

Time As The New Currency

Why an Increasing Number of Companies are Finding
Career Sabbatical Strategies to be Worthy Investments

“It’s the biggest training platform we have.”
-Tamara Markham, Hotel Equities

Overview

It seems counter-intuitive that an employer program of sending talent away from work would benefit a company. Yet, increasingly, businesses small and large are offering career sabbaticals and reaping benefits far beyond the rejuvenation of individual workers.

What may look like only a clever perk for tenure can bring substantial business impacts such as a strengthened employer brand, a revitalized workforce, increased engagement, and a powerful boost to the attraction, retention and development of top talent. Sabbaticals benefit not only those who go away but also those left behind doing the work and the organization as a whole. Indeed, the biggest impacts of a sabbatical initiative are often realized through the work coverage process.

In this white paper, you’ll learn:

- What defines a “career” or “business” sabbatical and how it’s being redefined;
- Business impacts of sabbatical programs;
- Why a sabbatical strategy makes sense, even in a bad economy;
- Innovative sabbatical models;
- The four critical elements to a sabbatical program’s success; and
- Some of the breakdowns of sabbatical programs.

Sabbaticals Defined . . . And Redefined

Historically associated with academia, sabbaticals were first adopted by private employers in the 1960s, with fast-food giant McDonald’s Corp., computer chip maker Intel Corp., and some U.S. law firms among the trailblazers.

“Career sabbaticals” or “business sabbaticals” are **planned, strategic job pauses** during which an employee takes time to travel, do research, volunteer, learn a new skill, or fulfill a lifelong dream before returning to regular work. The difference between simply taking time off versus engaging in a robust “career sabbatical” is the focus on “intent with purpose.” A true sabbatical experience results in positive professional and personal outcomes, from increased creativity and higher commitment (performance) to improved well-being and a deeper satisfaction in balancing work and life.

Sabbaticals can be paid or unpaid. They typically last from four to ten weeks. The most successful sabbatical programs involve measurable objectives that enable the employee to grow in a key area that can benefit the company upon his or her return. Eligibility, restrictions, and benefits vary.

Because they reflect a company’s unique goals and culture, sabbatical programs are as varied as the organizations that offer them. The majority of programs allow unrestricted time away, meaning that eligible employees or partners can do

anything they desire—from painting the house to traveling abroad. Many sabbatical-goers choose to travel, either alone or with their families, but others use the time to accomplish a professional goal, such as enrolling in an executive education course or fulfilling a family need or personal priority, such as being a stay-at-home parent for a time or volunteering for a global non-profit.

While eligibility requirements, structured resources, and financial elements (paid, partially-paid, or unpaid time off) for sabbatical programs fall across a spectrum, all career sabbaticals have these three things in common:

- The time away is planned (as opposed to a sudden need for a personal leave due, for example, to a family death);
- The leave is extended, generally at least four weeks, with some companies offering up to three months; and
- The employee is expected to return (hopefully greatly reinvigorated) after the break.

Business Impacts of Sabbatical Programs

Although the majority of companies that have sabbatical programs initiated them largely to attract and retain talent, many report these other benefits that, often, came as a surprise:

Talent is measured and leaders are developed. “It allows you to see and measure the additional leadership behind the person (who goes on sabbatical) and to strengthen any holes,” says Reznick Group PC’s CEO Ken Baggett, CPA. “When someone goes away, we’re able to assess what is needed – or not needed – in their group.”

Succession planning occurs. Every time someone leaves on sabbatical, developing leaders have an opportunity to stretch and grow. “It allows our younger managers to take over some of our key accounts and prove that they can handle it,” says one company leader.

“Because of the sabbatical, I’m more motivated in my job . . . more patient and understanding.”
– Chris Darrow, Arrow Electronics

Cultures of collaboration and trust are built. If the company has a strong work coverage process, then a team approach develops while an individual is away on sabbatical and continues after he/she returns, as well.

Opportunities to live the values emerge. Whether it’s “colleague partnering,” “giving back to the community”, or “work/life balance”, sabbatical programs are opportunities for companies to walk the talk. One of Plante & Moran’s three stated objectives for its sabbatical program is “leading by example”; by going on sabbatical, partners foster a healthy awareness of the ability to promote both a strong work ethic and a more gratifying personal balance within a Plante & Moran career.

