



Research shows that many more employees would opt for flexible work models if the offerings better met their needs and if they saw visible success stories

# Flexible work models: How to bring sustainability to a 24/7 world

By Julie Coffman and Russ Hagey

BAIN & COMPANY

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## Research shows that many more employees would opt for flexible work models if the offerings better met their needs and if they saw visible success stories

Challenging times make most jobs more challenging. As companies reduce head count, surviving employees take up the slack. They shoulder more responsibility, work longer hours and travel more. When the economy picks up, attrition rates spike as employees act on pent-up frustrations and look for opportunities at other companies. In the constant war for talent—and especially when businesses start to grow again—flexible jobs can be a powerful tool to attract and retain top talent. When done right, flex jobs—defined as jobs that allow employees to contribute their skills outside the standard workweek—offer several benefits. They appeal to burned-out employees who are seeking sustainability. They allow employees, particularly women, to stay engaged and continue to advance during periods when they confront dilemmas such as caring for children or aging parents and managing 60-hour work weeks or extensive travel.

However, so far very few companies have mastered the art of carefully designing and implementing effective flexible job models. While many companies offer flexible work models such as part-time, telecommuting and leaves of absence, the latest research from Bain & Company shows that is not enough. To be effective, companies need to ensure that two things happen: First, they must tailor flexible programs to meet specific employee needs. Individual employees are looking for many different things in such offerings and

one size does not necessarily fit all. Second, companies need to give visible evidence that these models work and are supported by management. This means companies must promote enough top performers who've taken alternative career paths to convince the doubters as well as demonstrate that top leaders within the organization strongly support these opportunities. Only then do employees feel comfortable taking advantage of flex options, which, in turn, generate greater adoption and eventually lead to a shift in the firm's culture. The rewards can be huge: increased employee satisfaction, loyalty and retention. The Bain study investigates how to get this virtuous flywheel going.

### Retaining valuable employees who are under increasing stress

We surveyed more than 3,300 people worldwide. Partnering with eight universities, a global search-firm association and a European professional women's organization,<sup>1</sup> we surveyed managers and professionals in the US, Europe, Asia and India. Our respondents were split 61 percent to 38 percent between men and women. Nearly all, however, shared one similarity: They are in very challenging careers. For the purpose of this study, Bain adapted a list of the 10 hallmarks of a challenging job.<sup>2</sup> They are:

- Unpredictable work flow;
- Fast-paced work under tight deadlines;
- Inordinate scope of responsibility that amounts to more than one job;
- Work-related events outside regular work hours;
- Expected to be available to clients or customers 24/7;
- Responsibility for profit and loss;

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- Responsibility for mentoring and recruiting;
- Large amount of travel;
- Large number of direct reports;
- Physical presence at workplace at least 10 hours a day.

A job with one or more of these characteristics can be onerous. But a job with five or more of the criteria fits the definition of a challenging job. Among our respondents, about half said they work more than 50 hours per week, while 40 percent said they struggle with five or more elements of a challenging career.

