

# A NEW WORKPLACE: MODERNIZING WHERE, HOW, AND WHEN UTAH WORKS

**Managing Performance Over Presence**

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BUSINESS CASE FOR *UTAH WORKS*

# HOW WORK IS CHANGING

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The following is an excerpt from an article posted in the New York Times:

*“It’s a new workplace. Technological advancements, generational shifts, and fundamental changes in the way we do business are just a few of the forces behind a whole new work environment. For the first time in history, four distinct generations are working side by side, making employees and their expectations of employers more diverse than ever. A paycheck is no longer enough: Workers want more meaningful relationships with the organizations that employ them.*

*Smart companies are learning how to meet employees’ evolving needs, and those that can stay ahead of those changing expectations will have an advantage when it comes to attracting, motivating and keeping the best talent.”<sup>1</sup>*

While not only the workplace is changing, the workplace required to attract and retain high-quality employees is also changing. David Sturt and Todd Nordstum, both executives at the O.C. Tanner Institute, said the following:

*“The vast majority of employees report that they value the opportunity to be flexible in their work, whether with location, hours, or both. And, over a third of American employees utilize telecommuting, with the average worker reporting that they work remotely two days a month. As employees place a premium on sustaining work-life integration, and work roles shift to accommodate remote work, expect these topics to stay at the forefront of business conversations.”<sup>2</sup>*

This concept is stated well by Reen Baskin, the Director of the Alternative Workplace Solutions (Enterprise Telework Program) for the state of Tennessee when he said, “Work is what we do; not where we are.”

## WORKPLACE TRENDS

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In research relating to teleworking, telecommuting, distributed work, mobile work, remote work, smart working and workshifting, a recent study published by GlobalWorkplaceAnalytics.com in July 2018 cites the following statistics<sup>3</sup>:

- Regular work-at-home, among the non-self-employed population, has grown by 140% since 2005, nearly 10x faster than the rest of the workforce or the self-employed.
- 4.3 million employees (3.2% of the US workforce) now work from home at least half the time.
- From 2015 to 2016, the telecommuter population grew by 11.7%, the largest year over year growth since 2008.
- 50% of the US workforce holds a job that is compatible with at least partial telework and approximately 20-25% of the workforce teleworks at some frequency.
- 80 - 90% of the US workforce says they would like to telework at least part-time. Two to three days a week seems to be the sweet spot that allows for a balance of concentrative work (at home) and collaborative work (at the office).

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<sup>1</sup> “The Workplace is Changing (Paid Post by MetLife from The New York ....” <https://www.nytimes.com/paidpost/metlife/the-workplace-is-changing.html>. Accessed 26 Jun. 2019.

<sup>2</sup> “Like It Or Not, Your Workplace Is Changing -- Does It Work For You?.” 15 Jul. 2016, <https://www.forbes.com/sites/davidsturt/2016/07/15/like-it-or-not-your-workplace-is-changing-does-it-work-for-you/>. Accessed 26 Jun. 2019.

<sup>3</sup> “Latest Telecommuting Statistics - Global ....” <https://globalworkplaceanalytics.com/telecommuting-statistics>. Accessed 4 Mar. 2019.

Additional statistics from the Federal Government's teleworking program, which began in 2010 with the "Telework Enhancement Act of 2010"<sup>4</sup>, can be found in the "Status of Telework in the Federal Government - Report to Congress - Fiscal Year 2016"<sup>5</sup>. In 2016, about 42% of federal employees were eligible to telework, and participation has increased from 20% of all employees in 2015 to 22% in 2016. This is due to an increase from 46% to 51% of eligible employees participating.

In an interview with Citrix Systems CEO Kirill Tatarinov published by Marketwatch.com on April 19, 2017 he discusses how, at the time, it was thought that 50% of the workforce would be working remotely by 2020<sup>6</sup>. That is not currently the case, nor is it likely to be by 2020. However, it is interesting to note some literature and case studies show that approximately 50% of current jobs are compatible with at least partial teleworking and that 80 - 90% of workers would prefer to telework at least part-time.

At the very minimum, most will agree that more and more jobs are becoming suitable for telework, and more and more workers want to telework.

## TELEWORKING BENEFITS

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In an article written by Brian de Haaff, CEO of Aha!, he compares remote workers and office workers in many categories, including productivity. He states that 65% of respondents said that remote work would boost their productivity, and 86% said that working alone allows them to "hit maximum productivity." Their managers agree, with two-thirds saying that employees who work remotely increase overall productivity.

