

CFOs See Business Impacts of Work-Life Flexibility, But They Can't Execute for Strategic Benefit

Experts predict that the rate of change to which organizations and individuals will have to adapt will increase in the coming years (Kotter 2008). The rise in energy costs and the worsening recession are two recent examples of rapid change, and many organizations lacked the flexibility and agility to respond creatively. Nimble response to change requires decision makers to be open to new ideas in how, when and where work is done, and life is managed. These new ideas can become business realities through the strategic use of workplace flexibility.

Through a combination of flexible and reduced scheduling, teleworking, job sharing, sabbaticals, compressed workweeks and the use of contract workers, leaders can adapt organizational operations to address business challenges and seize opportunities. These workplace-flexibility strategies can reduce labor costs, improve work flow planning, expand client service, leverage technology, reduce real-estate overhead, increase environmental



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sustainability, improve disaster preparedness and lower health-care costs, to list a few potential positive business outcomes. And the strategies help employees at all levels flexibly manage their work and their lives to meet their needs and the organization's needs.

Historically, workplace flexibility as an HR strategy to attract and retain talent has received the most attention. This paper examines the perceptions of CFOs to determine if these front-line, financial decision makers see what the survey termed “work-life flexibility” as a strategic lever CFOs can apply to respond to changes in the business. A survey was developed to determine if the culture, policies and procedures in the CFOs' organizations would support the rapid execution of a business strategy that included work-life flexibility. In other words, did the awareness and the organization align?

To answer these questions, BDO Seidman LLP (BDO) and Work+Life Fit (WLF) cosponsored the *2008 CFO Perspectives on Work Life Flexibility* study to gauge CFO points of view on work-life flexibility's potential business impact. The study found that a majority of CFOs do see the broad potential results of work-life flexibility. And more than one-half have increased their personal use of work-life flexibility during the past few years. However, a wide gap emerges from the study's findings between CFO awareness and the organizational culture and strategic infrastructure required to execute a coordinated flexibility strategy. The study's findings can guide efforts to more effectively integrate work-life flexibility into the day-to-day operational decision-making and execution of business strategy in response to external and internal change.

METHODOLOGY

The national telephone survey was conducted by a third-party research firm, Market Measurement Inc. The study examined the opinions of 100 CFOs at companies with at least 5,000 employees from a pure random sample of approximately 1,800 organizations in the United States. For this study's purposes, *work-life flexibility* was defined in the questionnaire as *having adequate time for what is important to you both personally and professionally, as well as flexibility in how you allocate that time*.

FINDINGS

Several findings emerged including:

- CFOs are aware of the influence of work-life flexibility on the business.
- With a formal approach to flexibility, CFOs are more likely to see the effect on profitability and the business, and they predict continued use in a downturn.
- CFOs report personal awareness and use of work-life flexibility. Despite CFO awareness, a lack of organizational alignment behind work-life flexibility will limit strategic impact.

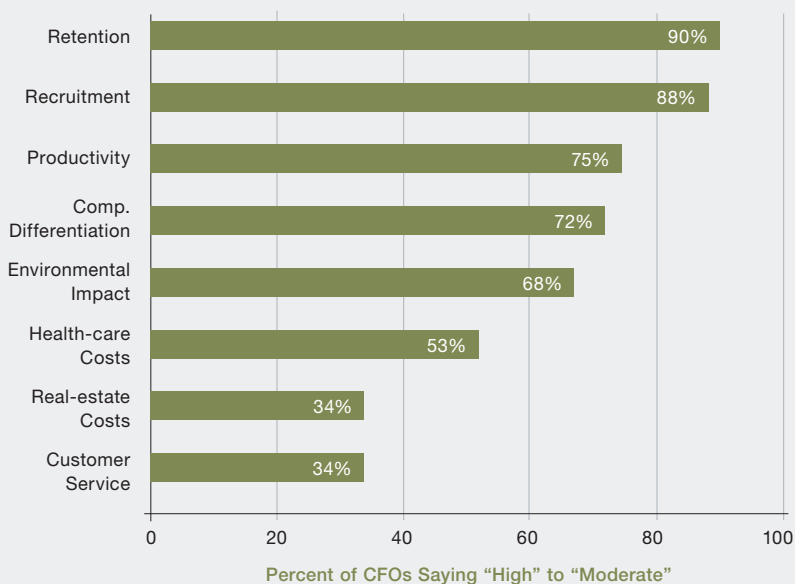
Aware of the Influence of Work-Life Flexibility on the Business

