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**“Innovative Workplace Practices: Taking Flexibility to the Next Level”
Teleconference Transcript**

**Moderator: Frances Jefferson
February 14, 2008
2:00 pm EST**

Background: On February 14, 2008 the U.S. Department of Labor, Women’s Bureau hosted a *Flex Options* national teleconference titled, “Innovative Workplace Practices: Taking Flexibility to the Next Level.” Three of America's leading CEOs from the small business sector discussed flexibility practices within their firms. For these business leaders, flexibility is the way that business gets done. They "walk the talk," and reviewed how flexibility is giving them a competitive advantage in today's marketplace. Flexibility has been key to winning them spots on the *Inc. 500* fastest growing private company list, as well as being recognized by *Working Mother* magazine and other media entities that honor excellence in business operations and growth. Featured speakers include: Todd Flemming, President & CEO, **Infrasafe, Inc.** - Orlando, FL; Kim Keenan, President & CEO, **Shakespeare Squared** - Chicago, IL; Richard Sheridan, President & Founder, **Menlo Innovations** -- Ann Arbor, MI. **Following the outstanding presentations from these seasoned business leaders, a lively Q&A session followed.**

Coordinator (Pat): Welcome and thank you for standing by. At this time, all participants are in a listen only mode. During the question and answer session, please press “Star-One” on your touchtone phone. Today’s conference is being recorded. If you have any objections, you may disconnect at this time.

Now I will turn the meeting over to Ms. Frances Jefferson, Women’s Bureau Denver Regional Administrator. Ma’am, you may begin.

Frances Jefferson: Thank you. Welcome to this conference call—“Innovative Workplace Practices: Taking Flexibility to the Next Level.” As Pat mentioned, I am the

Flex Options co-team leader for this initiative along with Michael Williams, Economist, in Washington, DC. Michael will provide the closing remarks.

It is my pleasure to introduce two outstanding women business owners, our national service providers working with the Flex-Options initiative--Karen Kerrigan, President and CEO for Women Entrepreneurs Inc., in Washington DC., and Linda Roundtree, President Roundtree Consulting, LLC based in Renton, Washington.

Linda and Karen have done a tremendous job in planning and organizing today's conference call. At this time, I'm going to turn the call over to Karen who will introduce our speakers.

Karen Kerrigan: And let me first say to everyone that Linda Roundtree has been a tremendous partner in the Flex-Options effort as has the Department of Labor, Women's Bureau. Again, welcome to this teleconference. We are really pleased that we have three top notch CEOs from the small business sector who will be talking about flexibility practices within their firms. For these business leaders, flexibility is the way that business gets done and they are truly taking flexibility to the next level.

First, we're going to hear from Richard Sheridan, who is president of Menlo Innovations. He, along with three business partners formed the company around the passion of building great software and great software teams.

Menlo Innovations applies "high tech anthropology" -- and let me add that is a registered trademark, the phrase, "high-tech anthropology" -- to help its clients fully understand their business problems and their opportunities.

Richard has focused on improving the productivity and results of teams with which he works. His experiences as vice president of R&D at Interface Systems were captured in the book Creativity at Work by Jeff DeGraff and Katherine Lawrence of the University of Michigan Business School.

His firm has received numerous awards, as has Richard himself. He was recognized as one of the top 100 emerging business leaders of the metro Detroit region. Menlo was recently recognized as a “Winning Workplace” in *Wall Street Journal’s* top small workplaces in 2007. And I believe, Richard, you were also recently recognized on the Inc. 500 list as being one of the nation’s fastest growing private businesses as well.

So with no further adieu, it’s a real pleasure to have Richard join us today.
Richard?

Richard Sheridan: Thank you so much Karen. I’m pleased to be here today. As you mentioned, we are a software design and development firm in Ann Arbor, Michigan. I often get invited to these kind of talks because we have a very unique way of working here in this environment we call the “Menlo Software factory.”

And probably some of the most unique characteristics about our space are that there are no walls, offices, cubes, or doors. It’s one big open room. And in terms of flexibility, one of the key challenges for any technical organization is what’s often referred to as the power of knowledge problem where you have one person on your team who is that singular tower of knowledge. And you hope that they don’t buy a winning lottery ticket some day and walk out of the organization on you and leave you in the lurch.

And so we employ a very unique practice in that regard to specifically deal with that issue. And the result of that is that the business wins as well with the

individual. And let me explain to you what I mean. We practice something that some might refer to as extreme job sharing. Most people are familiar with the job sharing program where perhaps one person in the morning does a part of the job and one person in the afternoon.

Here, we have two people doing the exact same job at the exact same time. If they are two programmers, for example, they will be working on one computer all day long sharing the keyboard back and forth. This is something called extreme programming or paired programming.

And all of our team members work like this. Everybody--our project managers, our high tech anthropologist, our programmers, our quality assurance professionals and so on, works in this manner.

Now interestingly enough, this is both a productivity gain as well as a serious quality gain, because the two people keep themselves pushing forward constantly on a task. They're thinking out loud, they're discussing their thoughts and ideas while the code is being written, one person keyboarding, the other one watching what they're doing, asking questions about their thoughts as they move forward.

And then each week we pull these pairs apart and we put them back together in a different configuration. And in this way we keep knowledge racing around the team so each of the individual team members gets to learn from their teammates who are being cross trained and mentored sort of all day long for free while work is getting done and so on.

But the ultimate advantage for the people who work for our team can be shown in a couple of examples. When you escape that dependence on a tower of knowledge, as I was describing at the beginning, you actually free the

person from that prison, because eventually a tower of knowledge feels like a prison. You're the only one who knows something. You can't take vacations, you can't take a sabbatical, and you can't deal with a family emergency because the rest of the organization is so dependent on you.

