Flexible working in the SME sector

For small firms Loop Customer Management Ltd and Eden McCallum Ltd, work–life balance is not just an HR initiative but a crucial business strategy. Carol Foster looks at how their flexible working policies have benefited both the organisations and their employees.

**KEY POINTS**

- Small and medium-sized organisations can benefit from flexible working arrangements, making them attractive to work for and being able to offer good service to their clients.

- A small organisation can more easily communicate the flexible working message, with everyone seeing the commitment to granting flexible working requests. It is also easier to compromise on arrangements when flexible working requests are made, ensuring that they benefit both the organisation and the individual.

In this feature, we look at two very different organisations, and see how they have each adapted to a culture of flexible working. At call centre Loop Customer Management Ltd, having a workforce predominantly doing the same job has enabled the company to offer a broad range of working arrangements, allowing people to work at different times. Consultants Eden McCallum, on the other hand, has a small number of permanent staff, whose flexible work programmes are tailored individually, supporting a pool of independent consultants who have a large degree of autonomy.

**LOOP CUSTOMER MANAGEMENT LTD**

“From the company’s beginning back in 2000, Loop has been committed to providing all its employees with equal opportunities to ensure that they are able to balance their family life with working life,” asserts Laura Wilson, HR support advisor with Loop Customer Management Ltd (box 1).

Loop’s flexible working policies are rooted in its business strategy. Loop focuses on the quality of service it can offer rather than being the cheapest bidder and argues that it will only be able to provide excellent customer service for its clients by ensuring that its employees feel supported at work.

**Accommodating requests**

The company offers a wide range of innovative flexible working arrangements (see box 2), which, Wilson points out, have all come from employee requests. When requests for flexible working are made, the starting point is to say yes. Wilson explains: “Our default position is ‘Why not?’ This means employees buy into the company culture and strive to support it and help it grow, making Loop the successful business it is.”

All flexible working requests are reviewed to see how best they can meet the requirements of the employee and business. The manager, the HR department and the employee jointly work out how the requested work arrangement can be implemented. Wilson explains: “We have been able to adopt a very broad range of flexible working arrangements because, as a call centre, most employees do the same job. This means we can accommodate a number of people working at different times.”

“The biggest problem,” she continues, “has been meeting the number of requests from working mothers who want to take up term-time working. We currently have a waiting list for this arrangement. In the meantime, we offer part-time working instead. We have different shifts operating between 6.30am and 10pm, so mothers can work the one most convenient for them. In addition, during the holidays, we use students to cover for working mothers.”

**Recruitment and retention**

The company’s adherence to work–life balance is a key recruitment tool. Loop’s HR manager, Allan Hillman, explains: “We want to attract a diverse range of people to Loop and our policies highlight how we try to make sure that our employees are well looked after. The external impression of working in a contact centre is often that it is not a flexible environment for employees. This is not true of Loop; we consistently apply flexible working practices for all.”

By adopting work–life balance practices open to all employees regardless of their circumstances, the company goes beyond the statutory requirements to ensure that it not only attracts a diverse range of people but retains them too.

**Communication**

Loop believes that as flexible working is so ingrained in its culture, and people are recruited on the basis that the company will support flexible working wherever possible, knowledge of the policies that are available is high among the workforce.

Details of the policies are accessible to everyone on the firm’s intranet – HR online – and on staff noticeboards.
Training

All line managers are trained on the flexible working policies through the management development programme, which aims to reinforce the company ethos on work–life balance. Managers participate in a two-hour session on flexible working. It involves practical exercises, including participating in a variety of flexible working request scenarios.

Impact

Staff retention is above average for the industry – the average turnover is 18%, compared with 25% in the call centre industry. The level of absence is also low within the sector, at 5%. Wilson asserts that flexible working improves productivity and that employee performance is high, with the majority of employees falling into the “achieved” or “overachieved” categories under the company’s performance management scheme. This results in better customer relations and customer satisfaction, as witnessed by the award, in 2009, of the internationally recognised ISO 9001 quality management accreditation, awarded for ensuring that products and services satisfy customers’ quality requirements.

Employee satisfaction is evident also from the results of an independent survey – “Sunday Times’ Best Places to Work 2009” – which revealed that 77% of Loop employees felt cared for by their managers and find it easy to balance work with their home lives. Other findings showed that Loop employees are pleased with their managers – who are considered to:

- be open and honest (at 85%, the third highest result);
- care about their job satisfaction (78%);
- care for people as individuals (81%);
- support employees (81%); and
- listen as well as talk (80%).

