

Guide

Flexible working: Good business

How small firms are doing it

Contents

Foreword	3
Introduction	4
Part 1: What is flexible working?	5
Part 2: Why are small firms offering flexible working to their employees?	8
Part 3: Business benefits of flexible working	10
Part 4: What problems do companies encounter when implementing flexible working?	13
Part 5: Does flexibility look different in small firms compared with larger ones?	15
Part 6: Six steps to making flexible working work	18
Conclusions	19

Foreword

Small and medium-sized firms – those with fewer than 250 employees – employ over 8 million people. They represent a significant element of the UK wealth-creating sector. So the way in which they run their businesses is important, not only to the economy but also to the well-being of a third of the UK workforce.

Across the workforce as a whole, there has been a big increase in the proportion of people having access to flexible working. Such arrangements are recognised as contributing significantly to helping individuals achieve a better work–life balance. Research shows that they also lead to higher employee engagement. But how do small firms perform in this area?

This report shows convincingly that some small firms are very good indeed at giving their staff greater flexibility in their working arrangements. Without the bureaucracy and management layers that can afflict larger organisations, small firms can provide excellent examples of working practices that deliver benefits to employees, customers and their own profitability.

The legislation giving parents of young children the right to request flexible working has been extended from April 2007 to apply to those caring for adults. This means that employers are required to consider such requests in order to comply with the regulations. But the small firms whose experience is reflected in this report are responding not to the legislation but to the business case for flexibility.

In addition to the impact on firms' bottom line, flexibility can help reduce the stress that many employees feel when they try to balance the demands of home and working life. And firms can also benefit from the positive impact of flexible working on their reputation as a responsible employer.

We are very grateful to the small firms that participated in this research. We hope that many others will be inspired by their example to think about how they too can achieve the benefits that flexible working can offer.



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Introduction

Employers in the UK are offering a wide range of working patterns to increasing numbers of staff. In April 2007 the British Chambers of Commerce (BCC) published survey research – *Work and Life: How business is striking the right balance* – which paints a vivid picture of the extent of flexibility being offered by employers. The findings indicate that businesses in many instances are working flexibly, not just offering part-time working (72% of respondents) or variable working hours (69%) but also the opportunity to work from home (38%).

The increased uptake of flexible working has not come about because employers are required to do so by legislation: survey evidence suggests that two in five employers offer the chance to work flexibly to employees who have no statutory right to ask for it – in many cases, to all employees.

This is because organisations recognise the benefits not only to their staff but also to their business. Employees today expect to have more control over their working lives. Many are in dual-career families, juggling home and work responsibilities. In tight labour markets with an ageing workforce, many employers experience skill shortages. Where companies provide opportunities for flexible working, this is good for recruitment and retention and helps build an engaged workforce, all of which translates into improved profitability.

However, some employers find it hard to see how they can offer flexible working to staff without putting at risk delivery of production or service targets, or causing resentment among other employees. To provide practical guidance to companies that are interested in moving forward in this area, the Chartered Institute of Personnel and Development (CIPD) joined forces with the BCC to explore how small companies are adopting flexible working practices, and how they are dealing with the practical issues this brings up.

It's sometimes thought that only big companies with large HR departments can do this sort of thing. We found that, on the contrary, business managers and owners in small firms are able to provide and benefit from flexible working more easily and with less bureaucracy than in large firms.

The research

This research does not offer a representative picture of flexible working in small firms: that was not the intention. The guide aims to provide a sample of 'good practice' in small firms, to illustrate how companies in different sectors, providing a range of services to customers, are offering flexible working opportunities to their employees and, in doing so, achieving real performance benefits. As well as highlighting the benefits, we describe potential problems and the means of effectively implementing and managing flexible working.

Interviews took place with managers and staff at five small firms in Scotland, the north of England, the Midlands and south-east England in February 2007. The findings reinforce those from earlier research, which show a clear business case for flexible working in larger organisations. The CIPD guide, *Flexible Working: The implementation challenge*, can be accessed at www.cipd.co.uk/guides

The companies interviewed for this research employ between 6 and 280 employees, most towards the lower end of the range. Their conviction that flexible working is a key driver of service and profitability levels is striking.

Part 1: What is flexible working?

Flexibility in the workplace means anything that allows either employer or employee to adjust their working arrangements. But in this guide we look specifically at how small employers are using flexible working arrangements that allow employees to choose *when* or *where* they work.