But because of the way we share knowledge and there's no singular dependence. For example, Tom--one of the employees on our team--came to us after he was with us about a year, and he said, "You know, I've saved up enough money. I've got some time in my life. I'm young, I'm single, I want to go travel the world," And he left and visited Columbia for about three or four months.

Then he came back and he started working for us again and then he was with us another year and decided to visit British Columbia. We think next he's going to the District of Columbia. And so the point here is that (Tom) had that flexibility in his life to both--work and enjoy that work-life balance--and do some things while he was still young that he really wanted to do.

Another powerful example of this is Tracy. She just had a baby and she needed to be home with her young child. After a couple of months Tracy decided she wanted to come back to work, but her two month old (Maggie) was too young to go into daycare, and she came to me and asked me what she could do.

And I said, "Well just bring (Maggie) into the office." And she looked at me a little bit funny and I said, "Yes, just bring her in." And she brought her in every day for the next two and a half months. Maggie was a real popular fixture in the team room. She was embraced by the rest of the team.

Any time she started to fuss, it was a race to see who would pick her up first. I sit right out in the middle of the room with everyone else and there are pictures of me sitting at the keyboard with (Maggie) in my arms while I'm talking on the phone with a client, answering emails, and so on.

So this arrangement allows people a great deal of flexibility to come and go as their life needs require it and provides an opportunity for team members to both growth personally through the mentorship and cross training that occurs in every paring each day, as well as not feel that inordinate pressure that people feel when they are the sole dependent source of information for a particular area, particular technical team.

Karen Kerrigan: Great.

Richard Sheridan: I'll leave it there for now.

Karen Kerrigan: Okay. Well that sounds tremendous. What a great workplace you have. And no wonder you continue to get written up not only in the Detroit area but around the country as well. And in fact, I understand that a lot of what you've done in terms of your workplace model is to actually bring revenues into the firm by sharing some of the practices with other businesses.

Richard Sheridan: Yes. The majority of our revenues come from actually doing software projects for clients, but our process and our approach is so intriguing that we derive about 10% of our annual revenues from actually teaching others how our process works, including this pairing aspect.

Karen Kerrigan: Well that's phenomenal. And I'm sure some of our participants on the line will have questions about that when we get to the Q&A session, which we will have after our presenters are done.

Next, I'm pleased to introduce Kim Kleeman. She is president of Shakespeare Squared, which is a full service pre-k through 12 educational development company that specializes in state customization standards based materials and assessments.

The firm creates products for both textbook and trade book publishers. The Shakespeare team consists of 20 staff members and more than 400 free lance educators and writers with extensive education and publishing experience. Kim is passionate about making a difference in education and focuses on exceeding her client's expectations. She's a former elementary and secondary school teacher and of course, now, is a small business owner.

And the passion that she has in her business is exemplified by the recognition and honors that Shakespeare Squared has received over the years, most recently the Business Ledger's, Entrepreneurial Excellence Award, the Illinois Family Business of the Year award in 2007, another Inc. 500 fast growing company -- she made that list in 2007 -- and also she was recognized by Working Mother as a "25 Best Small Company" in 2007.

So Kim, thank you for joining us. We look forward to hearing from you.

Kim Kleeman: Thank you so much Karen, and thank you to all of your colleagues for inviting me. This is really exciting to be able to talk about some of the things that I have implemented in my company. And I'd love to share that.

I thought the first thing I would do is just explain a little bit more about what we do. My entire in-house staff is all former teachers. And we left teaching for one reason or another, but mostly it's financial or family obligations like having children.

When I left teaching -- and my husband is currently a teacher -- it was because I was pregnant with my second and then immediately pregnant with my third child. So my life needed a lot of flexibility. I couldn't afford daycare for two, let alone three children on two teacher's salaries and have a quality of life that we wanted.

So part of what I've done is based on my own needs -- my own flexibility needs. I also have a lot of talented people similar to Richard. My team is my talent and their intellectual property and their knowledge is what I must continue to churn, inspire, and think of innovative ways to keep them here and happy.

I also have almost an entire female population of staff members, and the median age is 32 years old. So I'm dealing with maternity leave, sick children, elderly care, things that are on a regular basis different challenges and opportunities for us here at Shakespeare Squared.

So some of the things that we've done are similar to what Richard talked about. We have flex hours and we offer a sabbatical, which is a new thing we're doing. Many of our policies or opportunities have come from employees who have come to us with a conundrum of sorts. (Megan), a young up and coming employee actually who was one of my former students came and interned for me and then came on staff with us. She wanted to go and be part of a program at Oxford and get her masters, but she really wanted to come back here.

We've offered a sabbatical program that is for educational or service programs for up to two years. And the benefit we offer with that is that we will continue to pay our half of insurance.

And then when they come back we will discuss what their role will be in the company. Because we're changing so quickly, we're not sure where we'll be at that point. And that seems to be something that's exciting people. We have a policy -- a form that you have to fill out for that and it has to be approved, so it has to be worthy of the sabbatical boundaries that we've established.

One of the in-house things that we have is a stress management room that is visited once a month by a masseuse. It has yoga classes led by employees. It was originally a conference room that we set up to be a place where people could go to de-stress when the deadlines get crazy. It's really wonderful. We have nice medication music and low lighting, etc.

We also have a working-parents room. Nobody actually is permanently in that office. It's a two-room office that has windows, a door, a crib, a changing table, and a refrigerator for nursing mothers. We have a full office set up in the working-parents room. Because when I started my company in 2003, I had two babies. I had to handle those conference calls to New York and dirty diapers at the same time; therefore, I had to figure out how to handle those things. And so I have extended that to my employees now.