Customers actually love it. People like to buy from companies that nurture their employees in such a unique, holistic way. One Plante & Moran partner, Jerry Gumbleton, recalls the firm’s sabbatical program being one of the reasons the firm won over a big client. “We were selected in a proposal situation, and one of the reasons mentioned was that they wanted to work with a firm that has such progressive policies as our sabbatical program and our team partner concept,” Gumbleton says.

A company’s brand is strengthened. A sabbatical program can be a strong indicator that a company is a great place to work, and a company’s employer brand is critical to attracting and keeping talent. Research shows that

nearly 90% of both Baby Boomers and Gen Y workers put a premium on flexible work arrangements, even choosing employers based on their flex offerings.¹

A boost for employee engagement. A company's career sabbatical program is an example of the integration of personal goals (desire for time away from work) and corporate sustainability. Highly engaged employees outperform their disengaged colleagues by 20% to 28%.² In addition, there is stockholder value. The financial performance of companies on *Fortune's* list of "100 Best Companies to Work For" have two to three times the stock value compared to companies not on the list. The relationship holds across two stock market indices: S&P 500 & Russell 2000.³

The degree to which a company benefits from a career sabbatical strategy depends in large part on the program's design. Sabbatical offerings are more varied than you might imagine, and we'll present some of the more innovative models later in this document.

Solid anecdotal evidence suggests that employees experience a significant increase in loyalty after a sabbatical experience and acquire a firm resistance to leaving a company when a sabbatical program is in place. When employees return from sabbatical, they're typically more committed than ever; they've had the opportunity to recharge and do something they feel important, and they show great appreciation to their company.

An in-house study at consulting giant Accenture found that 70% of employees indicated it was likely or highly probable that they would leave the company if they didn't have workplace flexibility. In 2006, this represented 5,401 individuals or a savings of \$648 million in potential replacement costs. Data like this prompted the creation of Accenture's "Future Leave" offering – a self-funded sabbatical program.

In the technology, legal, and accounting sectors, sabbaticals are not uncommon. Intel, American Express, FedEx, Nike, REI, and Timberland are among the companies that offer sabbaticals for employees. See the **Workplaces for Sabbaticals** list on the yourSABBATICAL.com website for 100+ more companies (<http://yoursabbatical.com/learn/workplaces-for-sabbaticals/>).

Small companies offer them, too. NRG Seattle, an insurance agency with 17 employees, has offered paid sabbaticals for more than a decade. Standing Partnership, a St. Louis, Missouri-based public relations firm with 26 employees, offers a two-month paid sabbatical to employees with seven years of service. Says the company's CEO, Catherine Dunkin: "It's one of the greatest retention tools we have."

"It's one of the greatest retention tools we have."
– Cathy Dunkin, CEO of Standing Partnership

AppRiver, a 100-employee email security solutions company on *Inc.* magazine's list of "The Fastest Growing Private Companies in America", launched its career sabbatical program in 2008. Its program has provided benefits far beyond the company's original objectives of strengthening its employer brand and rewarding its loyal employees; AppRiver's leaders also report a substantial increase in organizational agility and talent development through the work coverage process.

¹ "Three Ways to Fish in the Global Talent Pool," by Sylvia Ann Hewlett, founding president of the Center for Work-Life Policy and a Harvard Business Review blogger. See http://blogs.hbr.org/hbr/hewlett/2009/12/tips_for_grabbing_for_great_gl.html.

² *Strategy for Sustainability: A Business Manifesto*. By Adam Werbach. Harvard Business Press, 2009.

³ Great Places to Work Institute and the Russell Investment Group. http://www.greatplacetowork.com/what_we_believe/graphs.php.

“The high-tech arena is one of the areas where we are seeing the most growth in sabbatical programs,” said Kristin Accipiter of the Society for Human Resources Professionals. “The concept has been around for a long time, but it’s just crept its way into mainstream employment benefits in the last few decades.”

The Economy Brings New Realities, New Imperatives

As companies grapple with strained budgets, tight credit, waning demand for products, and the need for layoffs, a focus on flexible work arrangements could seem out of sync with good business sense.