The list of flexible working practices used by employers in the UK is quite a long one:

- **Part-time working:** Work is generally considered part-time when employees are contracted to work for anything less than full-time hours.
- **Term-time working:** A worker remains on a permanent contract but can take paid or unpaid leave during school holidays.
- **Job-sharing:** This is a form of part-time working where two (or occasionally more) people share the responsibility for a job between them.
- **Flexitime:** Flexitime allows employees to choose, within certain set limits, when to begin and end work.
- **Compressed hours:** Compressed working weeks or fortnights don't necessarily involve a reduction in total hours or any extension in individual choice over which hours are worked. The central feature is reallocation of work time into fewer and longer blocks during the week or fortnight.
- **Annual hours:** The period within which full-time employees must work is defined over a whole year.
- **Working from home on a regular basis:** Workers regularly spend time working from home.
- **Mobile working/teleworking:** This permits employees to work all or part of their working week at a location remote from the employer's workplace.
- **Career breaks:** Career breaks, or sabbaticals, are extended periods of leave – normally unpaid – of up to five years, or more.

The small firms we saw most commonly offer part-time work, job-sharing and the opportunity to work from home on a regular basis. Small employers are less interested in sophisticated policies than in arrangements that will work and enable individual employees to adopt the patterns of work that suit them best. They allow employees to choose their own working hours, provided this can be fitted in with the needs of the business and other employees. They are looking to help their staff achieve a better balance between the demands of work and the rest of their life, while building a more effective business.

Flexible working in most of the companies whose experience is described in this guide includes training employees so they can perform a wide range of tasks more effectively. Flexibility can also include using temporary or agency staff to address fluctuations in demand; only one of the companies we spoke to (the largest) made any use of temporary workers.

The ability of technology to make homeworking a realistic possibility for many workers was particularly evident at PI Costing. This company is willing to consider a wide range of flexible working options and encourages its employees to be creative in extending the list. But in practice, homeworking is the key method for many of the professionals it employs.

PI Costing: professionals like homeworking

PI Costing is a 'niche' company undertaking legal services on behalf of solicitors. The company currently employs about 20 employees – down from some 40 employees before new regulations in 2004 fixed the level of fees recoverable in respect of accident claims and reduced business volumes. The company initially experienced some difficulties in recruiting suitable staff and the decision to focus on work–life balance was aimed at helping to resolve recruitment problems. With the reduction in staff, those problems are currently in abeyance, but the company remains committed to flexible working policies as a means of retaining and motivating existing staff and increasing productivity.

The company is committed to considering innovative ways of work, and employment practices that enable staff to combine work with the demands of a family and other personal responsibilities. The wide range of work–life balance policies on offer includes flexitime, hot-desking, early finishing on Fridays, reduced hours and consolidated hours. But Director Teresa Aitken believes that 'any initiative becomes stale over time' and the company actively encourages employees to put forward further initiatives as a basis for discussion. Work–life balance is permanently on the agenda of the company's Continuous Improvement Group.

The majority of staff working for the company are young women. The company is more than happy to welcome back women who have had babies and are looking to work shorter hours, or to continue working on a full-time basis for, say, three days at home and two days in the office. The company also offers 'duvet days'. The principle is that staff don't need to set their alarm and can come into the office late-morning. This is at the discretion of managers, who can offer a duvet day if they feel an individual has worked particularly hard and would benefit from it. Aitken would be happy to see duvet days used more regularly since she believes it makes people feel valued.

Issues in managing flexible working

The company encourages people to work from home. The main risk it sees is that homeworkers may come to feel like 'outsiders'. The company has addressed this problem in a number of ways. Keeping open lines of communication and ensuring that all staff have some face-to-face contact with colleagues are critical. All employees come into the office to attend staff meetings once a month; the company publishes internal newsletters and has an intranet; a 'Fun Committee' with an annual budget of £100 a head organises quarterly events linked to scheduled staff meetings.

Ian Moxon has been working from home for the company for six years and sees no significant downsides. He says it requires discipline to keep shut the door of his spare room, but says that homeworking is 'worth its weight in gold. I don't have the expense of commuting to work and I have more leisure time.'

A second problem in implementing work–life balance policies is that although homeworking is practical for fee-earners, it's less compatible with the needs of non-fee earners, including support staff. Management is nevertheless happy to consider requests to work flexibly from all staff, provided that individuals are willing to show how they think their proposals can be accommodated in practice. Some non-fee earners currently do job-shares.