We have children on site all day, every day, and people sign out the offices and work around each other. And having the children in our office is an absolute delight. We find no real problems with noise or interruptions. In fact, I would say that most of my employees find it a nice break to go and play with the babies. It's very de-stressing for sure.

One of the other things that we offer is customized maternity leave. So we follow many of the laws and rules, but we also leave it to be individualized. That comes from one of our editorial directors who started with me in the

company. When she got pregnant, we talked about maternity leave and how that would work. And the big thing for her was that she found out about 20 weeks in that her baby was going to have Down syndrome.

And we started to talk about all of the medical issues that the baby was going to have -- heart surgery and such-- after it was born. So we customized maternity leave for her. And when the baby was in the hospital, she was able to work remotely half days and that worked out really well. And then when the baby was coming home, she could take her maternity leave time.

And we job shared and we moved people around so that that worked out for (Susan). And she's one of the leaders in our company. As Richard talked about that tower of knowledge, she's one of those for us, so it was important.

The last thing that we have done that offers a lot of flexibility is our remote work policy. Every staff member who wants to be considered for working remotely from their home -- and that's not just email; it's an entire desktop -- is able to go into any part of their computer or our system from anywhere in the world. We offer that for management one day a week offsite. And for our other employees, we have three different levels.

Some are on site with one day that they can work from home, some are half and half, and some are full remote employees. One of those is a very treasured colleague and employee who moved to DC because her fiancée was going to be part of the FBI. We didn't want to lose her, so figured out a way to make that work for her. And that's been really great thing all around.

The last things we do is offering things like paid time off and floating holidays. That way, people can choose their own time off as long as it works

with the people that they work in conjunction with. And we let the managers make sure that their teams are always running.

And we also offer professional development dollars to further education since we are an educational company. Out of all of that, the big thing here is that all of my staff members know I really want them to follow their own path. I really want them to look at what is important in their lives, whether it's their children, whether it's that they're a playwright on the side or they act in plays, or that they take care of their parents, and they need some time for elder care. All of those needs have flexibility options.

But even more so, being creative and thinking outside of the box is a plus for us. It's different than what our clients, who are the large publishers, can't offer in terms of flexibility. So we attract and retain high talent and we offer lots of opportunities for them to have an outlet for their creativity.

So it's not just the options we give in the workplace, but it's also the options for them to be creative as well.

Karen Kerrigan: Thanks, Kim. That was fantastic. What a great presentation.

Kim Kleeman: Thank you.

Karen Kerrigan: No wonder you've been recognized for having such a great workplace. And lastly, did Todd Flemming get in on the call?

Todd Flemming: I'm here.

Karen Kerrigan: Todd, thank you so much. I know you had some problems getting in, and I apologize for that. But I'm glad that you finally got through. Let me introduce you first.

Todd Flemming is CEO of InfrSAFE. It is a firm with more than 35 years experience solving some of the world's toughest security challenges from physical (secure) design and deployments at corporate headquarters to military bases and nuclear facilities worldwide.

As the CEO, Todd directs the strategic direction of the company, including all product development, operations, and technology activities. Todd also serves as the President and CEO for Advantor Systems Corporation, which is a wholly-owned subsidiary of InfrSAFE.

In addition to running his businesses, Todd is well known in Washington policy and business leader circles. He's an active member of many leading business organizations, and he can be regularly found educating lawmakers and federal agency staff and commissions dedicated to reforming government about the impact of their proposed actions on business, and small entrepreneurial firms.

Todd, is Richard on the line as well?

Todd Flemming: Excuse me?

Karen Kerrigan: Is Richard on the line as well? Richard...

Todd Flemming: No, no. It's just me. He actually had to take his son to the hospital.

Karen Kerrigan: Oh okay. Well there you go. Flexibility in action, right?

Todd Flemming: Flexibility in action.

Karen Kerrigan: All right, great. Well Richard is Todd's COO and he was going to join him, but he did have a personal emergency. So with that, Todd, I'll turn it over to you where you can share what's happening at InfrSAFE. And thank you and again I apologize for the problems that you had (getting into) the call.

Todd Flemming: Yes. Glad to be here. I'm sorry Richard couldn't join us. He's my COO and he along with HR director really, really are the architects some of the different policies that we've put in place.

Just to give you some background, we are a securities firm. Primarily, we do business with the federal government. Our largest customer is the Department of Defense and the Air Force. And we do business for the US Army Reserves and Air Guard, and then we also do nuclear non-proliferation work for the Department of State and Department of Energy on a global basis.

So we're a relatively small company. We have fewer than 100 people and we do projects literally everywhere from Russia to the Far East. And we typically have people working all over the world at any given time. And that has been a strong part of our culture for some time.

A good bit of our employees are former government or military and they're used to working in, you know, fairly structured environments, which made it interesting as we started to introduce flex time, work at home, and some of the things like that.

I do have to say that I think that really in the last several years the technology has made it a lot easier for us to accomplish some of these things, but on the

other hand, that also sometimes makes it very, very important that, we have good face to face communication.

So we have people, many whom are project managers, deployed and working about everywhere. We have a number of different types of systems to support them in order that we can get feedback from what's going on at our different sites throughout the world. And they have a fairly flexible schedule according to how they might get the projects done.

Interestingly enough, our home office is in Orlando, Florida and about 33% of our employees work out of that area doing software and system design. Our contract office and our other folks are also in Orlando.

About a year ago, we decided to move our office to a new park that was probably a good 30 miles from our current office. And we had a number of employees who were really commuting from the other side of town. And at least one of our long-term employees said, "You know, I think I'm going to have to leave the company." And we said, "Well, you know, we'd rather you not do that. We'd rather figure out how we can make it work using both-- technology and giving you some workplace flexibility."