Lessons for other SMEs

Wilson believes that small firms have a number of advantages when it comes to embedding flexible working practices into the company culture. “The most important element to creating work–life balance in an organisation is listening to what your employees want,” she asserts. “This is much simpler when the workforce is small and lines of communication are shorter. It is also easier for everyone to see the commitment to work–life balance from the top – three out of our seven senior leaders work flexibly. Additionally, it means that the whole organisation is aware of the policies – everyone will be working with someone who works flexibly.”

She continues: “Demonstrating the business case is also more straightforward in a small firm... The smaller gap between senior management and employees makes it easier to see the link between employee wellbeing, high performance and customer satisfaction. Adopting family-friendly working practices allows the company to compete successfully with bigger firms in relation to the employees we are able to recruit and retain and to delivering quality client and customer services.”

EDEN McCALLUM LTD

Like Loop Customer Management Ltd, flexible working was built into Eden McCallum’s culture from the beginning. “The company was founded on the principles of personal control and flexibility; this was part of the Eden McCallum DNA from day one,” says managing director and co-founder, Dena McCallum. “We have had flexible programmes from the beginning, with four of the five original staff in the firm working flexibly. Additionally, all of our consultants have always worked independently, with complete control over the work they choose to do and...”
facing their working arrangements to suit their own work–life balance.” (See box 3.)

While some small businesses may believe that the cost and burden of managing flexible working is prohibitive, Eden McCallum, with a staff that has expanded from five to 25, has found the opposite to be true.

The driving force behind Eden McCallum’s commitment to flexible working is a belief that people perform better when they have choice and control. This approach has delivered major business benefits for the company in terms of attracting and retaining the right calibre of staff and consultants.

Starting out
Lian Eden and Dena McCallum started the Eden McCallum management consultancy in 2000 while both were pregnant with their second children. They had high-flying careers with big global companies, but wanted to address their own work–life balance issues by spending less time travelling and more time with their children. Managing director Lian Eden explains: “Many strategy consultants, particularly in the dot.com era, were reassessing what they wanted from their work. In particular, flexibility and control over your own career were becoming increasingly important for professional people.”

The two women decided to set up a consultancy firm based around a pool of experienced, independent consultants. Instead of directly employing large numbers of consultants, Eden McCallum draws on a network of 400 freelancers, matching their expertise to the project requirements of the firm’s corporate clients. While the consultants deliver the projects, a small permanent in-house team manages client relationships.

Even at this early stage, Eden and McCallum were determined to maintain a work–life balance: “We were in it for the long haul, so there was no need to work 16 to 20 hours a day to achieve a quick profit and then quit the business,” says McCallum. “We were embarking on a marathon and not a sprint, so we ensured we worked at a pace that we could sustain. This meant respecting the whole of our lives and not just the work side.”

The women continue to be role models in the firm. “We have to be careful to maintain a balance between flexibility and professionalism,” McCallum emphasises. “Yes, I will take time off to attend a school play, but I will also ensure that a work project comes in on time. We put the same faith in our people. We give them the flexibility to meet their work–life needs, knowing that they will put in the hours to ensure that they do not let their clients down.”

BOX 2: LOOP’S WORK–LIFE BALANCE POLICIES

Loop offers a comprehensive range of flexible leave and working options.

Flexible working options
- **Term-time working** – Employees can request to work term time only if they have children under 14. The leave is unpaid, thus reducing the annual salary, which is spread across the 12 months. Qualifying criteria are 26 weeks’ service and no performance issues.
- **Job sharing** – Employees can request to share a role with another person. This gives business benefits such as more commitment, a greater breadth of experience and skills and greater holiday and sickness cover.
- **Compressed hours** – Employees work their full 37.5 hours a week, but do so over four days instead of five, for example, by working longer days. This can be done on a short-term or long-term basis.
- **Reduced hours** – This is equivalent to working part time.
- **Annualised hours** – However many hours a week an employee works, they can request annualised hours. This means they may work more hours one week and less hours the next, as long as they hit their total weekly hours multiplied by 52 weeks at the end of the year. This is good for certain positions that have peaks and troughs of work.