A third problem in implementing work–life balance policies is that not everyone can be treated identically. For example, some non-smokers complain about the breaks enjoyed by smokers. The answer the company sees for dealing with perceptions of this kind is to explain why things are done the way they are. Managers operate an open-door policy and there is a range of forums in which staff can air concerns, including performance reviews and the Continuous Improvement Group.

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PI Costing: professionals like homeworking (continued)

Business impact

Aitken believes that the type of work performed by the company lends itself to work–life balance policies, and in particular to homeworking. Turnaround time is critical to financial performance. Professional staff drafting legal charges don't need to be office-based – a computer and Internet connection at home is all they need to do the job effectively. Each employee has monthly targets for recovering fees and the company holds records in respect of their output. This means the employer can keep track of the output of people working at home. Compared with those who remain office-based, people working from home achieve efficiencies of 20% or more in terms of output.

The company's approach to work–life balance flows from, and in turn supports, its values of trust, excellence, teamwork, passion and customer focus. Flexibility is a business issue and legislation on the right to request flexible working has had 'no effect at all'. Aitken believes it's important that employees should feel able to tell the truth about why they want to take time off. Sickness rates have also reduced, with a corresponding benefit to the bottom line. The company doesn't believe that staff take unfair advantage of the opportunities for flexible working. They believe, rather, that 'peer pressure' helps to ensure that staff act responsibly, and a policy of give and take means that in practice people are ready to give back more.

Aitken says the company's policies towards work–life balance have helped to keep salaries at reasonable levels. The company originally paid somewhat below the local going rate, though salaries have increased as business performance has improved. Aitken believes that employees place considerable value on the ability to determine their own working time and this is a significant benefit that can offset less competitive pay levels. The effectiveness of the company's work–life balance policies is judged ultimately by its ability to retain good quality staff, whose loyalty to PI Costing goes 'right through the rock'. The company sees work–life balance as an integral part of an up-to-date style of management, in contrast with the more top–down management styles of the 1980s.

Part 2: Why are small firms offering flexible working to their employees?

Where flexible working arrangements appear to work best, they provide an opportunity to help meet a combination of the following demands:

- organisational needs
- individual needs
- customer needs.

One of the organisations we saw, Sandwell Community Caring Trust (CCT), made clear that, where these needs conflicted, those of the client came first, the individual employee second and the organisation third. Nevertheless, in all the organisations we studied, there is a clear business case for adopting flexible working.

Sandwell Community Caring Trust: the client comes first

Sandwell CCT provides residential care, day care, supported living and respite care to more than 350 service users and families. It cares for adults and children with learning and physical disabilities as well as older people.

The company was spun off from the local council in 1997, when reductions in local authority budgets had led to a reduction in services, and morale among staff was low as a result. Chief Executive Geoff Walker has focused from the outset on improving the working experience of employees – in his words, ‘putting a smile on the face of the people who work for us’. He believes that if employees are treated with dignity and respect, they will do the same for service users, and that the secret of building an effective organisation is to ‘make people – whether service users, their families or employees – feel good about themselves. It’s about having a happy workforce.’

Building the culture

There’s a clear set of shared values, including ‘the service user comes first’, and ‘people mean business’. Service users come to the office regularly so that backroom employees can meet them and have a sense of what the service is about. These values underpin the company’s approach to flexible working. Employees feel they ‘belong to something’ and are pushed to achieve their full potential.

Management is hands on: managers will not hand work out to their staff unless they are able to do the work themselves. All managers have to do a care shift once a month so they don’t lose touch with the needs of service users and employees. Internal communication is reinforced by open days, where the chief executive meets staff informally. Thirty per cent of managers’ diary time is non-prescribed, so as to leave time for informal contact with their staff. People’s opinions are listened to. The number of managers has been halved from 24 to 12 and the company aims to recruit its managers from within.

Finance Manager Steve Tuck believes that employees are motivated by seeing the improvement in the quality of life of service users. It’s not unknown for people to take clients home for a meal. People adapt

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Sandwell Community Caring Trust: the client comes first (continued)

to the culture – ‘flexibility is a natural thing within the company’ – and personality and attitudes are critical in recruiting new people.

