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## SII – Sustainability Innovation Inventory

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### Minneapolis Urban Partnership Agreement: ROWE/Telecommuting Program



#### Executive Summary

As part of larger traffic congestion reduction effort supported by a federal grant, the Minneapolis-St. Paul area will be working with local large employers to encourage adoption of the ROWE business model. ROWE, which stands for “Results Only Work Environment,” encourages telecommuting and flexible work schedules, both of which have the potential to significantly decrease rush-hour traffic congestion and have positive effects on employee health. ROWE’s major innovation is that its business model defines a flexible, multimedia work-“place” as the norm rather than the exception. Employees and managers alike are expected to be in the office only if and when it is helpful for their work, but otherwise they are free to work and even attend meetings remotely.

The ROWE business model is the work of Best Buy employees Cali Ressler and Jody Thompson, and the model was first implemented at the Best Buy Corporate Headquarters just outside of Minneapolis. Studies done by Best Buy and by the University of Minnesota Flexible Work and Well-Being Center on the implementation of ROWE show promising results for both businesses and cities,

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including:

- A majority of ROWE employees increased the frequency with which they work out of the office.
- ROWE employees increasing chose to travel to the office on a flexible schedule to reduce their commute times.
- Productivity measurably rose in departments that adopted the ROWE business model.
- Employee retention and job satisfaction both rose in departments that adopted the ROWE business model.

The Minneapolis ROWE initiative is supported by a U.S. Department of Transportation Urban Partnership Agreement (UPA) grant. The UPA project will initially aim to reduce traffic in Minneapolis' I-35W / TH-77 corridor (about 20 miles) by 500 peak traffic-period trips per day, and the opportunity exists for future expansion of the program and its benefits.

### **How Can a Business Model Contribute to Sustainable Work?**

The Minneapolis UPA office highlights telecommuting as “the most cost effective and fastest method to reduce congestion during peak traffic periods.” Currently, however, only 2.9% of workers in and around Minneapolis telecommute (Lari, 2008).

ROWE has the potential to dramatically increase that number. At Best Buy, for example, where the ROWE model was developed, approximately 75% of the 4500 employees working at the company's corporate office near Minneapolis have started participating in the ROWE pilot program. After 6 months of working with ROWE, 32.3% of participating Best Buy employees reported having a more varying work schedule (Moen and Kelly, 2007). In some groups, up to three quarters of the employees started working out of the office on a regular basis (Conlin, 2006).

According to the Minneapolis UPA program, the Minneapolis region supports 20 Fortune 500 companies and 33 Fortune 1000 companies (U.S. Dept. of Transportation, 2008). If only a few of these companies adopted the ROWE model with more conservative success rates than Best Buy, hundreds of commuters could be removed from Minneapolis's rush hour traffic.

Moreover, telecommuting programs help employees. By reducing commuting time, employees save money on gas and car maintenance and have more money to spend in the local economy. The University of Minnesota Flexible Work and Well-Being Center research on ROWE implementation at Best Buy additionally found significant health improvements for employees participating in the program (Moen and Kelly, 2007). For example, ROWE employees studied were more likely than employees in control groups to:

- Sleep more than seven hours per night
- Stay home from work and/or see a doctor when sick
- Exercise at least three times per week
- Report gains in energy and/or quality of sleep

### **How Can ROWE Benefit Corporations?**




Not only is ROWE environmentally friendly, it can also save companies money and improve employees' productivity, job satisfaction, and commitment to their company. ROWE has shown sufficiently consistent gains for Best Buy that the company has extended the program to 100,000 employees nationwide and has added the ROWE program to its official recruiting pitch and new-hire orientation (Conlin, 2006).

In a *Business Week* report on ROWE, journalist Michelle Conlin places the ROWE business model in

the context of a larger trend of contemporary business practices moving towards “the post-geographic office.” Connecting a mobile workforce through Internet, mobile phone, and Blackberry technology, the report argues, can in fact save companies millions of dollars in infrastructure costs, by reducing overhead expenditures on everything from real estate to office maintenance to employee parking facilities. “At many companies,” Conlin observes, “the most innovative new product may be the structure of the workplace itself” (2006).

Table 1, below, compares the experiences of Best Buy with IBM and Sun Microsystems, two other large companies that have also implemented telecommuting programs in recent years. According to cost savings and other benefits gained in these three companies, telecommuting programs appear to be an attractive option for businesses to consider.

Municipal programs such as Minneapolis’ UPA can help support local businesses transitions to telecommuting programs by offering education and information programs, providing a central forum for businesses to share successes and challenges with each other, and provide feedback on implementation and secondary effects (such as traffic mitigation) through comprehensive research and analysis.

			
<b>Telecommuting Program</b>	ROWE (Results Only Work Environment)	Open Work Program	Flexible Work Options (FWO)
<b>Adoption Rates</b>	75% of 4500 employees in Minneapolis	> 40% of its workforce	42% of 140,000 employees
<b>Financial Savings</b>	–	\$400 million over six years	–
<b>Other Benefits</b>	35% average increase in employee productivity; Reduction in voluntary turnover rate between 52-90%	Employees surveyed saved an average of 2 hours per day in commute times and spent 60% of that time doing extra work	According to a 2004 IBM work/life survey, flexible work options were “the top reason to stay at IBM.”

