KEY MESSAGES

1. Many factors are contributing to the widespread adoption of flexible work and telework strategies and businesses need to respond rather than react to the escalating interest in telework.

2. Improved business performance needs to be at the heart of any flexible work and telework strategy.

3. Companies need to have a clear idea of what they hope to achieve by adopting flexible work practices, including telework.

4. Flexible work practices need to be embedded in the company culture, with strong support from staff at all levels of the business, but especially at senior levels.

5. Flexible work practices enhance the importance of good management.

6. Successful telework strategies allow for some failure and evolve with time.

7. Faster, omnipresent internet access – including the NBN – will assist the adoption of flexible work practices.

8. Employees should determine how they work best within the boundaries and expectations set by management.

9. Commonly reported benefits of telework and other location-based flexible work practices that contribute to improved business productivity include:
   - Greater strategic direction – companies work smarter, more efficiently and are more responsive to customer needs.
   - Better communication – greater exchange of knowledge and ideas and greater interaction between a broader range of individuals.
   - Happier more engaged employees – employees are more empowered and spend their time more wisely.
   - Significant cost savings – a number of factors including changes in the physical workplace design and reduced staff turnover can all lead to significant savings.

“Work is a thing you do and not a place you go”.\(^1\) It makes sense then that companies consider new ways to structure when, where and how their employees need to work to be the most effective.

Flexible work arrangements allow employees and their employers more scope to choose the location, time and manner in which work needs to be done to achieve the best

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\(^1\) Microsoft, interview with AI Group, October 2012.
possible outcomes. These arrangements are focused on improving employee performance or productivity while at work and – in a not unrelated objective – promoting greater balance between employees’ work and individual commitments.

There are a multitude of ways to introduce more flexibility into the workplace, including making amendments to: an employee’s hours (reduced hours, part-time work, changing start and finish times, special leave entitlements and compressed-week arrangements); pattern of work (job-share arrangements and split-shifts); or location of work. In October 2012 Ai Group conducted research to explore approaches and challenges faced by businesses in adopting location-based flexibility arrangements. These arrangements included:

- full-time remote work (telework) away from the office or traditional place of work (often this is the home, but not necessarily);
- hybrid telework, where employees regularly work away from the office or traditional place of work, either on a routine or flexible (ad hoc) basis; and
- activity based working where employees don’t have a designated place of work or personalised desk space, but are able to work from many locations, including locations outside of the office and specially designed ‘activity-based work stations’ within the office, including: hot desks; quiet reading spaces with couches and bean bags; and cafe-style collaboration centres.

The research included case studies with senior management and teleworking employees at three businesses – Cisco, IBM and Microsoft – who are leading practitioners in and facilitators of the adoption of flexible work policies and one manufacturing business, Australis Engineering. In addition, we discussed the issues more broadly with a wider set of member businesses.

Beyond the technology and professional services sectors with which telework is often associated, we felt that it was also important to investigate location-based flexibility arrangements in sectors that typically have fewer office-based roles and are less likely to be proponents of telework. This is because:

- even in these sectors there are office-based roles that are amenable to location-based flexibility arrangements, including roles in administration and accounts, information technology support and legal roles;
- technological advances are seeing many sectors become more capital intensive and a growing number of jobs become more office-based (i.e., designers and engineers are more likely to spend time with a mouse in their hand than a pen and the internet is changing the service sector including the nature of sales and teaching roles); and

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2 Where an employee works on a full-time basis, but the hours are ‘compressed’ into fewer days. This approach is commonly used by employees who find they are working a full-time load, often doing significant ‘out of work’ hours, but are only getting paid for working part-time.

3 Desks which are not assigned to a specific person, but which can be used by any of the company’s employees.
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As the number of the case study companies described it, “the world of work is changing and flexible work strategies are being borne out of businesses’ response to these changes.” Businesses need to respond, rather than react to these changes.

With this in mind, the following pages summarise Ai Group’s key research findings and are intended to act as a guide to assist businesses to design and implement their own location-based flexibility arrangements.

WHY IMPLEMENT TELEWORK AND OTHER FORMS OF FLEXIBLE WORK?

1. Many factors are contributing to the widespread adoption of flexible work and telework strategies. An increasing number of companies are incorporating more flexibility into their workplace by reconsidering how, when and where work is done and how ideas and knowledge can be best shared and communicated. It is likely that this number will continue to grow as drivers strengthen for the adoption of flexible work practices, including telework.

