

Paid Time Off: Is it Right for Your Organization?

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Case Study: Absence Management

Situation

An organization wanted to reduce unscheduled absences, be more competitive in attracting and retaining top talent and avoid recognizing a \$2-million sick leave liability. It also wanted to expand its part-time workforce, reduce its overtime expenditures and improve employee morale. Liability for accumulated vacation was growing with new accruals and salary increases. Extended illnesses or injuries were addressed through the accumulated sick leave program, which did not provide security for new hires before long-term disability benefits began. In addition, as employees reached their maximum accrual under the accumulated sick leave program, they began taking unscheduled days off for a variety of reasons, which had a negative effect on the organization.

Approach

Working with Sibson Consulting, the organization came to better understand the costs, liabilities and human resources implications of its current programs and clarified its objectives for a new program along with the desired results. Its cost and utilization data was then analyzed and the related benefit programs were benchmarked to competitor programs. Finally a program was designed to help the organization achieve its objectives. Creative solutions were developed to overcome hurdles and a strong communications program rolled the program out to senior management and then employees.

Results

At the conclusion of the process:

- The organization now has a consolidated program for all of its absence-related programs, including paid time off, disability and workers' compensation, resulting in a 25-percent reduction in unscheduled absences, a 300-percent increase in the part-time workforce, reduced overtime expenses and significantly improved satisfaction with the programs.
- The organization's programs are competitive and provide the appropriate incentives for employees to schedule time off and return to work as soon as possible.
- The organization's top-performing employees actually realized an increase in the number of days allowed for time off while employees with serious health issues gained a new benefit in the short-term disability program.
- A creative transition of the sick leave bank helped the organization mitigate a multimillion-dollar liability for accumulated sick leave.
- The communications program reminds employees and supervisors what they need to do when they are going to be absent and what their role is in managing unscheduled absences.