



# **FLEX+STRATEGY GROUP**

## RETURN ON FLEXIBILITY™ CALCULATOR

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*COMPANION GUIDE*

## WELCOME

COVID-19 catapulted the power of work flexibility into the global spotlight. While the sudden, crisis-driven shift to flexible and remote work was hardly perfect, substantial majorities of employers and employees now believe there's a new work reality—and it's flexible.

Work flexibility—flexibility in where, when, and how work is done—is here to stay. Now it needs to be executed and optimized with strategic intention to benefit the business and people.

But what will that mean for your organization? What can you expect to achieve when it operates across onsite and remote workplaces and spaces, technology, and time?

To answer that question, the Flex+Strategy Group developed the Return on Flexibility™ Calculator.

Our calculator breaks down the gains that your organization could achieve from strategic work flexibility, as well as the costs required to execute. To date, the Return on Flexibility™ Calculator remains the only tool of its kind.

The Return on Flexibility™ Calculator is available for free on the Flex+Strategy Group website: <https://flexstrategygroup.com/calculator>. You can use the calculator as often as you'd like and even experiment with different inputs to see how various approaches to a flexible, dynamic way of operating impact the outcomes.

We have also prepared this companion guide to provide a helpful reference:

- Pages 1-5 explain the inputs we ask you for and the outputs you will receive.
- Pages 6-19 are for those looking to learn more about what's going on under the hood or the specific gains and costs we analyze.

If you'd rather head straight to the calculator, that works too—it is straightforward and easy to use even without this guide.

And when your organization is ready to take the next step in implementing high performance flexibility, we're here to help!



Cali Williams Yost  
CEO and Founder  
Flex+Strategy Group

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# LET'S GET STARTED

Flex+Strategy Group has helped hundreds of organizations, thousands of leaders, and tens of thousands of employees adopt work flexibility in strategic, purposeful, and effective ways. Our clients have consistently found that a flexible operating model creates significant bottom-line benefits for the organization while simultaneously improving the lives of its employees.

Through our work, we have compiled an extensive and ever-growing repository of data—from in-house research, survey and polling information, peer-reviewed research, and elsewhere—that we use to determine an organization's expected gains and costs from operating flexibly. The Return on Flexibility™ Calculator puts our knowledge and experience to work for you.

So let's get started!

## YOUR INPUTS

Before we get into the details of our calculations, it is helpful to discuss the information that we need from you to perform them.

Using your inputs, our own data, and more than 100 individual calculations, the Return on Flexibility™ Calculator estimates your organization's gains and costs from implementing a flexible operating model. And from there, we determine your organization's overall Return on Flexibility™ by subtracting the estimated costs from the estimated gains.

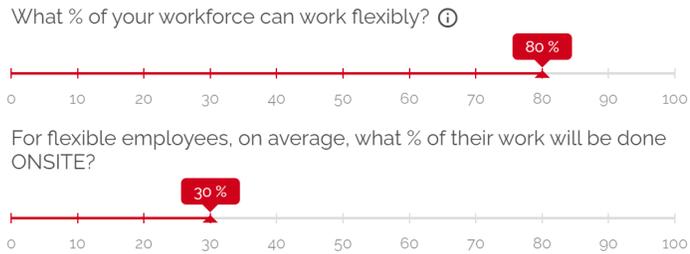
We start with your organization's current operations. Almost all the calculations we'll perform downstream depend on your organization's total number of employees and median employee salary, so we ask you to provide that information:

LET'S DEFINE your current operations:

Total # of Employees	Median Employee Salary (USD)
<input type="text" value="600"/>	\$ <input type="text" value="75,000"/>

We next ask you to provide some details about how your organization can operate flexibly: (1) what percentage of the workforce can work flexibly, and (2) for flexible employees, on average, what percent of their work will be done on-site?

AS YOU REIMAGINE your organization's flexible operating reality:



Based on your answers above, we determine your organization's potential number of flexible employees—that is, the total number of employees in your organization who can work flexibly. And we estimate the average number of days per week flexible employees can expect to work in the office.

