



*Teleworking Deployment in the U.S. Government:
Summary of Congressional Hearing on Teleworking
Reviewing the particulars of the testimony from July 8, 2004*

Tony Gill, Managing Director, Gill Advisors Inc.

www.gillinc.com

On Thursday July 8, 2004 the United States Congress held a Hearing on the status of teleworking within the federal government. The primary purposes of the hearing were to:

- a. Determine why it was taking so long for teleworking to be adopted by federal employees, and
- b. Devise strategies that might assist in a quicker rollout.

The importance of these hearings was underscored by the heightened terrorist risk in the U.S., and teleworking plays an important role in risk mitigation. This document provides a brief summary to our clients and readers of those hearings, which were chaired by Congressman Tom Davis.

Background

It would be useful at the outset to provide some background. The U.S. government has been very proactive in not only forming committees to explore the rapid adoption of teleworking, but has in fact passed legislation. In October 2000 Section 359 of **Public Law 106-346** (P.L. 106-346) was passed and it mandated a 25% per annum increase in teleworking (among those eligible for telework). So far, however, federal agencies have come nowhere close to reaching these goals. To illustrate, consider these numbers:

- as of hearing date there are approximately 1.8 million federal workers
- of those workers, 751,844 are considered eligible for telework (i.e. 42% of all federal workers)
- as of hearing date, the rules of P.L. 106-346 would require 75% of those eligible to telework (i.e. about 560,000 employees) to have adopted telework
- only 102,921 (or about 14%) have actually complied

This forum brought together an impressive array of people who not only provided a detailed status report, but recommendations on how to quicken the pace of teleworking adoption. These included policy makers, administrators, and technology specialists. A few major themes were flushed out during the session, which included:

1. the societal and lifestyle benefits associated with teleworking
2. some historical context
3. statistical evidence of increased productivity and cost efficiency
4. lowering of overhead (primarily through real estate)
5. deployment strategies and the structures that have been put in place to facilitate the quick adoption of teleworking
6. success stories chronicling the benefits of teleworking in key situations
7. branding the concept of "human capital"
8. impediments to quicker adoption of teleworking, which include:
 - a. fundamental management issues that slow its adoption

- b. Security vulnerability of networks
- 9. making a business case out of teleworking benefits to make it more sellable at various constituencies

In our opinion, the most relevant aspects of Thursday's proceedings to our own business dealt with management, locational and IT issues, as well as repositioning the sell based on creating a tangible business case. Therefore, without spending too much time presenting the particulars of all hearing transcripts, we thought it would be useful to present an overview with a particular emphasis on the above mentioned areas after establishing some foundation.

Foundational Issues

Despite the delay in rollout, the U.S. government has taken a very logical approach in promoting the teleworking program. To begin with, they have established the General Services Administration (GSA) as the lead agency charged with promoting, supporting and developing Federal telework. In a sense then, the GSA acts as the main traffic cop for all the efforts required to carry out this assignment. For a description of the GSA's role, you can source the testimony of Stephen Perry, an administrator for GSA who spoke on Thursday.

The traditional selling points of teleworking have highlighted societal and lifestyle benefits including a reduction in traffic congestion, cleaner air, shorter commute times based on less congestion, greater family flexibility with dual-income households, and increased worker satisfaction and productivity – we refer to these as the “feel-good” factors that might motivate an organization to adopt some form of teleworking. These types of factors can influence substantial change within an organization. For instance, Eric Richert a Vice President from the iWork Solutions Group at Sun Microsystems described how change has come about:

“iWork's roots can be traced to changing assumptions about the work practices of knowledge workers, and the unique characteristics of a knowledge-based business. Today's knowledge workers have widely varying needs that stem from different kinds of job types and work tasks, geographically distributed customers and partners, personal and family situations, and work styles. The nature of knowledge work, which relies on thought and information rather than muscle and machinery, allows for greater freedom for individuals to choose where and when to work, but only if the work infrastructure accommodates such choice.”

The earlier testimonials presented on Thursday pointed to these areas. The feel-good factors alone can never achieve the momentum necessary to push the initiative to where it needs to be unless it's given an additional nudge. In this case, the nudge was the need to recognize teleworking as a key component of a wide-scale risk mitigation strategy. As Congressman Davis mentioned in his opening statement: “Politics is like a wheelbarrow; nothing happens until you start pushing. 9-11 gave us a new reason to push for telework.”