The survey found that CFOs recognize broad potential business impacts of work-life flexibility. When asked, “How important is work-life flexibility to the future profitability of your organization?” 66 percent of the CFOs said, “somewhat” or “very” important; 45 percent said “somewhat” important; and 21 percent said “very” important.

Digging deeper into the specific impacts, almost all 100 CFOs surveyed recognized the value of work-life flexibility as a talent-management strategy, with 90 percent and 88 percent indicating it has a “high” or “moderate” impact on improving retention and recruitment, respectively. A majority of CFOs recognized “high to moderate” business benefits from work-life flexibility that went beyond talent, including improved employee productivity, differentiation from competitors, minimizing environmental impact and reducing health-care costs (See Table 1).

As shown in Table 1, the surveyed CFOs were less likely to see how work-life flexibility could reduce real-estate costs (34 percent) and enhance customer service (34 percent). This was somewhat surprising given the potential real-estate cost savings from having a portion of the workforce telework or shift hours, and the potential for improving customer service by using flexibility to reduce turnover and extend customer-service coverage across time zones. However, it should be noted that one-third of the CFOs did recognize these potential benefits.

TABLE 1 Impacts of Work-Life Flexibility (Percentage of CFOs Citing “High” to “Moderate” Impacts of Work Life Flexibility)



At the time the survey was conducted (in late May 2008), approximately one-third (38 percent) of respondents reported that their organizations had reduced their workforce in recent years. Employee layoffs were the most common form of downsizing. However, almost one-third (30 percent) of the CFOs innovatively used flexibility as a force-reduction strategy, allowing them to stay connected to employees. They offered a combination of contract project-based work (24 percent), reduced hours with full benefits (3 percent) and unpaid sabbaticals with full benefits (3 percent). These findings confirm a historical precedence for a flexible approach to downsizing that goes beyond job cuts. This is particularly important as the economy moves deeper into a recession and financial decision makers seek to achieve additional labor-cost savings. Layoffs are not the only option.

The Importance of a Formal Approach to Flexibility

The study found that having a formal organizational approach to work-life flexibility made a difference in CFO awareness of the business benefits. Of the 100 CFOs who participated in the study, 39 percent, or almost two of five, work in organizations with formal work-life flexibility policies and procedures.

Within these organizations with a formal approach to work-life flexibility, CFOs were more likely to report that work-life flexibility is important to future profitability, with 75 percent indicating it's "very important" or "somewhat important" (versus 66 percent for all CFOs who responded). Eighty-seven percent of the CFOs whose organizations have flexibility policies and procedures predicted the use of flexibility will either increase or remain the same despite the economic downturn.

The fact that a majority (59 percent) of CFOs from organizations with a formal approach to flexibility identified nontalent-related motivations as the primary drivers for flexibility in their companies might partially explain their higher level of support regardless of economic conditions. These drivers included:

- Increased amount/complexity of work (28 percent)
- Competition (21 percent)
- Globalization (10 percent).

Thirty-six percent of CFOs with flexibility policies and procedures cited the competition for talent as the most important driver, and 5 percent responded "don't know."

Personal Awareness and the Use of Work-Life Flexibility

The CFOs' awareness of work-life flexibility didn't stop with the organization. A majority of the 100 CFOs (53 percent) reported an increased use of personal work-life flexibility during the past several years, with 14 percent indicating that the increase was substantial. More than 80 percent reported being satisfied with their personal use of work-life flexibility, with 31 percent reporting they were very satisfied.

