sector, was able to increase the average number of visits to the public made daily by its mobile professionals from 3 to 4, in effect, a productivity improvement of 33%.

Low operating and administrative costs

The most visible area of fixed costs addressed by flexible working, is property. Apart from call-centres and other highly structured environments, which already implement shared desk policies and operate around-the-clock, most office buildings are seriously under-utilised (see chapter 3).

Even call-centres may run less than half-full during quiet periods.

The transition from a personal to a shared space environment can have a dramatic impact on space needs. One engineering consultancy in the north of England calculated it needed only 30% of its previous space. In fact, it chose to only halve its space, creating staff facilities in the process, including a gym. Annual facility costs per employee reduced from £6,500 to £4,500.

Other cost reductions come from lower secretarial ratios and streamlined, paper-free processes, although some of these are, of course, partly achievable in a conventional working environment. In some forward-thinking organisations, staff no longer needed in back-office administrative roles are redeployed into customer-facing positions.

High business efficiency and team/personal productivity

Probably, the greatest financial benefits from flexible working result from efficiency and productivity improvements. Yet, they are often



difficult to quantify in advance. The point here is, flexible working enables substantial gains, but it is up to managers and their teams to deliver them in the context of new ways of working.

Increasing efficiency implies raising the business output per unit cost. Technology-enabled processes and better communications can deliver real improvements, even in a conventional working environment.

Additional gains attributable to flexible working include:

- Less time spent travelling on business. According to the AA, the actual cost of business car travel is around 50p per mile. To this, must be added the cost of the employee, who is largely unproductive whilst driving – for an average professional, this is around £20 per hour, or a further 75p per mile at average driving speed. A modest reduction of 2,000 miles per year, per mobile professional, translates into a saving of £2,500.
- Facility to work anywhere and anytime. A similar approach can estimate the improvements in productivity from staff being able to work whenever they want and wherever they happen to be. Common scenarios include working at business partner sites, working at home before or after meetings and working on trains, planes, at railway stations or airports. Based on employment costs of £20 per hour, an extra 2 hours of productivity per week is worth almost £2,000 a year

Also, the work itself can be substantially more productive. For example, being able to respond rapidly to messages from colleagues or business partners helps avoid "catch-up" time, which many executives estimate as taking 3 to 4 hours per week of their time.

High staff motivation and retention

Many organisations report that attracting and retaining good staff in a competitive labour market is a problem, especially in certain sectors such as the IT industry. All else being equal, employees often seem prepared to move for just a modest increase in salary.

Conversely, surveys show that many people put life style and work-life balance above salary in their priorities for a new job. Commuting, especially through congested traffic, or on unreliable, overcrowded trains, is seen as a disincentive.

A number of costs associated with staff turnover that must be considered are:

- The direct recruitment costs for replacement labour
- The direct cost of training new staff
- The low initial productivity of new staff

There are also financial implications associated with knowledgeable staff leaving and joining competitors.

As an example, outsourced recruitment cost via an agency, is typically 15% of the first year's salary. Training a new recruit might cost around £1,000, and productivity for the first six months

may average 50% of the ultimate level. On this basis, the cost of replacing an employee on a salary of £25,000 per year, and all-in employment costs of £50,000 per year, would be over £15,000.

Increasing the average stay at an employer from three to five years results in a saving of £30,000 per employee over fifteen years, or £2,000 per year.

Any savings to be gained from not commuting go directly to the employee. These include savings on season tickets, a second car and expensive housing. However, employers may also gain by being able to attract employees who do not need to commute with lower salaries. In London, many commuters who consider commuting a necessary evil, spend over £2,000 per year of post-tax income on their season tickets alone.

Equal opportunities, environmental and social sustainability

It is probably artificial to attempt to translate gains in these areas into financial benefits, though aspects of the following approach may be appropriate in some situations:

Equal opportunities:	Costs of compliance with legislation by alternative means, access to a higher quality pool of labour.
Environment:	Local Agenda 21 compatibility, avoidance of green taxes and penalties.
Social:	Relocation of work into areas attracting grants, low labour costs, access to a high quality and less mobile workforce.

An additional benefit, again hard to quantify, might be associated with positive press comment and other PR activities.

Achieving the benefits

The main components of a typical flexible working project are summarised in the following sections, structured around a number of key themes. These themes can form the basis for interdisciplinary working groups, set up to examine the potential for new ways of working and to make recommendations.