The heightened atmosphere of risk is also placing a high premium on the Human Factor. The terrorist attacks on the U.S. highlighted the importance and scarcity of valuable “human capital”, thus it was encouraging to hear Kay Coles James, a director in the U.S. Office of Personnel Management say: “federal agencies have recently appointed chief *Human Capital Officers* for each agency.” By creating this office, federal agencies put people first, and accordingly look to strategies that place

people first. This office is also rolling out a program called "situational telework", an test phase strategy introducing workers to core telework. This provides a perfect example of a strategy that has been put in place to get workers used to the idea of teleworking on a full-time basis. Think of it as "teleworking with training wheels."

There were a number of other key recommendations forwarded in the early sessions as well. For instance, Scott Cameron, from the House Government Reform Committee described how teleworking overcomes the geographical shortcomings of being situated in close proximity to the World Bank: "We encourage the use of telework when employees may face difficulties in commuting. Because of our proximity to the World Bank, we have encouraged employees with approved telework agreements to telework during meetings of the IMF when significant traffic congestion was expected." Here, the schedule is known ahead of time so arrangements made in advance. Thus depending on where a specific organization is located, it can make teleworking arrangements, simply by knowing what events in the area might cause congestion.

Changing Demographics

Another teleworking benefit partially addresses a mounting concern in all organizations today: the pending retirement of the baby-boomers. As they retire, a number of highly skilled employees will need to be replaced. However, teleworking provides the opportunity to retain some of these employees. This was highlighted in the following testimony by Stephen Du Mont, a Vice President of Cisco Systems: "The U.S. federal government, like many other governments around the world is facing a demographic challenge. Over half of the current federal team will be eligible for retirement in the next five years. The percentage in the area of IT professionals is even higher. It will be exceedingly challenging to recruit and retain adequate numbers of qualified individuals to overcome anticipated talent losses. It is our experience that offering a robust telecommuting solution dramatically increases the attractiveness of joining the team and would place the federal government in a much stronger position to compete for these resources."

Expansion of Labor Pools

Teleworking in some form has existed for a long time. Early teleworkers were once armed with an extra phone line, a modem, fax machine and an armload of files. There could have been a multitude of reasons why someone would occasionally work from home, but it seems that the business case for teleworking didn't really start hitting organizational radar screens until recently. Today, the availability of remote technology combined with broadband has dramatically expanded the scope of a teleworker's toolkit. Scott Cameron suggested in his testimony that "telework is one of the tools that we can use to help us attract and retain a highly talented and diverse workforce". This statement points not only to lifestyle benefits a teleworker might enjoy, but more importantly provides employers with a much wider net to cast when recruiting.

This point was reinforced on the testimony of Stephen Du Mont from Cisco Systems, who suggested that Cisco almost stumbled upon the substantial benefits of teleworking, as a result of that company's rapid expansion in the 1990's. Said Du Mont:

"The rapid growth in 1992 exerted pressures on recruiting and facilities to accommodate staff expansions, and the expansions were expected to continue for several years. Our new product development initiatives required the hiring of many new engineers, and the local labor market in the Bay Area could not fulfill all of the company's needs. While qualified engineers were available in other regions, these workers were not always willing to relocate. Consequently, a number of key engineers in remote cities were hired under teleworking arrangements, whereby they made major contributions while maintaining their current residences. At the same time, there were some key engineers who wanted to move to other locations. By offering them teleworking arrangements, we were able to retain their services at their new desired location. As a side benefit at the time, we realized major savings on relocation expenses, and improved the quality of life for many of its key intellectual capital contributors."

It seems reasonable to assume that the *single-location model* of the manufacturing economy places a great deal of pressure on recruiting especially if the scale of operations is particularly large. There are only a few urban markets that have the labor supply to continually meet the demands of hiring and recruitment. A teleworking arrangement, depending on its structure, the robustness of the performance processes imbedded within the system, and how well it is configured can potentially render the location-based model obsolete.

Locational Factors

There were a number of sound bites from the hearings that painted a very uncertain future for the types of location-based enterprises that are described above. In his opening remarks, Congressman Davis stated: "The innovations of the information age continue to make location less relevant in the working world." By innovations, he was probably referring to highly secure remote networks, personal communication devices, the proliferation of broadband, and advances in land-based, wireless and satellite technology.