**Table 1: Flexible Work Program Adoption Rate and Results for Three Companies** (statistics from Conlin, 2006 and Jossi, 2007)

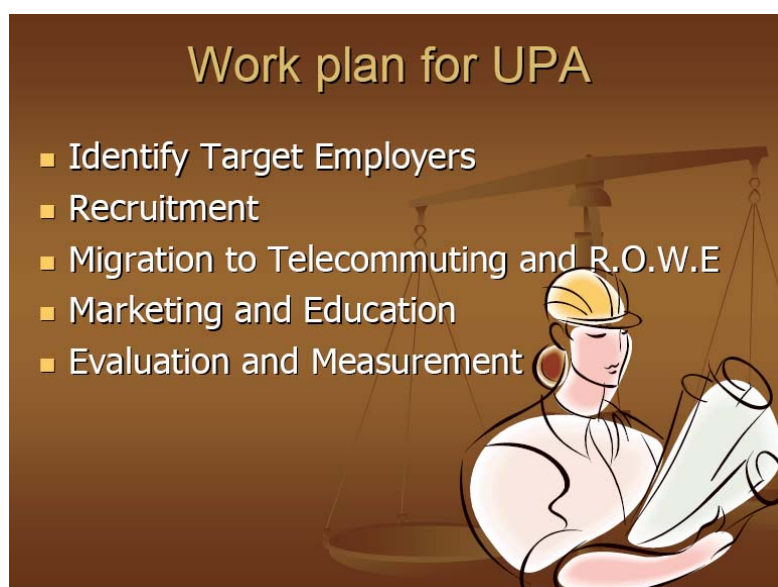
## Current Technology

Employees participating in ROWE conduct work using mobile phones, laptop computers, and Blackberry devices, secure remote Internet links to company networks, and mandatory conference bridges at every meeting for employees to dial in (Conlin, 2006). Best Buy pays for company laptops, cell-phones, and Blackberries to help keep its employees connected and accessible wherever they want to be (Jossi, 2007).

However, the main “technology” of the ROWE program is its cultural guidelines: that employees are evaluated only on their actual contributions to the company, not “face time;” that people can schedule their time how and when they want; that every meeting is optional, and meetings should only be called when necessary to get work done, not to *plan* work; and that employees are to make no judgments (and especially no comments) about how their co-workers organize their schedules. The ROWE business model is a commercial product, but more detailed implementation guidelines are available for purchase at: [www.culturerx.com](http://www.culturerx.com).

The Minneapolis UPA office acknowledges that there are still cultural barriers to widespread acceptance of the ROWE model. One major challenge is getting companies to develop and stick to a set of reliable performance-assessment criteria. Cali Ressler, one of the co-designers of ROWE, relates that Best Buy already had a set of quantifiable performance metrics for judging work quality prior to ROWE, but many managers weren't using them, to the continued frustration of the HR department. With the adoption of ROWE, however, Best Buy managers started using these metrics and working collaboratively with HR representatives to keep performance metrics useful and relevant. Companies or cities interested in promoting ROWE will also have to be committed to working adaptively with managers and HR representatives to refine "outcome-based evaluation" criteria (Jossi, 2007). The benefit to this, however, is that ROWE "quickly outs underperformers" who previously could skate by simply on their physical presence in the office (Conlin, 2006).

Since the UPA program is very new, the initiative to bring ROWE to other companies in the Minneapolis area is still being designed. The UPA office is currently working to develop the following goals:



**Figure 2: Minneapolis UPA Work Plan for Implementing ROWE in Local Companies (Lari, 2008)**

## Technology and Experience Roadmap

As a program that explicitly ties advances in technology to opportunities for social change, ROWE suggests some interesting areas for future investigation.

### Exploring the "Socio-technical" Environment (Jossi, 2007)

In his article "Clocking Out" in *HRMagazine*, Frank Jossi compares ROWE to the British "socio-technical work systems" movement that began in the 1980s to promote greater worker autonomy. The notion of "socio-technical systems" defines a realm of human-gadget interaction that enables the extension of human behavior through use of technological devices – including communications devices, electronic sensors and monitors, remote data storage, and information portals.

ROWE is "sociotechnical" because it is an innovation in human behavior enabled through the intelligent use of the combined capabilities of a technology package. It serves as a good reminder that new technology can, more than just making regular life easier, actually produce a new working or living environment that demands *social* innovation, just as human needs drive technological innovation. To put it more simply: how we apply the technology we have is as important as the ability

to invent it in the first place. Therefore, careful attention by policymakers and managers to redundancies or inefficiencies created in the wake of new technology can successfully identify areas of potentially major gains in sustainable planning and development.

### **Individual Energy Use Monitoring**

Recent advances in detailed resource use monitoring technology (for example, [Oberlin College's CRMS](#)) could help companies accurately track the financial and environmental impact of keeping individual employees in the office. Using this data can help companies weigh the costs and benefits of adopting a business model like ROWE from a resources perspective.

Looking ahead, ROWE-implementing companies interested in expanding their workforce without having to buy or lease additional office space could use detailed per-worker overhead data to encourage workers to stay out of the office. Currently, companies often reimburse employees who opt out of company benefits, such as health care or on-site parking. It is a small stretch to imagine a shift in mentality about office space from it being a right (or even, as the ROWE program suggests, a punishment) to an optional benefit. In this kind of business model, it would make sense for a company to maintain shared office and meeting facilities for temporary use by mostly remote workers and reimburse those workers who give up the benefit of a personal office or cubicle, thus saving money for both the company and the employee.

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### Websites

Minnesota Department of Transportation Urban Partnership Agreement website:  
<http://www.dot.state.mn.us/funding/upa/>

ROWE website:  
<http://www.culturerx.com>

U.S. Department of Transportation Urban Partnership Agreement website:  
<http://www.upa.dot.gov/agreements/minneapolis.htm>

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