

Sun's flexible business benefits

Sun Microsystems is well-advanced in its model of flexible working. Craig Donaldson examines this model and the resulting business benefits.

Sun Microsystems is a global Fortune 200 technology company. With annual revenues of US\$13 billion (\$13.9 billion), Sun employs more than 37,000 people across 100 countries, spends more than US\$2 billion (\$2.1 billion) a year on research and development, and its hardware stores more than one-third of the world's data.

As a large global company, Sun's leadership realised the company had to proactively adapt to new realities of work. A number of converging forces would result in significant changes to work styles and needs, such as global markets, remote workforces, a growing desire for flexibility and choice and a global, knowledge-based talent pool.

In addition to this, a number of macro-level issues also prompted Sun to rethink how it operated its businesses. These issues included: eco-sustainability, with growing sensitivity to environmental issues and workforce sustainability; technology, with better internet connectivity; real estate trends, and the need to embrace flexible space planning, and talent skills and demographics, with an increased squeeze to compete for talent on a global basis.

Sun saw that it would need to move beyond a work environment developed for the industrial age and adopt a more flexible approach to work in order yield maximum results promised by the new work realities, which herald the participation age.

The result is an advanced approach to flexible working, called Open Work. This 10-year initiative encompasses an integrated suite of programs, policies and resources to supporting flexibility and mobility in Sun's workforce.

Flexible work options

Ian Gover, senior director of Open Work services for Sun Microsystems, says there are now three different categories of workers under Open Work. About 44 per cent of workers are "Sun assigned". These are full-time workers who use a company provided, dedicated workspace. They rarely need to work elsewhere, so have no provisioning to work from home.

The second category is flexible workers, who make up 48 per cent of Sun's total workforce. Flexible workers use a company provided, non-dedicated workspace. They can work out of the office up to two days per week, and have limited company provisioning for home but dedicated remote work/management practices.

The third category, which makes up the remaining 6 per cent of Sun's workforce, is "home assigned". These workers use their home as their primary workplace, and work between 3–5 days per week. Along with company provisioning and support to work from home, they work exclusively using remote work/management practices under an employee/manager engagement agreement.

Gover says that all flexible and "home assigned" workers receive the necessary support, resources, tools and services to work effectively, including training and education, telephone access, data and files, collaboration tools, relevant applications and information sharing tools that provide access to coworkers.

Productivity and management trust

One of the biggest issues with flexible working is trust, especially from mid-level managers. Gover had a similar experience in the early days of Open Work, where managers believed that more flexible workers were less productive. "They didn't have really anything to base this upon, beyond own gut feeling or individual biases," he says.

So Sun started a multi-year study which compared the formal performance ratings year-over-year of the three employee categories. "What we found was really quite interesting to us. The data suggested that work from home employees were not goofing off or lower in terms of performance. They actually had significantly higher performance ratings compared to flexible and assigned employees," Gover says.

The study also found that there was no significant difference in performance or productivity between flexible and assigned employees. "So the data helped dispel a big myth about alternative work arrangements. It really made us aware that everything we do in this space has to be backed up and supported by data," he says.

Gaining management support

Gover said that executives, employees and mid-level managers all had different reactions to Open Work at first. The reactions of executives and employees were pretty similar, in that both were happy to embrace flexibility and the associated benefits.

"It was a very, very easy sale inside of the organisation with both of these groups," Gover says. "Obviously we still went through the major transition and change management. But from the executive perspective, it is a very powerful program because it allows them to cut significant costs out of the operation of the business."

Gover says Sun spent most of its time from a change management perspective on mid-level managers. "My hypothesis on that is most managers have grown up in an environment where they can manage effectively by a 'line of sight' model. So a manager sees that Bill was at his desk at 8.30 this morning when I came, in and he was also there at 5.30pm when I left, so there's that perception that he must be doing a heck of a job," he says.

"But if you take away that line of sight, a lot of managers have difficulty in managing a team when they don't have the tools, capability and experience to do that. So in a lot of cases the resistance is nothing more than almost a call for help to give them this."

Mutual trust is an important part of the equation, according to Gover. "It's almost like auditable trust, so managers and employees are both clear on expectations and objectives."