General Mills and Deloitte rolled out sabbaticals in the midst of the economic recession. Why? Now is perhaps the most critical time to consider cost-effective programs to keep employees engaged, motivated, energized and committed.

Even in a roiling economy, the well-documented reasons people stay in a company remain the same:

- Salary/pay
- Job security
- Benefits
- Ability to balance work with personal life
- Advancement opportunity

While raises and a bonus may not be possible, responding to the need of making work fit into life is. *Time is the new currency*. Studies confirm that employees in flexible workplaces are more satisfied and engaged on the job.

Today’s workers say they’d be willing to give up 21% of their work hours **and salary** to achieve more balance – nearly double the amount they were willing to sacrifice just seven years ago. The desire for greater balance and harmony between work and one’s personal life comprises the first of the six shifts in what today’s workers want. More than any of the other shifts, this one cuts across all demographic differences.⁴

Here are five more reasons sabbatical initiatives make sense in a down economy:

1. **Circumvent layoffs** - As a short-term strategy, sabbaticals provide a means for companies to keep their talent and

Sabbatical Facts & Quotes

“Diversifying employees’ exposure to the whole enterprise (while they cover the work of someone on sabbatical) is the reward. We identify high potentials and invest in them ... sabbaticals have to be a key element of that.”
– David Meek, CFO, AstenJohnson

“Sabbaticals are proving to be a strong incentive for many top performers looking for workplace flexibility. For these top performers, sabbaticals can create a sense of company loyalty and commitment”
- Andrew E. Carr and Thomas Li-Ping Tang, professors of management, Middle Tennessee State University

Sabbaticals were described as a “sleeping giant” in a January 2009 article of The New York Times.

61% of 30,000 Accenture employees indicated sabbaticals as one of top-5 most-favored options for work-life balance.

Harvard Business Review included sabbaticals in its “Annual List of Breakthrough Ideas” and described sabbaticals as an idea “in the state of becoming”.

Sabbaticals appeals to all generations, both genders, single workers and families.

A 5-year study of people in academia who took sabbaticals found that those individuals experienced an 85% increase in productivity and a 68% increase in performance (Miller and Kang).

⁴ *Values Shift: The New Work Ethic & What it Means for Business*. By John Izzo, PhD, and Pam Withers. Prentice-Hall, 2000.

save money now.

2. **Preserve and protect human capital** - In a knowledge economy, companies that take the focus off of programs that motivate, engage and nourish their work force are risking long-term negative effects on business success.
3. **Nurture innovation** - The right talent is needed to generate innovative ideas. A career sabbatical equates to rejuvenation - a critical component for the creativity needed to innovate. Typical "flex" programs don't solve the problem of truly reinvigorating talent.
4. **Become a talent magnet** - Even in a weak economy, businesses compete for talent. Keep in mind what economists call "adverse selection", where the least productive workers are the ones who are most likely to stay when wages are cut while the best workers start looking elsewhere.
5. **Increase loyalty** - Sabbaticals give a big boost to loyalty. How companies treat their human capital in tough times will reflect the amount of "good will" that is returned to them by their employees under the guise of loyalty.

Innovative Sabbatical Models

The sabbatical program is one of the most malleable offerings in the workplace flexibility repertoire. Tremendous opportunities exist for every company, regardless of size and financial commitment, to design a unique program to fit its needs, culture, and values.

The following five program models are by no means exhaustive of the design possibilities but are rather meant to offer insight into the versatility of the sabbatical concept in an organization:

- 1) **Linked to Company Values.** Sabbatical programs that are linked to an organization's values may require a sabbatical-goer to participate in certain activities during their leave, such as volunteer work or executive development. An example is Patagonia, which requires sabbatical participants to volunteer for an environmental non-profit.
- 2) **Self-Funded (or Unpaid).** It is hard to argue with a successful sabbatical model that has employees paying their way. Accenture was the first to roll out a self-funded sabbatical program, offering all employees with at least one year of service up to three months of unpaid leave. Not long after, however, Accenture removed the "self-funded" aspect (the savings program) and the program became an unpaid sabbatical leave. Companies may find that the savings program is a chore to manage.
- 3) **Aligning with Company Objectives.** Sabbatical programs can be designed to enhance and/or strengthen business objectives such as leader development, career growth, succession planning, strengthening client relations, etc. For example, a company may wish to only offer sabbaticals to high-potential contributors and require that part of the time be spent in a global management course.
- 4) **Multiple Program Design.** Offering more than sabbatical program, each with unique objectives, is an increasing trend. General Mills, for example, recently rolled out two. One is a personal (unrestricted), unpaid

