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Make Telecommuting Pay Off

Telecommuting can attract and retain employees—and save money. But make sure you account for any hidden costs.

By Dori Meinert

Three years ago, when gas prices were at \$4 a gallon, Tech Data Corp. executives were looking for a way to ease employees' financial burdens. They offered 200 employees the opportunity to experiment with telecommuting.

Last year, the telecommuting option was extended to about 530 of the 1,500 employees at the company's Clearwater, Fla., headquarters. The HR team wanted to offer it to even more employees, but there was one major obstacle—an antiquated telephone network that can't route calls to the next available employee working at home. Without that capability, the phone system would significantly hinder at-home sales staff and service representatives who field customers' calls.

An advanced telecommunications system would cost more than \$4 million, says Kellie Beale, SPHR, a senior HR generalist at Tech Data. In light of the recession, executives decided not to move forward with the purchase. ▶

The author is a senior writer for HR Magazine.

Online Resources

Many HR professionals and corporate leaders say that telecommuting, usually part of a package of flexible-work options, will help them attract and retain the best and brightest employees. After all, 82 employers on *Fortune's* 2011 list of the "100 Best Companies to Work For" offer telecommuting opportunities to employees. Who doesn't want to be like them?

However, if telecommuting is to provide the benefits that both employees and employers seek, HR professionals must consider its full impact and costs.

"Think carefully about whether telecommuting actually fits with the strategy of your business and its operational needs," advises Wayne F. Cascio, professor of management at the University of Colorado Denver. Without that strategic fit, "It may cost you a lot more, in the long run, in terms of lost business opportunities."

Tangible Cost Savings

The troubled economy, shortages of skilled professionals in some fields and increased stress on workers are among the forces driving HR leaders' interest in telecommuting. Three of four employed parents say they don't have enough time with their children, according to the Families and Work Institute's (FWI) 2008 report *Workplace Flexibility Among Small Employers*.

Some employees value time more than money, says Ellen Galinsky, president and co-founder of the institute in New York City.

Avoiding lengthy commutes can relieve some of employees' stress, giving them greater work/life balance and easing the strain on their pocketbooks. Telecommuting also can often save companies money and boost employees' productivity, Galinsky and other advocates say.

About 43 percent of HR professionals predict that the demand for workplace flexibility will have a strategic impact on operations in years to come, according to the February 2011 *Workplace Forecast* by the Society for Human Resource Management (SHRM). The report was based on a May 2010 poll of about 400 HR professionals.

The heightened attention to workplace flexibility prompted FWI and SHRM to partner to provide research, education and resources to employers.

Many useful lessons can be learned by studying the progress of early adopters of telecommuting.

As one of its many flexible-work options, Deloitte LLP offers most of its 45,000 employees nationwide the option to telecommute as many as five days a week, and has done so for 15 years. As leases came up for renewal, the consulting firm was able to reduce office space and energy costs by 30 percent. In fact, Deloitte saved \$30 million in 2008 after redesigning facilities to

To discuss telecommuting with your peers, to view survey results cited in this cover package and to access the SHRM Workplace Flexibility Resource Page, see the online version of this article at www.shrm.org/hrmagazine/0611Meinert.

accommodate mobile workers who don't need permanent desks.

The practice, called "hoteling," requires employees to reserve workstations when they come to the office. Most of Deloitte's major offices also now have "telesuites" where employees use video conferencing technology to meet virtually

with clients and fellow employees in other locations, without having to hop on a plane, says Molly Anderson, director of talent. According to *Fortune*, 86 percent of Deloitte's workers telecommute for at least 20 percent of the workweek.

In contrast, Delta Air Lines executives say they are just beginning to see savings from their telecommuting program, which began four years ago with 50 part-time reservation agents. Today, more than 570 of 5,000 agents work from home full time, and HR professionals plan to have a total of 800 working from home by the end of this year. They are proceeding cautiously.

All the participants are volunteers. To promote the program

Numbers Game

How many U.S. employees telecommute? The answer isn't so simple to determine.

The number ranges from 2.9 million to 33.7 million, depending on who you count and where you get your figures, according to Kate Lister, principal consultant of the Telework Research Network in Carlsbad, Calif.