Flexibility in practice

The company recognises that employees’ needs change over time: when employees have children, they may want to do a job-share or switch sites to be closer to home. Staff agree their working hours when they join the company: ‘People dictate what hours they work,’ says Operations Manager Jo Armstrong. Any employee can request more flexibility in working time. Working patterns are very varied; some staff work only one day a week, some work two days. Employees don’t have to claim sickness if they need to take time off, for example to look after dependants. Walker comments that ‘being able to be truthful helps build trust’ and that, while the opportunity to take time off is not something that directly benefits all employees most of the time, when needed it can be vital.

Work–life balance is part of the culture. Rather than relying on written statements, policies on flexibility are communicated orally, through training sessions and by example. Managers work through the induction pack with new employees over a three-month period and explain how the organisation works. Staff are expected to take care of each other and rally round when needed. If there are problems reconciling different needs, ‘people sort out their own: you have to trust them,’ says Jo.

The company experiences no particular problems in making flexibility work. Flexibility is interpreted broadly and isn’t limited to employees being able to determine their own working patterns. Care work can be stressful and the company is always ready to find another member of staff to support or replace an employee who is having a hard time. The principle is that there’s no shame in employees saying they need help. If employees feel unable to cope with a specific task, they’re encouraged to tell their manager – which is both in their own interests and in those of service users.

Sandwell CCT does not use agency staff but draws on a pool of qualified and experienced staff to support its flexible working policies. The company wants to make use of staff who have direct experience of working with service users. Some 50% of current employees at Sandwell have been with the company for over five years and over 80% are NVQ-qualified.

Business impact of flexible working

The company’s policies towards flexible working are reflected in its business outcomes. Since 1997, employment at the company has gone up from 60 to 280 staff and turnover has increased from £1 million to £9.5 million. Sickness absence has been reduced to 0.6 days a year, well below that for the care sector as a whole, which produces significant financial savings.

The company also sees direct benefits in terms of staff recruitment and retention. Sandwell CCT came second in the *Sunday Times* ‘100 best companies to work for’ list in 2007, and first nationally in the work–life balance category. It also came first in the categories of ‘managers who listen’, ‘managers motivating staff to give their best’ and ‘training making a difference’. It believes that this success has boosted the company’s image as an employer. Employee turnover at Sandwell CCT is now 4%, compared with 20% or more across the care sector generally. Because staff enjoy their jobs, there is a high level of employee engagement and this is reflected in the quality of service and value for money.

Part 3: Business benefits of flexible working

The main benefits of flexible working identified by the companies we have spoken to are listed below:

- **Recruitment and retention:** All the companies believe that by offering flexible working they attract and keep people who would not otherwise be working for them.
- **Engagement:** Employees are grateful for the chance to achieve a better balance between home and work, and as a result show greater loyalty and commitment. And this is reflected in their performance.
- **Reduced stress:** Many of today's jobs are potentially stressful, but working flexibly makes it easier for many employees – particularly those with small children – to cope.
- **Reduced absence and employee turnover:** Flexible working means that staff are off work less frequently and are less likely to leave, with a corresponding reduction in recruitment, induction and training costs.
- **Reputation:** Flexible working helps build a positive image of the employer among customers and in the wider community.

Each of the cases studied demonstrates a clear business case. None of them claims to have been persuaded to adopt flexible arrangements by the legislation requiring employers to consider requests for flexible working.

One of the companies we saw highlighted in particular the benefits of flexibility for working mothers in reducing the stress of managing a career alongside their family responsibilities. This was the smallest company, Passionate Media, which employed just five people, all women, including the managing director. The company was set up essentially to provide an alternative, more family-friendly working culture to other, larger companies in the publishing sector.

Passionate Media: a better working environment for mothers

Passionate Media offers PR and editing services to a range of clients, including a number in the not-for-profit sector. They aim to build long-term relationships with clients. The company employs five people – all of whom are mothers as well as journalists.

An ethos based on flexible working

All employees have standard job descriptions which say that 'your normal contractual hours of work are 37.5 hours a week between the hours of 8:30am to 9pm each day, Monday to Friday...[but] the Company also reserves the right to alter or vary your hours as required.' In practice, actual working hours are agreed with each employee and differ both from one individual to another and over time. There's no written policy about flexible working, but the company's founder, Linda, says, 'We're all of the same

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Passionate Media: a better working environment for mothers (continued)

mindset,' so flexibility is not an issue. There's a caring relationship between all employees, as evidenced by the fact that they have looked after each other's children.