So we really made the distinction between two types of policies. We have a flex time policy. And because a lot of our folks are government, they like the structure. So we ask them to complete a form that basically gives us an idea of their Monday through Friday schedule of when they're going to be in and when they're going to be out. That way, we have some idea of when they're going to be in the office.

So it's not really so flexible that they can just sort of drift in and out. We do like to have some structure. But if somebody wants to come in at ten and leave

later, that's fine for the most part. Sometimes, a lot of the project workers are here quite late, but at least we have some basic structure on their flex time.

We treat both flex time and work at home as privileges. It's not a right. And we ask them to act as adults and supervise themselves. And I think one of the keys to having a real successful flex policy is hiring the right people to begin with. If you hire people that are really energetic and passionate about their work, you probably won't have to worry about your employees, otherwise, you might have to do some babysitting or other things like that.

We also, because of our move, had people who had a substantially longer commutes, so we put together a work-at-home policy. The first thing employees do is to request a work at home situation. Due to the nature of their jobs, the managers then assess whether that is going to work for the employees.

And we found that in just about any of our positions, people can work at home--in some cases, all the time. We have some of our accounting staff working at home; we have software engineers working at home, and even some of our technical support people. And that's all aided by access to our systems through our (VPNs) in addition to the IP phone network. We issue IP phones that work back into our main phone system.

And actually, while our office is in Orlando, I keep a small office just outside of the Washington area. Right now, I'm speaking to you on one of our system IP phones. They have made it a lot easier to allow people to function within the environment of our office. They're literally an extension away from the next person or an email.

But there are a lot of times when we need teams to get together. And we have a great environment for that in our new office. We have a very large common break area with televisions and a number of things that they can do during their break (areas), but also we found that that works well for facilitation for our employees as well, because they tend to - even though they may start talking about personal things, it ends up gravitating to some of the problems we're trying to solve in some of the businesses.

The interesting part is all this is done in the context of security--we have a high degree of cleared employees. We have security clearances and we operate a cleared facility; therefore all of the communications and things we do have to meet certain criteria as far as our security are concerned.

It offers interesting challenges, but we found to keep and retain the very best employees that we really have to be flexible and allow them to go on with their lives and integrate their work environment with their lives.

First of all, we have a very progressive policy for maternity leave. I have a young seven-month old that we had last July. And for our company it was very interesting, because another employee—Amy, a software engineer, had a baby born on the same day. When Amy was ready to come back to work she said, “You know, I'd really like to figure out how I can work some of my hours at home to do some of my software design. That way, I can spend some time with my child. When my husband's there, I can work on some of my software design projects.”

So we accommodated that, and it's worked very well. But part of that is the importance of hiring very, very, good talented employees that meet your work criteria--employees that can take the level of responsibility to either work through a flex time policy or work at home policy, work in another part of the

world, stay focused to get the job done, and take very good care of our customers. That's about all I have, Karen.

Karen Kerrigan: Well that's great, Todd. I'm glad you got in. We learned a lot.

Todd Flemming: Thank you so much.

Karen Kerrigan: Now we're going to move to the Q&A portion. I'd like to ask our operator to assist us with instructions on how to ask questions. Pat, are you there?

Coordinator: Yes ma'am, I certainly am.

Karen Kerrigan: And Pat is going to explain how you can get a question in.

Coordinator: Yes. Thank you. If you would like to ask a question, please press star one on your touchtone phone. To withdraw your question, press star two. Once again, to ask a question, please press star one on your touchtone phone. One moment please.

Karen Kerrigan: All right. And while those questions are coming in, let me ask Richard Sheridan a question. I know you mentioned that you do a lot in terms of teaching what you do at Menlo to other firms. Has there been, outside of the software industry or what you do uniquely there, any applications of the extreme job sharing element in other companies? Do you know of any success stories that you can share?

Richard Sheridan: What we have noticed lately is that the types of firms that are showing up for our training are now insurance firms like Nationwide Insurance or firms such as GMAC. So it's been interesting to watch what I would say a movement

towards the mainstream corporations and away from maybe the startups and so on.

Karen Kerrigan: Oh.

Richard Sheridan: I think most people that are attracted to our training are still the technical organizations within those companies; however, we do attract a number of organizational development consultants who look at what we're doing and look at us and say, "You know, nothing that you're doing has anything to do with software. It has to do with how you construct a team." And we just choose to focus our attention on how to use this approach to software.

Karen Kerrigan: Yes. Okay. Pat, have there been any questions?

Coordinator: Yes ma'am. We do have one question from Angela Heath. Your line is open.

Karen Kerrigan: Hello Angela.

Angela Heath: Hi. Great presentations. I wanted to find out from Karen - you mentioned the stress reduction center.

Karen Kerrigan: Okay, that was Kim Kleeman.

Angela Heath: Oh, I'm sorry.

Karen Kerrigan: That's okay.

Angela Heath: I wanted to find out what are the perimeters around the use of that opportunity? Are there limitations? Because I could see myself in there several times a day.

Kim Kleeman: Well that's a great question. The only perimeters we have set are that I do not go in there at all. So that way I'm never walking in on a staff member, you know, taking their meditation from a meeting where I've, you know, had to put some hard perimeters around something or what not.

We haven't. It's amazing. Again, I think all three speakers have talked a lot about professionalism and having high expectations of your staff. Our masseuse only comes once a month and they're 15 - 10 to 15 minute sessions, so that is not available all the time. And the room--when the door is closed--nobody else is allowed to go in.

So if a person goes in by themselves and just needs 20 minutes to take a look at an inspirational book or, look at the little rock garden thing in there, they may do so--whatever works for them. I would say that on average, we see maybe one or two people visit it a day. So it's not overused, but it's there and it's available. And for us, it depends on the cycle of deadlines that we're handling.

