

**Happy Holidays
Looking Forward to a Prosperous and Flexible New Year**

*For some time the year-end **Bulletin** has been a time to gaze backward and forward, trying to decipher what has happened in this domain and – with far more risk and less success – to discern what lies ahead. 2013 eluded many of us in many fields, but for my part I anticipated almost none of what happened regarding flexibility in the workplace. The proverbial ink was barely dry on my prediction that flexibility would really take off as the economy rebounded, when Marissa Mayer drove the flexibility narrative into a defensive posture.*

I have often said that company interest in flexibility tends to rise and fall with the unemployment rate. While the business case seems to expand regularly (space-saving telework, business continuity are recent additions), over the years the core driver of flexibility has been recruiting and retaining talent. When talent seems “plentiful,” this tool loses its luster. And vice versa. In January of this year, the economy seemed poised to take off and drive the unemployment rate down to and maybe through 6%.

It didn't happen. In mercifully short fashion below, here are the 2013 highlights and some educated guesses for 2014.

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NOTABLE FLEX EVENTS IN 2013

Yahoo!...Not! Whatever she may have intended, the new CEO, Marissa Mayer ignited a firestorm when the media, social networks and just about everyone in workplaces everywhere took sides on her perceived ban on telework. Later visible flex U-turns at Best Buy and H-P, and whisper campaigns in management suites elsewhere, set up speed bumps on the hitherto smooth road of trending flex. Given a weak economy, it's hard to tell if these challenges are hiccups or will dampen the trend. (For a deeper look at this set of events, see [FlexBulletin # 85](#) - HP Way Now: Suspending Collaboration to Save It?).

Slow Growth at Best The January 2013 unemployment rate stood at 7.9%. Many signs pointed to a quickening recovery and a rapid drop in the rate, perhaps to as low as 6.5%. You might think that there is no necessary link between this rate and interest in flexible schedules; and there may not be – or should not be -- in reality. But over time the link in perception has proven quite strong. Lower unemployment means tighter labor markets; to many executives a low-cost “perk” like flexibility becomes an appealing element in the battle for talent. The slow monthly march from 7.9 in January to 7.0 in November didn't suggest a compelling tightness. Economic slow growth brought with it slow flex growth.

San Francisco Upstages Congress The UK, Australia and similar countries are experiencing issues of low birth rates and family formation. Years ago their legislatures responded in part by adopting so-called family-friendly flex request laws in which employers must allow employees to apply for flexible schedules and cannot retaliate against applicants. They can say no for business, but not capricious or unfounded reasons.

Recently San Francisco has faced two connected issues: family flight and high tech “invasion.” David Chiu, President of its Board of Supervisors thought that importing the British model could help. It would offer families the relief afforded by flexible schedules and put a stake in the ground that said (in my words) “High tech and Silicon Valley firms are welcome, but they don't get to behave like Yahoo.” This is a significant development which we cover below and call attention to for 2014.

FLEXIBILITY EVENTS TO WATCH IN 2014

It's the Economy, -----. We don't usually start our crystal ball exercise by gazing directly at basic economic issues. We typically focus on more narrow forces affecting flexibility within the workplace. But as we continue the long, slow slog out of this lengthy recession, we think the state of the economy will continue to play an out-sized role in how flexibility unfolds. As go the economic indicators, so go the flex predictors. A few last-minute 2013 actions will lead into, and bear watching in 2014:

- *Fed and QE2* This week's Fed analysis and decisions gave a boost to more than the stock market. The analysis that the economy finally had found some solid footing – and allowed an easing off the bond-buying accelerator – bodes well for a Happy New Year. Just below the headlines was the commitment to a couple years of low interest rates and potential growth.
- *Falling unemployment* November unemployment hit 7 percent. In its current analysis, the Fed pegs likely mid-2014 unemployment at 6.3-6.6%. A January report on December's rate at 6.X will suggest a more flexible new year. As we said above, there will come a point where the perception of the labor market shifts from sanguine to anxious. At that point, watch for the chatter as the old flex drivers return.
- *Congress cooperates* The burst of bipartisanship that led to the 2-year budget deal this week was heartening for businesses and others that like stability and predictability. We can bemoan or deride congressional dysfunction. But beyond the economic uncertainty caused by relentless brinkmanship, "tone from the top" is not only set within companies.

On some level, we follow our leaders. Collaborating on schedules is not encouraged by representatives who represent their own narrow interests rather than our need for collective problem-solving. Beyond the likely February debt limit fight, we should watch closely how our political culture evolves – and whether it supports greater collaboration as a social good.

San Francisco Launches a National Pilot

While mandating the right to request may seem a modest thing, it is a big deal on the national policy front. Such bills have been introduced annually in Congress and gone nowhere. This piece of legislation could prove to be the proverbial camel's nose under the tent. Fairness requires that we acknowledge that both Vermont and San Francisco are launching their flex request laws for caregivers in January. That said, it is likely the San Francisco initiative will get the lion's share of attention. It is the more visible entity, a large and very diverse economy and it boasts many media outlets.

Perhaps more important, the ordinance was championed by Board of Supervisors President David Chiu, an able and ambitious political leader who is running now for state assembly. Many observers see him carrying this issue to a potentially receptive California Assembly and Governor Jerry Brown. As more and more states deal with Congressional inaction by addressing workplace issues such as minimum wage, paid paternity leave and paid sick time, they may respond to San Francisco success with copying its legislation.

We have argued in a recent [TLNT blog](http://www.tlnt.com/2013/12/05/san-franciscos-flex-work-legislation-will-it-be-a-win-win-or-lose-lose/#more-96210), "SF Flex Work Legislation – Win-Win or Lose-Lose?" [http://www.tlnt.com/2013/12/05/san-franciscos-flex-work-legislation-will-it-be-a-win-win-or-lose-lose/#more-96210] that how this initiative rolls out and is implemented should be of some concern to flexibility advocates nationally. If you believe, as we do, that broad flexibility, available to all on a voluntary basis is a better path to flexibility that is neither divisive nor discriminatory, it may not be enough to just observe this process. Early in the year we will describe some steps we are taking to help shape the outcome, and some ways you might join us.

From Flex Programs to Flex Skills

We argued last year – and heard a great deal of feedback confirming our view – that the era of "programmatic flexibility" had exhausted its pioneering potential. All year a seemingly endless dialogue occurred over issues of "formal flexibility" vs. "informal flexibility" and onsite vs. virtual collaboration. Millennials were characterized as wanting a range from every kind of flex ever practiced to none at all. Older workers were staying in the workforce longer and indicating a desire to phase slowly into retirement, yet employers were not buying it.

For decades companies, employees and advocates have noted that large percentages of managers and employees lacked the skills to negotiate meaningful flexibility. Year in and year out, the observation is made, noted and largely ignored. In the last six months, the lack of what we call interactive skills has been raised in many quarters regarding the millennials. These are the skills needed by managers and employees (millennials, pre-retirees, etc.) to conduct ongoing Collaborative Scheduling as we call it. We may finally see some focused and valuable training on essential skills to address the existing gaps.

Static flexibility is increasingly showing its limits. Flexibility as a two-way street requires fully two-way skills. Assuming that flexibility increases its spread in the year ahead, all of us will be involved in exploring what a newer and more dynamic approach looks like. In the end, innovations within each of our organizations will be the most exciting developments of 2014. We look forward to hearing about and sharing exciting innovations as the year progresses.

We welcome your comments on this Bulletin. When you write, please email me at:
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Best regards,
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