Another study conducted by ADP Research Institute and published in the Harvard Business Review found that despite some companies' roll back of work-from-home policies, employees and managers are still seeing benefits of teleworking:

*"Two recent labor trends have provoked much chatter in big companies thinking about engagement: remote work and gig work. The sense seems to be that remote work detracts from engagement and that gig work is a lonely, atomized experience. The past few years have seen a persistent pull to get workers back into the office. From Yahoo CEO Marissa Mayer's 2013 edict that all workers must come to the office every day to more-recent rollbacks of work-from-home policies at Aetna and IBM along with our current fixation on open-plan workspaces and the location of the next new corporate headquarters — the prevailing wisdom appears to be that remote work is neither as productive nor as engaging as colocated work; that if we want people to collaborate and innovate with one another effectively on teams, they need to be bumping into one another in hallways and chatting with one another at coffee stations."*

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4 "H.R.1722 - 111th Congress (2009-2010): Telework ... - Congress.gov." 30 Sep. 2010, <https://www.congress.gov/bill/111th/house-bill/1722>. Accessed 26 Jun. 2019.

5 "Status of Telework in the Federal Government - Telework.gov." <https://www.telework.gov/reports-studies/reports-to-congress/2017-report-to-congress.pdf>. Accessed 4 Mar. 2019.

6 "By 2020, 50% of workforce will be remote. Here's how. - SectorWatch ...." 19 Apr. 2017, <https://www.marketwatch.com/video/sectorwatch/by-2020-50-of-workforce-will-be-remote-here-how/EC18E212-D8F5-493E-9602-7E5E5D980ABD.html>. Accessed 26 Jun. 2019.

*“The ADP study has shown us something surprisingly different: First off, 23% of workers report that they work from home most of the time, and they turn out to be more engaged than colocated workers — 20% versus 15.8%. Furthermore, better than half of those remote workers (55%), far from feeling isolated, report that they feel part of a team. And of those who feel like part of a team, 27% are fully engaged at work. By contrast, only 17% of colocated team members who report they feel part of a team are fully engaged.”<sup>7</sup>*

The state of Tennessee experienced the following benefits in the first two years after implementing telework and alternative workplace solutions (AWS)<sup>8</sup>:

- 60% of managers say employees have improved productivity
- 80% of employees say they have a better work-life balance
- 37% reduction in sick leave use
- Estimated average fuel savings for the employee at \$1,800/year
- \$6.5 million reduction in real-estate rental costs
- Estimated proceeds of \$40 - \$60 million for sale of one unused downtown Nashville building<sup>9</sup>

## TELEWORKING CHALLENGES

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This report is not intended to suggest that a wide scale teleworking program would be easy and without potential pitfalls or undesirable effects. Generally speaking many of the undesirable effects are associated with disconnection from the larger social dynamic of organizations. Some known undesirable effects as noted by Jane Watson at the 2018 Society of Human Resource Management (SHRM) National Conference include<sup>10</sup>:

- Limitations in knowledge sharing between employees
- Potential reduction for the individual visibility of employees to each other and management
- Employees experiencing feelings of isolation
- The blurring of work-life boundaries
- Additional complexities in managing and resolving conflict
- Increase in employee anxiety
- Communication
- Coordination
- Culture

The extent to which the potential undesirable effects balance out the value of telework should be considered as management works through the conditions that enable effective telework programs. Additional research through reading and conversations with local firms reiterates the following three main reasons why teleworking fails: communication, coordination, and culture.

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<sup>7</sup> “The Power of Hidden Teams - Harvard Business Review.” 20 May. 2019, <https://hbr.org/cover-story/2019/05/the-power-of-hidden-teams>. Accessed 7 Jun. 2019.

<sup>8</sup> “Who Needs a Desk? Tennessee Takes Telework to the Max - Governing.” 12 Nov. 2018, <https://www.governing.com/topics/workforce/gov-tennessee-government-telework.html>. Accessed 7 Jun. 2019.

<sup>9</sup> “Who Needs a Desk? Tennessee Takes Telework to the Max - Governing.” 12 Nov. 2018, <https://www.governing.com/topics/workforce/gov-tennessee-government-telework.html>. Accessed 7 Jun. 2019.