In 2009, there were 2.9 million employees who primarily worked from home, an increase of 61 percent since 2005, by Lister's calculations and based on a special tabulation of the U.S. Census Bureau's annual American Community Survey. Most of that growth came from teleworking federal and state workers.

However, Ellen Galinsky, president of the Families and Work Institute, counts employees who work from home at least occasionally. She estimates that group at 13.7 million, or 10 percent of the nation's wage and salaried employees, and says that percentage hasn't changed significantly from 2002 to 2008, the date of the institute's most recent national study.

But the number of teleworkers could be as high as 33.7 million if you include employees, contractors and business owners who work from home at least once a month. That's 17 percent growth from 28.7 million in 2006, according to WorldatWork's *Telework Trendlines 2009* report.

Delta managers wear pajamas at information sessions to play up the comforts of working from home.

"It takes a certain sort of person to work from home. They must be very self-disciplined. So we want to make sure we do a really nice job to make it clear," says Allison Ausband, Delta's vice president for reservation sales and customer care, based in Atlanta.

The company spends an initial \$2,500 for each reservation agent who works at home. That buys a computer and software licenses. But employees pay for their own phones. The \$2,500 expense is offset by lower hourly wages paid to at-home workers. They receive \$1.50 an hour less than their counterparts in the call centers, but they save on gasoline by not driving to work, Ausband reports.

The airline officials plan to transition soon to a web-based solution that will allow employees to access Delta's secure networks from the workers' personal computers, reducing the company's hardware costs by 30 percent. In addition, officials expect to reduce facility expenses by \$1 million this year and more in future years by shrinking office space when current leases run out in cities where enough employees volunteer to work at home.

To strengthen ties to the company, each agent works in a call center for six months before working from home. When at home, they can contact a team leader online whenever they have questions. Monthly meetings keep them connected, too. Leaders send birthday cards and honor other special occasions in employees' lives to maintain connections.

"The biggest priority going in was making sure that this team stayed tied to the culture and they felt in on things as part of Delta, and we've been able to do that," Ausband says. "The performance flows as a result."

Teleworkers also help ensure business continuity. For example, during last winter's snowstorms, when Delta managers needed more agents on duty to handle the flood of passenger calls, a higher percentage of at-home workers volunteered for overtime than did in-office employees.

Return on Investment

Not every employer can save on telecommuting. When workers telecommute just one or two days a week and keep their office desks, companies can't reduce the costs of leases or utility bills, explains Jack Phillips, chairman of ROI Institute, a consulting and publishing business in Birmingham, Ala.

Fifty-five percent of employers offer telecommuting, but only 17 percent offer it on a full-time basis, according to SHRM's 2010 *Employee Benefits* survey report. Forty-four percent offer telecommuting on an ad hoc basis, while 34 percent offer it on a part-time basis.

And, 68 percent of employers have 10 percent or fewer employees participate, according to 176 HR professionals responding to a 2009 SHRM poll on transitioning to a virtual workplace.

"You can really save tons of money, but you've got to have the real estate savings," Phillips says. He's determined to take his own staff virtual by the end of this year. He plans to eliminate the office building and hold occasional face-to-face meetings in the company warehouse. But three of his 10 employees still aren't comfortable with the idea. On the other hand, he says, he recently hired an editor who accepted a salary that is half of what she previously earned—just to work at home.

Before launching a telecommuting program, Phillips urges HR professionals to:

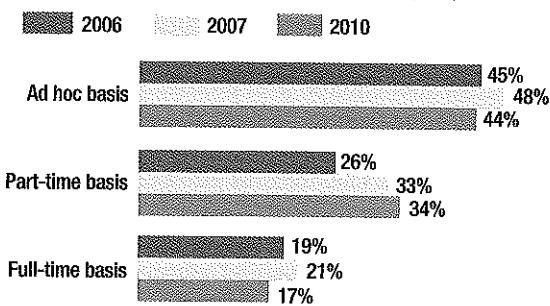
- Research what jobs are suitable. Can the jobs be done without face-to-face contact with customers? Can the quantity and quality of the work be easily measured?
- Develop detailed job descriptions and performance requirements.
- Figure cost estimates with finance and information technology departments.
- Talk to employees to identify necessary technical and managerial support.
- Determine whether managers are willing to let their employees work out of sight.