“One of the outputs of our sabbatical program is that it allows other people to take on roles and learning opportunities through covering someone else’s work while that person is away.”
– Susie Rawlings, Senior Benefits Consultant, American Century Investments

sabbatical whereby after seven years of service, employees who have at least a “satisfactory” performance rating can apply to take an unpaid leave of 4-12 weeks to go and do whatever they need or desire to do. And the second is and “innovation sabbatical”, whereby after seven years of service, high potentials and/or high performing employees may apply to take a paid leave of up to six months to go and do something (i.e. research) that allows them to bring new ideas and innovation back to the organization. Deloitte also has two programs – a personal sabbatical and one focused on either career development or volunteer work.

- 5) **Application/Selection Process.** Another way to adapt the sabbatical concept is to limit the number of sabbaticals available and require that employees apply and be selected. A company of any size can have a successful sabbatical program by determining the number of sabbaticals it can support each year, setting clear goals and structuring a transparent, fair application process.

Leveraging the Work Coverage Process

David Meek, former CFO of AstenJohnson, one of the largest suppliers in the paper industry, was asked to take a sabbatical that included a six-week global management course with IMD in Switzerland. He was adamantly opposed to taking the time off and did not see how the company’s investment in his sabbatical would have any tangible benefit. But Meek went anyway, and he found himself “out of his comfort zone” – he was the only North American in a class of 70 people at IMD.

Meek returned to AstenJohnson with a new determination to let his people take risks, instead of protecting them. And now, when asked about the benefits of sabbatical programs, he says: “Of the return on the sabbatical dollar, about 20% is the learning and development of the individual leader who goes off. The other 80% of the return is how other people learn and develop while you’re not there – who steps up.”

When companies focus on sabbatical initiatives with a strong work coverage process, they develop talent and increase the bench strength of their organization, increasing agility, collaboration and knowledge sharing. In short, they make their company stronger.

While planning for their jobs to be covered, the sabbatical-goers may work alone, with their leader and/or with their team. In some cases - in small companies, for example - the entire organization is involved.

How the work coverage aspect of a sabbatical program is designed is based on the answer to this question: *Do we simply want the work covered or do we want to use this opportunity to enable people to learn new skills that provide career growth?*

Here are various work coverage design possibilities to consider:

- A support manual to help sabbatical-goers break down their work into tasks and identify those that are developmental to others and can perhaps be permanently delegated, allowing employees to grow in their careers. This manual could be integrated with a company’s succession planning initiative.
- A “bidding” or application process for work coverage opportunities. This is done at Intel, for example; sabbatical-goers post their work needs and “doing coverage work” is thought to be a career stepping stone at the technology company.
- Ensuring that informal (through structured dialogues) or formal (through performance reviews or surveys) feedback is given to work coverage team members, so that development and learning are emphasized.

- A process for determining sabbatical-goers' re-entry plans so that their return to work is seamless. With a re-entry plan in place prior to leaving on sabbatical, sabbatical-goers and their teams have a vastly more efficient return to work and get up to speed more quickly.

Anyone touched by another's sabbatical will expand their networks and broaden their tool kit of expertise. The disadvantages are small in comparison to the larger, positive organizational impact. Work coverage planning will minimize any negative impact of the issues.

Here are some of the benefits reported by sabbatical participants at companies that offer them:

Co-workers gained insights into my job scope and appreciated me more when I returned.

Direct reports took over a portion of my work and really soared (building their self-esteem, skill level, and surprising even me).

The firm became less siloed and more agile as work was shared.

Someone discovered a way to enhance a part of my job so that my efficiency was increased for the future.

Clients were impressed that our firm is characterized by trust, collaboration and a genuine commitment to employee development.

