



FlexBulletin #35: Can Retention Still Drive Flexibility?

August 10, 2010

[After a brief hiatus, the FlexBulletin is back with renewed vigor, rigor and humor. We stepped away from our twice-a-month publication schedule for several reasons:

- *We needed a rest after championing flexibility through a long, challenging recession*
- *Flex seemed in flux, and we needed to reconsider a winning approach*
- *Our tools seemed tired, and our messaging needed an overhaul*
- *Finally, we believe we derive our unique value from intensive client work; we had a chance to engage in numerous, diverse and challenging client projects; and they took time*

Our reflection led us to several conclusions which we will explore in the month ahead:

- *Flex needs a course correction, a clear shift from retention to productivity as primary payoff*
- *Flexibility has become an increasingly vague term; the power of Flexible Work Arrangements needs to be reemphasized*
- *We need more interaction with you, to the degree you are willing, causing us to:*
 - *Redesign and relaunch a more interactive website (www.rupertandcompany.com)*
 - *Commit to a 2nd and 4th Wednesday publication of a refreshed FlexBulletin*
 - *Launch a weekly FlexBlog on our website (www.rupertandcompany.com/blog)*
 - *Speak with our clients and colleagues about strengthening productivity-oriented tools*

We encourage you to visit our new online tools and contact us about ways to collaborate.

Now for something a little – if not completely – different: a simple essay based on a single text. That's right, we've done a little reversal. All the bullets are in the intro, and the core of the issue is straight text. But don't be concerned, this won't become a habit. We aim to make this essay as pithy as anything we've done. And the bullets will be back before you know it.]



Just another recession – or a bit more seismic?

No doubt you, like the rest of us, have been trying to figure out exactly what is going on in the economy. You may be asking questions like: How deep is the hole? Why is hiring so sluggish? When will companies begin investing and spending some of their \$1.8 trillion in cash on hand? Can I get anyone's attention on flex? No one seems to know and currently there is increasing concern about either a sluggish recovery of several years or a "double dip." In the face of all this uncertainty, we can't help but wonder how companies are viewing flexibility.

How compelling is a retention argument when unemployment sticks at 10%?

As always, it is hard to get a solid handle on the true state of flexibility. We continue to try to assess the flex trends, and hope to bring you something useful in the months ahead. But the anecdotal evidence we hear, and a couple recent surveys, hint that flex is flat or faltering. Two things seem clear. Massive unemployment seems to reduce the urgency of retention, or the impact of retention as a driver of

flexibility. And flexibility has become so entwined with retention in most organizational views that it is a hard case to make.

Where are companies headed and what might that mean?

It is hard to answer this question. But a recent and arresting *New York Times* article (<http://s.nyt.com/u/nwCP>) offered a sobering view of future profitability and hiring strategies – and perhaps a little insight into how these approaches might affect retention-driven flexibility. The article *Industries Find Surging Profits in Deeper Cuts*, reviews the practices of hundreds of companies that show them achieving growing profitability in the face of major and continuing downsizing. Retention has not been a priority and will not be for some time, it seems. One company's story captures the trend:

When Alcoa reported a turnaround this month in profits and a 22 percent jump in revenue, its chief financial officer, Charles D. McLane Jr., assured investors that it was not eager to recall the 37,000 workers let go since late 2008. "We have a tight focus on spending as market activity increases, operating more effectively and minimizing rehires where possible," he said. "We're not only holding headcount levels, but are also driving restructuring this quarter that will result in further reductions." (emphasis added)

If this is the future, would you hook your star to retention or productivity?

Of course, this is only one article on a broad array of companies. And we have a long way to go to full recovery. No doubt one can argue for both retention and productivity as flex drivers. But it is difficult to establish forms of flexibility that drive productivity, measure those results and communicate their impact. And on the whole, we are not collectively very good at it. It is far easier to make retention claims, even though they are hard to measure.

Given what we take to be the true economic turbulence that has gripped us and will continue to do so, we think it is time begin the hard work of developing the productivity emphasis and conversation. This is a long-overdue discussion – and one with serious implications for flex champions. At this point, we believe that the momentum is shifting toward productivity as the acceptable driver and look forward to discussing how we might strengthen this approach in the years ahead.

◆◆◆

Best regards,
Paul Rupert
President
Rupert & Company
Chevy Chase, MD
301-873-8489
paulrupertdc@cs.com