

White Paper published by the Society of Human Resource Managers (SHRM) in February 2007.

Considerations in Changing the Work Schedules of Non-Exempt Employees

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Organizations change the work schedules of their non-exempt employees for a variety of reasons:

- Change the hours / days of operation to match the demand for their products or services.
- Fix problems such as high absenteeism, hiring / retention issues, or excessive overtime.
- Improve efficiency (e.g., lean manufacturing) or lower the operating costs.
- Respond to employee requests for change or complaints about the current schedule.

Responsibility for gathering relevant information, identifying alternative schedule options, and implementing the new schedule is often given to the Human Resources (HR) manager. Since information on the subject is surprisingly scarce, this responsibility can be quite a challenge. It's not something you do every day. Few people have the expertise to design a schedule for a group that works more than five days a week or more than one shift a day. Once you realize that schedule design is not the only step in changing schedules, nor the most difficult, you easily can be overwhelmed.

Despite the difficulty, this is a great opportunity for HR managers to orchestrate a significant change in the organization. As an HR manager, you are uniquely qualified to do this. You tend to have a broader perspective than line functions such as production or maintenance. You have more experience communicating with employees. Your on-going role as company steward has trained you to protect organizational interests while addressing employee concerns.

It is essential that you understand what is involved in changing work schedules. This paper provides a broad overview that will help you get started. Although every situation will have its own unique issues, as long as you address the following six considerations you will have a much better chance of reaching a successful outcome:

- Change process
- Coverage requirements
- Available resources
- Schedule constraints

- Employee preferences
- Company policies

Change Process

In today's tight labor market, organizations simply can't afford to lose employees. Changing work schedules is an easy way to alienate the workforce and increase turnover. To ensure widespread support for the change, you need to have a plan for involving the key stakeholders and keeping them informed throughout the entire change process.

That sounds simple enough, but it's actually the most difficult part of changing schedules. People are resistant to any kind of change. When it comes to work schedules, even a minor change can make a significant difference in employees' lives. For example, changing the time that the work starts by 15 minutes may seem trivial, but it can have serious repercussions for people who commute in a carpool or use public transportation, parents with daycare requirements, and individuals with hundreds of other personal commitments built around their work schedules.

Key elements of the change process include:

- **Prepare a clear business case.** What are the reasons for the change? What are the consequences of not changing? Is the cost of changing less than the cost of not changing? A compelling justification can make a huge difference in garnering support.
- **Identify the key stakeholders.** Who will be working the new schedule? Who are the other interested parties? What types of concerns might they have? How might they benefit from a new schedule?
- **Decide how to involve the stakeholders.** How will the management team and the union be involved? How will employees participate? Which aspects of the new schedule are not open for debate? Should employees whose schedules may change at a later date be included at this time? Involving all key stakeholders whenever possible is critical to gaining widespread support for the change.

- **Develop a communication plan.** How will you explain the business case and its implications? How will you communicate progress: company-wide meetings, newsletters, bulletin boards, emails, the company web site, flyers, handouts, banners, crew meetings, or something else? Keeping employees updated throughout the process is essential.
- **Announce the date of schedule change.** Will the change be made on a trial basis? If so, how long will it last? How will you decide whether to continue with the new schedule? When will other groups change? Establishing deadlines will demonstrate a commitment to change and alert employees who doubt that anything will happen.

Many larger organizations have found that the use of an outside facilitator is helpful in managing the change process. A neutral party helps to avoid the appearance that management is manipulating the workforce into doing something they don't want to do. Finding an expert with broad experience in navigating the pitfalls associated with changing schedules will ensure a smooth implementation.

Coverage Requirements

How many employees do you need to show up at different times of the day? What skills do they need to have? Are these numbers the same all week? Answer this and you've defined your basic coverage requirements.

Determining the coverage requirements appears to be relatively straightforward for organizations with a workload that remains constant throughout the day and throughout the week. They need the same number of employees in each position to show up on every shift. In retail businesses, this is usually a function of the number of customer calls or visits. In service businesses, this is related to the number and types of service calls. In manufacturing, agriculture, construction, and mining, it may be related to the type of equipment, number of machines, and/or the process followed.

Determining the coverage requirements for support organizations can be more difficult, however. If the business is changing from operating 5 days a week to 7 days, how does this affect the maintenance, warehousing and shipping groups? Do they need to work 7 days a week too? Each situation is different, so don't overlook these other functions.

Organizations with variable workloads have a more challenging problem with their coverage requirements. Call centers, for example, may have a substantial increase in customer calls every evening. Retailers have more customer calls in the late afternoons, evenings and weekends. Manufacturers may have certain processes that run for only a few hours every day. These companies need to boost their coverage during the high workload periods to meet the demand.

Ideally, your schedule will match the number of employees with the workload throughout the day and throughout the week. You may be tempted to average the workload over an entire shift, when it actually changes from hour to hour. Likewise, you may assume the workload stays the same each day of the week, when it fluctuates from day to day. If the volume of work is excessive for just a few hours, employees and productivity / service levels will suffer. If the work volume is low, employees will be less productive or idle during this period of time. In either case, the business will incur unnecessary costs. Possible solutions include:

- Schedules that have increased coverage on the busier shifts.
- Schedules that have increased coverage on the busiest days of the week.
- Different shift lengths to increase coverage when the shifts overlap.
- Staggered shift start times to gradually change the coverage as each shift starts or ends.
- Overlay shifts to add personnel during busy periods.