We've had some tears in those rooms and we've also had some, you know, pep talk sessions in those rooms for people. So it's a really great sort of place to go. But we haven't had overuse.

Karen Kerrigan: Oh. Does that answer it, Angela?

Angela Heath: Yes, thank you.

Karen Kerrigan: Okay, great. I think, you know, this speaks to the whole issue of the culture of flexibility that you all have developed in your firms. And we've done previous calls where we talked about the culture being a barrier. If the culture is not

there yet, when people want a flexible arrangement or ask for one, they're seen as not as committed to the organization or to the business. And that might hurt their career chances.

It seems like you all walk the talk in your firms as well. Has everyone in your firms bought into this whole concept of flexibility? Todd maybe you could start first.

Todd Flemming: Yes, I think so. We're a small firm. And interestingly enough, at least at this point, a lot of the requests come from some of our more senior people. Not that staff with less tenure have less flexible opportunities available to them, but you may be correct that some of them may say, you know, "If I'm out of sight, I'll be out of mind." And that's something I think we need to keep an eye out for.

But one of the things we try to do is focus very heavily on actual results. You know, not punching a clock, but, what kind of results are you achieving. So we've put into place a number of goal systems that really sort of trickle down to the individual that parallel the goals that support the company.

So it gives us an idea of the kind of results the person is producing. And it's sort of less about where they are and more about what they're doing. So hopefully, we can continue to drive home the culture that it's really the results that are important, not necessarily face time in the office.

Karen Kerrigan: Yes. Kim or Richard?

Kim Kleeman: Well, I can say that for me, we remain open minded. And I think that my top level management has really great relationships with everyone. Ideas are brought from all over the place. But I agree with Todd; that it's coming from

the top too. My management -- my directors and managers -- they're speaking to these needs personally for themselves, as well.

There are times when we do say no to some requests. You're creating boundaries so that people are feeling comfortable enough to ask, but knowing that, we're also not going to sway with the wind and give into every request. So it's definitely a balance.

Karen Kerrigan: Yes. Richard, did you have anything to add?

Richard Sheridan: What I've found is that our team has so bought into the approach that we take, that they become these mini-evangelists. And people are often attributing cult-like status to the way we've constructed our office. But I guess the base word of culture is cult, so that seems appropriate.

We even drill it right to the interview. We actually have a very unique interviewing technique for finding people who are comfortable working in this kind of close collaborative environment. We actually have a white paper on our website that describes our interview practice.

Karen Kerrigan: Neat! Well that'd be worth looking at. Pat, is there another question?

Coordinator: Yes ma'am. McClean Robins, your line is open.

Karen Kerrigan: Is that McClean?

McClaine Robins: Yes. Hi.

Karen Kerrigan: Hi McCleanc. How are you?

McClaine Robins: Fine, thank you. Hi to everybody. This question is for all the panelists. Have you guys seen or measured any hard dollar return on investments from your flex policies, and have you also seen the increase in people wanting to join your company because of the policies?

Karen Kerrigan: Okay, we'll start with Todd again. Todd?

Todd Flemming: I think that often that comes up. And I think there are some employees that we clearly have brought on board because we offer some flexibility in their work schedule. I don't really have any numbers at this point, but I'm very much hoping that we can stop spending -- as far as fixed costs -- in office space.

I mean, I think there's a real future in allowing--especially in a lot of our positions--people to work at home. If we can offset some of the fixed costs of just office space, that would be great.

A lot of the intangibles are really hard to measure and put a dollar figure on, but I think there probably are some positive benefits. It's just hard to quantify

Karen Kerrigan: They are. But, I guess you could measure the impact if you had a high turnover rate. And we know that replacement costs of recruiting and bringing in someone and trainings someone are just exorbitant.

Todd Flemming: Yes, we have extremely low turnover—less than 2%.

Karen Kerrigan: Right. And your firm is growing, so these are all things that you can point to. Kim, how about you?

Kim Kleeman: Well, I was going to say for me I equate it to trying to put a tangible sort of dollar amount on all different kinds of marketing. It's really difficult

sometimes to say, “Well, this specific type of marketing has brought us this much business.” But when you’re doing it all over the place, it’s hard to necessarily look at the bottom line.

I feel that for us it’s turnover. In our industry -- in development companies that are basically producing content -- there’s high turnover because there’s burnout. The deadlines are really tough for us. But I see that we have much, much lower turnover than other developing companies in our area, but also nation wide.

So for me that’s a big one. But the other part of it is similar to what Richard was saying. It’s my staff. Even when I’ve lost a staff member -- usually they’re wooed away by one of the large publishers (it hasn’t happened at ton, but it does happen) —they tell us in their exit interviews is that the hardest part is leaving the culture. Almost every single staff member I have has taken a pay cut to come and work at my company.

Karen Kerrigan: Oh. And Richard, did you have anything to add...

Richard Sheridan: Yes. You know, we just have some real hard line business advantages to the approach we take. For one, I often talk about a negative attrition rate. We do lose people every now and then to that more compelling offer. And usually within six to nine months, they’re calling us back and saying, “Please can I come back.” And we embrace that. They actually come back better people after that stint away.

And much like Kim was describing, we’re not the best payers in town. We’re in a highly competitive market that’s competing against \$5 an hour programmers in India, so we have to be very cost conscious. And that does have an impact on the bottom line here.

So by creating a better culture, we are probably one of the most attractive places to work in Ann Arbor, Michigan, which, given the high-tech nature of this town, is a very compelling story.