Startup

Implementing a telecommuting program can be expensive, particularly if the employer doesn't already have mobile technology. Eighty-four percent of HR professionals reported that their organizations provide telecommuters with laptops or desktop computers, according to SHRM's 2009 *Workplace Flexibility in the 21st Century: Meeting the Needs of the Changing Workforce* survey report.

Last year, companies spent on average \$1,981 per remote worker, according to a study released in March by Runzheimer International, a provider of travel, relocation and other mobility services. While that's a decrease of 27 percent from \$2,715 in 2009, the cost still can be substantial for struggling companies.

Employers Offering Telecommuting Options



Source: 2010 *Employee Benefits*, SHRM survey report.

nies. That amount includes the initial expense of providing home office equipment such as computers, printers and office supplies.

Not all employers provide all those items. The range goes from zero to \$7,500, says Greg Harper, Runzheimer president, based in Waterford, Wis.

At the low end are employers that maintain that working at home is a privilege and won't pay for any home office equipment, Harper says. On the high end, some employees "are probably getting some very nice furniture and probably more supplies than they need."

Spreading decision-making on telecommuters' expenses across departments is a common mistake, he says. When different departments approve various expenses, it becomes difficult to determine the total cost.

Tools and Technology Offered to Telecommuters

Organizations that formally offer telecommuting at least one day a week provide the following resources to at-home workers. Respondents were allowed multiple choices.

Laptop or desktop personal computer	84%
Technical support	66
Paid high-speed Internet connection	38
Printer	38
Fax	26
Scanner	14
Other	15
None	7

Source: *Workplace Flexibility in the 21st Century: Meeting the Needs of the Changing Workforce*, SHRM survey report, August 2009, 164 respondents.

make sure they know what they're doing. We've seen organizations bypass that and say, 'Here's the disk. Install that on your machine.' Take the time upfront, get people trained and make sure they're comfortable."

Unwary employers could face unexpected costs from potential lawsuits related to unsecured data on home computers and violations of federal and state laws. Jason Shinn, an attorney at

E-Business Counsel PLC in West Bloomfield, Mich., recommends that employers buy teleworkers computers that can only be used for business or have them work through direct connections to the companies' computer networks.

The Fair Labor Standards Act and workers' compensation

A common mistake: Spreading decision-making on telecommuters' expenses across departments. It becomes difficult to determine the total cost.

Technical support from the IT help desk cost an average of \$634 per virtual worker last year, according to the Runzheimer research. In addition, the 100 employers studied provide on average one technical support employee to assist every 215 teleworkers. Typically, companies don't monitor those support costs, Harper says. The data for the Runzheimer study were obtained from interviews. In fact, "We have to coach them on where to get it within their own organizations, sometimes."

The cost of providing technical support for at-home workers is greater than most business leaders realize, Harper concludes. IT departments don't control the environments of at-home workers. Kids may be using their parents' computers. Not all workers are technically savvy. Calls to the help desk can be time-consuming to answer.

To minimize those support costs, employers should ensure that telecommuters have not only the proper equipment but also adequate training, Harper says. "Make sure the infrastructure in place is robust in terms of technical support. ... Before issuing a laptop to someone, or allowing them to work remotely,

laws are among those that should be reviewed when planning telecommuting policies. "Ad hoc telecommuting arrangements usually present greater risks than carefully considered written policies," says Nicole Belson Goluboff, an attorney based in Scarsdale, N.Y., and author of *The Law of Telecommuting* (ALI-ABA, 2001).

What's the Impact?

Other costs are difficult to measure in terms of dollars but can be just as draining.

The Partnership at Drugfree.org, a nonprofit in New York City, implemented a telecommuting policy in 2005. The policy quickly caused problems and had to be revised.