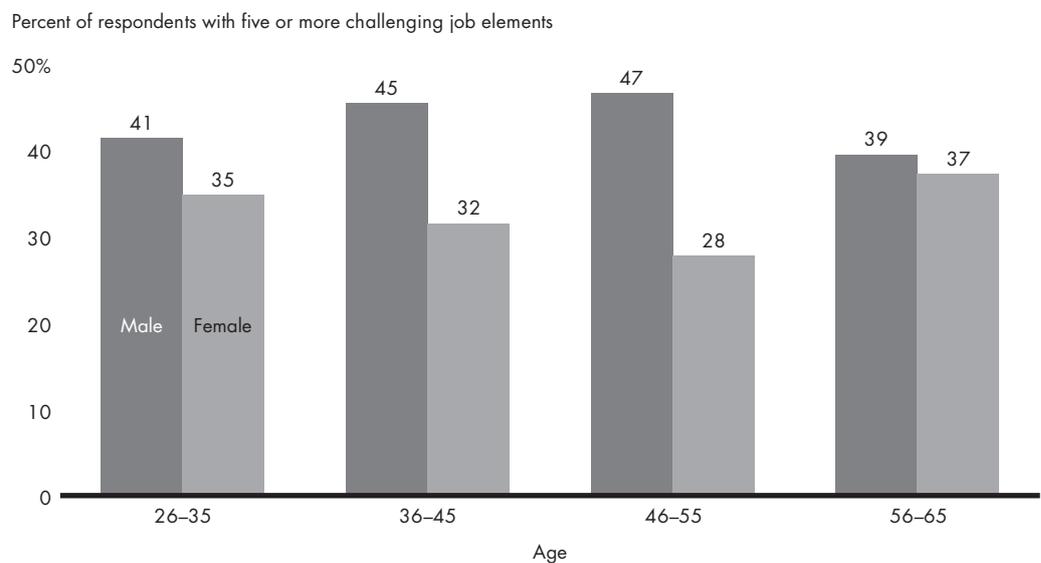
Such careers are especially difficult for women (see Figure 1). Over time, our survey found, they are nearly three times more likely than men to opt out of a career that has five or more stress-producing elements. In other words, women’s retention rates fall precipitously as more challenging elements—such as increased hours and nights away per week—are heaped on to their job. This typically

occurs right at the age when managers start to assume executive roles. Several studies have shown that the loss of female talent at this stage can be devastating to a company’s performance.<sup>3</sup> It also results in fewer female senior executives. Nevertheless, among women who push on to ages 56 to 65 (a winnowing process that leaves just 24 percent of females in this last age category in our survey), they become nearly equal to men in their willingness to take on challenging jobs.

How can companies keep stressful jobs from overwhelming their most valuable managers—male and female alike?

To get at that answer, we asked our survey respondents a simple question: “How likely are you to recommend your organization to a friend or a colleague?” This is no idle inquiry. Rather, it is the heart of a Bain customer loyalty tool called the Net Promoter® Score (NPS®). Originally devised to analyze the individual needs of a company’s most-profitable customers, NPS is equally powerful in

Figure 1: As women age, they tend to opt out of more challenging jobs at a higher rate than men



Note: 23 respondents preferred not to answer the question on gender; 47 respondents were either below the age of 25 or above the age of 66. Source: Flexible models survey, n=3,343

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understanding the work-life requirements of a company’s employees. As opposed to standard “satisfaction inquiries,” NPS reveals people’s willingness to stake their personal reputation on the product, service or organization in question. As an indicator of future actions—such as making further purchases or staying employed—it is uniquely predictive.

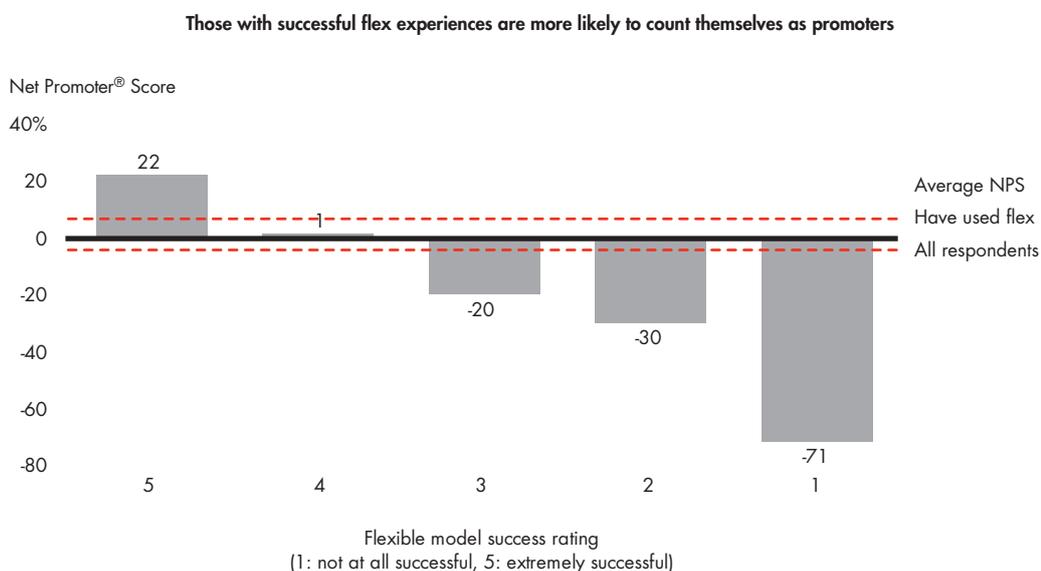
Here’s how NPS works: Participants rate the “would recommend” question on a zero-to-10 scale. Those who give a nine or 10 are “promoters”—people who are true advocates of the organization and drive positive outcomes, such as customers who create additional revenue or talent that helps to deliver great results for the organization. Those who rate a company from zero to six are “detractors”—they are liabilities who eviscerate growth and retention. Subtracting the percentage of detractors (liabilities) from the percentage of promoters (assets) yields the Net Promoter Score. In essence, the higher the NPS score, the better the outcomes for companies; the lower, the more corrective actions are needed.