Flexible leave options
- **Life opportunity leave** – Employees can take up to one year out of the business to undertake travel, volunteering or domestic responsibilities. This leave is unpaid and continuous service is given upon return. Qualifying criteria are 12 months’ service and no performance issues.
- **Grandparents’ leave** – Employees can take five days off to be there for the birth of their grandchild (one day paid and four days unpaid). Qualifying criterion is 26 weeks’ service.
- **Dependency leave/emergency leave/special leave** – This includes caring for children or elder care. It is unpaid, unless it is for bereavement, public duties, court duties or military call-up.
- **Maternity leave** – 52 weeks’ leave, 18 weeks at normal pay (dependent on service) and 21 weeks’ pay at the statutory rate of £123.06. This policy comes with a user-friendly fact-pack for the individual and their manager.
- **Paternity leave** – Two weeks’ leave, including one week at normal pay and one week at the statutory rate (currently £123.06).
- **Adoption leave** – This is offered to employees adopting a child up to 18 years of age. They are entitled to 52 weeks’ leave with 18 weeks at normal pay (depending on length of service) and 21 weeks’ pay at the statutory minimum (currently £123.06).
- **Parental leave** – This is unpaid leave. Employees can take 13 weeks’ leave for each child up to age five, or 18 weeks up to age 18 if the child is disabled. The employee can take four weeks in any one year in short or long blocks and must have one year’s service.

Other benefits
- **Childcare vouchers** – Loop also offers childcare vouchers as part of a salary-sacrifice scheme, which a number of colleagues take up. This enables a saving on nursery care and private childminder childcare.
- **Employee assistance programme** – Loop also provides a free employee assistance programme to all employees, which offers a wide range of advice on a variety of matters. These include subjects such as having children, family crises (such as bereavement, dependent relatives, ill health), personal crises (including divorce, separation, miscarriage, abuse) and returning to work.
Attracting high calibre staff
Eden and McCallum’s biggest early challenge was attracting the calibre of staff they wanted – the people who would manage the relationships with the consultants and clients. “We were asking people who are successful in the corporate model to take that leap and work for a new, unknown company,” says Eden. Flexible working was an important part of the solution.

“We were offering market or slightly lower than market salaries – with the opportunity to make big bonuses. However, we were able to attract a higher quality of employee than is often possible at a smaller firm because of the flexibility we offer,” insists McCallum.

Permanent staff
The company has moved away from the long-hours culture traditionally associated with this kind of business. But McCallum explains: “We started off by believing there was a different way to do things. Anything can work – it’s about figuring out what the individual and business needs are.”

Each flexible working arrangement is tailored to the individual. A request to work flexibly is considered on its merits, looking at the person’s needs and the needs of the business. The starting point is the notion that there is always a way of accommodating an individual’s needs and, adds McCallum, “we always find one.”

Originally requests were dealt with by Eden and McCallum, but as the firm has expanded, a managing director was appointed who is now also involved in the decision.

In assessing the merits of a request to work flexibly, McCallum stresses the need for fairness. Key considerations are that the arrangement must be able to work in the long term and be able to be replicated if other employees request a similar arrangement. McCallum explains: “We ask ourselves: what effect would it have on the business if everyone wanted to work in this particular way?” If the company cannot meet the specific flexible working request, they will work with the employee to come up with a suitable alternative.

However, days in the office are considered crucial. In granting requests, it is stipulated that employees work some days in the office with their colleagues. “Our profession is based on intellectual capital,” explains McCallum, “and it is important to spend some time with others to share ideas and generate innovative solutions. We don’t believe permanent home-working is suitable for our business.”

Box 3: Eden McCallum Ltd
Set up in 2000, Eden McCallum is a well-established management consulting firm for global and local companies across all sectors, with a turnover of £12–£15 million. Helping clients to tackle issues such as strategy, performance improvement and change management, Eden McCallum works with large and medium-sized public companies, private equity firms and their portfolio companies and Government.

Since 2000, the firm has served more than 200 clients and delivered over 750 projects. Clients have formed lasting relationships with the company, with over 80% of them having engaged Eden McCallum on multiple projects. Clients include Tesco, Virgin, BBC, AOL, Lloyds Banking Group and the BBC. While most of its work is based in the UK and in continental Europe, it also operates in the US and the Middle East and more than 20% of its business is international. More than 45% of its independent consultants are bilingual and 20% speak three or more languages.

The firm employs 25 permanent staff based in London and Amsterdam, who draw on the expertise of a network of 400 independent consultants, depending on a client’s needs. By consultant numbers, Eden McCallum is the second biggest strategy consulting firm in London.

While the consultants deliver the projects, the in-house team manages consultant-client relationships. About half of the permanent staff are dedicated to developing and nurturing client relationships. The remainder ensure that Eden McCallum’s consultants are the right people in the right jobs. This structure enables the firm to offer clients more flexibility, greater choice of consultants to work with and lower costs than traditional hierarchical consulting firms.

Four-fifths of the permanent staff are female and 70% of the freelance consultants are male. Eight of the firm’s 11 senior-level partners are women.

Consultants
The availability of flexible working was also a big draw in attracting top-quality consultants to the firm. Relying on freelancers to deliver its consulting services, Eden McCallum needed to attract the most talented individuals. They did this by allowing them to define their own working arrangements.

