

# Scheduling + Paid Leave

Employee schedules play a critical role in employee retention and business performance. As a business owner, providing stable schedules to your employees isn't a simple task. It requires a deep understanding of employees' availability, your business' staffing needs, and an investment of time to plan in advance. Stable scheduling for employees tends to decrease absenteeism, turnover, and attrition, as well as enhance job commitment, sales, productivity, and recruitment of talented employees.

Speaking of balancing time, giving your employees more than the minimum required days off and instituting a paid leave policy at your business is an excellent way of attracting talented workers, promoting wellbeing, and improving morale among your staff. In fact, a [2016 Glassdoor survey](#) of more than 470,000 employee reviews of benefits packages found that paid time off was among the top three drivers of employee morale, along with healthcare and retirement savings. That's because employees who have the flexibility to take time off for major life events, family emergencies, or even to go on vacation—knowing they won't be losing wages— are healthier, happier, and more productive workers.

The following information will help you explore how to manage your employees' time in ways that are right for your business, your bottom line, and your workers.

## The Business Case

### How does providing stable schedules benefit my bottom line?

Providing workers with stable schedules has been shown to improve retention, drive down absenteeism, raise productivity, and foster employee morale. Because stable scheduling helps employees better manage their personal and professional lives, it can help to reduce employee stress, drive increases in productivity, and produce valuable cost savings for businesses.

#### Lower turnover

When [Walmart started providing "open scheduling" across the majority of its 4,600+ stores](#)

(where managers created schedules based on employees' availability), the retailer saw a 14 percent drop in staff turnover, and now plans to roll out additional types of scheduling flexibility. In addition, another recent study of retail employees found that when managers took more care to consider employees' scheduling needs, stores had about 23 percent lower turnover and 6 percent greater retention.

### Increased productivity

Providing stable scheduling helps employees be more productive. In a survey of lower-wage, hourly workers with access to workplace flexibility, 80 percent of workers and 79 percent of workplace managers reported an increase in team effectiveness and productivity. Longer weekly working hours and irregular shifts exacerbate stress around work-family time conflicts. When employees have controlled hours and an ability to influence their work schedules (e.g. when they can request particular start and end times and take time off of work), studies show a significant association with reduced work-family conflict. That's because when employees have less stress at home, they're better able to concentrate fully on work, helping to boost productivity. Additionally, flexible and predictable schedules promote staff health, enabling them to perform their best on the job.

### Lower absenteeism

By actively taking into account employees' preferences and personal conflicts, providing schedules 2+ weeks in advance, and giving employees adequate hours, stable scheduling helps to drive down absenteeism (employees habitually missing work without prior approval). In the same survey of lower wage, hourly workers, 64 percent of workers and 74 percent of managers reported reduced absenteeism in the workplace after the implementation of stable scheduling. Similarly, [Walmart's flexible scheduling initiative](#), in addition to lowering turnover, resulted in an 11 percent drop in absenteeism.

### Stay ahead of the curve

While offering stable scheduling is a great way to empower employees and boost your bottom line, it may also become the law soon in certain regions. Some city governments, including in [Seattle](#) and [San Francisco](#), as well as at least [12 other state legislatures](#), are introducing laws or [launching investigations](#) to ensure fair scheduling practices for employees. Federal measures have also been proposed in recent years and are gaining nationwide traction. Businesses that adopt stable scheduling practices today will not only see benefits for their business, but will also be able to get ahead of the growing number of employee scheduling laws and regulations.

## What are the benefits of paid leave to my business, employees, and me?

Despite the common perception that paid leave imposes unmanageable additional costs on small business owners, [studies have shown](#) that businesses have actually reaped benefits from the practice. And small business owners like you are increasingly seeing the value. With a paid leave policy, you can:

### Recruit and keep talented workers

Leave policies that help your employees balance their professional and personal lives, especially for major events like the birth of a child or caring for a sick relative, allows your company to attract and retain talented staff members. Offering family or medical leave [demonstrates to employees](#) that you care about their health and general wellbeing, and that you're invested in their future at your business.

### Increase productivity

While many small businesses owners fear that paid leave policies are too costly to manage, studies of workplaces with mandatory paid leave policies have consistently shown that most businesses do not suffer financially, but actually see positive results. In a [survey of small businesses in California](#) with fewer than 50 employees, conducted 10 years after the establishment of a mandatory paid leave policy, 89 percent of business owners reported either no change or a boost in productivity since adopting paid leave.

