REMOTE ORGANIZATIONS | COSTS AND BENEFITS ACROSS EMPLOYERS, EMPLOYEES AND THE COMMUNITY

JULY 2020

10 Milk Street, Suite 1010, Boston, MA 02108

These materials were prepared as part of the Rapid Response Network, a joint initiative between the **California Mental Health Services Oversight and Accountability Commission** (MHSOAC) and **Social Finance, Inc.** to support jurisdictions in fast-paced research and decision making driven by COVID-19.

The network aims to **facilitate connections** among jurisdictions facing similar challenges, and to supplement that shared experience with **support from external experts**—in order to deliver fast, customized, digestible research and analysis that strengthens local capacity.

We recognize that the pace of these responses means that they are likely to be both incomplete and imperfect. If you have suggestions for improvement or questions about these materials, we would love to hear from you. Please email Jake Segal (jsegal@socialfinance.org) or Sean Burpoe (sburpoe@socialfinance.org).

With gratitude for the support of the Robert Wood Johnson Foundation and invaluable in-kind support from GLG, which supports the RRN through access to their expert network.

CONTEXT

- Since the pandemic began in March 2020, many workers have worked remote. While remote work was not uncommon prior to this time, **this is one of the first opportunities for organizations to determine the long-term viability of conducting all operations remotely**.

- There are several trade-offs that organizations must think of before making their operations remote. These include:

  - **Fiscal implications:** do cost savings with remote work outweigh operational costs with traditional working conditions? Are there new cost implications?

  - **Managing expectations:** how do you align policies to meet the needs of organizations and the wishes of its employees?

  - **Productivity**: how will the organization track and measure productivity?

  - **Community presence:** will community-based organizations lose an important link to the community if their organization is remote?

  - **Employee morale:** How do you foster a sense of community and promote innovation in a remote setting?

- An organization should conduct a **thorough cost-benefit analysis** – including both the hard costs and the non-easily quantifiable costs (staff morale) – before identifying the appropriate path forward.
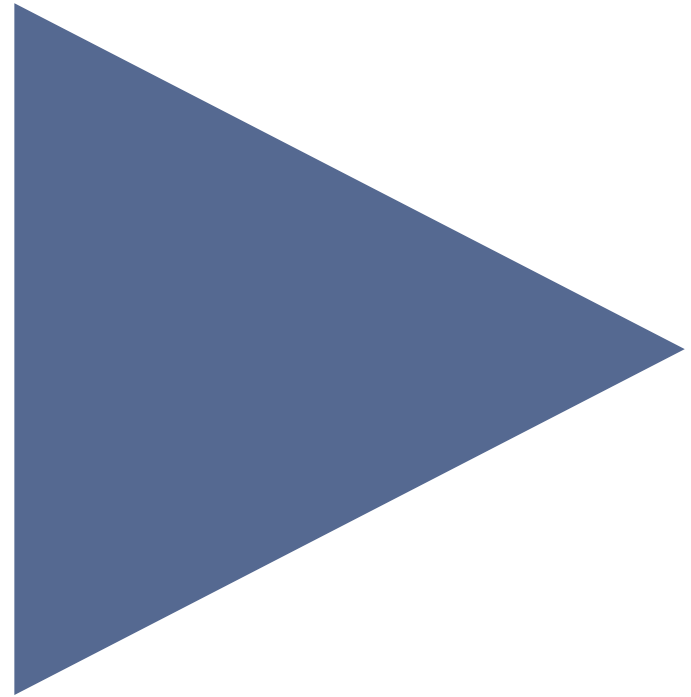
UNDERSTANDING THE TRADE-OFFS OF A REMOTE ORGANIZATION
Experts consulted had experience at private non-profit and for-profit institutions

- **Mark Whitehouse**, Global Director of Human Resources at Ravenswood Solutions

- **Cara Walker,** Director of Human Resources and Organizational Development at Public Health Solutions