The calculator reports those calculated data points. Here are sample results using the model inputs above:

Est. # of employees who are eligible for flexible work:	Est. # of days per week a flexible worker will spend in the office:
480 employees	1.50 days / week

The calculator then asks you to answer a few questions about your organization's costs for office supplies and technology:

Does your office reimburse workers for office supplies? ⓘ

No, not as yet . . .

Est. annual office supplies budget per employee (excluding technology/IT) ⓘ

\$ 900

Est. current annual technology/IT budget per employee ⓘ

\$ 2,000

Will your organization offer an annual remote work-related subsidy or stipend? ⓘ

Each of these inputs relies on **yearly** estimates for costs, so make sure you are answering appropriately.

In later sections of this guide, we'll discuss how each of these pieces of cost data bears on the gains and costs of implementing work flexibility. But for now, we'd like to focus on necessary inputs.

After the office supplies and technology inputs, we ask you to select the industry or business sector that best fits your organization, as well as the market in which your organization is located (using the drop-down menu):

Industry / Business Sector ⓘ

- Arch. & Engineering
- Biotech & Science
- Call Center
- Finance
- Law Enforcement
- Legal
- Technology
- Social Services
- Other (national average)

Corporate Real Estate Market ⓘ

Phoenix ▾

Why has this been included? Optimizing the use of commercial real estate is one of the components of flexibility-related gains that the calculator measures. Industry type or business sector is a key determinant of an organization’s real-estate usage. That is, different types of work require different amounts of square footage to operate. If none of the industry or business sectors listed above fits your organization, that’s okay; you can select “Other” and we’ll apply a national average for real-estate usage across all sectors.

Similarly, your corporate real-estate market also impacts real-estate costs; commercial office space costs more per square foot in Manhattan, for example than in Phoenix. If your organization operates across multiple geographic regions and locations, you can select “National,” and we’ll apply a national average for commercial real-estate costs rather than a location-specific estimate.

The Return on Flexibility™ Calculator also estimates changes to energy consumption as a function of your flexible operating model. Electricity and natural gas rates vary from state to state; use these two drop-down menus so we can apply the appropriate rates:

Commercial Electric Rates (/KwH) ⓘ

Arizona ▾

Commercial Natural Gas Rates (/1000 ft^3) ⓘ

Arizona ▾

If your organization operates across multiple locations, select “National” to apply national market averages for commercial electricity rates and commercial natural gas rates.

The very last inputs that we’ll need from you relate to business travel. We ask you to identify the percentage of your organization’s employees who travel for business and to estimate the total number of days each year an average employee will spend traveling for work:

What % of your organization regularly travels for business?

 %

Est. total # days per year a worker will spend traveling for work. ⓘ

20 Days



All done? Great!

Now comes the fun part: To learn exactly how work flexibility can help your organization, just input your zip code and email address in the form fields displayed below, then click “SHOW MY RESULTS”:

**ENTER YOUR zip code and email address to see your results!**

Once you’ve hit “SHOW MY RESULTS,” your Return on Flexibility™ will be automatically displayed in the fields below.

In the next few sections, we will explain the calculations that have gone into determining your Return on Flexibility™.

### RETURN ON FLEXIBILITY™

The results section begins by displaying the overall Return on Flexibility™ for your organization. This amount is determined by calculating the gains associated with flexible work and subtracting the costs.

Here's a sample result using the model inputs from earlier:



Surprised?

That's why we built this calculator.

Although the Return on Flexibility™ calculation is an estimate, these estimates have held up well in our experience. We have consistently observed significant, positive returns like these when organizations effectively implement flexible operating models.

It takes hard work and the right investments to get there. We hope the Return on Flexibility™ Calculator helps illustrate how your organization can benefit from the effort and investment required.

## OUR CALCULATIONS

So what goes into your organization's Return on Flexibility™? The calculator analyzes and displays three broad categories of gains and costs associated with a flexible operating model.

*First*, we calculate the **tangible gains** that your organization can potentially achieve in the first year after implementing a flexible operating model:

- Increased Productivity
- Facilities Savings
- Human Resource Savings

*Second*, we evaluate your organization's potential **intangible gains** in the first year of work flexibility.

- Improved Diversity, Equity, and Inclusion
- Reduced Environmental Footprint

*Third*, we determine the anticipated **costs** required in the first year to achieve these tangible and intangible gains.

