AICPA®

Flexible Work Arrangements Guide

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INTRODUCTION + FLEXIBILITY TOOLKIT COMPONENTS

There are many things that affect employee motivation and engagement, including acknowledgement, trust and respect, professional development, increasing responsibility and challenge, and flexibility and time off.

This last aspect of employee engagement - the need for, and challenges of, workplace flexibility - has become a real need for CPA firm leaders and administrators to address in recent years. Today's (and tomorrow's) workers – men and women of all ages - are increasingly challenged to balance the demands of their professional careers with their personal commitments. Most employees want real balance between meeting career goals and expectations of the firm and other responsibilities and interests, which requires a change in the mindset of leaders, business strategy, and processes and communication in the organization.

The impending retirement of our nation's approximately 76 million Baby Boomers and the hoped-for economic bounce has the potential to cause a labor shortage even greater than we experienced in the recent past. Organizations that accept the need for workplace flexibility and begin to develop and evolve programs to support different work styles, provide motivational programs, and create engaging environments will win in the recruiting and retention game and have the most success in the coming decade.

When you offer workplace flexibility, you provide your people with a range of choices as to how, when, and where their work is done. There is often apprehension and confusion about offering flexibility, though. The most common objection in a professional services firm is the concern that it will result in a reduction in total hours worked, and thus dollars billed. While one type of flexibility program is a reduced-hours program, there are many flex options that do not entail a reduction in hours, and studies have shown that flex programs – when managed well - often lead to greater organizational results.

To learn more about how you can implement or evolve your firm's flexible work arrangements, the different forms that can take, and how to make the programs – and your employees who choose to take advantage of them – successful, employ the PCPS Flexibility Toolkit which contains the following components:
- Action Plan: Create a Flexible Culture – *Get focused with step by step guidance*
- Flexibility Policy Template – *Review and tailor to fit your firms needs*
- Flexibility Guidelines & Tips For Managers – *Help managers be successful with tips and FAQs*
- Flexibility Guidelines & Tips For Employees – *Help employees understand flexibility and what is expected*
- Flexibility Views Assessment – *Gauge and improve your firms views on flexibility*

WHAT IS A FLEXIBLE CULTURE?

In a flexible culture, flexibility is recognized as a valuable strategic tool for the organization and, therefore, is integrated throughout its systems and processes. In a flexible culture, the following things are true:

1. **Flexibility is integrated into the CULTURE.**
   - Flexibility is considered to be the rule, rather than the exception.
   - Flexibility is applied broadly and found in a wide variety of forms.
   - Flexibility is included in more than just *practices* (flexible schedules, remote work, customized careers, etc.); it's also included in the *cultural conditions* that make them legitimate.
   - People working flexibly are given equal access to advancement, status, integration into the business, and quality of assignments.
   - The climate recognizes and respects that employees have lives outside of work. People can set boundaries on work time and/or accessibility, as long as they accomplish their work.
   - Flexibility is considered not just beneficial for employees, but also a means to accomplish strategic business objectives, such as better customer service.
   - Leaders are committed to making flexibility viable.
   - Flexibility principles are part of the organizational communications on corporate objectives, mission, vision and values.

2. **Flexibility is used to ATTRACT and RETAIN employees.**
   - Talent acquisition processes and messages are designed to appeal to people who value flexibility; clearly communicate that flexibility is possible.
   - Recruiters know how to present the job to candidates who value flexibility and how to evaluate a fit with them.
   - Recruiters and managers reduce roadblocks to attracting, hiring, or retaining people who require flexibility.

3. **Flexibility is part of a strong employment BRAND.**
   - Flexibility is incorporated into the internal and external employment brand.
   - Flexibility is used to gain public recognition.

4. **Flexibility is incorporated into TALENT MANAGEMENT processes.**
   - Flexibility is incorporated into performance management, leadership development, career development, health and wellness efforts and manager training.

5. **Flexibility is incorporated into the DIVERSITY function.**
   - The role of flexibility in achieving diversity goals is understood.
   - Flexibility is used to reduce barriers and achieve full inclusion.

6. **OPERATIONAL SYSTEMS are aligned with flexibility.**
   - Systems/tools/business processes, such as technology, staffing, reporting, etc., facilitate flexibility and eliminate barriers to its success.
   - Flexibility is incorporated into health and wellness processes.
   - Flexibility is incorporated into change management processes.

