Return on investment of remote work

Ms. Kate Lister – President at Global Workplace Analytics, USA

Return on Investment of Remote Work

Ms. Kate Lister
President
Global Workplace Analytics
USA

About Me

Remote worker
Telework
Telecommuting

Research enthusiast
Been championing remote work for fifteen years

Former banker
Got involved in workplace design & strategy

Remote work authority
To attract talent & reduce work life conflict

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In the News

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Who Offered?

Pre-COVID-19

7% Privilege
Mostly older, trusted employees with higher salaries

Who Can vs. Who Wants To

Pre-COVID-19

56% Compatible
80% Wants to
43% Occasionally
3.6% Half-time or more

Who Worked From Home?

Office Workers
Before COVID (%)

Office Workers
During COVID (%)

Office Workers
Before COVID (%)

Office Workers
During COVID (%)

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Who Wants To?

- 82%: At least once a week
- 6%: Didn't want to at all
- 6%: At least once a week
- 6%: Didn't want to at all
- 60%: Never worked from home

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**State of the American Workplace**

- Millennials who would change jobs for:
  - 63% Flextime
  - 60% Insurance other than health
  - 50% Flexible location part-time
  - 47% Flexible location full-time
  - 45% Student loan reimbursement
  - 45% Tuition reimbursement
  - 44% Paid maternity leave
  - 30% Pay cut

Gallup State of the American Workforce (2017)

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**Working From Home Frequency**

Pre-COVID-19 vs. Desired Post COVID-19

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**Polar**

‘All remote or all office’

- Survey showed people...
  - Felt more successful working on individual work
  - Felt equally successful with group work
  - Prefer doing group work face-to-face
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Remote Work in the Future?

Potential Impact

People
Planet
Profit

People, Planet, Profit

Long term sustainability depends on the interdependence of all three

Profit
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**Employer Why?**

- Productivity: 64%
- Cost Savings: 63%
- Attraction/Retention: 61%
- Collaboration: 58%
- Work-Life Balance: 53%
- Continuity: 20%
- Sustainability: 2%

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**Show Me the Money**

- Increasing productivity
- Attracting and retaining talent
- Improving work-life balance
- Continuity of operations

**The bottom-line impacts**

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**Employer Savings**

A typical employer can save an average of...

$11,000

*Per half-time telecommuter per year*

- Increased productivity
- Reduced turnover
- Reduced absenteeism
- Lower real estate cost

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**Global Workplace Analytics Telework Savings Calculator**

Investigate tools that would help agencies quantify the impact of their remote work programs

- 125 variables
- 600 calculations
- Backed by research

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**Warning!**

Math ahead!

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**Productivity: The Math**

‘Can’t measure productivity in the information age’

Wrong!

Salary = $65,000 per annum
Cost = $81,500 a year
  = $325 a day
  = $40 a hour
  = 70¢ a minute

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Employer Savings: The Math

$11,000
Per half-time telecommuter per year

1. Productivity +15%
2. Absenteeism -30%
3. Continuity 1 day
4. Office space -25%
5. Turnover -15%

Productivity Increase

Fewer interruptions

Microsoft Study
Employees are interrupted every 3 minutes. Once distracted, by even as little as 60 seconds, it can take 15 to 25 minutes to recover.

Productivity Increase

Fewer interruptions

People who work from home save an average of 35 minutes a day

Distractions Minutes a day
Office 78
Home 43
=35

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Productivity Increase

Fewer interruptions

Office
78 mins a day

Home
43 mins a day

35 mins x 70¢
$24.50 a day
x 125 days
$3,066 for each half-time remote worker a year

$306,600 for every 100 half-time remote workers a year

Savings should go up during normal times!

Productivity Increase

+50% of Commute Time

Average Commute = 60 Minutes
x 50% = 30 minutes
x 70¢ a minute
$21 a day
x 125 days
$2,625 for each half-time remote worker a year

$262,500 for all half-time remote workers a year

Productivity Increase

15% Assumption

Some research points to increases as high as 55%
15% is the low-end
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Productivity Increase

15% Assumption

$81,500
x 15%
= $12,225
x half-time
= $6,112 for each half-time remote worker a year
= $611,200 for every 100 half-time remote workers a year

Productivity Increase

Absenteeism

Remote work reduces absenteeism by 30% (on average)