- Training Costs
- Information Technology Costs

In each section, we will identify the external references—governmental data, peer-reviewed research, and so forth—that we used along with our own empirical observations to develop the calculations.

## I. **Tangible Gains from Work Flexibility**

There are several respects in which an organization can achieve tangible gains from implementing a flexible operating model. Employees are more productive, on average, when they are working flexibly. Organizations will spend less on facilities costs—office space, supplies, and energy—when employees can work off-site for some or all of the time. And organizations with flexible operating models also have reduced employee turnover and decreased business-travel expenses.

The Return on Flexibility™ Calculator estimates gains in each of these respects in the results fields directly following the Total Return on Flexibility™ output:

**TANGIBLE GAINS realized in YEAR 1**

We've outlined how these estimates were calculated in the sections below.

### A. **Increased Employee Productivity**

First up: Gains from increased employee productivity. Employees are more productive while working flexibly. In a flexible operating model, employees (a) devote more of their workday to performing work tasks, which we call “flexible work performance,” and (b) complete more work over any given period of time, which we call “flexible work pace.”

We calculate the amount that your organization can expect to gain from each of these aspects of improved productivity in the results fields directly below the Total Return on Flexibility™ output.

Using the model inputs referenced earlier, here's a sample:

est. TOTAL GAINS – Productivity in YEAR 1

\$ 8,197,165 USD

Flexible Work Pace – est. GAINS in YEAR 1

\$ 1,691,191 USD

Flexible Work Performance – est. GAINS in YEAR 1

\$ 6,505,973 USD

Many of these calculations rely on research performed by Dr. Nick Bloom (Stanford University) and others. In a leading article, Dr. Bloom and his coauthors observed a 13% increase in employee productivity over an initial nine-month experimental period involving off-site working. But while the 13% increase is frequently cited, the authors noted that—when employees were allowed to choose whether to work on-site or off-site, after the initial experimental period—productivity **actually** increased by 22% as compared to purely on-site work.

To us, this secondary difference (of 22%) illustrates the benefits of a flexible operating model, as opposed to a binary—exclusively on-site or exclusively off-site—model. And we have based our calculations on the assumption that organizations will implement a flexible rather than binary model.

Let's explain how we perform these calculations.

## 1. Flexible Work Performance

When employees can work flexibly, we observe consistent and well-documented increases in the amount of time they work. There are several reasons for this improved performance, each of which we can measure.

### a. Improved Punctuality and Fewer Breaks

The eight-hour workday has long been a central feature of the U.S. workplace. But whatever number of hours an employee is supposed (or plans) to work on a particular day, the **actual** amount of time that the employee spends working can vary considerably. A flexible operating model improves employee productivity by increasing the amount of time that employees dedicate to completing work tasks. That is true for two reasons.

*First*, employees are more punctual, on average, when they are working off-site than when they are working on-site. An obvious, and often-cited, reason is that commuting times depend on factors beyond an employee's control, and a traffic accident (or other transit delays) during the employee's commute can cause him or

her to arrive after the normal start time. Employees working off-site—particularly those working from home—do not have the same risk of unexpected delays.

*Second*, employees typically spend less time on breaks when they are working off-site than when they are working on-site. This might seem surprising, but employees consistently explain that on-site breaks—to get coffee or lunch, for example, or to use the bathroom—are less convenient and more time-consuming than the same sort of break taken while working off-site.

To estimate how (and by how much) improved punctuality and fewer breaks would benefit your organization, we performed the following calculations: Using empirical research, we derived an average percentage increase in flexible-employee productivity associated with improved punctuality and fewer breaks. From there, the Return on Flexibility™ Calculator converts increased productivity into monetary gain, based on your organization's per-employee cost, the number of flexible employees, and the percentage of time those employees work flexibly.

References: Bloom *et al.* (2015),<sup>i</sup> U.S. Bureau of Labor Statistics (2021).<sup>ii</sup>

## **b. Reallocated Commute Times**

We discussed above that work flexibility reduces commute times, which can improve employee punctuality and therefore employee productivity. But what happens to the time that employees save by not driving to and from the office?

Although flexible employees devote some of their avoided commute time to personal tasks, empirical research demonstrates that they also use that time to perform additional work for their employers. In fact, recent research by the Bloom group (Stanford University) has shown that U.S. workers devote about 35% of their commute-time savings to job-related tasks.