7. **Outcomes of flexibility are MEASURED.**
   - Internal measures of use, satisfaction and success are tracked.
   - Benchmarks with peers are tracked.
   - The impact of flexible practices on business performance and talent goals is measured.

BENEFITS OF FLEXIBILITY

Flexibility in hours, work locations and job responsibilities will enable (Your Organization here) to achieve its business goals by providing managers and employees with the tools necessary to address both personal considerations and work demands. Such flexibility gives the organization a distinct competitive advantage. The following are reasons why workplace flexibility policies make good business sense for (Your Organization here):

Potential Benefits to the Organization

•   **Employee Retention**: Retaining skilled and experienced employees can save an organization replacement costs that amount to 75-150% of an individual's annual salary.

•   **Attracting the Best Talent:** Many organizations that (Your Organization here) competes with for talent offer candidates the opportunity to adjust their work schedules, to work remotely and/or vary their career path to meet personal needs. Increasingly, candidates make employment decisions based on the opportunity for a challenging position; the opportunity to exercise greater control over how, when and where they work; to have a flexible career path; and an organizational culture and climate that respects their individual needs.

•   **Increased Productivity:** Flexibility may be used to improve the way work is done, thus leading to greater productivity. Also, most people working flexibly report that they are more efficient, working "smarter rather than longer." Employees with flexibility say they report to work fresh, relieved of their previous conflicts over managing work and personal responsibilities. The effective use of flexibility can reverse the negative impact of stress on employee productivity.

•   **Increased Loyalty:** Many employees express a renewed sense of loyalty to the employer who provides the option of flexibility. According to the Families and Work Institute study, The National Study of the Changing Workforce, workers are more loyal to their employers, more committed to producing quality, more innovative and more satisfied with their jobs when their employers let them make decisions about how and when they do their work. The study found that when there is a strong supportive relationship between co-workers and employees and supervisors, employees are more loyal to their employers and more committed to doing their jobs well.

•   **Reduced Absenteeism:** Doctor visits, school conferences and other personal appointments often can be handled during off-time rather than scheduled during work hours or missing work all together. Planned time away from work, while still challenging, is easier to manage than unplanned absences. In addition, some flexibility can address dependent care emergencies such as a child's illness without losing employee productivity.

- **Enlarged Population from Which to Recruit:** Many qualified applicants cannot work a standard, full-time schedule or work without interruption across their life span. An organization's ability to offer flexibility increases the number of quality candidates from whom to choose, which is especially important in a time of talent shortages.

- **Enhanced Recruiting Power:** Many innovative companies report that their commitment to flexibility is a strong incentive in their recruitment efforts. Potential employees (especially the next two generations entering the workforce) are concerned about "quality of life" issues. In addition, research shows that top performers are often attracted to companies that offer flexibility, considering them progressive and innovative places to work.

- **Improved Employee Satisfaction:** Research also demonstrates that employees with flexibility report an increased sense of satisfaction with their jobs and employers. They also have less negative spillover at home. In addition, studies show that organizations with high levels of employee satisfaction generate higher levels of customer satisfaction, which in turn leads to customer retention and profitability.

- **Reduced Office Space and Overhead Expenses:** In most urban areas, office space costs are extremely high. Having some employees work some or all of the time off-site, either at home or in less expensive satellite centers, can reduce the need for high-priced space. Employees who work in the office on different days can share office space, and a number of employees may be able to share a general open area. In addition to office space savings, many companies find additional savings in reduced parking costs.

Potential Benefits to the Employee

- **Improved Job Satisfaction:** Employees who use flexibility to meet personal needs generally report higher levels of job satisfaction because the challenge of being unable to meet both work and personal responsibilities is reduced or removed.

- **Reduced Stress:** When employees have greater choice and control over how, when, and where they work, it measurably reduces their stress and reduces the negative health issues that create increased costs.

- **Reduced Commuting Time and Cost:** With flexibility, employees can set their work schedules to reduce or eliminate travel time and/or expenses, e.g., by traveling during non-rush hours, working from home or working at a location closer to home.

- **Increased Productivity:** Most people participating in flexibility report that they are able to work more efficiently and effectively, because the conflicts over managing work and personal responsibilities are significantly reduced.