- **Clarence White**, Chief Information Officer at The Salvation Army

- **Cindi Berns,** Development Director at Teen Line

- **Fraun Gray,** Talent Acquisition Team Lead at Randstad Professionals US LP

- **Paul Spence,** VP of Development at City Gospel Mission

Communication with the community is vital	• **Make sure everyone is aware of the change.** Your website should reflect that your employees work remote and detail your continued engagement in the community. Touch base with your key contacts well-before the change happens. Make sure the community knows that, "we might not be in a physical place, but we are still here." • **While workers may be remote, the organization should not be.** It's important to re-double your efforts to connect with clients and partners when you do not have a brick-and-mortar location– attend community events, meet partners for coffee, etc. • **Invest in your communications department**. There needs to be a strategy behind communications – if you do it too much, it may discourage people from engaging.
Set expectations up front that this will be an adjustment	• **Transparency and honestly up-front is most important.** This might be the first-time an organization has re-considered its work location policies. Admitting that it will be a work-in-progress will build credibility with your staff. • **To start, air on the side of more dialogue, less policies.** Get a sense from your staff about what they would like to see regarding important policy components – working hours, daily check-ins, work remote expenses, etc.
Work with your team to set goals to measure productivity	• **Productivity is not just "showing up" – it is setting and meeting goals**. Rather than using technological functions to track your employees' behavior (e.g., VPN, keystrokes), work with your employees to set goals – and find ways to support them in meeting those goals. • **Not everything is "billable".** Building trust and relationships with a community takes time and "out-of-the-box" approaches. Judge your employees on the results – not based on how many emails they send or phone calls they make.

Employees may struggle to adjust initially…

- **In-person sessions breed innovation and build camaraderie.** When people are together tackling a problem, it creates a positive energy. People can build trust with their colleagues, learn their non-verbal cues. "What two people come up with separately doesn't equal what they would come up with collaboratively. Ping ponging of ideas is really important."
- **Employees will be wary of micromanaging.** They may not be used to leadership checking-in with them all the time and will feel that it reflects their performance.
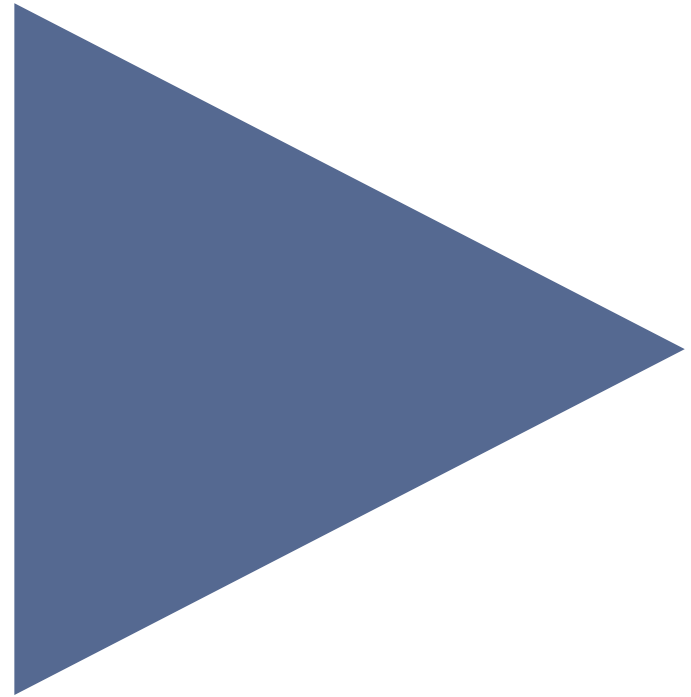
…which will require more effort on leadership's part

- **There needs to be clear people structures in place**. This will allow employees to feel like they are part of a team, not just working. Create a Teams or Slack channel where employees can check-in and share both professional and personal updates.
- **Leadership will need to check-in with employees frequently.** Don't hesitate to check-in, even if it's just a hello. But don't be overbearing – get a sense of how often your employees want to check-in (via Slack, Teams, etc.) and keep on top of it.
- **Find out what works best for your employees.** With a typical 9-5 structure, there is not much room for flexibility. If the work permits it, consider allowing employees to make their own schedule if they are meeting their goals.

There are hidden costs that you might not foresee

- **Initially there may appear to be drastic cost savings.** Removing some fixed costs (e.g., physical infrastructure) will result in near-term cost savings.
- **There will be more extensive IT costs and continued "office" costs.** Employees may need laptops, mobile hotspots, printers, document authorization services, supplies, etc.
- **But you can redirect some potential savings to employee supports.** Investing in an employee assistance program will allow you to support your employees personal and professional needs.
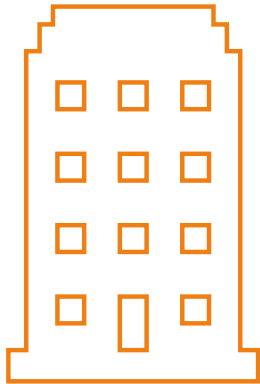
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COSTS & BENEFITS OF REMOTE WORK