The company is managed by Linda and Communications Director, Carol, who lead by example in relation to flexible working. Linda has two girls aged eight. She previously held a senior position on a regional newspaper, which she felt was not family friendly. Linda feels that women in the media lose out in career terms when they have a family. Accordingly when she went freelance she established within the company an ethos based on the ability of all employees to achieve work-life balance.

Carol was voted Working Mother of the Year in June 2006. She has set up business networking groups for women in Staffordshire and the Midlands. These groups meet regularly during the day, since breakfast or evening meetings are often difficult for working mothers to make. Carol works full-time, finishing mid-afternoon on two days and relying on a childminder for the other three days.

Both Linda and Carol work from home from time to time but keep in touch by email. Part-timer Emma works three hours a day from Monday to Wednesday and four hours on Thursday, which means she can pick up her little boy from nursery after work.

Katie works a full 37.5 hours each week and is dependent on her mother and mother-in-law for help with childcare. She changed her working hours when her little boy started nursery. She originally worked two mornings and three full days, starting at 9:30am. However, she now works a more flexible schedule and either works evenings or comes into the office on Saturday mornings to make up her hours.

The ability to work flexible hours has made it possible for Katie to maintain her income. She says, 'I am more conscientious... [as a result of this flexibility and] I don't begrudge the extra hours.' She believes that this evidence of willingness to give and take builds loyalty to the company.

Managing flexible working

Linda says that flexible working presents few operational problems and it has not proved difficult to accommodate employees with a range of different working patterns. Tasks can be defined and outputs can be managed. Progress sheets are maintained on each job so that if someone has to take time out for family reasons, one of the others can pick up on work in progress. Mobile phones are used to transfer messages when no one is in the office, and diaries make sure that the office is manned when needed. Holiday planning is co-ordinated in advance.

There is no resentment or bad feeling between staff, which compares well with experience elsewhere in the sector where managers without children don't necessarily look kindly on efforts to accommodate family needs. There's a high level of trust between each person and 'teams make it work'. It would be important for any new recruit to be able to fit in with the existing ethos and values.

Business outcomes

The company aims to deliver a high standard of service to its clients and seeks to forge trust-based relationships with them. It has a growing turnover and is respected for the quality of its work. Linda says that attitudes towards working families are shifting and 'it is no longer regarded as unprofessional to be associated with the family'.

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Passionate Media: a better working environment for mothers (continued)

The ethos of work–life balance frees employees from the pressure of having to work set hours. Carol believes that as a result they are more relaxed and deliver a better service to clients. Their enthusiasm for a healthy work–life balance is not selfish: ‘we are doing it for our families too.’

The company prefers to work with organisations that share its own high ethical standards, including a charity that helps families that have twins or triplets, and their flexible working strategy appears to attract such clients. The Passionate Media website makes clear how the company operates. Many clients are fully aware of issues about corporate responsibility, and seek, for example, to be carbon-neutral. Carol sees flexible working as an important characteristic of being a responsible company.

The company believes working flexibly promotes staff commitment and removes much of the stress involved in being a working mother. Carol says, ‘There are days when we get up and can feel bogged down by all we have to do: we would not come in if we did not feel we were likely to get a sympathetic ear.’ Sickness levels in the company are ‘minimal’.

The company has two messages for other companies contemplating adopting family-friendly practices. First, ‘don’t be scared of it’, and second, ‘at the end of the day, we are running a business and we have to make sure we can deliver the work.’

Part 4: What problems do companies encounter when implementing flexible working?

The companies in this survey would admit to facing 'challenges' rather than 'problems' in relation to flexible working. These include:

- balancing customer and employee demands
- treating all employees fairly, for example where some are doing jobs that can be done from home but others are not
- ensuring employees are aware of the company's policy on flexible working, and are willing to accommodate the needs of customers or colleagues
- ensuring remote or homeworkers receive all communications and feel like – and are seen by other employees as – part of the team
- providing the necessary training to enable staff to do a wider range of jobs.

However, none of the companies believe that these challenges are too difficult to manage. The answer in general is seen to lie in good communication: listening to people's concerns and explaining the situation. Where issues arise, they are treated promptly or referred to employees to resolve within the team.

Flexible working doesn't mean that employers simply stand back and leave employees to do as they like. In every case there is a clear determination by the chief executive or manager to stay in control and ensure that business needs are being met. Where services need to be provided to customers at specified times, a significant amount of planning may be needed to make sure that this happens. But the pay-off is in improved employee satisfaction and levels of service.