- **Enhanced Growth & Learning:** Flexibility can allow employees to have the time and energy to pursue their own development, e.g., to 'flex their schedule' or work less than full-time to pursue a degree, enhance their skills or network through a community volunteer program.

- **Enhanced Quality of Life:** The combination of having greater performance and satisfaction at work, better health, the ability to meet personal responsibilities and more discretionary time altogether, create a better quality of life.

EXAMPLES OF FLEXIBILITY

Below are the many different forms flexibility can take. The availability of these typically varies across a company.

FLEXIBILITY OF WHEN AND WHERE WORK IS DONE		
INFORMAL FLEX		Employees can change their work hours or location on an ad hoc basis, typically with manager notification. It doesn't usually require written policy or guidelines.
Situational (or occasional) flex		Employees can make last minute schedule changes as their situation demands.
		Employees can make up missed work time in lieu of earning an absence 'occurrence' or taking paid time off.
		Attendance policies allow for legitimate reasons for absence.
Shift swapping		The ability to swap shifts, rotate overtime and shift assignments.
Voluntary Overtime		No mandatory, unpredictable overtime.
FORMAL FLEX		Formalized agreements, negotiated in advance and used on a regular, non-ad hoc basis.
Time	**FULL-TIME FLEX SCHEDULE**	Restructured full-time options that generally do not affect salary, benefits or career advancement time frames.
	FlexTime	A schedule that permits employees to choose their start and end times, often within limits set by management. This requires a standard number of hours during a five-day week, within a given time period and also may require core hours when all employees must be present or available.
	FlexTime by month/year	The ability to shift hours across the month or year, e.g., summer hours, or working more hours at peak times in the month, with time off later.
	Mid-day flex	Lunch hour or mid-day flex: longer lunch break with earlier start or later end time.
	Annualized hours	Part time or compressed schedules that involve a given number of hours a year, rather a given number of hours a week.

Time Off		Compressed Work Schedule	Compressed work week: a full-time schedule that enables employees to work fewer than five days a week, for example 4 10-hour days, 3 12-hour days or 9-80's where 80 hours are worked over 2 weeks with every tenth day off. Can impact overtime, in certain states.
		LESS-THEN FULL-TIME	Less than full-time work schedules.
		Reduced Work Hours	Less than full-time schedules that can vary by day, week, or month temporarily or permanently. Impact on salary, benefits or career advancement time frames is typically prorated – proportionally to the reduction in hours. Should not penalize quality of assignments/job content, status, participation as part of the team, opportunities for advancement, etc. Includes both line and managerial positions.
		Regular Part-time	Regular part-time: voluntary, less than full-time work that includes the same degree of job security, benefits and other privileges -- adjusted to reflect reduced hours.
		Job Share	Job sharing: two part-time employees voluntarily share one full-time position with salary and benefits prorated.
		Phased retirement	Gradual retirement by reducing full-time commitment over a set period of years, without negative impact on retirement benefits.
		Phased Return from Leave	Working less than full-time after a leave with a proportionately reduced work load.
		Work Sharing	Work sharing: a management and/or employee decision to share work as an alternative to layoffs.
		Modified Duty	Modified duty policies that allow employees to maintain active status while reducing work assignments, so qualifying for tenure or other advancement or benefits continues.
		Leaves and sabbaticals	Authorized periods of time away from work, without loss of employment rights. Paid or unpaid leaves are usually extended for family, health care, education, or leisure time. Sabbaticals are usually paid and occur on a regular basis, in addition to vacation time.
		Buying Additional Time Off	Employees can purchase additional time off, e.g., vacation days -- could be through a cafeteria plan.

	Protected vacations	Vacations as uninterrupted, protected time.
	Personal time policies	Allowing personal time taken in small increments during the work day.
	PTO bank	Personal time off banks for combined vacation, personal and sick time, when employees are not required to justify the need for time away from work.
	Extended family care leave	Extensions of family care and disability leaves to cover emergency care, child rearing, caring for an ailing family member, public service, etc., beyond those currently available under FMLA.
	Paid family leave	Paid family leave.
Place	Telecommuting or Telework	Work from home or other location on a regular (full or part time) basis or intermittently.
	Remote or Virtual Work	Regular work from an off-site location, such as a remote or satellite office. Full or part-time, e.g., from Florida in the winter.