Available Resources

How many employees are needed satisfy the coverage requirements? How many hours will they have to work each week? In addition to the base coverage, you need to consider absences such as vacations, illness, training, etc. Additional staff and / or overtime may be needed to cover these situations. Even though you think you have sufficient personnel, if a number of employees want to take a vacation at the same time, this could leave you short-handed. If someone takes a leave of absence due to health problems, pregnancy, or family care, you may not be able to replace them. Use of temporary employees may help, assuming you can find someone with the necessary skills.

Schedule Constraints

Schedule constraints include legal considerations (e.g., state laws requiring overtime to be paid after 8 hours of work) and union agreements (e.g., limits on the number of consecutive days

worked). There are also company policies to consider. For example, your company may require that all employees rotate so they spend an equal amount of time on every shift.

These are referred to as “constraints” because they limit the number of possible schedules. If you need an 8-hour fixed shift schedule with a maximum of 5 days worked in a row, you’ll be hard pressed to come up with a schedule that gives you a lot of weekends off or long breaks. Without the constraint on the number of consecutive days worked, you would have a lot more options to choose from. Without the fixed shift constraint, you would also have more choices. If there are too many constraints, it may be necessary to add more workers, increase overtime, or sacrifice some coverage.

Employee Preferences

There are several ways to identify the employee work schedule preferences. In smaller groups, it may be possible to simply show employees several different schedule options that satisfy the coverage requirements. This will generate a discussion of the good and bad aspects of each alternative, hopefully leading to an agreement on the “best” schedule for the group.

In larger organizations, gathering employee preferences is rarely this easy. Anonymous questionnaires may be required to ensure that everyone’s opinion is reflected, not just the more vocal employees. Multiple steps may be necessary to explain why the change is needed, ascertain general schedule preferences, identify and review possible options, and discuss the implications of each alternative. There are two things you should keep in mind when using this multi-step approach. First, avoid getting too specific early in the process. Second, take time to educate employees about new schedules.

If you initially ask employees what specific type of schedule they prefer, you may get something that isn’t practical or doesn’t meet the business requirements. For example, employees may select a 10-hour shift schedule, not realizing that this would boost the staffing requirements substantially and double the coverage for six hours every day while the shifts overlapped. It’s better to begin by asking the question in general terms, e.g., “Would you be willing to work longer shifts in order to get more days off?” This will allow more flexibility in developing schedule options. It will also prevent employees from getting their hopes set on a schedule that is not appropriate for the business and the distribution of the workload.

Since employees may not be familiar with different types of work schedules, some education about schedules may be necessary. This step will open the door to more possibilities. It will also reduce the tendency of people who will immediately reject anything that differs substantially from the current schedule. For example, employees may not consider 12-hour shift schedules because they think the shifts are too long. However, once they realize they would get twice as many scheduled days off and up to half their weekends off, they may be more receptive.

Company Policies

Most companies start with pay policies that were originally designed for eight-hour, Monday through Friday schedules. The policies are usually designed to minimize costs for normal operations, while providing premium compensation when the employees are asked to work outside of their regular schedule. They also provide an easily understood way to compensate the workforce for holidays, vacations, and other paid time-off.

When you change employee work schedules, you need to tailor your pay policies accordingly. If you don't change, there is a good chance that the old policies will:

- Increase labor costs.
- Be illogical, and therefore difficult to understand.
- Appear to be unfair to different work groups, lowering morale.
- Create situations that take pay away from employees, and give them extra pay in others, usually resulting in even lower morale.

There are two points to keep in mind when matching pay policies with the new schedule. First, you should ensure that the workforce has the ability to make as much money on the new schedule (for the same hours of work) as they make on their current schedule. Second, you should protect the company from increased labor costs caused by the wrong pay policies.

Common problems that result from using old pay policies with new schedules are as follows:

- Unbalanced workweeks. This results in overtime in some weeks, and less than 40 hours of work in others.

- Vacation tracking and pay. Traditional vacation systems often track vacation time in days or weeks. This no longer works when a day is not eight hours long, or a week is not five work days.
- Holiday pay policies. This is one of the most difficult issues to solve and explain to the workforce. You need to answer questions such as: How do you handle holiday pay if an employee was not scheduled to work on that holiday? Should they be paid for eight hours, or the number of hours they are scheduled to work?
- Double-time. Old policies usually result in either the employee losing the double-time opportunities they had in the past, or significantly increasing double-time costs to the company.
- Overtime and absence coverage. How do you cover an absence if you are working 12-hour shifts? How do you distribute overtime fairly?
- Breaks, lunches, shift differential, attendance systems, meal pay, shift assignment, overtime distribution and many other policies can also come into play when you change schedules.

Summary

Changing employee work schedules is not a simple task. There is a lot more involved than simply finding a work pattern that matches the new hours of operation or accommodates a preferred shift length. The six major considerations are: the change process, coverage requirements, available resources, schedule constraints, employee preferences, and company policies. Skipping any one of these can result in implementation delays, unhappy employees, damage to your relationship with workers and the union (if you have one), poor business results, and higher costs. However, with proper planning, preparation, and communication, it is possible to produce a win-win result for employees and the organization.

Changing your organization's work schedules may be one of the most important tasks you undertake in your career. Not only is the schedule vital to the performance of your company, but it is also an integral part of your employees' lives. The time and effort you invest will increase the chances of achieving a positive outcome for everyone affected by the new schedule.