How to Make Telecommuting Work for Your Company

Kathy Carlson
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What do you see when you hear the word telecommuting? Someone in neat, casual clothes, sitting smartly at a computer keyboard, outlining the major points in a proposal for a slick advertising campaign as early morning sunlight streams through the window of her spacious, quiet home office? Or is it someone swathed in a flannel bathrobe, fuzzy bunny slippers on her feet, swigging coffee at a kitchen table that’s littered with dishes, newspapers, and that important advertising proposal?

You’ve heard about the benefits of telework — more productive, happier employees; lower real estate costs; less commuting for employees; a better system to keep your business in operation in an emergency. But you can imagine the downside. For starters, you really don’t know which telecommuter shows up for work on her work-at-home days, do you? You can forgive the fuzzy slippers if she’s devoting full attention to her job and turning in a productive day’s work for your organization.

So how do you raise the odds that your telecommuting program will benefit your company? One way is to take your time and work through the issues we’ll address in this special report. And even if you don’t have a formal policy, you may be called on to allow an employee with a disability to work from home as a reasonable accommodation.

This special report will . . .

• introduce you to telecommuting basics;

• help you sort out the benefits and pitfalls so you can decide whether it will work for you;

• help you develop and implement a program that meets your individual needs; and

• make you aware of legal issues and offer suggestions on how to deal with them.
Telecommuting — What’s It All About?

Telecommuting started in California in the 1970s to reduce traffic and save the earth, but it’s not just an old hippie fad. Big companies and big government have embraced it, and millions of employees swear by it. Telecommuting involves working from just about anywhere besides a company’s main offices — including workers’ homes, clients’ facilities, and employer-owned satellite offices, and even from a hotel room while on the road. Companies implement these programs for a host of reasons besides keeping employees happy or saving money on office space. One organization may see telecommuting as a way to stay in operation during natural disasters, epidemics, and other emergencies. Another may view it as a key recruiting tool or a way to keep employees closer to customers.

The U.S. government, for example, began to formally look into telework with a pilot program in 1990. Uncle Sam wanted to see if it could help recruit, motivate, and retain employees while cutting costs for sick leave, facilities, and transportation. The pilot program showed telework arrangements worked well and provided significant benefits when implemented with the right employees — namely, proven high performers. Use of telecommuting grew. In October 2000, Congress enacted a law requiring federal agencies to set up policies for implementing telework and to dramatically increase the number of off-site workers. The movement toward telework became more crucial after the September 11, 2001, terrorist attacks underscored the need for continuity plans for emergencies.

Another reason for heightened interest in telecommuting is simply that it’s become more cost-effective because of cheaper telecommunications and information technology — particularly the broadband connections that support high-speed Internet service. Surveys show that a significant number of people telecommute.

According to one 2005 study, about 45 million Americans had worked from home at least once in the previous month. Overall, 26.1 million people — or nearly one in five workers — work from home at least one day a month every month, and 22.2 million at least once a week, the survey found.

Like any other workplace initiative, a telecommuting program requires careful forethought and planning to succeed. To understand and intelligently address the many issues that can arise with these programs, it’s important first to understand some basic concepts and practices.
TYPES OF TELECOMMUTING

Telecommuting is about flexibility, so many variations exist on the general theme of working outside a traditional office. Employees may telecommute full-time or part-time, according to a fixed schedule or as needed. Telework may come in a variety of shapes and sizes, including the following:

- **Working at home** (usually one or two days per week). This is the most common and the most popular form of telecommuting.
- **Working in a satellite office or telework center.** These facilities may be operated for a single employer or for more than one employer. They’re separate from a company’s main offices and located in a suburb or exurb near employees’ homes.
- **Hoteling.** Also called desk sharing, hoteling allows employees to share unassigned work space by signing up for it in advance, much as they’d make hotel reservations. First, the employer collects data on when employees who frequently travel actually use their offices. If workstations consistently lie idle, the employer can reduce office space and implement a reservation system for a block of workstations. A coordinator can administer reservations and arrange for needed clerical support.
- **Working on the road,** from a motel, hotel, or even a car.
- **Working from the offices of a client** or customer.
- **Any combination** of the above.

Some pundits distinguish between telework, which they define as working from anywhere with the aid of telecommunications and other technology, and telecommuting, or working for a company from a home office. In this report, we’ll use the terms interchangeably. If we’re referring to one particular type, we’ll make that clear.

BENEFITS OF TELEWORK

As telecommuting has become more commonplace, its benefits have grown and broadened. Here’s a quick rundown:

- **Lower Real Estate and Overhead Expenses.** Many companies that allow telecommuting report significant savings in real estate costs. One real estate management company, for example, estimates that on the average, between 25 percent and 40 percent of a company’s office space isn’t being used at any given time. Organizations can save considerable sums by leasing smaller quarters in anticipation of employees increasingly working on the road or from home. Other companies report higher employee productivity and lower turnover, both of which help strengthen the bottom line.