Focused on a company’s pressured high performers, NPS tracking can not only help identify potential burnouts among the most valuable workers before they depart, but it can also help determine the best human resources strategies to keep them.

Not surprisingly, our NPS question showed that employees in companies who have used flexible models tend to be strong promoters of the company and are more satisfied with their jobs. What’s more, employees who have used flex work models rate that experience positively—results showed an average successful experience rating of 4.2 out of a possible 5 across all flex work models (see Figure 2).

Most important for companies, however, was the finding that the availability of viable flexible job offerings—that fit the organization’s culture—could increase retention in men by 25 percent and in women by a full 40 percent. Such options will become increasingly essential as the next generation of employees—called Millennials—grow in the workplace.

Figure 2: Successful flexible work models improve employee satisfaction



Source: Flexible models survey, n=3,343

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Why? Some 86 percent of Millennials in our survey said they expect flexibility from their employer.

Just what are the elements of satisfying and effective flexible work models? A key finding was that different employee segments prefer different models. Companies need to carefully study what their strong performers value most across options such as:

- Maternity, paternity or parental leave;
- Leave of absence for less than a year;
- Extended leave of absence;
- Flexible hours within a full-time job, such as going offline from 5 o'clock to 8 o'clock at night and on weekends;
- Part-time roles that amount to reduced hours and pay in a current role;
- Job sharing, in which two employees share the roles and responsibilities of one full-time employee;
- Temporarily stepping away from the “frontline” into a less demanding support function;
- Telecommuting from home.

Unfortunately, most companies still have a long way to go to get this mix right. Our survey revealed two fundamental issues that companies need to address for flex work models to deliver the talent-preservation results they promise: tailored models that address key needs and top-management focus to ensure the models visibly work. Let's consider them in detail:

### **I. One size does not fit all: Employees prefer a menu of flex options**

Just as companies customize options for different kinds of customers, our survey shows

they also need to segment employees by their varying needs and then develop a meaningful set of flex work options from which employees can pick and choose. Feedback tools—such as NPS, employee focus groups, and other formal and informal channels—can help determine which options are most desirable and effective.

Each organization will have its own unique segments, depending on the industry and the type of workforce. But there are some commonalities. When we looked at our survey respondents—who come from across industries, demographics and ranks—we found four segments, each with distinct needs that respondents specified from a list of more than a dozen attributes associated with flexible work models (see Figure 3).<sup>4</sup>

Beleaguered managers may share the same experience of working too hard. But, in terms of their desire for flexibility, they have differing ideas about what would provide them with relief. The four segments determined from our survey relate to both career stages and the need for predictability, yet they each reveal an overall population that is highly ambitious. In other words, they all want to advance as far as possible. But they are willing to take different routes and timetables to achieve various goals.

Starting with “support seekers,” we discovered a population that is looking for more leadership support in their flex journey, as well as more fellow travelers. Mattering a great deal to them, also, are challenging work and the ability to achieve demonstrable, high-value results. But today, they believe there are no alternative routes available to them at their companies. Split evenly between men and women, they represent potential mass defections.