And the productivity gains we get are amazing. I'll just tell one small anecdote here. Keeley, joined our team from Michigan Tech University, and Menlo is the only place she's ever worked. During her first few months here, one of her friends called and said, "(Keeley), are you mad at us?" And Keeley said, "Well no. Why do you ask?" "Well you're not answering our emails, you're not answering our text messages, and you're not answering your cell phone." And Keeley said, "Well I'm working. What are you doing?" And they're like, "Oh, we're working too. We can just do this while we're working." Keeley said, "Well I can't. I'd be letting my partner down if I was doing all those activities while I was working."

Richard Sheridan: And, you know those are just real - actually very tangible impacts on productivity, on quality. You know, we've been doing software design development for seven years here, and one thing that stuns people is how our phone doesn't ring for people calling up saying the software you built for us doesn't work.

And so while I wouldn't claim that we are perfect in this, the amount of rework that we have to do after we've released a piece of software is phenomenally low because the environment we've created focuses on quality.

Karen Kerrigan: Great. McClean, that was a great question and great answers as well. Pat, is there another question?

Coordinator: Yes ma'am. Our next question comes from Claudia DePrima. Your line is open.

Karen Kerrigan: Hello, Claudia.

Claudia DePrima: Hi, can you hear me?

Karen Kerrigan: We can. Thanks for joining us.

Claudia DePrima: Oh good. I wasn't sure how to do this. I work for a utility company. I'm in the strategic planning group and we are struggling with all this experimenting with different ways of working.

One of the things we've been noticing even in facilities where people are assigned spaces is that as we have a lot more things rolling up that are fast track project work, we have lots of different cultures coming in to the building. And even just the basic work protocol.

So my question involves whether you've got people in your facility sitting or whether you've got people outside of your facility working virtually. Do you have any published works-based protocols that helped you create and sustain your culture?

Todd Flemming: Maybe I can take part of that.

Karen Kerrigan: Sure, Todd.

Todd Flemming: We actually have a higher level of reporting requirements for our work-at-home folks than we do for our other folks. They have the onus is on them to show their results. And we have some specific reporting requirements that are

probably a little bit more stringent than the reporting requirements that someone might have if they were working in the office.

Whether we keep that or not, hasn't been determined yet. We just instituted them probably in the last eight ten months, so what we'll do is spend some time analyzing whether that really makes a difference. In other words, in terms of their productivity, vis-à-vis people who are full time in the office. So that's about it at this point. It's just trying to keep tabs on what do people do and when do they work and how do they work when they work from home.

And also, as I mentioned earlier, it's a privilege and not a right, so we do deny requests. There's a specific form employees fill out for work-at-home and why they want to do it and how they think it will work and, you know, how it would benefit them and then how it will benefit the company. So we have to sort of think through it a little bit.

Karen Kerrigan: Kim or Richard, do you have anything to add.

Kim Kleeman: Sure. I can say that a lot of what Todd said is right on. When an employee fills out a remote work form it's lengthy. We ask how this is going to work, what are they going to do, and what kinds of things are they going to work out with their manager.

We really leave it from team to team or department to department for the managers to make sure. We used to have a ton more reporting and also call-ins, emails at certain times of day to make sure people were available, conference calls, things like that. We sort of calmed down on that once we realized that people are working more than we even expected them to at home. They were getting a lot more done. There was actually more productivity.

So for us, it's results based. Our projects have needs and requirements that have to get done, and if they don't get done, obviously the people didn't put in what they were supposed to. So it's very clear for us, but we started very tight and then sort of loosened that up.

Karen Kerrigan: Is this getting to your question, Claudia?

Claudia DePrima: It isn't. And I probably should have asked it slightly differently. Does anyone have any published information that describes how to establish this culture?

Karen Kerrigan: Yes.

Claudia DePrima: This is so different from what many employees experience in their offices.

Karen Kerrigan: Right.

Claudia DePrima: Everything from how to use your stress-free room, kind of the rules of engagement for conference rooms, talking on the phone, how to engage with your colleagues -- I mean anything you guys have published that kind of shares and documents this culture that you've created that's so different from many other companies?

Karen Kerrigan: Richard, maybe you have a response. Claudia, I don't know if you've been to the Flex Options Web site or not and maybe toiled around on that site.

(Claudia DePrima): No, I haven't. I had just been invited to this teleconference.

Karen Kerrigan: Oh. Well great. If you go to we-inc.org--and this is for everyone's benefit too, because this conference call--the transcripts will be provided on the Web site as well as previous conference calls that we have done in terms of addressing

this issue of how to build this whole culture of flexibility. Just click on the “Flex-Options for Women” icon in the upper right hand corner of the We-Inc home page and that will take you into the Flex-Options website.

There are a range of different resources listed there. I would encourage you to go to the previous teleconferences that we've had on this issue where experts discussed the issue of building a culture of flexibility.

We have also published a Flex-Options “How-To” guidebook which has best practices in terms of creating, improving and enhancing workplace flexibility. And I think that will have some information that may help you. Linda Roundtree, my partner in this project, am I leaving out anything or can you perhaps suggest resources?

Linda Roundtree: No, I think that's great, Karen. There are a couple other resources that I think are really helpful when you're looking for these kinds of tools. The Alliance for Work-Life Progress has information on their website. And that's free and downloadable. And that Web site is www.awlp.org.

Another really great resource is the Sloan Work and Family Research Network. And it is a database of all kinds of work environment tools resources, data, surveys, reports, curriculum for training even. And that site is -- there's not a www before it -- it's just wfnetwork.bc.edu. Karen, can we put these on the we-inc Web site?

Karen Kerrigan: Absolutely. That would be a good follow up to this. We could to that immediately. Claudia, I think that gives you several places where you can go and download some great material. And I didn't want to leave Richard out if he had any suggestions.