CAREER FLEXIBILITY	
Flexible advancement	Standards for achieving advancement – e.g., partner or tenure -- are distinguished from the amount of time in which the standards are met.
Phased retirement	Phased retirement. Gradual retirement by reducing full-time commitment over a set period of years, without negative impact on retirement benefits.
Non-linear career paths	Multiple equally viable career paths that allow employees to take time out of employment and return to an advancement-track position.

FLEXIBLE EMPLOYMENT RELATIONSHIPS	
Freelance, contracted work, project work	Opportunities to work for the organization as a freelancer, contractor, partner, etc. and remain connected.
Entrepreneurial support	Entrepreneurial employment -- encouraging employees to start related businesses and create alternative sources of employment that are linked to the business.
Employment partners	Growth opportunities for employees within the network of suppliers, customers and venture partners.

WHAT DOES FLEXIBILITY LOOK LIKE?

Navigating the chaos

At his old company, Dave felt pressure to be the first to arrive and the last to leave. Yet he never felt like he was doing "enough." He wished he could spend more time with his wife and two sons instead of living at the office. Dave recently switched to a more flexible situation that focuses less on hours logged, and more on acing the work. Now he's free to manage his own time – calling overseas clients in the morning from his home office and finishing emails from his Blackberry on his commute home. He knows exactly what he has to deliver, and his performance is judged on what he does, not whether he's sitting at his desk.

Dialing it down

Marcella is 62 and looking forward to reducing the intensity of her high- pressure position and having more time to herself. But, she doesn't think she has a big enough financial cushion to live the way she's imagined. Plus, she still loves the challenge of her job and would miss it if she stopped working completely.

Marcella's manager, who didn't want to lose her critical expertise and client relationships, made a suggestion: How about simply cutting back on her current workload – taking on fewer clients and projects, and working a reduced schedule to "phase into" retirement? She would have partial salary and benefits, keep the stimulation and camaraderie of her work, but also have more free time.

The freedom to work in your bathrobe

Three days a week, Jeanne has to commute to work, but on the other two days she works from home. She gains nearly three extra hours on the days she doesn't commute and feels more focused on work, rather than stressed by traffic. The flexible work schedule has reduced her stress, given her more time to exercise and even increased her productivity. The technical work she does requires intense concentration, and her home office gives her the peace and quiet she needs. She saves her most intense thinking and writing for those days, knowing she's more accurate and effective. Plus, she plans ahead with colleagues so that she's accessible when they need her, without constant interruptions.

Returning with gusto

When Kate took a leave to adopt a baby, she was sure she'd be back in just a few months. She loved her work and was committed to advancing her career. But two months into her leave, she knew she had discovered another job she loved equally—being a Mom. She was relieved to use a special arrangement that her firm offered for professionals who resign for personal reasons but intend to return. During the three years Kate stayed home, the firm matched her with a mentor, a career coach and training to keep her skills honed. When she returned to work, she was up-to-date on what had been happening at her firm and in her specialty, and was energized and satisfied from the time she spent in her new role.

MYTHS VS. REALITY

When offering or expanding flexibility, employers often worry about practical matters. For example, that the floodgates will open and they will be inundated with requests that they cannot manage, that staffing and other costs will rise from accommodating employee requests for flexibility, and that they will face some backlash and possible legal exposure by making flexibility available. The following information can help clear up some of the misconceptions about flexibility:

Myth: Permitting or encouraging flexibility may cause a drain on performance.
Reality: Flexibility can actually enhance both individual and team performance when it pushes individuals, teams and managers toward better planning, coordination and clearer expectations and methods of measuring results.

Myth: Flexibility is an exception to the standard way of doing things.
Reality: Flexibility is quickly becoming the 'standard' way of working, valued by men and women of all generations, and in all types of positions, and life circumstances.

Myth: Flexibility is about holding some people to a lower standard of performance. **Reality:** All employees in a flexible environment are held accountable for results--all kinds of results, including maintaining communication, relationships, being up to date on what's happening with the work group as a whole, etc.

Myth: Employees will request flexibility if they need it.
Reality: Often employees are concerned that they will be viewed as less serious, committed, or promotable if they request flexibility. Managers should be on the look-out for real and perceived barriers to flexibility and ensure that employees who choose to work flexibly are good performers and are not penalized for doing so.