One individual didn't respond to e-mails or telephone messages during the workday. "Then, we would get a lot of responses at 11 p.m. He was doing a lot of work ... but he didn't synchronize his work schedule with either the regular business day or the team's schedule," recalls Michele Tomeo, PHR, vice president and director of HR and office services.

She changed the policy to spell out that telecommuters were expected to be available to their co-workers during the core business hours of 10 a.m. to 3 p.m.

Of the organization's 42 employees, six work at home full time and three work at home one or two days a week. "We didn't go into it thinking about saving money," Tomeo says. "We went into it thinking it would be a nice benefit—a recruitment and retention tool."

In practice, it hasn't worked as well as she thought it would.

The reason: "the culture of the organization. We tend to have a lot of quick hallway conversations" and employees at home miss out, she notes. "The responsibility has to be on the person working at home to stay in the loop," she says. "There's certainly a lost opportunity cost."

Some HR professionals complain that remote workers add to their workloads.

Family Time

Three years ago, Chris Keehn commuted three hours round-trip each day to Deloitte's downtown Chicago office from his home in the northwest suburbs. He would go days without seeing his then-4-year-old daughter awake.

"She'd be sleeping when I left and when I got home," says Keehn, a senior accountant in Deloitte's tax division. "It just took its toll."

He asked his manager if he could telecommute two days a week. His request was approved. In 2009, he began telecommuting four days a week.

"I feel really blessed," he says. "I'm able to take my daughter to school. Now, she's playing basketball. They practice in the evenings, and I'm able to make her games."

Before making the request, he thought it over carefully, concerned "whether I would lose my interaction with my team," he says. "I actually talk to them more now. On the day I go into the office, I make sure I touch base with everyone."

Telecommuting hasn't prevented progress in his career. He recently passed an accreditation test that he needs to move up. Keehn and his wife are expecting a second child this fall, and he anticipates that telecommuting will continue to help him achieve work/life balance—although it doesn't replace child care arrangements.

"It makes me feel very privileged to be a part of a company that offers this," he says.

"It's just harder to onboard them," says Chery O'Malley, HR administrator at AE Solutions, a specialty engineering company in Greenville, S.C. The company hired remote workers because it couldn't find certain specialists in its region.

New employees spend a few days at headquarters for orientation. "But they're hit with so much information. They go back home and try to do their timesheets for the first time, and they don't have anyone to ask," she explains. "We do end up doing a lot of follow-up by phone."

More lost opportunities occur when remote workers are between projects: It's harder to keep them busy with billable hours. "If they were here, they could jump right in," O'Malley says.

Measuring Attitudes

Some employers measure the advantages of telecommuting through employee satisfaction surveys and by analyzing changes in turnover rates, absenteeism and productivity. However, 62 percent of employers don't measure the changes brought on by working from home, according to SHRM's *Workplace Flexibility in the 21st Century* survey report.

Furthermore, researchers identify managers' attitudes toward telecommuters as a major barrier: Managers are concerned that they won't be able to adequately supervise employees who work from home. To address this problem, HR professionals should factor in training costs to teach managers and employees what the expectations are and how performance will be measured, says Delta Emerson, SPHR, senior vice president and chief organizational officer at Ryan LLC, a Dallas-based tax service firm with a "results-only" work environment.

Some managers may try to openly sabotage the program, while others may be "maliciously compliant"—pretending to go along, but not supporting it and expecting it to fail, she says. "That's where training and communication are important."

Poorly structured telecommuting programs can hurt employee morale. While some studies have shown that the existence of a telecommuting option can increase employees' job satisfaction, even if they don't take advantage of the program, a 2008 study by a professor at Rensselaer Polytechnic Institute in Troy, N.Y., identifies a troublesome issue: The findings suggest that workers left behind at the office may become disgruntled if they suspect their workload is increasing because of co-workers' absences.

To prevent such unintended negative consequences, HR professionals and line managers should anticipate such fears and avoid unfair burdens, advises Timothy Golden, associate professor at Rensselaer's Lally School of Management.

In short, telecommuting is just like any other HR tool. It "works in some situations," says Cascio, the University of Colorado Denver professor, a self-described advocate of telecommuting. But "It would be a real mistake to jump on the bandwagon and just do it because some competitors are." ■



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