

Flexible working: making it work for SMEs

SMEs are often very good at flexible working in practice - which benefits employees with caring responsibilities - even if you don't describe it as such, especially when comparing yourselves to larger organisations with a range of formal policies.

However, although many SMEs describe this as accommodating an individual employee's needs rather than flexible working, many do actually adopt a very flexible approach to the way work is organised and cite two key advantages to this:

- firstly, it gives you a competitive advantage in being able to recruit and retain staff and
- secondly, it allows you to deliver client and customer service to a higher standard.

How can SMEs learn from the experience of other small businesses and successfully develop flexible working - both for your benefit and for the benefit of your employees - particularly in tough economic times?

Motivate your employees. Even more than in a large organisation, an SME's employees can be the key factor in giving it a competitive edge. For example, if one person leaves (e.g. because of difficulties in combining work and caring responsibilities) it can have a much larger impact than in a bigger company. Working practices which increase loyalty and motivation, including flexible working, should have a positive effect on performance. Equally, working practices which demotivate employees are likely to have a negative impact. Such considerations – i.e. a good 'valuing people' strategy - are even more important during difficult economic times, especially where you are reducing the size of your workforce and existing employees will be under pressure to do more.

Work 'smarter'. The costs of remote working technology, for example, have come down in recent years so it may be possible for some employees to work remotely and/or for more meetings to be held virtually rather than face to face. Such measures can help both to reduce infrastructure and travel costs; for example, research into 'smart working' has recently shown positive business benefits including productivity gains and reduced business costs.

Think flexibly. Do not feel under pressure to accept requests to work flexibly immediately but don't dismiss them immediately either – take a rain check. Although current legislation – especially the right to request flexible working - is often viewed as more red tape it can actually provide a good, practical template for working out a

solution. In fact evidence suggests that the majority of such solutions implemented in the workplace are done so informally – and in some cases on a trial basis – and do not involve making a formal change to the employee’s contract.

Recognise the business benefits. As noted by the Federation of Small Businesses, although there is frequently some confusion on the part of small business owners about what flexible working actually means, “for the employer, (it) can bring economic benefits through falling absenteeism, increased productivity, greater levels of recruitment and retention and general loyalty among staff” In many ways observing and recognising the benefits – both for employees with caring responsibilities and the business as a whole – may come more naturally to an SME than to a larger organisation. Less hierarchical structures and more fluid working arrangements can mean that the impact of flexible working practices can be observed more easily than in a larger organisation and also that SMEs can be more responsive and flexible when needed.

Example: Listawood (SME)

With a workforce of around 150 people, Listawood are a manufacturer of promotional products such as ceramic mugs, fridge magnets and mouse pads. The company have made a firm commitment to creating a culture of flexibility and support for those needing to balance their home and work lives, often at short notice, which they believe is a significant driver of their strong record of staff retention.

The recent economic downturn, and increased competition from emerging low wage economies has placed enormous strain on Listawood’s sector, creating pressure to keep staff costs low. As part of their performance management framework, Listawood regularly survey their employees to measure staff satisfaction. The company are aware that they do not offer the best salary levels in the area – indeed only 56 per cent of staff surveyed felt their pay was competitive when compared with other employers locally. However their deep rooted culture of flexibility is well recognised by staff – 97 per cent felt that the company offered better opportunities for work life balance than other employers in the area.

Explaining their approach, Managing Director Alex Turner said: ‘Losing highly trained staff is incredibly disruptive in any business. In the sales environment it fractures customer relationships which can result in reduced levels of business, and in the factory it compromises manufacturing efficiency. On top of this you then have to bear the costs associated with recruitment and training for their replacement. We are in no doubt that our staff retention levels are driven by our attitude to work life balance rather than the generosity of our remuneration packages. This makes it possible for us to remain

competitive and profitable in a highly competitive market, even during these unusually difficult trading conditions.’

Guidance on The Equality Act for SMEs

The Equality and Human Rights Commission has been working with smaller businesses to find out how best they can support those that don't have in-house HR or Legal advice. As a result they have developed a series of guides tailored to the specific needs of small and medium sized businesses.

Workplace policies that prevent discrimination and protect and promote people's rights to an inclusive and safe working environment can not only reduce costs but enable you to retain and attract the best staff and improve your productivity and performance. The Commission's guide: The Equality Act: Guidance for Small Businesses is designed to help smaller businesses to understand key legal definitions set out in the Equality Act 2010 and offers practical advice in managing important business challenges. The guide is divided into 3 parts:

Part 1: Understanding legal definitions of discrimination and unlawful behaviour in the Equality Act.

Part 2: Your role as an employer under the Equality Act.

Part 3: Your role as a service provider under the Equality Act.