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Compass: What are You Waiting For?

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Brace yourself: here we go again. This is a flat-out rant about why your organization is really off-base and potentially in deep doo-doo if you're not actively promoting flexible/mobile work for as many of your knowledge worker employees as possible.

Last September, when the economy hit the proverbial fan, we fully expected to see a genuine rush to implement flexible work programs. We naively thought that *this* time the pressure to cut costs would finally be so great that senior executives would give up their long-time resistance to change in the way they get things done.

Well, there's been a rush all right—to cut staff, to cut travel, to cut every “discretionary” expense imaginable. Same old, same old: don't change anything, just squeeze the few employees who are left to do more with less.

In Our Humble Opinion, that's not the way to get to the future, let alone survive.

We've actually said a lot of this before ([“How Come Distributed Work is Still the Next Big Thing?”](#)). But we're not going to spend any time at all discoursing about all the reasons why executives resist change. And we're not going to harp on all the logical reasons for supporting mobile work.

No, this time we're just going to tell you what you're missing by continuing to manage in old-fashioned (“So twentieth century!”) ways. Frankly, we've run out of patience.

There are actually lots of reasons why you should be transforming the way your organization gets work done:

- You can save a whole boatload of money
- You can increase productivity and agility, and reduce business continuity risk
- Your employees want to do it
- You can attract (and retain) better talent
- You'll help save the planet
- Sooner or later (probably sooner) you're going to be legally required to do it

But we're going to be really, really brief and assume you actually know most of that already. In fact, we're only going to address one thing here, because it seems to be the only thing that really matters: saving money.

Saving Money

We've suggested for years that it's a whole lot cheaper to support a mobile workforce than to provide (mostly unused) office or cubicle space for everyone. Yes you'll spend a little

more on technology in a mobile world. But you can shave your real estate costs by 30% or 40% or more, and you'll probably reduce your Human Resources Management and overall administrative costs too.

[SCAN Health](#), a company we've been working with for over three years, is realizing a return on investment of over 40% by enabling approximately 15% of its workforce to work at home 2-4 days a week. We've told this story publicly several times in the last few months; you can dig into it in more detail at [this post](#) on our blog (which also includes the full presentation deck we delivered at an [IFMA Industries Forum](#) back in March in partnership with **Diane Coles**, SCAN's Director of Workplace Services).

And [PC World](#) recently carried a story that Cisco Systems is claiming **\$277 million** in annual productivity savings as a result of enabling work-at-home employees ("[Cisco Promotes Telecommuting](#)"). And, by the way, Cisco employees are much happier too.

Here's another assessment: **Kate Lister** and **Tom Harnish**, authors of the recent best-seller [Undress4Success](#) (link is to Amazon.com), have estimated that United States corporations could drop **\$260 Billion** (that's Billion, with a "B") to the bottom line every year if they just enabled people to work at home *one day a week*

Commuters themselves would save another \$228 Billion (not to mention the annual savings in gasoline consumption; that change alone could almost make us independent of foreign oil).

Our analysis of the economics of mobile work is unequivocal; we've seen one case after another where the savings in total workforce support operating costs run between 27 and 45 percent. That's including all the benefits that stem from reduced real estate and facilities, reduced travel, a higher management span of control (believe it or not, mobile workers need less, not more, "supervision"), and more efficient use of technology. And we've seen consistent improvements in remote workforce productivity of between 15 and 18 percent beyond office-bound colleagues—across many industries and over many years.

Are you beginning to understand why we find the reluctance to embrace mobile work so frustrating?

But it's not just an emotional issue. We believe corporate reluctance to do the right thing isn't just a case of being blind to opportunity. It's also downright irresponsible. Corporate executives who insist on living in the past aren't just missing out on major cost savings and productivity gains. **They're also squandering stockholder value.**

Creating Value

Think about it this way.

Consider a corporation that is spending about 35% of its operating budget on workforce support (that's fairly typical; workforce support includes facilities, technology, and HR and admin costs; [contact us](#) for a more detailed definition). For an organization achieving a 7% profit margin, reducing workforce support costs by just 20% (while also improving employee productivity) could just about *double* its before-tax profit.

If that isn't impressive enough in its own right, now think about what a doubling of your profit could do for your stock price. All other things being equal (yes, we know they never are, but bear with us), you could be looking at a doubling of your stock price—and, of course, your market capitalization. If your company has a market cap of \$500 million, we're now looking at a mobile work program being worth \$500 million to your shareholders.

Now our frustration at the lack of imagination and courage on the part of senior executives should be extremely clear. If your CEO isn't creating the future of work in your company, your shareholders ought to be calling for his/her termination.

And if you're not broadcasting this very simple message to every senior executive you know, maybe someone should ask why you're not doing *your* job.

And now for a closing prediction: within a year at least three Fortune 500 companies will announce formal plans to cut their workforce support costs by 40% or more. Watch what happens to their stock prices relative to their peers/competitors. We then expect to see a typical "the first sheep turns and then whole herd follows" reaction. Those who don't follow the herd will drift into decline and eventual demise. And even the followers won't get the same benefits the leaders will.

Fair warning: waiting may be dangerous to your health and well-being. And of course, the longer you wait, the longer it will be before you start realizing the huge cost savings and productivity gains that we guarantee are out there. Every month you don't act is a month you paid more for workforce support than you should have..

So: what are you waiting for? It's past time to stop talking and start doing.

[Please also send your comments directly to us.](#) We look forward to learning from you, and we'll be happy to share your thoughts with Larry as well.

About the Work Design Collaborative and *Future of Work Agenda*

Future of Work is a global network of resources – practitioners, thought leaders, researchers, and senior consultants – who are committed to building and implementing physical, social, and technology-based work environments that are cost-effective, socially and environmentally responsible, and personally satisfying.

We are focused on defining the future of work and helping our members and clients achieve new levels of workforce and workplace productivity. *Future of Work* produces and distributes management tools, surveys, benchmark databases, white papers and technical reports, conferences and workshops, newsletters, books and articles, and public presentations on the changing nature of work. The Work Design Collaborative, LLC, provides leadership and infrastructure services for the *Future of Work* community.

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