### Improve and protect employee and customer health

Healthy employees are critical across the retail industry, where interactions with customers are frequent—but they are especially important in food service. In fact, the Center for Disease Control estimates that 53 percent of norovirus outbreaks can be attributed to sick food handlers. In addition to spreading disease, employees who don't take time off for illness for fear of losing wages are [more likely to underperform](#) in their job duties.

### Reduce absenteeism

One way to combat the [persistent problem of absenteeism](#) (employees habitually missing work without prior approval) is to establish a sick leave policy. Setting up formal guidelines around

shifts missed due to illness fosters greater accountability, and can even encourage unhealthy employees to take the time off they need to get better. Many organizations have success with setting up a paid time off policy in which hours of paid vacation time are accrued as an employee works.

## How to Get Started: Scheduling

### What does it mean to provide a stable schedule?

The idea of “stable scheduling” encompasses a variety of things, with the overall goal of allowing your employees to more easily balance their personal and professional lives. For your purposes, this means that employees can indicate scheduling preferences, receive advance notice of their schedules (ideally at least two weeks out), request days off and have the ability to trade shifts. Stable scheduling can enable your staff to attend school, take care of their children, and tend to personal needs when they have to. It also means that your employees can depend on working a consistent number of hours per week, thereby reducing worries around income fluctuations.

### How can I implement stable scheduling at my business?

#### Regularly check in on employee availability

Understanding employees’ scheduling constraints doesn’t have to start during onboarding, but should be part of the hiring process itself. Making sure an employee’s schedule works for your business’s needs and vice versa is a key first step to ensuring an employee will be a good fit. Indeed, increased employee input and work flexibility are positively associated with a variety of health outcomes and life satisfaction.

For each employee, it’s helpful to determine their preferences regarding the number of weekly hours, start and end times, unavailability, and when they prefer not to work but can do so if necessary. For many retailers, weekends are peak times—requiring people to have availability on at least one weekend day, or two weekends a month, or whatever works for your business, may be key, for example. A great place to start is When I Work’s online resource, [“How to Use Employee Availability Forms Efficiently,”](#) which includes a downloadable employee availability template.

## Provide 14-day advance schedules

Setting schedules two weeks in advance helps your employees (and you) better manage personal and work commitments and reduce potential conflicts. A study of a national women's retail clothier showed (to the surprise of store managers) that 80 percent of staffing hours their store had been assigned were stable over the course of a year.

While rolling out a 14-day advance schedule may not be a smooth process immediately, in the long run, it enables your employees to balance their personal commitments more effectively and reduce potential conflicts, thereby driving down absenteeism and understaffing. This can help you as the business owner reduce the understaffing headaches caused by last-minute call-outs for scheduling conflicts.

## Establish stable shift structures

Partially fixed schedules can provide a great deal of stability to your employees' lives. Based on store hours and the times you tend to be busiest, try to determine what percentage of staffing hours are around the same, and what percent vary week-to-week. Demand for your staff's store hours tends to fluctuate less than is commonly thought. According to Susan Lambert, co-Director of the [Employment Instability, Family Well-Being, and Social](#)

[Policy Scholars Network](#) (EINet) at the University of Chicago, "Although there is variation in expected demand at the margins, week to week and day to day, we find that managers might be able to take better advantage of the stability that's there. For example, if 80 percent of the hours are always the same, a manager might be able to give employees a stable schedule for 80 percent of their hours, and then tell them to expect that 20 percent may vary week to week. Such a practice would give employees 'predictable unpredictability.'"

**To start shaping a stable schedule, ask yourself questions such as:**

- On which days am I consistently over- or under-staffed?
- Are outside events (holidays, construction, etc.) impacting my revenue or foot traffic?
- Is there a relationship between hours worked or scheduled, and sales?
- Does my business tend to ebb and flow seasonally?

**If you're not sure where to start, try out this [Hidden Scheduling Stability Worksheet](#) (Page 53).**

- If you're unable to provide stable shifts to all your employees right now, consider adopting

a version of [Walmart's new scheduling approach](#), which provides fixed schedules to employees with the longest tenure, and allocates additional shifts that become available on a first-come-first-served basis.