Based on our experience, we do not believe that employers should anticipate—or expect—their employees to allocate such a large percentage of commute-time savings to additional work. In our experience, and consistent with the relevant research, *here we have estimated (conservatively) that employees will reallocate 20% of their commute-time savings to work—a significant gain for employers, but not quite as significant as initial estimates from Bloom's team.*

The U.S. Census Bureau has determined that the average daily commute in America is 55.2 minutes. Using empirical research, we determined how many minutes from a typical commute flexible employees will reallocate to work tasks on days when

they work off-site. The Return on Flexibility™ Calculator quantifies the amount gained by your organization as a function of those reallocated work minutes. As the saying goes, time is money.

References: Barrero *et al.* (2020),<sup>iii</sup> U.S. Bureau of Labor Statistics (2021),<sup>ii</sup> U.S. Census Bureau *et al.* (2019),<sup>iv</sup> U.S. Office of Personnel Management (2022).<sup>v</sup>

### **c. Fewer Worktime Distractions**

Both before and during the pandemic, survey data have shown that a significant percentage of employees prefer to complete certain types of work on-site. But not every task needs to be completed in an office environment. Indeed, for many tasks, employees will be more productive without the distractions associated with an office environment.

To determine how work flexibility can minimize worktime distractions to improve overall worker productivity, we performed a series of calculations. First, we derived, from empirical research, an average percentage increase in flexible-employee productivity associated with fewer worktime distractions. From there, the Return on Flexibility™ Calculator again converts increased productivity into monetary gains based on your organization's per-employee cost, the number of flexible employees, and the percentage of time those employees work off-site.

References: Bloom *et al.* (2015),<sup>i</sup> U.S. Bureau of Labor Statistics (2021).<sup>ii</sup>

### **d. Employee Engagement**

Engaged employees are productive employees. We know from years of observation and research that employees who are engaged at work—those with strong levels of enthusiasm for and dedication to their jobs—also tend to be the most productive members of an organization. On the opposite side of the coin, unengaged employees will cost an organization millions in lost productivity. And the sad reality is that the lion's share of the American workforce is underengaged or *unengaged*.

To address the systemic problem of worker disengagement, work flexibility offers a potential (and cost-saving) panacea: Work flexibility has been positively correlated to higher levels of employee engagement. Similarly, a number of groups have shown a positive and quantifiable correlation between increased work flexibility and employee re-engagement. It is the latter of these that the Return on Flexibility™ Calculator uses in the next series of calculations.

Based on empirical data, we derive (a) the cost of a disengaged employee as a percentage of his or her salary, (b) the number of employees potentially subject to re-engagement, which depends on your organization’s anticipated number of flexible employees and percentage of off-site work, and (c) the re-engagement rate for employees as a result of flexible work. From there, the Return on Flexibility™ Calculator computes your organization’s gains using median employee salary.

References: Coffman and Gonzalez-Molina (2002),<sup>vi</sup> Gallop (2017),<sup>vii</sup> Moen *et al.* (2016).<sup>viii</sup>

## **2. Flexible Work Pace**

We have just discussed how flexible work improves employee performance. Flexible work also improves employee work pace—that is, the rate at which employees complete necessary work tasks. Or to put it another way: Employees who can work flexibly get more done over the same period of time than employees who cannot.

### **a. Decreased Absenteeism**

Employee absenteeism—that is, missed work of any sort, including unexplained absence and tardiness—cost an organization a significant and quantifiable amount annually in lost productivity.

Work flexibility reduces employee absenteeism for several reasons. One commonly cited explanation is that employees will work from home when they otherwise might take a sick day, even if only as a precaution. A positive COVID-19 test, for example, requires on-site employees to quarantine and therefore miss those workdays, whereas flexible employees can continue to work at home.

Using empirical research, we derived an average percentage increase in flexible-employee productivity attributable to decreased absenteeism. From there, the Return on Flexibility™ Calculator converts increased productivity into monetary gains based on your organization’s per-employee cost, the number of flexible employees, and the percentage of time those employees work flexibly.