Next on the spectrum are “casual fans.” They appreciate the availability of flexible work for others now—or for themselves later. But right now, they mostly want to move up. For the

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Figure 3: Survey respondents fell into four distinct flex segments, each with unique needs and priorities

	<b>Support seekers</b> <sup>1</sup>	<b>Casual fans</b> <sup>2</sup>	<b>Pause-button pushers</b> <sup>3</sup>	<b>Alternative career path enthusiasts</b> <sup>4</sup>
<b>Description:</b>	<ul style="list-style-type: none"> <li>Looking for culture support, as more likely to be at firm without flex offering or with low flex usage</li> </ul>	<ul style="list-style-type: none"> <li>Seek continued career path progression with few concerns around travel or predictability</li> </ul>	<ul style="list-style-type: none"> <li>More mature, self-assured employees seeking a challenging career and attractive rewards, but interested in leaves of absence</li> </ul>	<ul style="list-style-type: none"> <li>Younger generation seeking predictability over career trajectory</li> </ul>
<b>Care most about (overall):</b>	<ul style="list-style-type: none"> <li>Leadership support</li> <li>Supervisor support</li> <li>Challenging work</li> <li>Visible results</li> </ul>	<ul style="list-style-type: none"> <li>Supervisor support</li> <li>Challenging work</li> <li>Visible results</li> <li>Fair compensation</li> </ul>	<ul style="list-style-type: none"> <li>Challenging work</li> <li>Visible results</li> <li>Fair compensation</li> <li>Leadership support</li> </ul>	<ul style="list-style-type: none"> <li>Fair compensation</li> <li>Challenging work</li> <li>Leadership support</li> <li>Increased predictability</li> </ul>
<b>Care most about (relatively):</b>	<ul style="list-style-type: none"> <li>Supervisor support</li> <li>Leadership support</li> <li>Direct report support</li> <li>Critical mass</li> </ul>	<ul style="list-style-type: none"> <li>Path to promotion</li> <li>Mentor/recruiting</li> <li>Office extracurricular options</li> </ul>	<ul style="list-style-type: none"> <li>Visible results</li> <li>Challenging work</li> <li>Fair compensation</li> </ul>	<ul style="list-style-type: none"> <li>Increased predictability</li> <li>Not on call</li> <li>Less travel</li> </ul>
<b>Care least about (relatively):</b>	<ul style="list-style-type: none"> <li>Office extracurricular options</li> </ul>	<ul style="list-style-type: none"> <li>Increased predictability</li> <li>Being on call</li> <li>Less travel</li> </ul>	<ul style="list-style-type: none"> <li>Supervisor support</li> <li>Direct report support</li> <li>Leadership support</li> </ul>	<ul style="list-style-type: none"> <li>Path to promotion</li> <li>Visible results</li> <li>Challenging work</li> </ul>
<b>Best-fit flexible model:</b>	<ul style="list-style-type: none"> <li>Low preference for specific model; want proof flex can work</li> </ul>	<ul style="list-style-type: none"> <li>Flex hours</li> </ul>	<ul style="list-style-type: none"> <li>Leave of absence</li> </ul>	<ul style="list-style-type: none"> <li>Part-time</li> </ul>

Source: Flexible models survey, n=3,343

time being, therefore, they care little about such things as predictability, being on call constantly or heavy travel schedules. Primarily career driven, at least in the willingness to make sacrifices, they are divided at 60 percent men and 40 percent women.

The next grouping is “pause-button pushers.” They don’t necessarily feel they have it made, nor are they ready to throttle back permanently. As a group, they still seek to grapple with challenging work in pursuit of commensurate pay and outstanding results. But these managers are also contemplating taking a brief respite in less-demanding roles or a short leave of absence to recharge their batteries. With leadership permission to take the necessary time off, they’ll be back, stronger than ever.

“Alternative career-path enthusiasts” are at the opposite end of the spectrum in their job flexibility requirements from “casual fans.” They most definitely want two things: predictability in their work lives and, what is for them, a more reasonable number of hours on

the job. In fact, they’re willing to forgo a more rapid career trajectory to gain such assurance. For them, less is more. Fewer hours on call and on the road will keep them as contributors—eager ones—in their current companies.