Myth: Flexibility will create more work for supervisors.
Reality: Done right, when systems are created such as self-scheduling, the manager's job changes but is potentially less cumbersome.

Myth: Flexibility will create more work for co-workers who have to pick up the slack, and therefore, create a 'backlash'.
Reality: Nearly all employees need to be able to change how, when, and where they work (which is the definition of flexibility) at some point, and if flexible opportunities are broad and well-communicated, most people will eventually use them. Still, work groups and managers must figure out together how they will deal with potential issues. Some potential challenges include short-time emergencies that require a quick or in-person response, communicating with people working in different locations and times, etc. It's much the same as coordinating when people travel or are booked with other assignments. Coordination, planning, technological support, communication systems, etc. are key elements of successful flexibility.

Myth: Everyone will want to work flexibly and it will create chaos.
Reality: The secret is to empowering employees and set up the systems by which they can coordinate among team members, figure out how best to get the work done, plan ahead, focus on results, etc. It not only reduces the load on supervisors, it often results in less stress and greater focus on accomplishing the work goals. The manager often can focus on higher value work.

Myth: Flexibility only works in certain kinds of jobs.
Reality: Most jobs – even manufacturing jobs and other jobs that require in person presence -- can have some kind of flexible component. (e.g., at First Horizon National Corporation, with its retail bank branches and operations centers, over 90% of employees work flexibly.)

Myth: Flexibility is something done primarily to help employees.
Reality: Flexibility – broadly defined -- can be as beneficial to the business as it is for employees. It can increase performance and decrease inefficiency and should be adopted equally for business reasons as well as because it is valuable for employees.

Myth: Flexibility is primarily for female employees with family obligations and employees who are less driven to advance in their career.
Reality: Flexibility – having greater choice and control over how, when, and where one work -- is becoming the working style of choice for men and women in all kinds of positions, ages, and incomes – from leaders to hourly employees. In fact, 79% of employees are seeking more flexibility in their jobs. It's especially valued by some of the people that organizations are trying hardest to recruit or retain. The shape it takes depends on the individual. It is essential, as 24-7 work and personal lives no longer allow a neat separation of the two sides of life.

Myth: Flexibility is a program or initiative coordinated by the HR department. **Reality:** When organizations first implement flexibility, it is often considered a stand- alone program. But as they mature in their understanding of what it is and what it does for the organization, the essence of flexibility – greater choice/control over how, when, and where work is done -- becomes integral to how people are managed and touches most systems and aspects of the culture.

CREATE A FLEXIBLE CULTURE AND MAKE FLEXIBILITY A SUCCESS

Most of what it takes to make flexibility successful involves setting clear expectations, planning ahead, communicating and holding people accountable. Not only is flexibility successful, but performance across the team will be stronger.

1. Be highly selective in who you hire. Pick people who are motivated by the work itself.
2. Make sure every employee clearly understands the overall business strategy and objectives, the specific team objectives and how their individual contribution supports them.
3. Work with each employee to set specific performance goals and outline what is expected in terms of communication, knowledge sharing, relationship building, etc.
4. Make sure employees have the resources they need to achieve their goals.
5. Empower employees to take initiative and make decisions. Give them as much authority as you can.
6. Focus on performance in measuring success and establish clear performance metrics. Be careful not to use 'proxies' to judge performance, like willingness to work long hours, instead of actual results.
7. Give employees authority to identify and eliminate inefficiencies.
8. Support each employee's growth, and make sure each one has learning opportunities that support his/her career development.
9. Ensure that each employee is matched with the right job – one they find challenging and rewarding in its own right – and that they are continually challenged. Not too little, not too much.
10. Watch for biases that prevent employees from contributing their best and advancing at a pace they seek.
11. Hold each employee accountable for his/her individual success, as well as their contribution (direct or indirect) to the success of the team and the organization.
12. Communicate clearly, frequently, and transparently. Convey your communication methods and expectations.
13. Encourage employee productivity and wellbeing (physically, mentally, and in their life as a whole.) Employees should be able to set boundaries that protect their ability to deliver quality results.

Implement or evolve your firm's flexible work arrangements with the PCPS Flexibility Toolkit:

- Action Plan: Create a Flexible Culture
- Flexibility Policy Template
- Flexibility Guidelines & Tips – For Managers
- Flexibility Guidelines & Tips – For Employees
- Flexibility Views Assessment