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Fleeing the Cuckoo's Nest

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Insanity consists of doing the same thing over and over again and expecting different results—Albert Einstein (paraphrased)

“There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things”—Nicolo Machiavelli

Okay, maybe we're crazy. Or trying to push a rock up a mountain.

But at least we (the two of us) are persistent. We're going to try yet again to make the case for embracing distributed/remote/mobile work. Especially now, this year, at a time when gasoline prices have exploded and the whole world seems to be waking up to the dangers of global climate change, we (all of us) need to understand the consequences of just continuing to do the same things the same way over and over again.

We've suggested before ([“How Come Distributed Work is Still the Next Big Thing?”](#)) that there are at least six very specific, very tangible reasons why distributed work programs make sense:

1. Reducing basic workforce support costs;
2. Increasing workforce productivity;
3. Attracting and retaining talent;
4. Increasing organizational agility;
5. Reducing the business risk of disruption from terrorism and natural disasters
6. Reducing traffic congestion, air pollution, and environmental impact more generally

As compelling as these factors may be, it's become very clear to us that the only language senior executives understand is one that begins with “\$\$.” In other words, you're telling us, “show me the money.”

All right, you asked for it. Here goes. We've only got space this month to deal with the cost of workforce support, but that's about as basic as you can get. And with that case made, the rest is gravy.

Reducing Basic Workforce Support Costs

Our experience suggests that moving to a mobile or distributed work program can reduce workforce support costs by as much as 40% (that includes facilities, IT, HR support, and admin support). When we use our ROI Calculator (patent pending) to compare traditional workplace configurations with flexible work options, we usually see a

return on investment over the first four years of 30% - 70%. That even beats what the Wall Street investment banks were getting, and you won't need a taxpayer bailout either.

Just look at this analysis, adapted from the experience of one of our recent clients:

Line Item	Traditional Environment (649 employees)	Distributed Work Scenario (595 employees)
Direct Salary and Benefits	\$35,086,000	\$32,158,000
Facilities Costs	\$ 6,403,000	\$ 2,705,000
IT Support Costs	\$ 3,568,000	\$ 4,352,000
HR/Admin Support Costs	\$ 7,333,000	\$ 4,666,000
Total Workforce Cost	\$52,390,000	\$43,881,000
Total Cost/Worker	\$ 80,724	\$ 73,750
Support Cost/Worker	\$ 26,662	\$ 19,703

In the traditional work environment this company had 649 employees on the payroll; 500 of them were "front line" while 149 were support staff. In the distributed work scenario the company enabled 80% of its employees to work in a distributed/flexible mode, resulting in a reduction of 54 support staff (believe it or not, flexible workers need less, not more, support for IT, HR, and administrative activities – and they are more productive to boot).

Look carefully at these numbers. Moving to a distributed workforce saved this company about \$8,500,000 in salary and support costs (on a \$52,000,000 base) and reduced the support cost per worker by over 26%. That's real money.

And what doesn't show in this partial analysis is the equally impressive increase in individual and group productivity, increased workforce engagement, and the significant environmental benefits from the dramatic reduction in miles being driven to and from the corporate office facility (we'll discuss those kinds of benefits and how they are realized in more detail in a future article).

Now, lest we be misunderstood, this is *not* a situation where those 400+ workers are all working from home five days a week. This is a mobile, or flexible, workforce – there are plenty of people in the office every day, but none of them are there full-time. They come and go as their work requires them to, and they use "touchdown" spaces and conference rooms when they're there.

And in Conclusion. . .

Our message here is simple. There *is* a powerful business case for embracing flexible work. We have to believe that most senior executives just don't realize how much it's costing them to continue offering all employees a dedicated workplace, or how many of those dedicated places are empty at any given time.

We also think the major reason more companies aren't moving in this direction is old habits and inertia. It takes strong leadership to overcome decades of experience with one way of working (often accompanied by active resistance to change).

In Our Humble Opinion (we haven't completely forgotten that phrase), senior executives who don't take advantage of the economics of flexible work are essentially stealing money from their shareholders. Once you know what's possible, it's almost criminal to choose a more costly, less productive way to operate.

And if there's anything we can predict with certainty about the future of the economy it's that businesses and their leaders are going to be held accountable for their behavior – and for the results they produce. How can *anyone* ignore a 40% cost reduction opportunity on the three largest expense items in their budget?

You want different (i.e., better) results? Start doing things differently. Today. Your staff will eventually be both happier and more productive, and your shareholders will be thrilled. What more could you ask for?

Note: we're so convinced that the business case for distributed work is there, waiting to be described in more detail, that we're about to launch a comprehensive research project aimed at refining our existing analytic model and "proving" it with real-world benchmarks. If you'd be interested in participating in the research, please [send us a note asking for the project prospectus](#).

And feel free to [send other comments directly to us](#), or post a comment on the blog version of this article. We look forward to learning from you

About the Work Design Collaborative and *Future of Work Agenda*

Future of Work is a global network of resources – practitioners, thought leaders, researchers, and senior consultants – who are committed to building and implementing physical, social, and technology-based work environments that are cost-effective, socially and environmentally responsible, and personally satisfying.

We are focused on defining the future of work and helping our members and clients achieve new levels of workforce and workplace productivity. *Future of Work* produces and distributes management tools, surveys, benchmark databases, white papers and technical reports, conferences and workshops, newsletters, books and articles, and public presentations on the changing nature of work. The Work Design Collaborative, LLC, provides leadership and infrastructure services for the *Future of Work* community.

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