Talent management

Sun's approach to flexible work has also assisted significantly in the acquisition and retention of key talent. As a core component of Sun's employee value proposition, Gover says, and employees get with the Open Work program pretty quickly.

"It provides them with increased flexibility. It provides them with increased work-life balance. It provides them with choice in where and when and how to work. It allows them to focus on results. I think a really important consideration in there as well is the provision with the infrastructure – work environment infrastructure – that must support them in getting their jobs done," he says. "So it's a big, big play from an employee's perspective as well."

Sun conducts a regular employee satisfaction survey, which examines factors such as compensation, rewards, challenges, community affiliations and a number of other factors that affect how employees feel by working at Sun. In the most recent survey, Sun scored a 73 per cent satisfaction level. "The number one reason that people stay at Sun and the number one reason that people would recommend Sun as a great place to work is our Open Work program above all else," says Gover.

Retention

Open Work has also benefit Sun by reducing attrition levels. There have been a number of cases within the company where workers at all levels were offered opportunities with competing companies or in complementary markets and for sometimes significant pay increases. However, Gover says these roles would have required them to go back to a traditional operating model of work. "They had to go back to 9–5 in the office every day, with more commuting. In many, many cases, they have actually rejected those offers," he says.

Open Work is particularly attractive to people in the later stages of their career, particularly executives. Often executives leave the company and within an 18 or 24 month period return to the company. These executives, or "boomerangs" have a high rate of returning to the company, according to Gover. "We track those folks and the number one reason that they report for coming back to the company, even at the executive level, is the flexibility, the support and the Open Work program. As baby boomers start to dial their way down, I think that this does allow us to compete very effectively, because it addresses those changing needs of folks who are in the twilight of their career."

Open Work is attractive to younger, more mobile workers, according to Gover. "Most HR organisations around the world are absolutely terrified about how they are going to meet the needs of this group because they are completely result focused, they don't want to be supervised and told how to do things," he says.

"They are very environmentally conscious and socially conscious. So they are looking at employers' records in all of those areas, and I think that our Open Work program allows us to compete very effectively on that end of the employment life cycle as well."

Cost savings and benefits

There have been a number of significant benefits to Sun as a result of Open Work. On a worldwide basis, Gover says Sun has been able to nearly \$400 million of costs of its operations.

In terms of real estate, Sun has made savings of US\$387 million (\$413 million) over six years through reduced office space and overall utilities costs. The cost of supporting and provisioning a full-time employee costs around US\$15,000 (\$16,005) a year, compared to US\$7,000 (\$7,469) for an employee working on a flexible basis, Gover says.

From an IT perspective, Sun also saves US\$24 million (\$25.6 million) annually on client architecture, such as systems administration and energy costs. On an enterprise level, there are also reduced employee business travel costs, reduced on-boarding and relocation costs. Sun estimates that each employee saves about 160 hours per year in commuting time, which equates to US\$2,000 (\$2,134) per year in fuel and maintenance. This also has benefits for the environment, according to Gover, with reduced CO2 emissions of more than 2 metric tonnes per employee per year.

"It provides a very nice story from a corporate social responsibility perspective. Executives are very excited about the sort of the contributions that we can make back to the community in which Sun operates," Gover says.

Future plans

Sun has only just started to scratch the surface, according to Gover. Even the solutions that the leading companies put in place today are reactions to the new reality of work, he says.

In terms of future plans, Sun is examining "new age enablers" such as social utilities, corporate social networking and how it can use new and involving technologies in order to drive better connections between people and information.

Sun is looking at Second Life and immersive technology that will allow people to collaborate more effectively across distance, as well as issues such as affinity and affiliation and how to ensure Sun's culture remains strong, even though people aren't spending time on a Sun site each and every day, Gover says.

"We are looking at some of the traditional things that the HR world has been trying to figure out for a long, long time around social networks and affinity. I think it is going to be a pretty interesting as we move forward in looking at some of the really terrific things that we are going to be able to put in place for our global workforce. That is really going to allow us to compete effectively."

10 November 2007

Source: Human Recourses; HR Management, 10th November 2007