



work / life strategy

Introduction

WHAT IS THE NUMBER ONE ISSUE FACING BUSINESSES TODAY?

That's a great question to ask. Some might say declining profitability. Others might say the threat of terrorist activity. Many might identify globalization and an increasingly competitive marketplace. But one issue that CEO's consistently identify as one of the most critical is the recruitment and retention of quality employees who can provide the expertise and service required to grow their businesses. (Source: Grant Thornton Business Owners Council Survey) At the same time during the recent recession, many companies have been forced to focus on the bottom line and forego some of the investments in people that they make when the economy is strong, and this condition has created dissatisfaction among their employees. (Source: 2004 Gantz Wiley survey of 10,000 workers estimated that nearly 75% of workers were considering leaving their current jobs.) According to Derrick Barton, CEO of the Center for Talent Retention, "Employees have done more with less... stayed longer in their current positions than they might have planned... and built some great skills as they took on greater responsibilities due to downsizing. They have weathered the storm and now will be presented with a number of opportunities... will they take them?" (Source: Inc.com) As a result, companies are facing a new conundrum: how do we slow the loss of quality workers while recruiting new workers who can drive our business to new levels? Creative companies are challenging traditional employment models and developing work/life strategies to achieve their goals.

THE PROBLEM

During an economic downturn, good people usually stay where they are as long as their jobs are tolerable. However, when the economy breaks, people start to look for better opportunities, and the best workers usually go first if they have been dissatisfied during the

downturn. This leads to a number of undesirable consequences for the organization: 1) a break in institutional knowledge, 2) the potential loss of intellectual property, 3) an increase in training costs for new hires, and 4) difficulty meeting your client's demands.

PROJECTED GROWTH

Further complicating this issue, Harry S. Dent in his book, "The Next Great Bubble Boom," predicts that we are at the beginning of an incredible growth period in our economy. He bases his prediction on historic patterns of economic growth related to birthrates, and he contends that it is fairly easy to predict when an individual will spend the most money in his or her lifetime. That point is between ages 46 and 50. These spending patterns are based on income and necessity (children in college), and the majority of the Baby Boomers are entering or already in that period of their lives now. That means tremendous economic growth over the next 5 years, and with that growth comes an increasing demand for goods and services. At the same time, the net of the number of younger workers entering the workforce less the number of older workers leaving it is projected to decline significantly in the near future. If the pool of available workers is diminishing and the demand for goods and services is increasing, recruitment and retention will become an even greater problem in the very near future.

This trend has already hit the accounting industry. In the wake of the Enron scandals, Congress passed the Sarbanes-Oxley act to improve accountability of corporations to their stockholders. This act has created greater accounting requirements for corporations and dramatically increased the work required of their accounting firms. The positive impact on the



industry is that accounting is now the number one choice of majors for students entering college. (Source: Job Outlook 2005 survey, conducted by the National Association of Colleges and Employers) The negative is that there are not enough employees today to meet the industry demands. Recruitment and retention is now a critical issue in the accounting industry.

CREATIVE TALENT

Another challenge is the projected shift in our economy from a knowledge-driven workforce to a creative workforce. Richard Florida has attracted national attention with his book, "The Rise of the Creative Class," and its projection that we are at the beginning of a new economy driven by creative work. Many companies in the United States are refocusing their efforts toward developing the next great idea and creating the next great product or service, and they are outsourcing production to other business partners or countries to allow them to focus on what will bring them success and make their companies stronger. P&G's new direction is a reflection of this trend. A.G. Lafley, CEO, stated "I want P&G to become the number-one consumer-design company in the world, so we need to make it part of our innovation process." (Source: Fast Company, June 2005)

With this new focus comes a demand for creative talent, and creative people demand different working conditions than their counterparts. This new class of worker is focused on creative opportunities and is not loyal to companies. According to Florida, they are more inclined to change employers and locations for better creative opportunities, and they are attracted to regions where leading technology exists, where the critical mass of talent is already present, and where tolerance toward diversity of thought is

widespread. The challenge of attracting these types of employees is even greater and imposes new demands on employers to make their organizations attractive to the creative class and to retain them when their first creative opportunity is completed.

So what can you do to maintain your workforce? You can pay them more money than your competitors, but that taps into your profits and can ultimately eliminate your competitive edge. You can give them better benefits, but that too has a financial impact that could reduce your profitability and viability. You can build a nicer workplace, but that alone will not keep an employee from changing jobs. The solution must be one that taps into what is critically important to your employees.

What if your employees felt more committed to the organization and more personally invested in its success? Human nature being what it is, most people take pride in what they do and respond positively when they can measure their personal contribution to the organization's success. That is called engagement. And when employees feel engaged in an organization, they become more productive and are more likely to stay with the company out of personal pride and satisfaction.