Richard Sheridan: One of the things I mentioned about our company -- that we offer classes in our processes. And one of the things we actually require of the people who work for us is that each of them attends these classes. We actually have one day, three day, and five day versions of our classes that all of our team members have gone through.

And that is just one way we specifically reinforce and teach people who are coming into our organization how we work, why we work the way we do, what the rules of engagement are, and so on.

We also look to a lot of books, you know, external to our organization -- things like Patrick Lencioni's "Five Dysfunctions of the Team" about building trust between various team members and so on. And we'll often conduct "lunch and learns" around those books and have members of our team present on the concepts in those books and how they apply. So there's a constant sort of reinforcement going on that starts at the pairs, works out to the team, leads to the formal classes, and so on.

Karen Kerrigan: Okay. How does that help, Claudia?

Claudia DePrima: That helps a lot. I just want to clarify one thing -- so the website is W E...

Karen Kerrigan: Dash.

Claudia DePrima: ...dash inc.org. (we-inc.org)

Karen Kerrigan: Right. And then you'll see the big Flex-Options logo there and you click right on that and that has a lot of good stuff. Or you can also send me an email -- kkerrigan -- K-K-E-R-R-I-G-A-N -- at we-inc.org and I can point you to the right place. Okay?

Claudia DePrima: Okay, great. Thank you.

Karen Kerrigan: All right. Do we have another question, (Pat)?

Coordinator: Yes ma'am.

Karen Kerrigan: Okay.

Coordinator: Vicki Radke, your line is open.

Karen Kerrigan: Hello, Vicki.

Vicki Radke: Good morning.

Karen Kerrigan: How are you?

Vicki Radke: It's afternoon now.

Karen Kerrigan: Yes, that's fine.

Vicki Radke: Thank you. I really enjoy hearing the comments. I'm the first remote person to work from our institute, and actually, I find it really productive because it's quiet. The phones aren't ringing and people aren't coming in and out of my office. But my primary method of staying in touch has been by email, and I find a lot of people don't read my emails. Do any of the speakers have any thoughts on how I may strengthen my communications with workers in the office?

Karen Kerrigan: Thank-you, Vicki. Let's ask our business owners to comment on tips that can make you feel more a part of the organization and then ways that you can communicate. I'll throw it out to anyone. Todd, do you want to start perhaps?

Todd Flemming: Well, a couple things come to mind. Whether it's remote work or someone interoffice, we emphasize that they try to communicate in a number of ways. Email is a great thing, but also an unfortunate thing, because a lot of times some people respond well to email and can communicate well via email. Other people don't either respond well or don't communicate well to email.

So we make sure that our permanent workers are in the office from time to time, and, you know, that they basically have some face time with some of the people they're working with so they remember that they're not on an island.

Vicki Radke: Oh yes, I do that. I go into the office twice a month.

Todd Flemming: Yes. So you come in for a few days. Sometimes, just pick up of the phone and talk to some of the people as well. It's a combination of things, but we try to emphasize that different people respond differently to different forms of communication. A key to staying in touch is finding out what form of communication each of your co-workers is most receptive to.

(Vicki Radke): Thank you.

Karen Kerrigan: Kim?

Kim Kleeman: We faced this problem in the beginning when we had one or two employees working remotely. Because we've been growing so fast anyway, I've heard, "I don't know what that person does," or "Boy, I wonder," you know, "what do they do all day?" This is what we've done. We have presentations at our

weekly staff meetings. That way, remote and on-site employees are in a weekly staff meeting. We ask somebody who's remote or somebody on-site to talk about what they do day-to-day so that people can understand what their job encompasses and where they could work with them better. So we've utilized that opportunity.

We also have a company calendar that lists who's working remotely and when their lunch breaks are. That way, if a remote worker is at lunch from 12 to 1 pm, on-site workers know when the remote worker won't be available. And with using conference calls, people are mandated to be available at these times. After a while, remote employees became more a part of our culture, and the communications issue sort of calmed down a bit. But it's by sharing information of what you're doing day-to-day.

Karen Kerrigan: Yes. And Richard.

Richard Sheridan: Well, you know, we're counter culture in this regard. We actually require all of our team to be in the room all day long. So we don't offer a telecommuting option.

Karen Kerrigan: That's true.

Richard Sheridan: But there's probably one other unique aspect that goes along with this. We only work a 40 hour workweek here. Our team is never in on the weekends. If we need to do more work, we add more people to the team. We actually get more done, which is counterintuitive to our industry.

But so our team actually enjoys a - sort of a normal workday work week perhaps unprecedented in the software industry.

Karen Kerrigan: That's right. Let me ask Fran Jefferson, our leader -- Fran, we're getting closer if not past the three o'clock hour. Should we close it up, or should we take another question?

Frances Jefferson I think you can take a couple more. We started about five/six minutes late.

Karen Kerrigan: All right. Well let's see if Pat has some for us. Pat?

Karen Kerrigan: Yes ma'am. We have another one -- Faye Radding, your line is open.

Faye Radding: Oh yes, hi. Thank you so much.

Karen Kerrigan: Hello, Faye.

Faye Radding: Yes, hi. It's been wonderful. I'm afraid this question will be posted of course on your website as you mentioned, but I was wondering if Kim could say more about the options for other creative outlets. I kind of missed that part.

Kim Kleeman: Sure. This is what started us to offer more options. Much of our work is for the large publishers -- McGraw Hill, Pearson. And after a while, that work is fairly common. We know what we're going to be doing. And even though it's customized, fifth grade reading is fifth grade reading.