Across these population categories, deciding what to use among the current grab bag of flex options can be overwhelming. Companies need to understand the needs and then better tailor the menu for their targeted employees, just as they would alter their value propositions for target customers. Today, the most widely used options by our survey respondents were telecommuting, flex hours, parental leave and part-time work. Less commonly used are job sharing, extended leave of absence and a temporarily reduced role.

Whatever the methods they offer, companies must get the cultural aspects of offering flex time right for it to work—and leaders must set the tone. Our survey revealed that cultural elements are in fact far more important than the actual tactics of providing alternative career paths. Overworked professionals are

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ambivalent about using flexible work models: In our survey, few interested employees actually used flex. Companies have to demonstrate genuine evidence of equal compensation, chances for advancement and overall retention of good talent that chooses to work part-time in order to increase usage and ultimately employee loyalty.

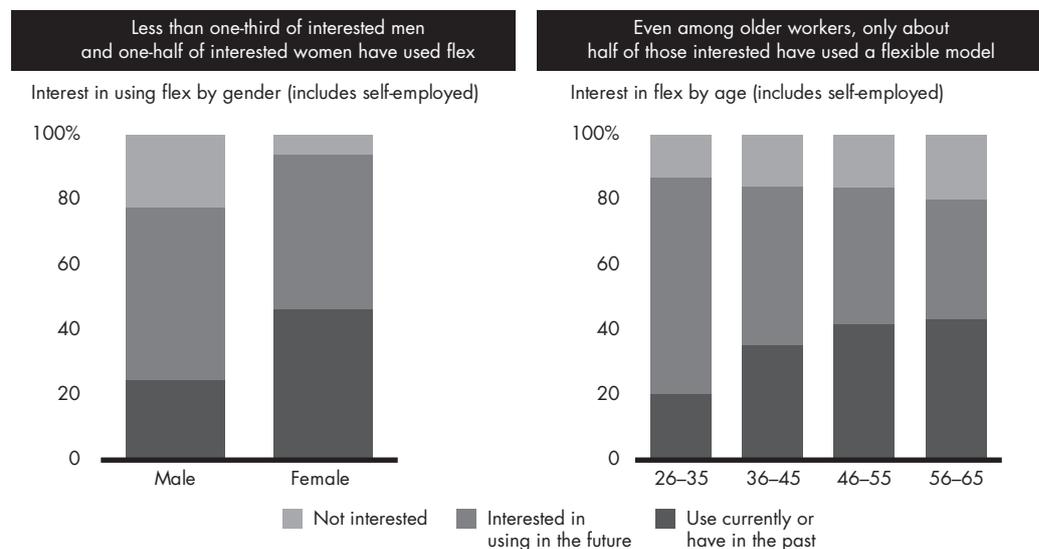
**II. Offering flex models isn't enough: They have to be seen to visibly work**

Despite all the benefits that flexible models have to offer in satisfaction and retention, a surprising survey result was that few managers in high-stress jobs take advantage of them. Less than one-third of interested men and only one-half of interested women have ever used flex (see Figure 4). Across all age groups, the number of individuals who have used or currently use flex (46 percent of women and 25 percent of men) is significantly lower than their interest levels (94 percent of women and 78 percent of men).

Why is that? Several reasons were offered, including a persistent perception that flex options signal a career dead end. As one North American woman said: "I don't see any role models or examples of managers, especially with children, at more senior levels who utilize these models." A European woman banker in the 56- to 65-year-old category elaborated: "As a senior leader, I feel management will take this as a sign that I am ready to be 'put out to pasture.'"

There were other troubling factors. A male respondent raised a concern about how he would manage his time: "It's difficult to set boundaries in a flex-time arrangement. When am I on or off call?" A young professional woman mentioned guilt: "I may end up working more hours in flex than in a full-time 9-to-5 job." Many also cited a pervasively negative perception: "I think flexible work models are stereotyped as being for moms who are making others pick up the slack," said one young professional.