While location-based flexibility drivers are more strongly felt in the professional and information and communication technology service sectors, they are increasingly filtering down to other service sector industries and sectors outside of the manufacturing industry. Technology advances are not only making it easier for people to share information and communicate remotely, but they are changing perceptions about how workplaces can and should operate. Employees increasingly expect to be able to work flexibly and, as such, the adoption of flexible work practices is becoming essential to attracting and retaining staff. Moreover, flexible work and telework was seen by all of the companies we spoke to as being an essential part of their strategy to improve productivity and competitiveness.

As businesses look for ways to enhance their performance and attract highly skilled staff, it is likely that there will be a growing move towards the adoption of flexible work and telework strategies. As the case study companies described it, “the world of work is changing and flexible work strategies will be borne out of businesses’ response to these changes.” All of the case study companies had made a conscious decision to introduce more flexibility into their workplace, although some elements of their flexible workplace strategy evolved organically, or by trial and error, as their strategies evolved. At Australis Engineering “telework is openly discussed and offered as a benefit to prospective employees” and the company noted that
employees, both male and female, have asked if they can telework. “We were able to retain one female staff member who otherwise would have ceased working with us because we let her work from home one day a week” the company’s Managing Director, Peter Gustafson said.

Businesses prepared for this trend, with time to think about how they will incorporate greater flexibility into their workplace, will be better placed than those that are forced to adopt flexible work practices to attract staff, remain competitive or comply with recently introduced Fair Work legislation (see box).

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**Workplace Flexibility in Australia and New Zealand**

- In their recent World of Work Survey report, Ranstad found that when it comes to job satisfaction Australian employees affirm the principles of meaningful work; recognition and flexicurity (job security with inbuilt flexibility)4.
- Around one quarter of Australian employees intending to stay with their current organisation say that work-life balance is the primary reason for their decision4.
- Just over 70% of employees say that working from home at least one day a week is acceptable in their work group5.
- Data suggests that employers are clearly listening, as flexibility ranked first among their future challenges with 92% agreeing or strongly agreeing that the merging of daily work and life means employees will demand both security and flexibility in the next 10 years4.
- In January 2010 the right to request a flexible work arrangement became law under the Fair Work Act 2009 for eligible employees6. In response to the implementation of this legislation, which requires businesses to respond in writing within 21 days of receipt of a written request and provide a business case if a request is refused, many businesses have7:
  - upgraded their flexible work policies and processes;
  - invested in action to up-skill their managers to better manage workplace flexibility; and
  - paid more attention to the way in which they respond to requests for flexibility.

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5 Australian and New Zealand results from the 2010 Global Work Life Survey
6 Eligible employees include those who are responsible for the care of a child that has not reached school age, or a child that is younger than 18 years and has a disability
WHAT ARE THE IMPORTANT FACTORS TO CONSIDER IN DESIGNING AND IMPLEMENTING MY TELEWORK POLICY?

2. *Improved business performance needs to be at the heart of any flexible work and telework strategy*. While there are a number of drivers for implementing flexible workplace practices, including new opportunities created by emerging technologies, all of the case study companies believed that the foundation of any successful flexible workplace strategy must be a genuine desire to improve workplace productivity. Indeed, all of the case study companies implemented flexible work strategies, such as telework, because they saw that these strategies would improve the performance and competitiveness of their organisations. Other Ai Group research also indicates that businesses most commonly decide to invest in technology and innovation because they want to increase their productivity levels\(^8\).

This approach requires companies to put their overarching objectives first; from among the broad suite of potential benefits from teleworking they should focus on those gains they need to make to achieve business objectives. Essential questions to be considered include “how does my organisation need to work to be most productive and to what extent are we confining ourselves to certain workplace practices because they have become habit or are convenient?”

As Microsoft described it, “work is a thing you do, not a place you go”. This ethos got the company thinking about how they could do what they do better to be more resilient to economic uncertainty and market pressures. Their solution was adopting more flexible workplace practices – to increase collaboration and the exchange of knowledge and ideas between people and across boundaries; to be more responsive to customer needs; and to ensure that employees are more empowered, happier and can work in a manner that is more conducive to producing high quality outcomes.

Businesses, and especially businesses outside of the ‘traditional telework sectors’, are likely to show more interest in telework and flexible work practices if they are satisfied that these improve workplace productivity. Workplace productivity is also important to Ai Group as we are concerned that the combination of slow productivity growth and rising wage costs is increasing unit labour costs and making Australian businesses less competitive in international markets. Utilised as one of a suite of tools to enhance productivity, a focus on flexible work practices might be useful as a tool to assist businesses in addressing this problem.