So I started to see that the creativity was kind of going down. People were starting to feel a bit bored. So I started a committee to come up with ideas that we could either pitch to our clients or ideas that we could start to investigate on our own. We would do a one-hour once a month meeting, and I cannot tell you the excitement and the creativity and the energy that came out of just that simple meeting--collaborating and brainstorming that didn't have to do with

the projects we were working on. People then went back to their workstations and created innovative and wonderful things for our clients.

So in 2007, I created a second and third company. One of them is called Upgrade Education. It's a publisher, and we're starting to create tools for the industry where we see problems within the industry -- training, readability and leveling tools for companies like ours.

The other thing is that we created a foundation in which we were providing literacy and also student teaching scholarships for student teachers. In all, education is a passion for us, so people joined committees to be part of those two companies until they got off the ground. And those are both taking off and in separate space and all kinds of things starting in 2008.

So really, I allowed for creative outlets just by giving people an hour a month to talk about ideas. And lots of wonderful things have come out of that.

Karen Kerrigan: Great.

Faye Radding: Thank you.

Karen Kerrigan: Let's see. Pat, do we have one more question that we can grab?

Coordinator: I believe - yes we do.

Karen Kerrigan: Okay. Well this is going to be our last question.

Coordinator: Okay. Thank you. That comes from Connie English. Your line is open.

Karen Kerrigan: Hello, Connie. Connie?

Coordinator: Miss English, your line is open. Please check your mute button.

Karen Kerrigan: Connie? Connie is missing the opportunity of a lifetime. Connie, are you there?

Coordinator: Connie, your line is open. Please check your mute button or pick up the handset.

Karen Kerrigan: Is there another question beyond Connie?

Coordinator: One second. I don't believe there are any further. No, there are none further.

Karen Kerrigan: Okay. Well let me just ask this final question. Todd, one of the things that you had mentioned was that at your firm, the concept of flexibility is included in your interview process for new hires. And I thought that was really neat when you said that.

Do you have any formal or any type of vetting process that you use in terms of what type of questions you ask people when you go about this hiring for flexibility?

Todd Flemming: Well, first of all we like to hire people that are highly accountable. Our interview process is a team. Our managers have the final say, and our interviewing process is pretty rigorous. In addition to that, there are both individual and group interviews with the team that they will be working with.

Karen Kerrigan: Oh.

Todd Flemming: And a lot of the emphasis is on is this a good and accountable person.

In addition to that, because of the business we're in, anybody that we hire has to be capable of getting a security clearance. So there are some things that we do just to make sure that we've got somebody who is highly accountable and operates with a very, very high level of integrity.

And so we're hoping that anybody we hire could (A) get a security clearance, (B) be somebody who could continually work in one of our sites unsupervised, and (C) work at home unsupervised or work in our office in a team environment

Karen Kerrigan: Oh.

Todd Flemming We don't always bat 100%, but, we hope to do the best we can do to hire people like that. And our team is very, very involved in selecting people. So that helps also integrate them in our culture. We don't hire somebody who really just comes in and is just counter to the culture that we have in our company.

Karen Kerrigan: Very good. And any last words of wisdom from Kim or Richard? These presentations have been terrific and the questions have been great. And I'm sure everyone has gotten a lot out of this teleconference. But any last thoughts from Kim or Richard? Kim, you want to go first?

Kim Kleeman: Sure. I would just really promote the opportunities that we have. I see a lot of working mothers specifically leaving high powered jobs looking for something more. I also know there's a lot of other working parents or single people looking for these opportunities. I really feel like that next generation up that's graduating now is going to be specifically looking for this flexibility. And it's a great time to institute some of these practices.

Karen Kerrigan: Great. And Richard?

Richard Sheridan: I think what we've discovered is that there is a segment of the workforce that truly needs flexibility and one way to characterize it are those moms that have left the workforce and are yearning to reenter. That's often a highly ignored part of the workforce--a very powerful part of the workforce. If companies learn how to mine that segment of the workforce, for example, they could get some very loyal and hardworking employees who really appreciate the fact that you are able to accommodate their needs. And they return that favor a dozen times over.

Karen Kerrigan: And those are great last words from all of you. Let me thank Todd, Richard, and Kim. It's been a fantastic panel. And with that, I'm going to turn it over to Fran. But remember to check back on the Flex-Options Web site. It's www.we-inc.org. We'll have a transcript of this teleconference soon, and we'll be promoting the next event that will be coming up. So with that, Fran, let me turn it back to you.

Frances Jefferson: And I'm going to give it to Michael for our closing.

Karen Kerrigan: Okay. Mike?

Michael Williams: Okay. I'm still here. Sorry. I had my mute button on. Okay, I'll take the baton from here.

Karen Kerrigan: Okay.

Michael Williams: Well, I'd just like to thank all the speakers for participating today. I'd like to say that these three companies are probably miles ahead of some other

companies in terms of implementing workplace flexibility. They've got to be on the forefront with some of the things that they're doing.

Once again, the speakers have been great. Todd, Kim, Richard, we really appreciate you all coming on and sharing what you do at your companies. I'd personally like to thank Linda Roundtree and Karen Kerrigan, who are our national contractors on the Flex Options project and the audience. I know we had a few glitches in signing up today for the conference call, so I really appreciate of all the people who were able to get on today.

This was our first Flex-Options call for 2008, and our next call is scheduled for April 17 of this year, and after that, the next call will be June 12. So you may want to write those dates down. I'll give you those dates again -- April 17 and June 12. So, I really like to thank everybody for participating today. I hope you have a pleasant afternoon. And this concludes our conference call. Thank you once again. Bye-bye.

END

The information included and the opinions expressed in the teleconference transcript do not necessarily reflect the positions of the U.S. Department of Labor, and no official endorsements by the agency should be inferred.