ENGAGEMENT

According to "The Gallup Management Journal," there are three types of employees:

1. "Engaged employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.
2. "Non-engaged employees are essentially 'checked out.' They're sleepwalking through their workday, putting time – but not energy or passion – into their work.



3. "Actively disengaged employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish." (Source: www.gallup.com)

In the average company, only 28% of employees are engaged in the business, and the losses in productivity from non-engaged and disengaged employees are staggering. Marriott Vacation Club International has worked with Gallup to increase employee engagement in their organization and has achieved an astounding 57% rate of engagement. Yet they estimate that it costs them \$100 million per year in lost revenue due to the remaining non-engaged and disengaged employees. (Source: www.gallup.com) Clearly, if a company wants to improve profitability and enhance employee recruitment and retention efforts, they must focus on the issue of engagement.

NEW BUSINESS MODELS

Attitudes toward employees are also changing with new business models. During the 80's and 90's, the focus was on bringing shareholder value, and decisions became increasingly driven by short-term bottom line results. Long-range planning and investment became an outmoded concept. Today, several new business trends are changing corporate perceptions of what is critical to the company and how to drive financial success. The Balanced Scorecard (a strategy that defines corporate success related to Learning & Growth, Internal Processes, Customer, and Financial goals) and the Triple Bottom Line approach (that looks at Financial, Social and Environmental measures) are two strategies that are changing perspectives on the measures of business success, and the development and retention of employees is being seen as a key component to financial viability.

One example of this approach is demonstrated by Southwest Airlines' employee engagement strategy. Their position is that the employee comes first, the customer second, and the shareholder third, an approach that is exactly the opposite of the old paradigm. The reason they have adopted this strategy is fairly simple. If employees are engaged and happy, they will take better care of their customers. And if the customers are satisfied and happy, it will impact financial performance and shareholder value. It's a cause and effect model rather than a strategy that places the desired result ahead of the process to achieve it. Southwest Airlines takes this strategy to the point where they believe their employee over their customer when incidents happen at the ticket counter, gate, or in the air. They train their employees so well that they stand behind their actions rather than assuming that the customer is always right. While this flies in the face of convention, it is achieving results. Employee loyalty is very high, and recruitment and retention is not an issue. The financial bottom line of the company reflects the success of this policy because there are so few problems. The employee is empowered by the airline to serve the customer, and the employee feels more engaged in the organization as a result.

This story indicates another growing trend in business: shifting decision-making from the C-suite to the front line. Businesses have come to realize that the bureaucracy created by holding decision-making authority at the highest levels of the organization is dramatically impacting their ability to serve their customers. If a customer request falls within standard operating procedure, the response can be reasonably accommodated. However, if the request is outside established protocols, it can take a significant amount of time to present the issue to the management



team and get a new response incorporated into standard procedure. While high-level decision making allows the organization to retain control of their processes, it frequently frustrates customers and can often lead to dissatisfaction and consideration of other competitors who are more responsive to their needs. By training the front-line employee to understand business goals and basic parameters, many companies find that these employees are just as capable of making reasoned decisions to support the client's needs that fit within the goals of the provider company. The time saved by adopting this approach is dramatic, and customer satisfaction is generally higher because their needs have been served quickly and effectively.

CHANGING EMPLOYMENT MODELS

With this renewed focus on the employee as the driver of business success, many organizations are looking more closely at how to get the most out of their employees and to help them meet the demands of their personal lives while they are at work. They are training their employees to become more effective in their jobs. They are allowing the employees to change their work processes to improve performance. They are reexamining technology to find systems that will empower their people to be more productive. They are exploring alternative work settings to give their employees more flexibility in how and when they work. They are creating healthier work environments to keep employees alert and minimize downtime due to illness. They are providing new amenities to save time wasted in doing routine personal tasks that employees must do to meet the demands of their personal lives and their family responsibilities. And they are employing change management strategies to help their employees adapt to changing business demands with less stress and greater

productivity. This comprehensive approach to employee engagement and business productivity is called a Work/Life Strategy.

In the following months, you will receive a series of articles addressing specific ways your organization can implement a work / life strategy using your work environment as a catalyst for business improvement. Our series will explore issues such as changing demographics and expectations, employee development and its role in retention, using organizational culture as a differentiator, changing work processes, using technology for empowerment, alternative work strategies, healthy work environments, bundling amenities to simplify life, and using the workplace as a strategic work/life tool. We hope you find this series both informative and provocative, and we trust that you will find value in some of the suggestions that can be implemented in your own organization. If you have questions or challenges to our position, we welcome your responses, and we will share them in future articles.

A personal work/life strategy is a means of balancing your time to allow you to get the most out of life. A corporate work/life strategy is a means of balancing the demands you are placing on your employees with the realities of their personal lives and helping them to be more productive. When the two converge, you can create a win/win situation in your organization that will make you the preferred employer in your industry as well as your geographic region.

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