One company that interprets flexibility in a very broad sense – in that it offers a range of working patterns to employees despite operating seven days a week in a customer-facing business – is City Sightseeing Glasgow. This gives management a serious challenge in drawing up and adjusting its schedules twice a year, to allow maximum flexibility to individual employees to work the hours they want. But the company says this degree of flexibility is essential if it's to operate cost-effectively.

City Sightseeing Glasgow: opening up the recruitment market

City Sightseeing provides sightseeing tours of Glasgow using double-decker buses and tourist guides who 'meet and greet' clients at airports. Employees on the tour buses work 362 days a year between 8:00am and 6:00pm; tourist guide services are provided almost 24 hours a day. The company employs 20 people in winter, rising to 70 in the summer; about half of the workforce are women. They find that summer-only working suits many employees, who may for example take holidays in the winter or look forward to tax rebates on their reduced income.

Flexible working

The majority of employees at City Sightseeing work less than a full week. The company believes that employers often perceive recruitment difficulties because they are looking for people to do '9 to 5' jobs, whereas older workers and women are less interested in working on a full-time basis.

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City Sightseeing Glasgow: opening up the recruitment market (continued)

Twice a year, at the beginning of the summer and winter seasons, the company writes to its employees to ask how many hours they would like to work in the coming season. This typically produces answers ranging from two to six days per week. Bus drivers share jobs: one driver might do four days a week and the other three, for example, or one might do five days and the other two.

The initiative started with older workers – the firm has for some years been recognised as Age Positive ‘champions’ by the Department for Work and Pensions, reflecting the fact that many people over the age of 40 no longer want to work 50- or 60-hour weeks. If older people want to cut back the hours they work, they might switch to doing city tours, while someone else will switch to extended tours in their place. The company will then draw up a training plan for the individual concerned.

Managing flexibility

Managing this degree of flexibility requires significant input on the part of the company, which produces a draft work schedule, pencilling in shifts for each individual for the following six months. When employees see what’s intended, they can propose changes to reflect their particular circumstances. Managing Director Alex Pringle says: ‘It’s all about negotiation with the employee.’ Not all employees will get the amount of work they are looking for. They may, however, have opportunities to work overtime to cover for an employee who is sick.

Pringle emphasises that flexibility at City Sightseeing is not some vague system based on people being friendly towards one another. He makes clear to his employees what is expected of them to make the system work smoothly. People are encouraged to give as much notice as possible of changes they seek in their work schedule.

Business benefits

Flexible working is a necessity for the company, to make sure that the service is maintained and shifts are fully covered. Flexibility is an integral part of the way the company does business.

Although initially focusing on older workers, flexible working now applies to all employees and has dramatically expanded the recruitment market for the company among students and women returning to the labour market. The result is that the company has no need to advertise its jobs. Absenteeism is low and retention rates are around 90–95%. Many older workers carry on working for the company after normal retirement age: one employee who started with the company at age 50 is now, at 65, training to be a trainer.

The firm also believes in investing in its people. Training courses for Glasgow tours last six weeks and lead to the award of a yellow badge, showing that the holder is an approved guide recognised by the Scottish Tourist Guides Association. Drivers are taught not just how to drive buses; their certificate of competence includes, for example, communication skills.

Pringle sums up his philosophy: ‘The company has goals. We use systems that make us more profit. We don’t need to carry extra staff since we are able to get our own people to cover. At the same time, our people benefit by being able to work the hours they prefer. If people know what to expect and feel secure, they will stay with you.’

Part 5: Does flexibility look different in small firms compared with larger ones?

There is no difference between large and small firms in the business rationale for flexible working. Small firms adopt flexible working arrangements because they are good for their business and good for their bottom line. Employees also benefit in terms of work–life balance, whether they work for large or small firms. The degree of flexibility on offer in some of the small companies studied, and the range of working patterns, is at least as great as that seen in most large companies.

In the companies seen, there's a relentless emphasis on personal example and leadership from the top. Communications tend to present less of a problem in small firms, and the language and processes used to implement flexible working policies are more direct and straightforward. Formal strategies and written policies are much less important in smaller than in larger organisations. None of the companies studied has its own in-house HR support.

There is no doubt that, in the companies studied, flexible working is a serious commitment on the part of senior management, and employees are fully aware of what it means for them. Typically there are few line managers to get in the way: the organisational culture is set from above and is a key delivery mechanism. Flexibility can apply right across the organisation, not just to more junior staff. The offer of flexible working is one instance, if an important one, of companies wanting to treat their staff with respect.