Flexible hours and teleworking were most common, with the majority of CFOs surveyed reporting a “high” or “moderate” use of flexibility in their hours (63 percent), followed by “working from other locations/telecommuting” (27 percent). Approximately one in four CFOs (26 percent) have, at some point, reduced the average number of hours they worked by five to 10 hours per week, with 16 percent reducing their schedule by at least five hours per week and the remaining CFOs (10 percent) reducing it by at least 10 hours.

A Lack of Organizational Alignment Behind Work-Life Flexibility

The majority of CFOs do recognize the broad business and personal applications of work-life flexibility. However, the likelihood that this awareness will translate into a strategic use within the business is limited by the fact that only 13 out of the 100 CFOs work for organizations with a formal approach to flexibility and have a leadership team who sees flexibility as a *business strategy*, not a *perk*. In other words, while a majority of CFOs understand how beneficial work-life flexibility can be personally and to the business, 87 percent work in organizations that do not have the cultural and procedural alignment necessary for work-life flexibility to be part of a business strategy that rapidly responds to business change. Without a formal approach in place and a like-minded management team, this wide awareness-action gap must be bridged before a CFO could use work-life flexibility as a strategic lever in the decision-making process.

Lack of Formal Approach to Flexibility

As noted earlier, less than one-half of the CFOs (39 percent) reported that their organizations offer a formal approach to flexibility in the form of policies or procedures. This does not mean that the remaining 61 percent of organizations don't have work-life flexibility. There may be pockets of ad hoc, informal flexibility on where, when and how work is done. Or perhaps the responding CFO is unaware of the formal policies and procedures in place. Regardless, these statistics mean that no recognized organizational structure exists around work-life flexibility that could guide a rapid response to change.

While policies and procedures alone do not guarantee the effectiveness of work-life flexibility, they do provide guidelines against which to execute a strategic application flexibility to achieve a specific business goal. In other words, a policy and procedure for reducing schedules would make it much easier for a CFO to make schedule reductions part of his or her labor-cost saving strategy in response to an economic downturn. A majority of the CFOs' organizations (61 percent) lack a formal approach to work-life flexibility. Therefore, the systems are not in place to guide rapid, consistent execution.

Leadership Team Sees Flex as a Perk/HR Program, Not a Business Strategy

The absence of a formal approach to flexibility was not the only area of misalignment between CFO awareness and organizational capacity identified in the survey. Almost two-thirds (62 percent) of the CFOs who worked in organizations with flexibility policies and procedures felt their management team viewed work-life flexibility to be an informal perk or human-resources program. Only one-third (33 percent) felt their leaders believe work-life flexibility is a business strategy to manage talent, resources and work flow, showing that having a formal approach to flexibility does not guarantee that the leadership will perceive work-life flexibility strategically. Given these findings, it is clear that when faced with a business challenge requiring rapid, flexible response, a minority of the senior leadership team would consider work-life flexibility to be a strategic solution.

For Flex to Succeed, Business Leadership, Not Just HR Alone Must Champion It

Regarding the responsibility for flexibility, a majority (75 percent) of the 100 CFOs agree that for work-life flexibility to succeed, it is “very important” for business-unit leaders to be involved and supportive. Further reinforcing the importance of direct business-line involvement, close to two-thirds (65 percent) felt that work-life flexibility cannot be successful if the HR department is the only champion.

This is another area where the awareness of the CFOs does not match the action being taken in their organizations. Considering that only 13 of the 100 CFOs said they work for organizations with a formal approach to flexibility and with a leadership team that sees it as a business strategy, it is unclear that work-life flexibility is “on the radar screen” of HR. It is even less likely that business-unit leadership is actively supporting the work-life flexibility strategy development and implementation process.

Overcoming Common Organizational Obstacles to Flexibility

Sixty-two percent of CFOs in organizations with flexibility policies and procedures reported that their senior leaders see flexibility as an informal perk or HR program. Therefore, it is unsurprising that 37 percent of the 100 CFOs were “highly” concerned that an organizational obstacle to the use of flexibility rests with senior management, who is unconvinced of the benefits. The other obstacles provoking a high level of concern with the CFOs surveyed related to implementation:

- A concern that it must be offered to either all employees or no employees (45 percent)
- Concerns that employees will abuse flexibility (32 percent)
- Fears that flexibility in the workplace will reduce worker productivity (32 percent).