Share facilities, resources and information

Aim:	<ul style="list-style-type: none"> • Move from a personalised approach to workspace, support services and filing to a group or team approach
Benefits:	<ul style="list-style-type: none"> • Better space utilisation (i.e. less space required overall) • Less paper storage - enables location-independence • Streamlined access to information • Reduced vulnerability to loss or abuse of information

Work more flexibly

Aims:	<ul style="list-style-type: none"> • Work wherever and whenever it is most effective to get the job done • Reduce the conflicts for staff between work and home
Benefits:	<ul style="list-style-type: none"> • Improved personal productivity and effectiveness • Delivery of services where and when they are most needed • Greater flexibility in resource planning and management - improved staff utilisation • Ability to attract, motivate and retain the best people

Get the most out of technology

Aim:	<ul style="list-style-type: none"> • Exploit to the full the organisation's technology infrastructure (up-to-date workstations, intranet, integrated messaging, location-independent telephony, remote IT access, etc.)
Benefits:	<ul style="list-style-type: none"> • Paper-free processes and distributed team-working • Better internal and external communications, including electronic service delivery • Improved efficiency and effectiveness from location-independent working

Streamline processes and reduce paper dependence

Aim:	<ul style="list-style-type: none"> • Streamline operations through more effective information and communications management and systems
Benefits:	<ul style="list-style-type: none"> • Ability of staff to concentrate on front-line work rather than administration • Improved quality and efficiency as information is shared • Reduced paper dependence enables mobility and location-independence

Create a flexible modern office environment

Aim:	<ul style="list-style-type: none"> • Improve utilisation of office space • Create an environment that is conducive to efficient and effective working
Benefits:	<ul style="list-style-type: none"> • Lower property and associated facility costs • Improved efficiency, personal productivity, team-working

Enable and support working away from the office

Aim:	<ul style="list-style-type: none"> • Enable staff to work wherever it is best to get the job done - main office, other office, home, on-site, whilst travelling
Benefits:	<ul style="list-style-type: none"> • Reduced demand for office space • Reduced travel - commuting and in-business • More time “on the job” • Improved staff flexibility • Better balance between home and work life

Equip the workforce for the future

Aim:	<ul style="list-style-type: none"> • Ensure managers and staff are fully aware of and able to use the new infrastructure, processes, working environments and practices
Benefits:	<ul style="list-style-type: none"> • Efficiency, productivity, fewer errors, etc. • Improved staff motivation and retention

Organising a project

Building the business case

A typical scenario is that a human resources, facility or technology manager has chosen to make, or has been tasked with undertaking an investigation into the potential of flexible working, hot-desking, home-working, satellite offices or some other change to working practices that could benefit the organisation.

The investigation process, which we hope will be assisted by this Toshiba Guide, may also include a feasibility study. The next stage is to "sell" the project to senior management. Put simply, this involves justifying the investments in terms of the expected benefits.

However, as with most business investment, the costs come first and the risks and benefits later. Few senior management teams will be happy to commit to investment unless a thorough risk and payback analysis has been undertaken. Also, they will normally want to monitor progress and, if appropriate, be able to terminate and reverse the project if results are not being delivered.

Some of the costs and benefits associated with a project to introduce new ways of working are summarised in the following table. Of course, all situations are different and this should only be used for guidance. In particular, there may be specific operational areas of cost or benefit that are not covered.

	Area	Capital	Ongoing
Project management:	Project team, consultancy, etc.	Investment	
Facilities:	Office accommodation	Investment	Reduce
	Home working	Investment	Increase
	Third-party facilities		Increase
Technology:	Remote access infrastructure	Investment	
	Applications development	Investment	
	Office technology		Reduce
	Home working	Investment	Increase
	Mobile working	Investment	Increase
Human resources:	Staffing levels		Reduce
	Training	Investment	

In essence, investments must be made in facilities, technology, training and the project itself, and increased ongoing costs incurred in supporting home and mobile working. In return, savings will result from smaller offices and lower staffing levels for the same level of output. Other benefits that we have not illustrated in the table, may result from better customer service, environmental and social gains.

An illustration

The following example is taken from a leading consumer products organisation that merged with its main competitor. The decision was taken to integrate all staff into a single operation, based in one of the existing offices. The other office was sold for development.

Around 350 staff were required to work from an office that was already full to capacity with 220. A space audit showed low desk utilisation. Other data, including a staff survey, suggested substantial business benefits from more flexible working practices.