Where issues or problems arise in relation to flexible working, small companies tackle them in the same way they tackle other business problems: by facing up to them and talking them through with the individuals concerned. In some cases, employees are expected to sort out problems in discussion with colleagues or team members, as part of the practical arrangements for making a reality of flexibility. It's more difficult for employees to abuse flexible working in small companies, by 'dumping' work on others or letting customer service suffer, because there is nowhere to hide.

Flexible working is seen as an integral part of good people management practice in all the cases studied. It's also seen by several as an aspect of responsible behaviour, which can have a positive effect on business reputation. This includes an emphasis on providing employees with learning and development opportunities. Several of the companies were keen to demonstrate their commitment to being a good employer, for example by meeting the Investors in People standard or becoming one of the *Sunday Times* '100 best companies to work for'.

One company that focuses on the impact that flexibility has had in promoting a highly engaged workforce is Clock.

How flexible working has helped Clock go from strength to strength

Clock is a digital media business employing 22 staff. The firm is involved in designing and building intranets and extranets, developing brands and creating digital marketing campaigns for companies.

Although only a small firm, it has five new recruits due to start in the next three months and, to support Clock's aim to expand its portfolio, another three employees have also recently been taken on to set up an office in China.

Ranked in the top 100 digital new media agencies, Clock seems to be making great strides. So what is the organisation's formula for success? Syd Nadim, Chief Executive at Clock, believes that 'it's the company's passionate and committed employees who are enabling the firm to go from strength to strength. As a result of our flexible work-life balance policies we are able to employ and retain the very, very best people.'

Available to all of the staff, the firm's flexible working policies are designed to recognise their life, interests, needs and desires. At Clock there are policies for:

- part-time working
- flexible working
- remote working
- career breaks and sabbaticals.

Everyone is a winner

Having this kind of flexibility in place is key to shaping the company's positive working environment. The philosophy of a flexible working culture was introduced from day one. But since formalising this flexibility five years ago through implementing policies, it's now possible to measure the benefits, ensure fairness and provide opportunities for everyone.

With a majority male working environment, the opportunity to work flexibly stretches way beyond just meeting the needs of women with childcare responsibilities. Clock recognises that its competitors pay more and therefore people could earn more money elsewhere. However, by offering individuals a better work-life balance, it's able to attract and retain employees with a high skill-set. As a small firm, matching the level of salaries in the marketplace would have in the past created financial pressure and made it difficult for the company to be where it is today.

With only one leaver in nearly ten years, Clock has saved a fortune on recruitment and managed to retain lots of valuable knowledge. Another benefit of implementing flexible working is its low sickness absence rate. For example, when employees have the option to start work a bit later, they're less likely to throw a sickie. Equally, if an individual isn't feeling 100%, they can work from home, preventing the spread of germs among the rest of the workforce while at the same time maintaining productivity.

To date no one has taken advantage of a career break or sabbatical, yet being aware of this opportunity seems to continue to make people feel valued. Essentially the chance to achieve a good work-life balance contributes to Clock's great working environment. According to Nadim, 'highly skilled, happy employees create fantastic work leading to really happy clients and lots of recommendations and new business. This generates profitability and even more highly skilled, happy employees.'

(continued)

How flexible working has helped Clock go from strength to strength (continued)

Individuals have autonomy to work in their own way. Adam Forster, one of the web designers employed by Clock, describes the firm's vision as 'flexible and a big draw for job-seekers'. Forster was able to work remotely while studying for a degree at university. He thinks this experience has improved the standard of his work and instilled better teamwork. He comments, 'We are treated like people rather than numbers on a balance sheet.'

Remote working

Probably the biggest challenge for Clock is managing remote working. A couple of employees are permanently located off-site: one has set up an office in Gloucester and the other in Spain. It's the line managers' responsibility to ensure these individuals are meeting their objectives. But both are constantly in touch by phone and email and visit the office when needed, enabling them to still be part of the team and take part in training.

From a client perspective, keeping hold of these designers was invaluable to the business. Nadim explains that 'the availability of Internet access, video-conferencing and Skype makes remote working very feasible, but it's important to make sure there are robust procedures with adequate reporting systems in place (as with all flexible working practices) to be able to track and measure its impact on the business. Working off-site is not for everyone. Some people prefer the discipline of working in an office and instead make use of flexi-time.'