The vast increase in employees working from home has resulted in a significant increase in review and analysis of remote work trends.
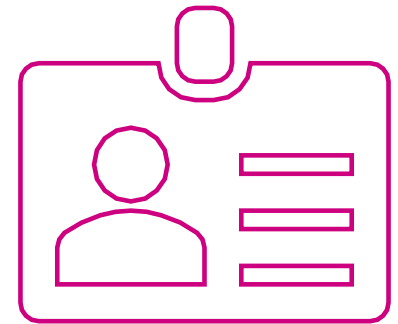
The deck herein will examine some of the costs and benefits of remote work across the fields of:

EMPLOYERS   **COMMUNITY**   **EMPLOYEES**

EMPLOYER BENEFITS & COSTS

Benefits and costs for employers are generally industry dependent, but some key themes are highlighted herein

BENEFITS

- In research broadly across sectors, teleworkers are found to be **more productive** than non-remote working counterparts.[1]
- Due to increased flexibility, employers often see the benefit of **lower attrition among remote workers.[7]**
- On average, employers see **reductions in unplanned absenteeism** due to less exposure to sick and employees and other community and working conditions, as well as an **increase in employees working when sick.[7]**
- Given the need for less office capacity, employers can also **save on office space and utilities** – resulting in lower fixed costs.[7]

COSTS

- Employees report a **reduction in social interaction** – including less time to brainstorm and collaborate with colleagues.[1]
- **Household distractions, challenges in accessing technology** and required documents, and **lacking appropriate equipment** (space, desk, chair, etc.) can also impair productivity, and employee morale – potentially resulting in a less effective workspace.[1]
- Many of the studies conducted have been in industries in which "productivity" is more measurable—**productivity would likely be highly personal and dependent on industry** and company workstyle.
- **Ambiguity in state regulation** and taxation.[6]

EMPLOYEE BENEFITS & COSTS

The benefits and drawbacks of working from home are highly personal, and largely depend on whether employees choose to work from home

B E N E F I T S

- Some employees enjoy **additional work-life balance and flexibility** to do work on their time (which can allow for time to take care of kids and spend time with family) [1]
- **Reductions in time and money spent commuting** and **working from the office**, as well as time "getting ready" can also lead to **improved work-life balance and lower stress**[1]
- Overall, employees tend to feel more **"trusted by employers"** in a work from home environment, leading to **more empowerment**[7]

C O S T S

- Employees may feel **the effects of social isolation** - causing employees to feel isolated & lonely at times[1]
- Employees may have **trouble establishing a work-life balance**, as there are **fewer boundaries between work and home**, and may be further displaced by household distractions[1]
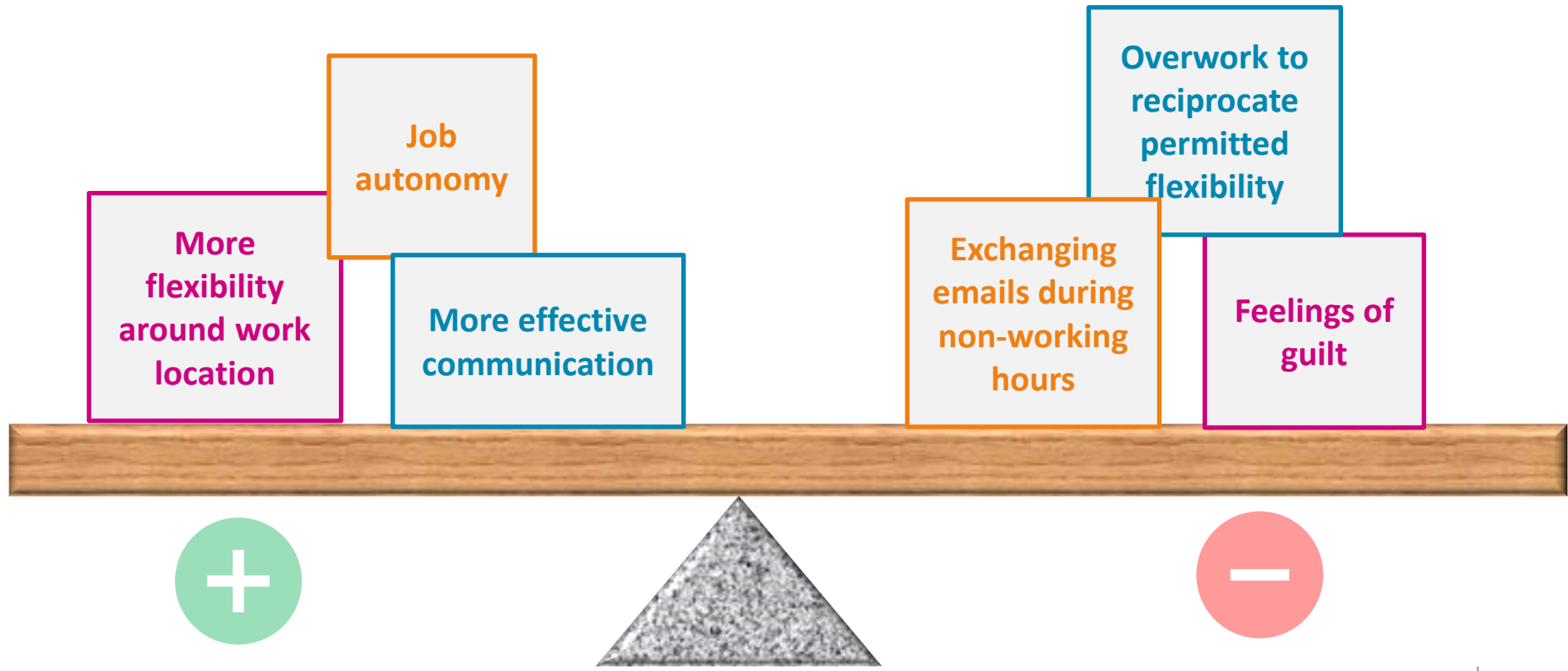- Employees may experience **increased costs related to having a "home office" including increased electricity and internet costs**, as well as other equipment (ergonomic chairs, monitors, desks, etc.) that may need to be purchased[1]