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\(^8\) Ai Group 2012, National CEO Survey, Business Investment in New Technologies
3. **Companies need to have a clear idea of what they hope to achieve by adopting flexible work practices, including telework.** There can be significant costs associated with investments in flexible work, particularly if the implementation of flexible work practices necessitates the need for investment in new software and hardware; for example, to enable remote communication or to ensure the secure exchange of information. The retro-fitting of offices to create flexible work environments can also be expensive and there may be some disruption to the workplace while business practices are adjusted to respond to the new work arrangements. Furthermore, companies may have to recruit staff, invest in staff development and training or bring in external expertise to leverage these investments.

For companies who do not have a strong understanding of the technologies and tools available to support flexible work practices it can be difficult to make investment decisions and obtain the maximum leverage from investments.

The case study companies we spoke to all felt that, in order to maximise the benefits of investment in flexible work, companies need to have a clear idea of the benefits they hope to achieve (as opposed to the benefits they have heard can be achieved) by adopting flexible work strategies and the strategies they will use to incorporate more flexibility into their workplace. Investment decisions that are centred on meeting needs are likely to provide greater returns and be more sustainable in the long term. By understanding where they are trying to go, businesses can better assess the advantages and disadvantages of different investments. Further, they are better able to structure or stagger investments, upgrading equipment as their workplace needs evolve, as older technologies become more affordable, and as emerging technologies come onto the market.

4. **Flexible work practices need to be embedded in the company culture, with strong support from staff at all levels of the business, but especially at senior levels.** The success of any flexible work strategy is dependent on staff feeling comfortable with and being committed to the strategy. Many of the case study interviewees described difficulties in transitioning to a remote work arrangement, and felt that a company culture that was supportive of telework/flexible work was critical to their successful transition. Microsoft described three fundamental factors as being important to the success of flexible work: company culture, technology and physical workplace design. These factors were likened to the legs of a stool, providing the structure and foundations of the strategy; essentially the factors that hold it up or make it work. Robert Orth, HR Director at IBM, noted that “flexible work arrangements need to consider the needs and expectations of the business, management, individual employees and teams.”

A number of companies had implemented a company change management strategy to assist the transition to more flexible work arrangements. These companies felt it
was essential that staff behaviour, especially among senior staff, was consistent with the company culture they were trying to create – one of trust, accountability and responsibility. A couple of companies conducted flexible work “pilot projects” with senior staff, before rolling out specific practices more broadly within their organisation. This illustrated that not only were senior staff committed to implementing flexible work practices, but that employees would not be disadvantaged by working outside the office. These practices were important to avoiding resentment, including perceptions that teleworkers do not work as hard or have it easy, or that in-office staff are looked on more favourably.

“People who have worked in traditional workplaces are often wary of the change and perceived freedom that telework brings, so you need to concentrate on changing the company culture and work environment. Relationship building and trust is the key to making it happen, but trust needs to be illustrated not just stated as a value,” Cisco HR Director Ian Hamilton said.

Other practices that were useful in assisting the transition to flexible work practices included: training programs, for example, in time management, management of remote staff and training in specific technologies or tools for flexible work; blogs and other social media applications where staff could raise questions and concerns and seek help from their colleagues; and ‘buddy’ or networking programs that matched staff with experience in flexible work with staff who had little or no experience. A number of the case study companies spoke about the importance of clearly articulating the company’s telework policy, including guidelines around which roles could be done remotely and the expectations of teleworking staff (i.e. their contactability, contact hours with in-office staff and expectations about how often and when they would be required to come into the office). Australis Engineering commented that these practices were particularly important when it was not possible to implement flexible work strategies across the entire organisation. “It’s good to have some ground rules to begin with, to make it clear to all employees and avoid resentment. There are many good resources online and we utilised some of these and amended them so that they were relevant to our business,” the company’s Managing Director Peter Gustafson said.

5. **Flexible work practices enhance the importance of good management.** Although principles of good management apply equally to all management situations, the remote management of staff carries with it some specific challenges (see box for some examples). This was summed up by Robert Orth, the Director of HR at IBM: “basic management principles do not change, but the application of them does. It is the case that items like communication, performance management and teaming have to be managed differently in a more flexible working environment.” Micro-management, and other management practices that are ordinarily problematic, become even more so with remote management. As such, traditional communications and management styles need to adapt to the introduction of
flexible work practices. “Managers have to learn to let go of some control and place greater trust in their staff, and the importance of specific skills, including the ability to plan and think strategically; organise and be decisive; and communicate and ‘sell’ ideas, or motivate staff, is increased”, said Cisco HR Director Ian Hamilton. Staff are measured on the achievement of outcomes, rather than on the basis of attendance and, in order for them to prioritise and manage their time, they need clear guidelines on what needs to be achieved, by when and by whom. Communication is important to ensure that people don’t become isolated, but that interactions between team members are maintained and that people continue to work collaboratively.