References: Bloom *et al.* (2015),<sup>i</sup> U.S. Bureau of Labor Statistics (2021).<sup>ii</sup>

### **b. Operational Continuity**

Many of us love a good snow day, but they result in costs to an organization that could be avoided if employees could easily transfer work between on-site and off-

site operations. The same applies to any number of scenarios—from power outages to more serious events—that might force an office to close. On average, businesses lose four workdays per year—out of 250 or so—because of these operational-continuity issues.

Flexible work, on the other hand, allows organizations to avoid lost work time caused by office closures and other disruptions. Even if flexible employees might not work at full capacity while navigating these disruptions, a partial workday is better than none.

Based on historical data, we can assess how work flexibility decreases the lost productivity associated with office closures. This improved cadence can be converted into monetary gains from operational continuity using the organization’s per-day employee cost, the expected number of office closures, and the number of flexible employees.

References: Snedaker (2013),<sup>ix</sup> U.S. Bureau of Labor Statistics (2021),<sup>ii</sup> U.S. Office of Personnel Management (2022).<sup>v</sup>

**B. Reduced Facilities Costs**

A flexible operating model also reduces the amount that an organization must spend on facilities costs, such as real estate, energy, and office supplies. We calculate the amount that your organization can expect to gain from each of these types of facilities expenses.

Using the inputs referenced in “Your Inputs,” here are the example outputs you can expect from gains related to facilities:

est. TOTAL GAINS – Facilities in YEAR 1
<b>\$ 1,132,959 USD</b>
Real Estate Footprint – est. GAINS in YEAR 1
\$ 782,369 USD
Office Consumables – est. GAINS in YEAR 1
\$ 302,400 USD
Office Energy – est. GAINS in YEAR 1
\$ 48,190 USD

Let’s discuss how we perform these calculations.

## 1. Real-Estate Expenses

The amount of office space that organizations need depends on (among other things) the number of employees who routinely work in the office, as opposed to off-site. The explanation is straightforward: If an employee is working off-site, he or she does not need the same office footprint as someone who works exclusively from an on-site environment.

Does that mean organizations with partially flexible workers can eliminate their office space altogether? Certainly not. Workers still need collaborative spaces and some office structure even if they spend several days of any given week off-site. Even organizations that are fully flexible often retain a smaller brick-and-mortar location—for client-development meetings, collaborative team sessions, etc. What is true: As organizations allow increased flexibility, they can reduce a portion of their real-estate footprint as a result.

*By how much? Our empirical data has helped establish that there is not a one-to-one relationship between the amount of office space used by an employee and the reduced need for office space when that employee works off-site. For each additional percent of workplace flexibility, an organization's workforce is afforded, in our experience, an organization can expect a corresponding reduction in real estate equal to 2/3 of a percent.*

To calculate how this reduction may benefit your organization, the Return on Flexibility™ Calculator incorporates the number of employees who can work flexibly, and the percentage of these flexible employees' work that must nonetheless be performed on-site into our calculations.

Then, we use those inputs to determine (a) the amount of office space your organization currently retains, and (b) the amount of office space your organization would need if it were to adopt the flexible operating model you defined in the input fields above. Using data from the U.S. General Services Administration, we calculated average office-space usage—square footage per employee—for a variety of industries, as well as a national average. Using the input values you selected related to business sector / industry, we are then able to estimate your organization's baseline square footage per employee. The Return on Flexibility™ Calculator then determines the amount of saved office space your organization can expect, using the baseline square footage per employee, the number of flexible employees and their percentage of on-site work, and our 60% correlation factor—derived from our data—between work flexibility and office space.

We convert the amount of office space into monetary gains by using the average price per square foot for commercial office space in the real estate market you selected earlier.

References: Commercial Edge (2021),<sup>x</sup> U.S. General Services Administration (2012).<sup>xi</sup>

## 2. Energy Expenses

In the section above, we determined—as an intermediate step—your organization’s anticipated reduction in office space. That calculation also drives your organization’s anticipated reduction in energy costs.

To determine how work flexibility may lower your organization’s energy expenses, the Return on Flexibility™ Calculator performs the following series of calculations. Using data from the U.S. Energy Information Administration, we determine the amount of electricity and natural gas—measured in kilowatt-hours and cubic feet, respectively—your organization expends per square foot of office space. We then apply that calculation to determine how much less electricity and natural gas your organization will consume with its reduced footprint.