Few considered a lack of perceived need for work-life flexibility (15 percent) or a lack of familiarity with the work-life flexibility concept (9 percent) to be high-level obstacles. In other words, the awareness exists. The challenges CFOs saw related to buy-in to strategic implementation.

Overcoming Common Personal Obstacles to Flexibility

Organizational obstacles were not the only challenges that CFOs felt stood in the way of successful work-life flexibility. The CFOs identified personal concerns that would be equally challenging. When asked to identify “significant” obstacles that would keep them from personally pursuing work-life flexibility, the majority of CFOs cited common roadblocks such as:

- Importance of face time with others in the organization (76 percent)
- Demands and workload of the job (72 percent)
- Concerns about how they would be perceived by other employees at their level (62 percent)
- Concern that it could hurt their career (58 percent).

CFOs who work for organizations with flexibility policies and procedures were significantly less likely (67 percent) to indicate that “face time” would be a significant obstacle to pursuing work-life flexibility than the CFOs in companies without a formal approach (86 percent). This is further evidence that a formal approach to flexibility does help individuals overcome personal fears related to flexibility.

IMPLICATIONS

In an era where rapid change is no longer the exception, but the rule, flexibility in where, when and how work is done and life is managed is an imperative. Strategic work-life flexibility provides business leaders and individuals with an important lever for responding to challenges and opportunities. Survey findings provide insights to guide individuals focused on integrating work-life flexibility strategies into the day-to-day strategic business decision-making process.

A majority of CFOs are aware of organizational and personal impacts of work-life flexibility. These front-line, financial decision makers recognize the broad potential business applications of work-life flexibility, including managing talent, competitive differentiation, and reducing environmental impact and health-care costs. A majority of CFOs who work for organizations with a formal approach

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to flexibility believe the primary drivers behind flexibility strategies are the work load's complexity, competition and globalization. But more can be done to connect the dots to enhance their understanding, particularly in the areas of customer service and real-estate cost management.

A majority of the CFOs also personally use work-life flexibility to manage their own work and personal responsibilities, which increases their recognition of how individuals in their organizations benefit from flexibility as well.

The study also identified a wide gap between the CFOs' awareness and the cultural and procedural alignment necessary for work-life flexibility to be part of a business strategy that rapidly responds to business change. Only 13 out of the 100 CFOs in the study said they work for organizations with a formal approach to flexibility and with a leadership team who believes work-life flexibility is a business strategy. This limits the chance that a majority of CFOs will be able to use flexibility as a strategic lever. By contrast, this gap also provides an opportunity. Implications for work-life flexibility strategy development and implementation include:

- *Use up-front "branding" of work-life flexibility within the culture as a business strategy for managing talent, resources and workflow.* If flexible schedules, teleworking, reduced schedules, compressed workweeks, sabbaticals and project-based work are viewed as informal perks or HR programs by senior leadership, then they will not be seen as part of the strategic decision-making process. Up-front, flexibility in where, when and how work is done needs to be positioned as both a business strategy and a personal work-life management strategy.
- *Involve business line leadership in the development and implementation of strategic work-life flexibility from the beginning.* Too often, HR is the sole champion of work-life flexibility within an organization. And as the CFO survey found, this will have limited influence in terms of integrating work-life flexibility into the day-to-day business operations. Leverage the CFOs' awareness of how work-life flexibility can help them achieve a variety of important profit and business objectives to encourage line leaders to be involved and supportive throughout the process.
- *In addition to leaders understanding the benefits of flexibility, ensure organizational obstacles related to effective implementation are addressed.* Overcoming the organizational obstacles about which the CFOs expressed a high level of concern requires developing the work-life flexibility strategy in partnership with line leadership. Unlike a policy or a program that must apply equally to all regardless of circumstances, everyone has access to the same process to determine what type of flexibility will work for them personally and for the business. But not everyone is guaranteed the same type of flexibility. As part of business operations, formal, flexible work plans should be reviewed periodically and, if they are not meeting their goals established by the business and the individual in terms of performance and productivity, should be discontinued. ■

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