The initial justification for the project was based on space savings alone. The organisation:

- Disposed of the redundant building, saving office facility and desktop technology charges of £6,800 per employee, i.e. £884,000 per year

- Invested in facilities and technology to allow 200 staff to work anywhere, anytime, at an annual cost of £3,500 each, i.e. £700,000 per year
- Invested £140,000 in its IT and telecommunications infrastructure and applications
- Invested £180,000 in remodelling the office with new furniture, new meeting rooms and improved shared space
- Invested £210,000 in project management, consultancy and training costs

An up-front investment of £530,000 resulted in net facility cost savings of £184,000 per year – a payback period of just under 3 years. Whilst this was considered adequate to justify the investment, greater benefits resulted from productivity and motivational improvements from the managers and professional sales and marketing personnel. With the facility to work flexibly, including from home, staff are spending more time on productive work and less time travelling and undertaking administrative activities. A 10% increase in sales per head has been attributed to the project, equivalent to an annual profit increase of around £500,000.

Finally, it is too early to tell the impact on staff turnover, but initial indications are that the organisation has become the employer of choice in its industry.

The project team

As has been stressed throughout this Toshiba Guide, the greatest benefits are only possible by bringing human resources, facilities and technology managers together around a common agenda of business performance improvement through new ways of working.

In our experience, the most successful projects have set up dedicated, autonomous and multi-disciplinary teams under a project leader reporting directly to a chief executive or other senior business manager. In this way, the entire team can be totally focused on the project rather than representing their own disciplines. Also, there is often much to be gained by specialists learning about and gaining skills in other specialisms.

The project plan

Needless to say, the project should be established and managed according to best project management practice, with clear terms of reference, objectives, milestones, success criteria, reporting structures, budgets, contingency plans, and so on.

It is rare for an innovation and change programme not to attract dissenters. These are often people who are set in their ways or scared of change. It is therefore vital that the project communicates effectively to the organisation as a whole.

In our experience, however, there are a number of general points that are helpful to establishing a successful project:

- Create a high level steering group of stakeholders. These can include senior business managers and department heads. Their participation in a steering group meeting, say, once a month, will both encourage buy-in and help deal with issues before they escalate
- Project intranet. There is normally no reason not to share information with staff at all levels and invite their participation in the project. An intranet is an effective tool for this and helps reinforce the benefits of paper-free working



- Project area. Bringing the project team together in a project area, and from an early stage, ensuring they practise what they preach, can help give the project visibility. As the project develops, the area could be used for lunchtime seminars,

demonstrations from furniture and technology vendors, and drop-in sessions. As decisions are taken, for example on colour schemes and furniture, staff can be invited to register their views

- Name the project. The "flexible working project" or some other such designation can be a mouthful and might be too descriptive if the project broadens its remit to address other issues. Adopting a distinctive and non-descriptive project name helps avoid this and creates a branding for the project that can be used internally and externally
- Measurement and consultation. It is important to establish a baseline, against which the benefits and costs of the project can be measured. Collecting information on space utilisation, facility and technology costs, staff turnover, recruitment and training costs, is vital. Also consulting with staff, at all levels, for example using the intranet consultation tool described in chapter 5, can both collect useful information and help people feel included. Measurement and consultation should continue at stages throughout the project
- Quick wins. Quick wins are usually solutions to known problems that can help give the project credibility and support. It is surprising how often simply bringing together the human resources, facilities and technology people can identify simple solutions in areas that have irritated staff for years. Also, the staff survey may highlight an issue, the resolution of which may have a positive impact way beyond its cost
- Pilots. These can address individual aspects of the project, such as office layout and practices, paper-free processes, home-working and flexitime. Also, usually at a later stage, entire teams or departments can pilot a full, integrated solution prior to roll-out throughout the organisation. The important point is, most aspects of new ways of working can be piloted, and the results can help reduce risk, shape solutions and build staff support. There is generally no reason to jump directly to a solution without piloting

Realising the benefits

We end with a warning.

It is easy to call a halt after the new offices are built and the technology upgraded. Employees will be happy with their new working environment and tools, and the quality of the shared team facilities will help dispel any concerns over hot-desking. Yet, the full range of benefits only arises as business processes, working practices, management style and the organisation itself change in response to the opportunities provided by the Information Age.

In fact, as technology continues to improve, there will not be a time when the project can be considered complete. The successful organisations of the future will learn to innovate continuously, not only in their products and services, but also in the new ways of working.

For further details and advice on the information provided in this guide, please refer to the web site www.flexibility.co.uk