Others alluded to the effect technology and teleworking might have on facilities, but Dr. James Kane, President and CEO of the Software Productivity Consortium was perhaps the most vocal. Some of the quotes attributed to Dr. Kane included the following:

"September 11...seemed to make absolutely clear our pressing national need for a more distributed and secure workforce."

"What we call 'telework' is in fact a key enabler of where we -- as a nation -- need to go: toward the systematic deployment of highly distributed forms of collaboration, where physical location of our workforce matters far less than it does today."

"Last month I chaired a technology panel of leading experts and asked 'if we were to reconvene this panel 3 or 4 years from now, what would we be talking about that we didn't discuss today?' The immediate response was 'location will be irrelevant'; the former CIO of Department of Defense said 'collaboration'"

"As 'people and information' have replaced 'plant and equipment' as our most important assets, government can also help to facilitate our combined transformation

to an economy where work has precedence over place; where concentration of operations doesn't jeopardize their continuity"

Stephen Du Mont of Cisco Systems added: "avoiding ever having all of the individuals capable of performing a particular function in the same physical location can dramatically reduce terrorist threat vulnerability."

Taken together, these comments represent an institutional recognition that the ways in which facilities are used today will not be the same as the way they are used in the future. We don't think that office facilities will become obsolete in the future, but the fundamental configuration of work groups is bound to change given the need to recognize the increasingly important role teleworking will play within an organizational framework. Given the uncertainty of configuration, we can only assume the role of 'teleworking coordinator' will work very closely (or perhaps merge) with the office manager.

From a facilities standpoint, it still may stand to reason that the *types* of facilities *demand*ed by public or private sector clients might change in accordance to the factors cited above. It's just too early to speculate what those facilities might look like, however, within their iWork configuration, Sun Microsystems employees "can work from any number of 'Flexible Offices' around the world, where offices are shared, and workspace can be reserved in advance through Sun's web based reservation system SunReserve. Drop-in Centers and 'Flex Zones' are also provided." This changing landscape will inevitably place new demands on institutional real estate owners who will increasingly use their portfolios to create additional flexibility to the changing needs of their tenants.

IT Issues

Telework will not advance beyond the realm of novelty until the technologies developed overcome the limiting factors to existing programs. Countless teleworking studies cite factors such as loss of camaraderie and isolation as primary reasons why some teleworking initiatives fail to succeed. However, if technology solutions can bridge some of these gaps, teleworking has a better prospect of succeeding.

In this respect, one of the areas the GSA continually monitors is the development of new technology. As Stephen Perry stated: "As telework advances into the mainstream, technology is becoming increasingly important to its success. We are actively involved in examining and testing applications of new technology to facilitate telework." By integrating the latest advances into an organizational framework, the business case for teleworking is accordingly enhanced.

However, one of the primary concerns that needs to be addressed if teleworking is to move forward is enhanced network security. Stephen Du Mont of Cisco Systems notes, "Protecting small offices and workers connected to the enterprise network requires the same degree of security as the main entrances...78% of network attacks come through the internet...end to end security is critical as remote employees may be opening up unguarded 'back doors' into the corporate network."

Network security will be an ongoing challenge that will be mitigated by a number of new developments including working platforms that enable remote workers to sync to networks thereby eliminating the need to stay continuously connected. As

business continuity becomes the primary driver of teleworking, organizations can create structures enabling workers to overcome a wide array of disruptive events and stay productive during power outages, earthquakes and hurricanes. Du Mont alluded to this when he stated: "business continuity was not based on the number of employees who had four-wheel drive, but rather on a secure, managed and fully functional solution."

Management Issues

The Media advisory released the day prior to the hearings pointed to a major stumbling block in the advancement of teleworking: "cultural hindrances" (i.e. management reluctance) as reflected in this statement: "While the substantial benefits of telework may be clear to some, cultural hindrances appear to be the greatest barrier to maximum implementation of telework in the Federal government. Telework challenges accepted views about authority and accountability in office settings, and consequently many Federal managers seem slow to employ telework in their agencies." This idea was supported by the following statement that nicely captures the essence of the problem: "Many supervisors cling to the antiquated notion that if they cannot see their employees, they must not be working...teleworking shifts the balance of power; affords employees more autonomy and responsibility."