DEEP DIVE: REMOTE WORKING & WELL-BEING

Researchers continue to attempt to define whether in fact remote work is beneficial for well being of employees, focusing on certain key research factors[9]

> One **study** has reviewed the **well-being benefits of remote work** and been able to define the effect on much of the worker's affective state, social, and professional life. There is less information regarding cognitive functioning, and psychosomatic conditions. **As such, it is not particularly clear which way this scale tilts!**

Job autonomy

Overwork to reciprocate permitted flexibility

More flexibility around work location

More effective communication

Exchanging emails during non-working hours

Feelings of guilt

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COMMUNITY BENEFITS

Overall, there are many aspects of remote work which have significant impacts on the environmental footprint[7]

Lower **greenhouse gas emissions and oil consumption**, and improved air quality

Decreased traffic incidents and **road rage**

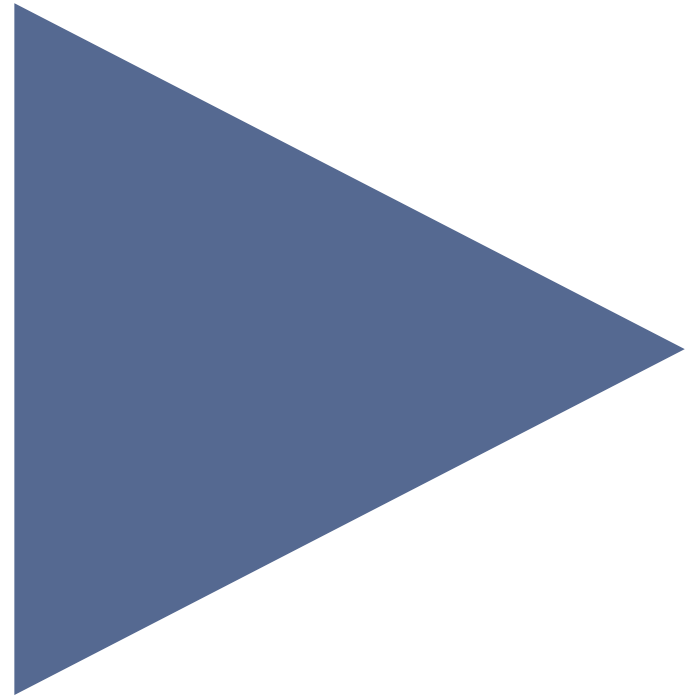Opportunity to **revitalize cities** and conduct **highway maintenance**

Improved **emergency responsiveness** and **decreased human congestion**

Opportunity for more **productivity among non-commuters**

FINANCIAL IMPLICATIONS OF REMOTE WORK

CALCULATING SAVINGS FROM REMOTE WORK

The Remote Work ROI Calculator V0.95 from Global Workplace Analytics is one off-the-shelf tool that may inform the financial ROI of remote work

Customize Your Data

To customize the employer and employee results to your specific situation
Enter your values at the right, and see the new results on the employer and employee panel

Employer Assumptions

Increase in productivity on remote work days (%)	15%
Likely reduction in real estate (%)	20%
Reduced absenteeism (%)	31%
Reduced turnover (%)	10%
Annual per person occupancy costs	12,000
Annual % voluntary turnover for those that don't work remotely	7%
Benefits as a % of salary	30%
Cost of turnover as a % of salary	75%
Annual per person absent days/year for those that don't work remotely	10

Employee Assumptions

Parking, tolls, transit costs ($/day)	3.00
Food and beverage purchases ($/day)	7.50
Other costs such as eldercare, child care, pet care ($/day)	2.00
Miles per gallon	30
Cost per mile driven (not including gas) per AAA	0.47

- Before calculating any of the employee benefits or employer benefits, the **user needs to customize their assumptions to get a more accurate range of benefits.**

- Social Finance **has requested more information from Global Workplace Analytics** to further understand the formulas that create the benefits, as well as the assumptions that underly each for formula.