Figure 4: While interest in using flex is high, few people actually follow through with flex use



Note: 23 respondents preferred not to answer the question on gender; 47 respondents were either below the age of 25 or above the age of 66. Source: Flexible models survey, n=3,343

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With such perceptions widespread, it's easy to understand why most employees are wary of using flex models. Although 60 percent of companies in our survey offer flex options, they are widely used in only 18 percent of those companies (see Figure 5).

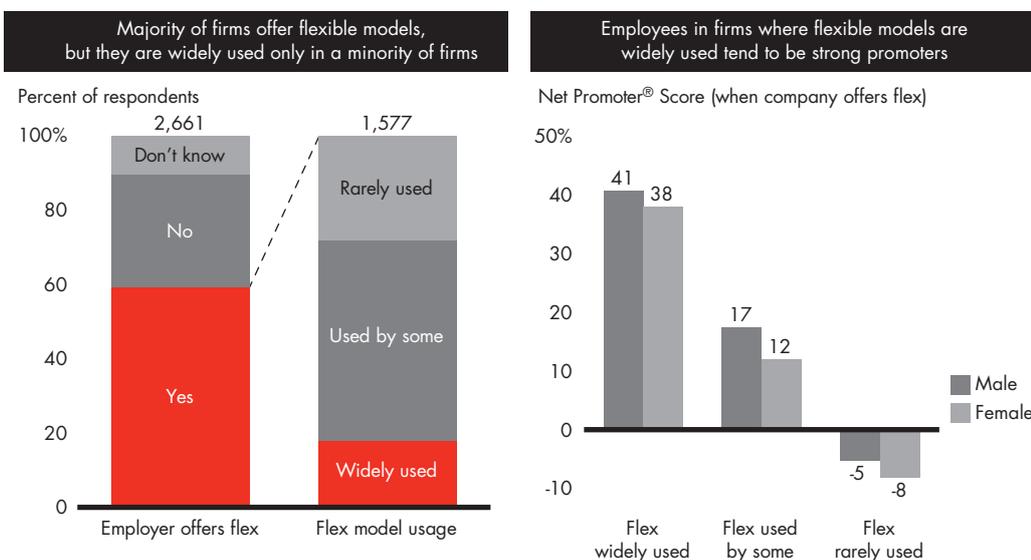
This statistical anomaly reflects a number of fears, according to respondents. Most said they worried about a loss of respect on three levels—not only by supervisors, but among peers and clients. Explained one female consultant who recently took a flexible job: “I don't think I get the same level of respect as my peers, since I am now in an internal role.” Another fretted about maintaining client satisfaction: “How does a reduced-hour model work within client service when your client expects you to be available 24/7?”

The inference for companies is unsettling: There is a pent-up demand in unhappy employees for flex options. Yet this population views today's choices as either unsatisfactory or culturally unacceptable. Confirmation

of the latter view came when we asked employees about the relative importance of factors that might influence them to adopt a flexible work model. Fully 86 percent of respondents ranked leadership support as the most important consideration for them. This key requirement was closely followed in ranking by challenging work and compensation. Way down the scale were specifics of particular flex job options. Put another way, many stressed workers seem to seek leadership's permission to take a much needed occasional break, yet not also lose their place in advancement.

Today, many managers perceive that top-level support to be lacking. Yet they still yearn for it. As one male put it, “Seeing other respected executives using flexible work models would increase my perception of, one day, using it for my own situation.” Such feelings represent more than a longing by the disaffected. Our survey findings conclusively show that the wide-scale use of flexible working models at companies with thoughtful HR policies is

Figure 5: Despite availability, flex models are not widely used; employers could benefit from wider usage



Source: Flexible models survey, n=3,343

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highly correlated with overall employee loyalty—and that an effective flex-option program makes employees who are thinking about leaving more likely to stay. Again, we found that retention rates jump by around 25 percent among men and nearly 40 percent among women in such companies.