Key findings of the recent Flexible Work in 2010 – Pulse Survey9

- During the last five years, there have been minimal changes in the attitudes of managers to flexible working, with 47% of respondents “agreeing” or “strongly agreeing” that they are hindered by leaders in their organisation who find it difficult to change their views about the value of flexible working.
- Furthermore, just over a quarter of the respondents (26%) do not believe that their managers/leaders feel competent to manage flexibility within their work teams.

6. Successful telework strategies allow for some failure and evolve with time. All of the case study interviewees spoke about the importance of managers and their staff sitting down to establish a written ‘teleworker agreement’. This agreement should discuss the objectives of both parties in establishing work arrangements, the expectations each person has of the other and the basis on which performance will be assessed. A senior staff member at Cisco commented that, “It is important to acknowledge the nature of the relationship as being one of give and take. That ‘trust metric’ is important, but with trust there may be some failure and what is really important is to aim for a net positive, rather than expecting that you can implement cultural change without any hiccups.” There are a lot of changes to think about: how one maintains, or ensures staff are maintaining, a work-life balance when the boundaries between work and life are increasingly blurred; how to work in a team that you are not co-located with; and how to ensure that staff remain connected and contribute. These changes are associated with risks that need to be managed.

It is also important to allow your workplace flexibility arrangements to change with time, particularly as the workplace evolves due to the emergence of new technologies, changing workplace demographics and changing staff expectations.

Robert Orth, Director of HR at IBM spoke about ‘architected’ or planned change to enable work in different situations or to drive specific changes in workplace culture, and ‘opportunistic change’ in response to the emergence of new technologies and tools. He said, “the latter is often user driven, as staff and customers experiment with and come up with new ideas for applying technology and to successfully implement flexible work you need to be prepared to experiment to find out what works best.”

Finally, to ensure that flexible work strategies are delivering against company objectives, outcomes should be regularly assessed, policies reviewed, and staff feedback sought. This should include meetings at the senior management level, as well as one-on-one discussions between managers and their subordinates. A number of the case study companies mentioned that it was often useful to trial flexible workplace practices with a small number of staff before rolling them out on a broader scale. “New workplace practices don’t necessarily need to be rolled out across the entire organisation or be full-time remote work arrangements.” The vast majority of employees we spoke to chose to regularly come into the office. Even those who were full-time remote workers only worked this way because there was no company office within commuting distance of their house. This suits many organisations as they can trial different levels of flexibility before settling on the level that best suits the company and its staff.

7. **Faster, omnipresent internet access – including the NBN – will assist the adoption of flexible work practices.** While the NBN is not currently seen as a key driver for adopting flexible work and telework policies, our case study and survey work indicates that many businesses believe that the NBN will make it much easier for people to work away from the office. In particular, companies commented that it will improve the quality and reliability of video conferencing, enabling teleworkers to more fully engage in company meetings regardless of whether they are connecting from a fixed location (boardroom or home office) or from a mobile device, such as a tablet or smartphone. It is also likely to improve the ease with which people can share information (especially when it is contained within large files) and use real-time collaborative business tools.

As the NBN is rolled out to more locations, and its ‘enabling’ benefits become more apparent and more widely understood, it may start to drive telework adoption. Ai Group survey work indicates that the number of companies with teleworking employees could increase significantly as IT systems are further improved and access to reliable high-speed broadband is enhanced.

8. **Employees should determine how they work best within the boundaries and expectations set by management.** Flexible working arrangements are, by their very nature, more inclusive. As an employee’s performance is determined by what they achieve, rather than by where or how they achieve it, a lot more onus is on
individual employees to make sure that what they are doing aligns with team and company-wide objectives and is achieved in a timely manner. Employees will also need to determine how they need to work to be most productive. This, of course, does not preclude a role for management – in fact discussions between employees and their managers become even more essential, both to establish clear guidelines for work and to ensure that the team is working in a cohesive manner. All of the case study businesses we spoke to – both employees and their managers – described this as a “give and take relationship”, with agreements negotiated on a case-by-case basis; for example to establish expectations around ‘contactability’, attendance at team meetings, face-to-face time with subordinates and other issues. One manager also commented that it is important the employees are made aware that flexibility is a privilege not a right, and that employees have the personal responsibility of illustrating that they deserve that privilege. In this context it is worth noting that under workplace law, eligible employees (carers for children below school age or children with a disability) do have a right to request flexible arrangements.