Employee Benefits

How much could your employees benefit from remote work?
Enter your numbers on the right and see the results below.

Average round-trip commute in miles	30
Average round-trip commute in minutes	35
$ per gallon of gas	2.00

Benefits to an employee

Annual days saved by not commuting:	7
Annual savings on automobile, food, and other costs:	$1,450
Less extra home energy costs for computer, heating, cooling, lights, etc.:	$-124
Annual savings per employee:	**$1,326**

Employer Benefits

How much could your organization benefit from remote work?
Enter your numbers on the right and see the results below.

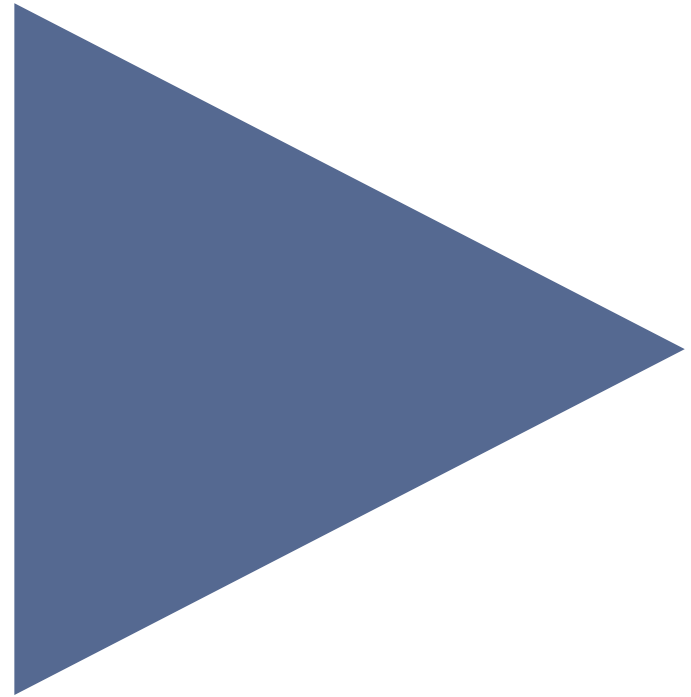|	
Number of employees that will work remotely	500
Number of remote days/week	2
Average annual wage of the remote worker	50,000

Benefits to the organization

Increase in productivity: $1,950,000

Reduction in real estate costs: $170,625

Reduction in absenteeism: $403,000

Reduction in turnover: $170,625

Total Annual Employer Impact: $3,723,625

That is equivalent to 57 additional employees.

That is the equivalent to 114,573 additional employee hours per year.

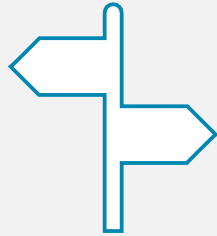"The Remote Work ROI Calculator V0.95," Global Workplace Analytics

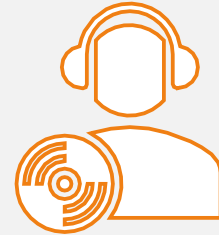15

BEST PRACTICES IN REMOTE WORK POLICIES
Some best practices to institute in remote work policies include:[5]
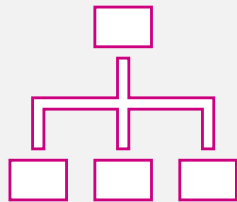
Employees have the choice (rather than being required) to work from home

Employees have tools/tech & receive proper training in tech use

Senior leaders remain committed to training, a culture of trust, and management by results

Employees are measured and evaluators based on results

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RESOURCES

References to resources herein are indicated by footnotes in preceding materials

1   Working from home: The benefits and the cost

2   Top 5 Benefits of Remote Work for Companies

3   NBER Working Papers | Does Working from Home Work? Evidence from a Chinese Based Experiment

4   Global Work from Home Experience Survey Report

5   Telework in the 21st Century

6   The Future of Workplace Experience -- Tying it to Business Outcomes

7   Bottom Line on Telework in the US

8   The ROI of Well Being

9   Systematic reviewing remote e-workers' well-being at work: a multidimensional approach