The Return on Flexibility™ Calculator converts those values—the reduction in electricity and natural gas usage—into monetary gains by applying the going market rate associated with each type of energy expenditure (based on energy-priced data for the state you selected earlier or, if applicable, a national average).

References: Cicala (2020),<sup>xii</sup> Commercial Edge (2021),<sup>x</sup> U.S. Energy Information Administration (2021),<sup>xiii</sup> U.S. Energy Information Administration (2021),<sup>xiv</sup> U.S. Energy Information Administration (2021),<sup>xv</sup> U.S. General Services Administration (2012).<sup>xi</sup>

## 3. Expenses on Office Supplies

While office supplies—pens, paper, stamps, mailing supplies, bathroom/cleaning supplies, printing, etc.—may seem like a nominal operating expense relative to an organization’s total operating budget, those costs add up over time. Work flexibility can help decrease the associated expense of office supplies for one simple reason: When flexible employees are working off-site, they cannot access organization-provided office supplies.

For organizations that do not reimburse flexible employees for self-purchased office supplies, organizations can expect decreased costs as a result of flexible work. To quantify these savings, we use the per-employee office supplies budget

that you provided earlier and adjust that budget by the number of flexible employees and the percentage of flexible employees' work performed off-site. The resultant output is the estimated amount your organization may gain next year when flexible workers assume some of the expense themselves.

### C. Human Resources

The last category of tangible gains that we consider relates generally to human resources. Empirical data has shown that flexible operating models reduce employee turnover, resulting in measurable cost savings for organizations. In addition, flexible work helps reduce the amount that an organization must spend on business travel.

We quantify both of these gains in the next section of the calculator. Using the model inputs from the "Your Inputs" section of this guide, here's a sample output from Human Resources:

est. TOTAL GAINS – Human Resources in YEAR 1
\$ 2,223,663 USD
Employee Turnover – est. GAINS in YEAR 1
\$ 1,799,280 USD
Corporate Travel – est. GAINS in YEAR 1
\$ 424,383 USD

Let's work through these calculations.

#### 1. Employee Turnover

The rate of voluntary worker attrition—that is, the quit rate—has grown substantially over the past few years: The U.S. Department of Labor reported an annual quit rate in 2020 of 25.5% across all industries. As more and more workers leave their current positions to look for new jobs, organizations are increasingly aware of the high costs of replacing employees and of the drag voluntary attrition can place on their bottom line.

Even when talent is available, it is surprisingly expensive for organizations to replace employees. The Society for Human Resource Management calculates the cost of replacing a single employee to be equivalent to six to nine months of his or her salary.

However, empirical data has shown that employees are more likely to join and remain with an organization if they are offered greater flexibility in when, where, and how they can work. Flexible operating models reduce the rate of voluntary attrition, which in turn reduces the total costs an organization will spend on staffing.

To estimate how work flexibility will benefit your organization, we adjust the expected quit rate by an empirically derived factor to determine how many employees your organization may retain as a result of work flexibility. The Return on Flexibility™ Calculator then calculates the monetary gains from not having to replace these employees.

References: Society for Human Resource Management (2016),<sup>xvi</sup> U.S. Bureau of Labor Statistics (2022),<sup>xvii</sup> U.S. Bureau of Labor Statistics (2022).<sup>xviii</sup>

## 2. Corporate Travel

Even as businesses recover from the pandemic, empirical data suggests that business travel will remain impacted. There is mounting evidence that organizations that embrace work flexibility will also embrace the cost savings that result from using alternate means of connecting with clients, colleagues, and others, and will do so to a greater degree than organizations that do not.

To determine how work flexibility will impact your organization's business travel, we used reported industry standards to determine which percent of travel time will be reallocated. Using the inputs you entered relating to business travel, the Return on Flexibility™ Calculator then estimates what monetary gains can be expected from that reallocation.

References: Cameron and Morath (2021),<sup>xix</sup> Motus (2020).<sup>xx</sup>

## II. Intangible Gains from Work Flexibility

With just a few more sections to go, you're well on your way to fully mastering the logic we used to create the Return on Flexibility™ Calculator.