Stephen Du Mont agreed with this problem in his testimony when he stated: "(the) mobile environment exists outside the control and sight of corporate management; this introduces complexity in remote managing, supporting and applying policies over a network of widely distributed remote access points"

In summing up the problem, Chairman Davis expressed both the simplicity and complexity of the issue when he stated: "our biggest challenge as we move forward may simply be changing organizational attitudes about the possibilities technology affords managers and employees in the contemporary workplace."

Our company is in the midst of developing a program called 'Workplace Continuity' which puts the issue of management insecurity front and center. In our opinion, managerial standards need to be completely re-crafted in order to align with principles of teleworking. One area we discuss within the Workplace Continuity framework is how employee performance is generally measured today, versus how it might be measured in a decentralized environment. Countless studies confirm that despite our transformation from a manufacturing-based economy to one that is more knowledge-oriented, not to mention the dizzying speed at which new technology comes to market, performance still tends to be measured by time at the desk and charisma. Until change is made in the area of performance measurement, the road to ubiquitous teleworking will be slow. We will provide more details upon the release of our white paper.

Developing a Business Case

At the outset, we described a set of "feel-good" factors used to promote teleworking. Although there are many benefits, they tend not to make an impact especially within organizations that must be ever mindful of maintaining a bottom line. Given the heightened degree of societal risk, and the greater need to roll out teleworking, new

messages and positioning strategies are being adopted to highlight the benefits. The most successful programs generally tend to take the form of a solid business case.

Clearly, the investment required to transform an enterprise into a telework-friendly environment is substantial. Pamela Gardiner, Acting Inspector General, Treasury Inspector General for Tax Administration suggested the costs involved. Each employee would need to have the proper software and connectivity to work remotely, as well as a well appointed laptop. However, if any organization is serious about creating a case about adopting teleworking, there are numerous studies that cite substantial increases in employee productivity and job satisfaction (i.e. less turnover, and absenteeism), and this more than offsets the upfront capital investments involved in making the transformation (which in most cases can be financed and amortized over longer time periods). The efficiency gains result not only in an economic payback, but a payback that occurs over a compressed time period.

When referring to new information technology, Dr. Kane confirmed that government is now approaching this situation not as a case where some bad medicine has to be taken on a one-time basis, but as a program that yields a tangible economic payback, "Information technology is now viewed throughout the federal government as an investment driven by a business case rather than a cost element diverting technology."

The business case for teleworking will be enhanced by concentrating on the economics. Business cases serve a critical function in selling concepts, and if those cases are supported by numbers, buy-in becomes even easier. It is very important that the importance of these hearings not be underestimated, because the outcome of teleworking deployment in government will have an impact on the private sector as well.

This point is really driven home by a simple point made by Stephen Perry of the GSA who pointed out that his agency had completed a review determining that more than 90% of the workforce in the U.S. was capable of teleworking (this figure compares to 43% within government). This factor again points to the need to reconfigure working processes so they can be more robustly measured. Again, the way in which teleworking becomes sellable to the private sector is through the business case method.

Conclusion

This was an extremely important session as it gave teeth to P.L. 106-346 for the first time. As we pointed out, that legislation was passed in 2000, a year prior to the terrorist attacks, therefore the urgency for compliance wasn't as great as it is today. By assembling such a wide range of teleworking strategists and advocates, the ball seems to have really started moving making system-wide changes in a compressed time period.

Needless to say, more questions will arise as recommendations are crafted. For instance, from our own perspective, we wonder about the criteria used to determine what makes an employee eligible to telework. Were these standards established four years ago? Have these standards changed in the interim? Additionally, when officials are determining who is eligible to telework, do they analyze the importance of that function to the entire enterprise, i.e. do they determine how the shutdown of

one function might impact others, and if it has a significant effect, are redundancies created to maintain continuous operations?

As base standards of business continuity and emergency preparedness are woven into the fabric of teleworking, the configuration and structure of teleworking teams and procedures for their deployment will change. Change and deployment are indeed matters of great urgency given the times we live in, but there are very logical ways in which to proceed.

We believe the tidiest summation of the day's proceedings was forwarded by Dr. Kane who laid out a logical and easy to understand approach to move ahead. He suggested isolating the three primary factors that can speed the adoption of telework, which are:

- 1) A solid business case and adequacy of funding
- 2) An understanding and adoption of the business processes and technologies that enable collaboration among distributed workers
- 3) enlightened management policies that support and facilitate, rather than restrict and impede this adoption – key factor because there tends to be the lack of management understanding and support

A simple, yet comprehensive guide to moving forward.