None of the managers had any problems with their teleworking employees, and many of them reported that workplace productivity actually improved. Rose Clements, Head of Human Resources at Microsoft said, “I think that the vast majority of people come to work with the intention of doing a good job and I think you have to trust in that. However, the role of management is critical, as 30 per cent of bottom line performance comes from how people feel at work and management has an enormous impact on that.”

Productivity could also be improved, and the potential for resentment reduced, by letting employees establish how they work best, rather than forcing flexible work arrangements on them. All of the employees I spoke to recognised the importance of staying connected, and for this reason chose to regularly come into the office (where the office was in commuting distance from their house). A number also commented that they valued the social interaction that they got from work, even though it was not something they needed, or indeed wanted, every day. One employee cited concerns that she would be overlooked for promotions and other opportunities if she were to become a full-time remote worker, another was concerned that they might be excluded from some workplace decisions.

WHAT ARE SOME OF THE KEY BENEFITS MY COMPANY CAN EXPECT FROM INCORPORATING MORE FLEXIBILITY INTO THE WORKPLACE?

9. The key benefit to be obtained by adopting more flexible workplace practices is productivity improvement. This is obtained because:
a. **Companies become smarter, more efficient and more responsive.** The adoption of telework and more flexible work practices forces companies to think more strategically about what they do and why they do it. Employee performance is gauged not by attendance, but by the achievement of outcomes. Employees, rather than being closely supervised, are expected to manage their own time to achieve outcomes they have agreed with their managers. For this outcome focused approach to work, an organisation’s vision and strategic direction must be clear. Otherwise it is difficult for employees to set and prioritise individual goals (or outcomes) to align with the overall direction the organisation wishes to take.

If, in developing their flexible work strategy, organisations have also considered how their performance can be improved by implementing more flexible work practices, further productivity and competitiveness benefits are also likely to be realised. One of the companies we spoke to commented that the role mix at their company has changed to better meet the needs of the company and prioritise those activities that contribute the greatest value add.

b. **Communication is more efficient and there is greater interaction between a broader range of individuals.** Telework and flexible work practices are breaking down geographical, organisational and hierarchical barriers to communication, thereby increasing the flow of information and ideas within an organisation. This occurs because interactions between staff, and between staff and customers, become less about ‘location’ and more about the internal and external relationships required to be effective in a role. Robert Orth, IBM HR Director, observed that “flexibility has accelerated the speed and flow of ideas fantastically because people interact more widely and this has had all sorts of benefits, including greater innovation, more creativity, better connectedness and, you could say, it has increased the feeling of belonging too.” Employees at a number of the companies we spoke to noted that organisational silos no longer acted as barriers to communication and that they were interacting with a much broader range of people. Many also commented that their communication was more purposeful; “home is my sanctuary for work and when I am at home I am in solitary work mode, but when I come into the office I really make the point of catching up with people; because I’m not there all the time, I place greater value on that interaction time”.

c. **More empowered employees spending their time more wisely.** Employees commented that they found flexible work arrangements more rewarding than arrangements with less flexibility. “Telework arrangements are about trust and I find this very empowering...that I am trusted to work out how best to spend my time and I feel more able to contribute to the company direction. I definitely work smarter, I feel more appreciated, and I have an increased sense of belonging. This in turn makes me want to work even smarter.” A number of
employees also commented that they find it easier to concentrate when they are away from the distractions of the office, and this was said to be particularly important when working on activities that require a lot of thought. Moreover, several employees commented that they could work during time they would normally spend travelling, without feeling like their work-life balance was impacted. Microsoft commented that “the company has experienced a boost in employee productivity, engagement and wellbeing as a result of implementing flexible work, including telework.”

d. **Significant cost savings are made.** Many of the often cited cost benefits of telework - including increased workforce participation, reduced traffic congestion and traffic pollution – are more relevant at a national or state level, than at the business level. However, the case study companies reported a number of business-level savings, including: the ability to attract employees at a slightly lower wage because people were prepared to substitute some remuneration for increased flexibility; reduced staff turnover; the ability to have a presence in multiple states, without the costs of establishing a physical presence; and reduced office overheads as phone bills, desk-space and storage space requirements were all reduced. Microsoft has decreased its office footprint by approximately 25 per cent through the implementation of activity-based work stations\(^\text{10}\) and IBM research has found that flexible work arrangements increase staff loyalty with 64% of employees saying they feel a greater sense of belonging.

\(^\text{10}\) Refer to page one for a definition of an activity-based work station.