<sup>10</sup> From “World Class Virtual Teamwork,” Jane Watson, 2018 SHRM National Conference

Each reason for failure is explained well by Sean Grager, CEO of Virutali, in his article entitled “Why Remote Work Thrives in Some Companies and Fails in Others.”<sup>11</sup>

1. *Communication* - In a virtual environment, it can be difficult to explain complex ideas, especially if people aren't able to ask questions and have discussions in real time. The lack of face-to-face interaction limits social cues, which may lead to misunderstandings and conflict.
2. *Coordination* - At times, coordinating remote workers can feel like choreographing a troupe of blindfolded synchronized swimmers. Everyone should be working in harmony, but people often don't know what others are doing and how everything fits together into a larger routine.
3. *Culture* - This principle is especially critical for virtual teams but also important for individuals who work remotely. Since these folks rarely meet with their teammates face-to-face, they tend to focus on tasks and ignore the team.

## CONCLUSION

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Taking into consideration the market trends toward teleworking and more flexibility in the workplace, the potential benefits of a successful teleworking program, and some understanding on how to overcome the pitfalls of teleworking, the state of Utah should implement a more robust teleworking program. The pilot should be more than just the historical one to two days a week of telecommuting the state has done in the past and include lessons learned from other large-scale implementations.

## CASE STUDIES

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Two relevant case studies have been published from large-scale government teleworking initiatives from which many lessons can be learned regarding the potential benefits of teleworking and strategies for successful implementation. Excerpts from each case study are included below.

### **Tennessee's Alternative Workplace Solutions Initiative**

“The significance of AWS cannot be overstated. We were able to create this huge, comprehensive program [AWS] that, by rewarding customers, enables us to accelerate our addressing those challenging enterprise-wide operational issues faster, more efficiently, and more effectively. It is allowing us to improve customer service by enabling our workforce to spend more time on things that add value; recruit, retain and reward a high-performing workforce; change the workforce culture to be more customer-centric; increase cross-boundary collaboration; leverage technology; accelerate the digital transformation and automation of every agency's processes; increase citizens' ability to help themselves with self-service applications; and of course redistribute taxpayer monies previously allocated to operational costs to citizen programs and services. It's a win-win-win for citizens, employees, and state government. What else could you ask for?”<sup>12</sup>

For more details regarding Tennessee's case study, click the following link: [State of Tennessee AWS Case Study](#)

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<sup>11</sup> “Why Remote Work Thrives in Some Companies and Fails in Others.” 20 Mar. 2015, <https://hbr.org/2015/03/why-remote-work-thrives-in-some-companies-and-fails-in-others>. Accessed 4 Mar. 2019.

<sup>12</sup> “Tennessee's Alternative Workplace Solutions Initiative - National ....” 13 Oct. 2017, [https://www.nasca.org/Portals/21/NASCA\\_Tennessee\\_Final.pdf](https://www.nasca.org/Portals/21/NASCA_Tennessee_Final.pdf). Accessed 27 Jun. 2019.

## Implementing Telework: Lessons Learned from Four Federal Agencies <sup>13</sup>

### Establishing Plans and Policies

- Recommendation One: Agencies should develop a Comprehensive Telework Plan by July 2011.
- Recommendation Two: Agencies should develop clear, written telework policies and telework agreements.
- Recommendation Three: Agency training for employees and managers should receive high priority in implementing the new law.

### Managing in a Telework Environment

- Recommendation Four: Agencies must develop effective measures of performance.
- Recommendation Five: Managers should base individual evaluations on performance, not on presence.
- Recommendation Six: Agencies should place increased attention on “managing for results,” and managers will have to manage proactively.
- Recommendation Seven: Managers should review employee performance based on measurable outcomes.
- Recommendation Eight: Managers should embrace a more proactive and “inclusive” management style.

### Providing Technology to Teleworkers

- Recommendation Nine: Agencies should include telework technologies in agency budgets, but allow employees to use their own equipment when practical.
- Recommendation Ten: Agencies should focus on security issues while implementing new telework policies.

For more details of Tennessee’s case study, click the following link: Implementing Telework: [Lessons Learned from Four Federal Agencies](#).

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<sup>13</sup> "Implementing Telework: Lessons Learned from Four Federal Agencies ...." <http://www.businessofgovernment.org/sites/default/files/Implementing%20Telework%20Lessons%20Learned%20from%20Four%20Federal%20Agencies.pdf>. Accessed 28 Jun. 2019.