To help explain this next section of the calculator, we'll describe the intangible gains that organizations can achieve through a flexible operating model:

### INTANGIBLE GAINS

Because these gains are intangible, they are not susceptible to the type of bottom-line calculations that we perform for tangible gains and costs. As you will see, however, they are just as significant—and real—as the tangible gains associated with a flexible operating model.

## A. Diversity, Equity, and Inclusion

Even before the pandemic, organizations recognized the importance of cultivating a diverse, equitable, and inclusive workplace—not just because it was the right thing to do, but also because (they discovered) it was better for business.

"In an age of increasing globalization, a diverse workforce may provide both tangible and intangible benefits to firms over the long run, including increased adaptability in a changing market."  
– Katherine Phillips, Ph.D.

The need for organizations to focus on diversity, equity, and inclusion (“DEI”) has become even more apparent as a result of COVID-19, which exacerbated the challenges facing diverse employees.

Flexible work offers an additional way for organizations to implement DEI policy. Work flexibility helps increase workforce diversity and promotes a more inclusive and equitable environment.

How? Off-site work decouples the job from any specific geographic location, enabling organizations to identify candidates they would not otherwise find and jobseekers to search for roles based on fit rather than location. Additionally, flexible work supports individuals for whom traditional offices and work hours are not feasible for health, familial, or other personal reasons. In both respects, work flexibility can thus increase the overall diversity of your organization across a number of indicators.

With the pandemic already having challenged our reliance on traditional work models, now is the ideal time for organizations to implement flexible operating models to support their DEI initiatives.

References: Molefi *et al.* (2021),<sup>xxi</sup> Phillips (2017).<sup>xxii</sup>

## B. Environmental Gains

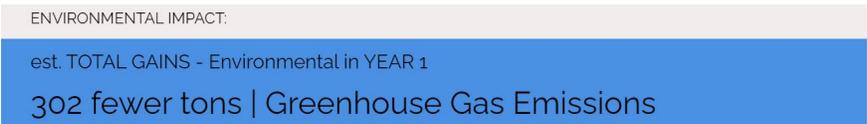
The COVID-19 pandemic offered teams like ours an unprecedented opportunity to observe how changes in work patterns might impact a world outside of the office. The results were striking: The near-global lockdown during the pandemic’s early

days led to immediate improvement in a number of key environmental indicators. From improved air quality, fewer cars on the road, to a significant reduction in greenhouse-gas emissions, work flexibility has had a significant, positive impact on our environment.

But what happens when work flexibility doesn't present in such an all-or-nothing scenario? Or when offering employees off-site work is decoupled from the larger social pressures that were at play during the pandemic?

Based on current research, we can predict that an organization's carbon footprint can be reduced by 0.9 tons of CO<sub>2</sub> for each flexible employee each year (even in partially flexible operating models). From there we can determine just how many fewer tons your organization will generate each year as a function of its flexible operating model. The Return on Flexibility™ Calculator determines your organization's annual reduction in CO<sub>2</sub> emissions based on the number of flexible employees and the percentage of time those employees work off-site.

Here is an example using the model inputs from earlier:



We will turn next to the costs necessary for your organization to achieve these—and the other tangible and intangible—gains.

References: Chen (2020),<sup>xxiii</sup> Miao *et al.* (2012),<sup>xxiv</sup> O'Brien (2020).<sup>xxv</sup>

### III. The Costs of Increased Work Flexibility

Our work has shown that most organizations will achieve significantly greater gains from work flexibility than they will need to spend to reap those gains. Still, we need to calculate the anticipated costs associated with flexible work to meaningfully analyze your organization's Return on Flexibility™.



The costs associated with increased work flexibility fall into two broad categories: technology costs to support flexible work, and training costs to ensure that the organization's members—at all levels—can lead and succeed in working flexibility.

Using the model inputs from the “Your Inputs” section of this guide, here’s a sample cost breakdown:

est. TOTAL COSTS – Work Flexibility in YEAR 1
<b>\$ 822,665 USD</b>
Training – est. COSTS in YEAR 1
\$ 109,001 USD
Technology – est. COSTS in YEAR 1
\$ 713,664 USD

We will discuss each category in turn.