Preventing abuse of flexibility

Clock has a six-month probationary period for new starts, giving the employer sufficient time to get to know people and determine whether they're likely to fit into their flexible culture. Nadim thinks that 'this length of probationary period, recruiting the right people and a good employment contract with one week's notice are essential'. Only one individual has abused the system and, as a result, after the second incident it was agreed that it was best for them to leave the company. This has demonstrated to all employees management's zero tolerance on breaching the trust placed on them.

From implementation to the future

The firm has a legal secretary but no HR department, so initially to formalise the flexibility on offer it used the services of a specialist adviser. In the first instance their role was to ensure Clock's work-life balance policies were right for the company. Following this, reviews took place on a monthly basis as client demands, the staff and business changed constantly. But given that the firm has been put forward by the Department for Trade and Industry (DTI) as one of the best, and most progressive, companies in the UK to adopt work-life balance policies, at the moment there are no plans to make any changes. Nadim says, 'In the future it will be more of the same. We will continue to refine existing flexible working practices if necessary and act quickly to embrace opportunities as they arise.'

Part 6: Six steps to making flexible working work

How do companies set about realising the substantial benefits of flexible working for their business?

Here are some useful pointers from our research into flexible working. Remember, it doesn't have to be complicated and small firms can do just as good a job as larger ones.

1 Understand your business

Flexible working arrangements that work well for another business won't necessarily work in yours. Some jobs can be done from home while in others, being there all the time is essential. Consider both what is right for your organisation and where your employees' needs lie. How can flexible working improve the service to your customers?

2 Communicate effectively

Making your people aware of the opportunities for flexible working is vital. There's no point having a great framework in place if people don't know about it. Information about flexible working can be built into induction programmes, and reinforced by training. Having a clear set of organisational values can also help in selling the benefits of flexible working.

3 Define roles and responsibilities

It's important that managers and individuals understand their responsibilities for making flexibility work. People need to see it from the organisation's point of view as well as their own. It's about give and take – not just individuals getting what they want. When there is a well-understood culture, teams can often sort out their own issues.

4 Try it out

You don't have to do it all at once. If there are concerns whether flexible working is feasible, it can be helpful to have a trial period of the proposed working arrangement. But think in the longer term about the effect on others whose jobs may be more difficult to do on a flexible basis. Ask people to come up with their own ideas.

5 Make flexible working acceptable

You may have comprehensive written policies, but bringing these to life can be challenging. If you and your managers are not seen to 'walk the talk', flexible working won't be taken seriously. Explaining how flexible working benefits the business as well as employees is crucial. And senior staff need to lead by example.

6 Measure and evaluate

Remember: if you can't measure it, you can't manage it. And be open to ideas for improvement. Large organisations are not always good at evaluating the effectiveness of their flexible working practices. Our research shows that small firms are perfectly capable of monitoring the impact of flexible working on business outcomes.

Conclusions

Some common themes emerge from the case studies:

- Flexibility is not an open-ended commitment or a one-way street. It works both ways: organisations and employees both have obligations. Individual members of staff may need to cover for others, sometimes at short notice. The needs of the business and the customer or client come first.
- Flexibility and work–life balance are not ends in themselves but means of achieving business outcomes. Many small firms need no convincing that happy staff mean happy customers.
- Cost is not an issue in relation to flexibility for any of the small firms examined. IT, including emails and mobile phones, can be important in providing mechanisms to keep people in touch with the office while working from home. The technology to support homeworking is, however, widely available and none of the companies referred to the need for access to broadband, for example, as a constraint. In any case, companies are clear that the positive business benefits are substantial and that flexibility pays off.
- Flexible working practices are easier to introduce as part of a common culture with shared values. Flexibility is a business issue: there is no need to have an HR department or bureaucratic procedures to make it work effectively.
- Flexible working in small companies is visible primarily in the way in which people are managed, rather than in formal employment contracts or company policies. We did not see the gap between aspiration and delivery that can undermine the effectiveness of flexible working policies in many large organisations.

This research shows that small firms are doing a good job in using a variety of work–life balance practices to enhance their employees' lives. Not only does this flexible approach to running a business positively impact employees, but organisations are also reaping the benefits. The diverse case studies featured above demonstrate how employers across a range of sectors are able to offer individuals the opportunity to work flexibly. We hope their example will encourage others to explore the business case for flexible working in their own organisation.



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