  Sun Microsystems, the California information and networking technology company, offers a good case study. Sun first offered flexible offices in 1994 and has pioneered telework. Its iWork program combines more than...
100 flexible offices and flexible work times. At Sun, about 70 percent of its nearly 40,000 employees and contractors either are “mobile” (travel frequently to do their jobs) or “distributed” (work at least some of the time away from their main work group). About 43 percent participate in iWork itself. As a result, Sun saved more than $250 million on real estate over a four-year period and cut its information technology (IT) and power consumption costs by another $24 million a year. The company credits the program with boosting employee satisfaction and reducing turnover.

**Improved Employee Morale.** Telecommuters are often happier employees. First of all, telecommuting shows that the employer trusts that they’ll spend time in the home office wisely, and employees appreciate being treated as responsible adults. Working at home also eliminates the hassle of commuting, increases time available for work, cuts commuting costs, and potentially lowers stress. Teleworkers also may save money on career clothing, since they probably won’t have to dress up to work at home. All these benefits can improve job satisfaction and motivate employees to work harder.

**Increased Employee Productivity.** Because teleworkers don’t commute, they have more time to work. Also, their working time is generally quality time since they usually encounter fewer distractions and interruptions. And reducing workers’ stress levels often means they’ll stay highly motivated. Reports of increases in productivity range from 10 percent to 30 percent.

**Lower Absenteeism.** Some companies link telecommuting and lower absenteeism, perhaps because people who are almost over an illness or injury can begin to work at home rather than just take another sick day.

**Reduced Employee Turnover.** It can be expensive for an employer to recruit, hire, and train new employees. Telecommuting often increases an employer’s ability to retain experienced employees and, thus, reduces the company’s recruiting costs. According to one estimate, telework programs can reduce employee turnover by as much as 18 percent.

**Expanded Hiring Pool.** Telecommuting increases a company’s flexibility in recruiting new employees, improving the odds of hiring excellent employees. It may enable a company to recruit or retain an employee who is otherwise unavailable because of geographical restraints or time limitations. It can be a way to accommodate workers with disabilities and increase the chances of hiring qualified workers with disabilities. Incidentally, the company will spend less money to relocate employees. (By some estimates, it can cost up to $100,000 to relocate an employee and his or her family.)

**Environmental Benefits.** OK, this doesn’t directly affect a company’s bottom line, but telecommuting can benefit the environment by decreasing automobile commuting and emissions. Better air can help improve people’s health, including your company’s employees, indirectly cutting your health care costs.

**Tax Benefits.** Telecommuting can earn a company state or local tax advantages. Some localities, for example, give tax incentives to reduce traffic and/or smog through telecommuting.
ON THE OTHER HAND . . .

Telecommuting poses challenges, too, including the following:

Loss of Contact Among Employees. The informal interaction that comes from having a group of employees together in one place can mean a lot to an organization. It’s easy, for example, to walk down the hall at company headquarters to get a colleague’s reaction to a new product idea. It’s harder to test out ideas and brainstorm with colleagues over the phone from a home office. Employees need to be aware that they’ll be on their own and that they can take steps to ensure that they interact effectively with coworkers.

Cost of Providing Office Equipment. Some companies buy computers and pay for broadband connections for employees who work from home. They’ll need to subtract these and any other costs from the estimated gains from telecommuting to get a true picture of costs and benefits.

Management Issues. It can be tough to adequately manage employees who are out of sight, so managers often are resistant to telecommuting — both for themselves and for their team members. In response, telework advocates recommend (1) being very careful in deciding which employees may telecommute and (2) training managers on how to handle long-distance employees.

Key management issues include the following:

- Wage and hour regulations: If nonexempt employees telecommute, employers need to have systems in place to ensure that these workers keep accurate time records and perform overtime work only when their managers approve it in advance. The Fair Labor Standards Act (FLSA), which sets minimum wage and overtime rules, applies no matter where employees work.
- Workers’ comp law also generally applies in telecommuting situations. Again, employers need to have systems in place to ensure that work-related injuries and illnesses are reported in a timely fashion.
- Employers need to ensure that confidential company information remains secure when employees are working from home or otherwise outside company premises. They also need to respect workers’ privacy when working from home.
- Employers need to ensure that telecommuting programs, like all workplace programs and policies, are administered in a fair, evenhanded, and nondiscriminatory manner. If telecommuting will limit workers’ prospects for advancement, employers need to make that clear to employees before they decide to participate. Otherwise, employers should treat telecommuters the same as other employees in performance appraisals and opportunities for advancement.
About the Author

Business journalist Kathy Carlson uses her past stints as an in-house attorney, communications professional, and newspaper reporter to dig into law-related topics and boil them down for business managers. She holds law and business degrees from Vanderbilt University in Nashville, and obtained her undergraduate degree in history from the University of Pennsylvania. Before joining M. Lee Smith, she was a reporter for The Tennessean in Nashville, where she covered workplace issues among a variety of business topics. As a business attorney, she handled employment law issues.
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