**A. Information Technology**

The evolution of technology has paralleled and even fueled the transformation of work. Indeed, the difference between simply offering work flexibility (on the one hand) and executing a flexible operating model and culture that achieves high performance and well-being (on the other) often depends on how well an organization adopts new technology for its employees to use on a daily basis.

You will already have indicated whether your organization provides an annual subsidy or stipend for employees working flexibly. Similarly, as part of required calculator inputs, you will have provided an estimate for the average amount that your organization spends on information technology for each of its employees.

From these inputs, we rely on published data to determine how much your organization’s information-technology costs must increase to support the desired level of work flexibility. The cost estimate provided by the Return on Flexibility™ Calculator for technology is thus a function of your work flexible model, the level of your existing and planned technology investment, and the number of flexible employees.

References: Costello and Rimol (2021).<sup>xxvi</sup>

**B. Training**

To unlock the power and potential of a high performing, flexible operating model, organizations will also need to invest in their managers, teams, and, employees—possibly at unprecedented levels—to ensure proper training and compliance with the new ways of working.

Organizational leaders will need to have the skills and resources to manage flexible work teams with more insight, emotional intelligence, and empathy. Managers will need to promote a consistent framework of coordination and execution to ensure effective performance, engagement, and collaboration. Employees too will need the skills and resources to manage the boundaries between work and their personal lives to maintain their performance, health, and well-being.

We calculate these additional training costs as a percentage increase over the amount the average organization currently spends on training for each employee, derived from published data. The Return on Flexibility™ Calculator then adjusts that cost increase by the number of flexible employees in your organization and the percentage of work being completed off-site.

Finally, the Return on Flexibility™ Calculator includes an additional, dynamic factor to reflect the costs associated with license-based training programs. This factor is based on an average cost of a license-based training program as a dependent function scaled to the total number of flexible employees.

References: Training Magazine (Nov./Dec. 2020).<sup>xxvii</sup>

## CONCLUSION

Congratulations! You've just seen the various ways that a strategic, intentional approach to work flexibility can impact an organization's gains and costs. And, by following our step-by-step calculations, you will have determined your organization's Return on Flexibility™. We hope that the calculator and this guide have helped illustrate the business case for implementing a high performance, flexible operating model and culture.

But calculating your organization's expected Return on Flexibility™ is just the beginning.

Work flexibility has to be more than a policy to have a broad impact. Unlocking the full potential will require considerable effort, strategy, and execution before reaping returns. We have more than two decades experience accelerating organizations up the learning curve and simplifying and coordinating the work transformation process.

To assist with next steps, a copy of your results has been emailed to the address you entered in the calculator. And feel free to revisit our calculator at any time; our

online platform allows you to test alternate scenarios, or reuse, modify, and reenter your calculator inputs, for free—as often as you’d like!

We have helped and inspired hundreds of organizations to reimagine how, when, and where they operate, and we’d welcome supporting you.

For more information, or to schedule a call with a member of our team, feel free to email Alison Batten at [alison@flexstrategygroup.com](mailto:alison@flexstrategygroup.com) or visit our website ([www.flexstrategygroup.com](http://www.flexstrategygroup.com)).

## ABOUT THE AUTHOR

Cali Williams Yost is the world’s leading authority on high performance flexibility. A visionary workplace futurist, strategist, author, and keynote speaker, Yost is the Founder and CEO of the Flex+Strategy Group, a solutions company helping organizations unlock performance and engagement by reimagining how, when, and where work is done.

Yost was among the very first to foresee many flexible workplace trends. And for more than two decades, she’s used those insights to help leaders build dynamic, responsive organizations that attract and retain an engaged, diverse workforce; increase productivity and innovation; enhance employee well-being and respond rapidly to operating disruptions. She is the author of two books [\*Work + Life: Finding the Fit That's Right for You\*](#) and [\*Tweak It\*](#). Her media credits include the Today Show, NBC, CNN, MSNBC, CNBC, Marketplace, Wall Street Journal, Washington Post, USA Today, and Harvard Business Review.

Clients of Flex+Strategy Group have included: Con Edison, Memorial Sloan Kettering, Quest Diagnostics, BDO USA, UBS Americas, National Institutes of Health, Ernst & Young, the Singapore Government, the United Nations, Columbia University, NYU, and Stanford University.

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