As well as choosing which sectors they will accept projects in, the consultants can opt for projects that suit the other constraints in their lives – often family, but also other interests such as non-executive directorships, writing or sailing around the world. They may choose to work shorter daily hours, fewer days per week, a set number of months per year, or only on projects that do not require travel.

“Often the firm’s freelance consultants will tell us what their targets are in terms of working with us,” explains McCallum. “Some will work for six months and then go travelling or do something else – others are working full time on back-to-back projects.”

By working with their consultants to address their work-life balance needs, Eden McCallum has built up a dedicated and committed workforce. “Our network of consultants show considerable loyalty to the firm, getting most of their work from us,” says McCallum.

This way of working might be expected mainly to attract female consultants, but 70% of...
BOX 4: EDEN McCALLUM’S WORK–LIFE BALANCE PROGRAMMES

For permanent staff

- 50% of staff (men and women) work on a flexible programme, mostly for family-related reasons, but also for other personal and professional reasons, such as writing a book, taking qualifications or for health-related reasons.
- 30% of staff have taken maternity leave (of up to one year); 100% of these have returned to work, all on flexible programmes.
- Flexible programmes are tailored to individual needs: for example, shorter daily hours and/or less than five days per week and/or half a day from home and/or extended holidays (eg five additional unpaid weeks’ holiday – plus their normal five weeks’ holiday entitlement). No two arrangements are the same.
- The compensation system for partners is structured in a way that accommodates the complexity of the individual work programmes: salary is based on input (hours worked) while bonuses are based on output. If someone delivers more for the company on a 65% full-time equivalent (FTE) arrangement than someone else on a 100% FTE arrangement, the former will have a higher bonus and, in most years, higher total compensation.

For consultants

- The business model is founded on the idea of flexible working for independent professionals.
- Consultants determine which projects they will do and how they work – for example, hours, days per week, weeks per year, willingness to travel. They are paid for time worked. As long as the solution is acceptable to the client and the consultant, the firm supports it. No one is penalised for saying “no” to a project or for wanting to work other than on a 100% FTE basis.

Eden McCallum’s consultants are men. A survey by the company in 2007 showed that flexibility was the most important factor for their consultants becoming independent, followed by the earning power. Some 80% agreed or strongly agreed that independent consulting enhances work–life balance. By meeting the desire of both genders for greater flexibility and choice, Eden McCallum is able to attract and retain talented consultants.

Client service

McCallum argues that respecting the individual’s whole life also has a massive positive impact on the service the firm is able to offer clients. “Someone who is not worrying about their home life finds it easier to listen fully to clients and to concentrate on the project to hand and come up with creative solutions,” stresses McCallum. “Further, enabling people to meet their ‘life’ needs means our clients have a ‘richer’, more rounded and happier individual to deal with. We receive a lot of feedback from our clients about how enjoyable it is to work with our consultants.”

McCallum also points out that because consultants can choose their own projects – they only do the ones that really interest and excite them – and their working arrangements, the firm gets a higher level of commitment from them. “By accommodating their personal needs and interests, our consultants are always ready to go that extra mile to reach a successful conclusion to a project – and our clients know and appreciate that.”

Lessons for SMEs

McCallum contends that there are advantages and challenges to accommodating flexible working practices in a small firm.

- In a small business, where virtually everyone is doing a different job, it is more difficult to provide cover if someone wishes to reduce or change their hours, and it is very important to ensure that the full-time staff do not become overburdened when other staff are working flexibly.
- It is easier to consider requests on an individual basis and to find solutions that benefit the business and the person. It may need more planning, but employees in a small firm understand the constraints of the business and are willing to compromise if they can’t get their first choice of working arrangement.
- Flexibility can be very cost-effective for a small firm. McCallum gives the following example: “When we started out we only needed a part-time dedicated finance manager. As we expanded, the person took on a full-time role. However, when the post-holder became pregnant, she only wanted to return on a part-time basis. We were able to accommodate her and the business’ needs precisely by taking on another person. We now have 1.6 staff in finance.”

The crucial issue, McCallum insists, is for companies not to be afraid to consider flexible working arrangements: “Many employers are worried that addressing the work–life balance needs of their employees is like opening a ‘can of worms’ – problems will come pouring out that they cannot resolve.

“However, when we’ve had to say ‘no’ to employees’ flexible working requests, we always explain the reason and we have found that people are reasonable. We then try to find an alternative working arrangement that suits both the business and the individual. People are willing to compromise if you try and meet them half-way.

“For us, the business benefits have more than outweighed the extra planning needed. At Eden McCallum, we have been able to resolve successfully the challenge of meeting client demands while responding to employee pressures for greater flexibility.”