### What companies can do to make flex work models more effective

Two elements are paramount for success. One, a tailored set of options and two, demonstrable leadership support combined with visible evidence that the models are working. The last, which amounts to a full support system for flex-job employees to ensure their career aspirations are not jeopardized, begins with a commitment from the highest level of the organization. With this promise, companies can speedily build the right flex-job structure for their company by taking the following steps:

- Gathering **input from employees** to understand the needs of different segments for flexible models;
- Creating a thoughtful **set of flex options** to address the need of each employee segment in the most cost-effective way;
- Assigning a **vocal and visible flex champion** from senior leadership;
- Explicitly communicating the options and **raising awareness**;

- Developing a **compelling career-management approach** that helps workers navigate to the next level by understanding how different flex versus non-flex roles will allow them to develop the required skills for advancement;
- Providing supervisors with **cultural training** and arming them with best practices;
- Pairing new flex work users with **experienced “mentors”**;
- Highlighting **success stories** that encourage the use of flex options.

For business leaders, one of their major tasks in a talent-starved global economy is to attract and promote outstanding performers. But leaders also worry about ways to retain top talent. By easing the burden on able employees who are overstressed and overworked, companies can not only get the best out of people in the short term, but also over the long term, through the ups and downs of their lives.

Good flex work models start with carefully tailoring job requirements to the various age and career-goal segments of a company’s talent pool. The result goes directly to the bottom line in tangible and intangible ways. The immediate payoff is increased employee satisfaction levels. Very soon, those translate into greater loyalty and ultimately into superior performance and better results. 

<sup>1</sup> Northwestern University’s Kellogg School of Management, the Tuck School of Business at Dartmouth, Stanford Graduate School of Business, The Wharton School of the University of Pennsylvania, Indian Institute of Management Calcutta, London Business School, MIT Sloan School of Management, the University of Chicago Booth School of Business, Association of Executive Search Consultants, European Professional Women’s Network (EPWN).

<sup>2</sup> Sylvia Ann Hewlett, Carolyn Buck Luce: “Extreme Jobs: The Dangerous Allure of the 70-Hour Workweek,” *Harvard Business Review*, December 2006.

<sup>3</sup> A 2004 study of Fortune 500 companies showed that those with the highest representation of women in corporate officer positions had 35 percent higher financial performance than companies with the lowest representation of women in key posts. “The Bottom Line: Connecting Corporate Performance and Gender Diversity,” Catalyst (2004), <http://www.catalyst.org/publication/82/the-bottom-line-connecting-corporate-performance-and-gender-diversity>.

<sup>4</sup> To discover these segments, we used a research technique called “Maximum Difference Scaling.” “MaxDiff” was pioneered in the early 1990s by Jordan Louviere, now a professor at the University of Technology, Sydney. MaxDiff requires customers to make a sequence of explicit trade-offs. Researchers begin by amassing a list of product or brand attributes—typically from 10 to 40—that represent potential benefits. Then they present respondents with sets of four or so attributes at a time, asking them to select which attribute of each set they prefer most and least. Subsequent rounds of mixed groupings enable the researchers to identify the standing of each attribute relative to all the others by the number of times customers select it as their most or least important consideration.

### **Creating more women leaders through viable flex work models**

The survey reveals that the single most important issue that stops women from staying in the workforce long enough to rise to senior leadership positions is the lack of flex work models that serve their specific needs. A very significant finding was that male and female workplace satisfaction diverges starting in the mid-40s age group—just when employees of both sexes start to move into leadership roles.

The result: As noted in Bain's 2010 global gender parity study, women simply disappear from the higher echelons of organizational hierarchy. In 2009, for instance, only 3 percent of Fortune 500 companies had a female CEO. Our recent survey shows why: Women tend to opt out of challenging jobs at a much higher rate than men. The questions revealed that women become unhappy about longer hours sooner than men and seem to have less tolerance for extended travel commitments. Increasing work challenges push them first into company detractors and then into exiting the company.

One important takeaway: Companies need to view segmentation through the male-female lens. Indeed, not only are women almost twice as likely as men to use flexible work models, they often place higher values on different options. More than that, companies that offer viable flex options can increase their female retention rates by as much as 40 percent.

Fixing half the problem will be a good start. But as a company's flexible model evolves, it will also help meet the wider needs of a changing society, one where the promise of equal opportunities is blurring the traditional roles of men and women. In other words, with women paving the way, companies might solve the overriding concern of retaining their very best people in those challenging jobs where they are needed the most.



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