Four Critical Elements That Determine a Sabbatical Strategy's Success

Companies considering instituting a sabbatical program can avoid obstacles to success by ensuring they have these four critical elements:

- 1) **Unambiguous objectives.** Is the objective to re-energize employees, encourage colleagues to partner and delegate, attract and retain younger-generation talent, provide developmental opportunities, or improve a company's culture and morale? Define the sabbatical strategy's objectives; they drive every aspect of the program.
- 2) **Top management support.** Adding a sabbatical program to a company's offerings can impact its culture, yet long-lasting, positive culture changes only occur from the top down. If people perceive a career sabbatical as career suicide, they will not go, and the program will falter.
- 3) **A well-crafted policy.** Perhaps more important than the actual document that emerges is the thinking through of the process of a sabbatical program and how it can benefit a company and its top talent. Every business has the opportunity to create a design that is unique to their culture.
- 4) **Structured support and clearly defined communications.** The processes of a program must be in place in order for actions such as leader-follower dialogue, sabbatical planning, work coverage, and sharing of successes to actually occur and to result in positive outcomes.

Proper design of a sabbatical strategy and a well-planned pilot process are critical to success. We know of **30 potential breakdowns** in a sabbatical program. Here are eight:

- 1) The company sets no or low expectations for sabbatical-goers.
- 2) The work coverage process lacks emphasis on developing talent.
- 3) Sabbatical outcomes are not tied to benefits for the company.

- 4) The organization does not leverage the excitement, motivation, and morale boost inherent in sabbatical experiences to rejuvenate the entire workforce.
- 5) The sabbatical is not clearly defined and is perceived as a career stepping stone; it becomes “vacation mentality”.
- 6) There is a lack of excitement, support, and participation among senior management.
- 7) Sabbatical success stories are not leveraged - internally and externally.
- 8) A process of “structured collaboration” is missing.

Conclusion

Sabbatical programs should be initiated with careful thought, as they involve considerable planning, teamwork, and coordination. A company’s sabbatical strategy can be seamlessly integrated with other initiatives and result in benefits of career and skill development, rejuvenation, engagement and loyalty, while building a strong employer brand that attracts top talent in a competitive and ever-changing business environment. Best of all, a company that offers sabbaticals will be recognized as one of the trailblazers for taking a holistic, innovative approach to managing top talent, offering them new ways of working . . . and living.

About The Authors

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Barbara has more than 25 years’ experience in leadership development and helps organizations worldwide to capitalize on the bottom line benefits of transparency that builds credibility. She is co-author of the groundbreaking book, *THE TRANSPARENCY EDGE: How Credibility Can Make or Break You in Business* (McGraw-Hill, ©2004). Barbara is an adjunct faculty member of the Leadership Institute of Baptist Health Care, which provides leadership training to CEOs and senior vice presidents of healthcare organizations worldwide. A recognized and sought-after presenter, her success with global audiences and teams has yielded measurable benefits for organizations.

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Elizabeth co-wrote *THE TRANSPARENCY EDGE: How Credibility Can Make or Break You in Business* (McGraw-Hill, ©2004) with her mother, Barbara Pagano. Chosen by *Fast Company* magazine as a “Book of the Month,” *THE TRANSPARENCY EDGE* has been translated into four languages, including Spanish and Chinese, and hit #7 on Barnes & Noble’s list of bestselling business ethics books. Articles by and about Elizabeth have appeared in a wide array of business publications, including *The Chicago Tribune*, *The New York Times*, *Investor’s Business Daily*, *Consulting to Management*, and *American Executive*. Elizabeth is an adjunct organizational consultant with Right Management, one of the world’s largest leadership development firms. She coaches mid-level to C-suite executives in a variety of industries.

yourSABBATICAL.com partners with businesses to implement customized sabbatical programs that attract, retain, and accelerate top talent through personal and professional enrichment. In 2009, yourSABBATICAL.com was recognized with a “Moving into the Future” award from The Conference Board for its leadership and innovation in responding to the changing needs of the workforce, workplace, and community in ways that yield positive impacts for multiple stakeholders. Since its inception, yourSABBATICAL has re-searched companies that offer sabbaticals to their employees and maintained its **Workplaces for Sabbaticals** list. This exclusive resource helps career-minded individuals choose positions with today’s savviest employers. It also helps business leaders keep tabs on their most forward-thinking competitors. In 2010, yourSABBATICAL.com will launch its annual “Best Workplaces for Sabbaticals” awards.