Leading cause people call in sick is that they're sick and tired of work

Productivity Increase

Absenteeism

Reduces stress
People can avoid the politics at work

People are still willing to work
When they're not too sick

Post-surgery time, childcare issues etc.
Saves having to book time off
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**Productivity Increase**

**Absenteeism**

Absenteeism = 10 days a year
Reduction = 30%
= 3 days a year
x $325 a day
= $975 per person

= $97,500 for every 100 employees a year

**Productivity Loss**

**If Not Able to Work**

Being able to work in the event of:

- Bad weather
- Highway closure
- Pandemic

**Productivity Loss**

**If Not Able to Work**

$3.32 per person each day
x 100 employees
= $32,500 a day

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Productivity Impact

The multiple revenue to compensation is about **x 6**

$100,000  $600,000

Employer Savings: Real Estate

1. Productivity +15%
   Absenteeism -30%
   Continuity 1 day

2. Office space -25%

3. Turnover -15%

Real Estate Savings

Reduce office space by about half
  the frequency of remote work

50% remote work

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Real Estate Savings

Reduce office space **by about half**
the frequency of remote work

*25% reduction in space*

Drop-in/ reserve space

Real Estate Savings

Office cost = $10k for each person a year
x 25% = $2,500
x 100 = **$250,000**

Employer Savings: Turnover

1. Productivity +15%
2. Office space -25%
3. Turnover -15%

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Voluntary Turnover

- Average quit rates: 7%
- Cost of Turnover as % of salary: 35-200%

Voluntary Turnover

- Average quit rates: 7%
- Cost of Turnover as % of salary: 75%
- Reduction with remote work: 15%

Voluntary Turnover

- $81,500 x 100
  = $8.2 million/year payroll
  x 7%
  = $570,500
  x 75%
  = $427,875 cost of turnover per year
  x 15% reduction
  = $64,181 per year per 100 employees

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Annual Employer Savings

Half-Time Remote Work per 100 Employees

- Productivity: $611,000
- Real Estate: $250,000
- Absenteeism: $98,000
- Retention: $65,000
- Continuity of Operations: $33,000

Total: $1,057,000

No Brainer ROI/Breakeven

Benefit x useful life ÷ Cost

Breakeven Analysis

Dual Monitors

$200 ÷ 3 = $67
÷ 70c = 90 minutes a year
÷ 250 days a year
Breakeven = 23 seconds a day

Up to 50% increase in productivity
Productivity per minute = 70¢
Useful life = 3 years

We often make decisions like this that are false economy.

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**ROI Analysis**

- **Dual Monitors**
  - $200
  - $81,500 x 10% = $8,150 x 5 = $40,750 + $200 = **203x ROI**
  - Up to 50% increase in productivity
  - 10% increase in productivity
  - $81,500 salary + benefits
  - Useful life = 3 years

**Breakeven Analysis**

- **Ergonomic Chair**
  - $1000
  - $1000 ÷ 5 = $200
  - $28,000 + $1000 = $29,000 ÷ 1000 = 28 x 5 = **140 chairs**
  - Worker comp average claim = $28k
  - Useful life = 5 years

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Employee Impact
- Time: Save ten days a year
- Money: Save $2000-4000 a year
- Health: Manage stress, sleep, eat better & exercise more

Planet

Planet/Society
In just a few weeks, cities were reporting dramatically better air quality
- 56% Compatible
- 80% Wants to
If they would work from home half the time...
It would be the GHG equivalent of taking the entire NY state workforce off the road

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People, Planet, Profit

- Employee
- Environment
- Employer

Maximizing Outcomes

- Sr. Exec Support
- Cross-functional collaboration
- Change management
- Being true to your own organizational DNA

Who Didn’t Do It Right

Remote work doesn't create management problems, it reveals them
Calling back the remote workers was a way to reduce staff, to get people to quit

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Case Studies

USA GSA Results

2:1 desk ratio
$30+ million per year
Energy 50%
Paper reduction

Telework Report to Congress (2017)

Sharp Healthcare Results

Commuter travel
-20% reduction
Office space
-26,000 s.f.
Morale
+++
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Apollo Results

Productivity +34%
Turnover -56%
Absenteeism -88%
Distractions -49 mins a day
Impact = $17.5M a year

Dell Results

Frequency 2-3 days a week
Commute - 136M miles
GHG -35M mt
Real estate - $12M a year

Measure Impacts

Use this methodology for evaluating a wide range of investments

- Employee engagement
- Training
- Health & well-being
- Technology
- New processes & practices
- Space design

And more...

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