### Reduce or eliminate on-call shifts

On-call shifts—in which employees are required to be available to work but are only called in to work based on variables such as customer traffic—can be very disruptive to employees' lives. By requiring employees to be available to work, on-call shifts prevent them from pursuing other activities such as taking a shift at another job or attending to personal commitments, especially for those who need to arrange childcare. Retailers across the country, [including the Gap](#), are starting to phase out these on-call shifts.

See if you can implement more regular schedules using the [Scheduling Stability Worksheet \(Page 53\)](#) and determine whether on-call shifts are a necessity at your business. If you still feel that on-call shifts play an important role at your business, consider compensating your employees for their time. For example, [Seattle's City Council Secure Scheduling legislation](#) (which applies to retail, food services, or drinking establishments with 500+ employees) requires employers to pay an employee for half of the hours not worked if an employer doesn't ask an on-call employee to report for duty. [Zazie Restaurant](#) in San Francisco uses an alternate approach, providing workers with core schedules that include no more than one on-call shift per week that's used solely to cover gaps in the schedule or because of illness. For more guidance, check out [Why You Should End On-Call Scheduling and What to Do Instead](#).

### Guarantee minimum hours

The number of current part-time workers who would prefer full-time employment has almost doubled since 2007 and currently stands at about 7.5 million people. The desire for full-time employment is [especially acute among retail and restaurant workers](#).

Guaranteeing a set number of weekly hours for employees can go a long way in helping to reduce employee turnover. For example, all part-time Costco employees receive their schedules at least two weeks in advance and are guaranteed a minimum of 24 “core hours” every week—a [policy that dates back to 1985](#). Costco has been rewarded for its “core hours” policy with 11 percent annual turnover— one of the lowest rates in the retail industry.

While there is a risk in overstaffing shifts due to sometimes unpredictable fluctuations in customer demand, staff members enjoy the economic security that results from knowing that

they have guaranteed, consistent hours to work every week. Employees who work more hours are also more likely to know your product, processes, and customers well and be therefore more productive and likelier to stay with your business.

### Provide “show up pay”

Sending an employee home early due to customer fluctuations is common practice in the retail industry, but has negative consequences on employees’ financial stability and engagement. Employees often spend time commuting to/from work, arranging child care, and rearranging work conflicts. Getting sent home early can increase your workers’ work-life stress, which influences productivity, turnover, and absenteeism.

Consider establishing a policy wherein employees won’t be sent home when customer traffic is low on a given shift. Instead of sending an employee home, [they can address other tasks](#) that tend to get overlooked during high-traffic times, such as cleaning, stocking shelves, or completing online trainings. This policy not only provides more certainty and stability for employees, but also helps support a well-maintained business environment. Other options include providing a guaranteed minimum number of hours of pay for employees who are scheduled, even if the employee is sent home (e.g. an employee is guaranteed pay for 50 percent of the hours of their scheduled shift regardless of whether they work the full shift). For example, [at national retailer Costco](#), when customer traffic is lower than anticipated, store managers give employees the option to end their shift early, but employees are not required to take that option.

### Empower employees to swap shifts

Employees know their own schedules best, so enabling them to exchange shifts or workdays voluntarily to manage personal commitments can go a long way in reducing turnover and improving absenteeism. [To provide structure to employee shift swaps](#), managers should be clear about which staff members are eligible to switch with one another based on certain characteristics, such as seniority, shift-specific skills, expertise, and other factors. Posting publicly a roster of staff availability and phone numbers can create a sense of employee empowerment and shared responsibility in ensuring shifts are covered.

Allowing employees to use a scheduling application [enables staff to select and update their schedules instantaneously](#), and provides greater visibility into which shifts are available. Certain scheduling applications, such as [When I Work](#), offer functionalities that allow employees to submit availability for approval. If you don’t currently use scheduling software, check out the

article, "[20 Employee Scheduling Software Solutions for Small Businesses](#)" to compare your options and see which best fits your business.

### Implement cross-training

Your small business can improve the likelihood of stable scheduling success by making their employees more nimble. Consider cross-training your employees on job tasks to maximize their adaptability. When an employee becomes an "expert" in a certain skill, consider asking that employee to train other employees in that skill (while temporarily reassigning their minor tasks to other staff). Ensuring that your staff are [trained in multiple roles and skillsets](#) allows employees to respond to schedule disruptions caused by workforce shortages and seasonal staff fluctuations. For example, at QuickTrip, a national convenience store chain, employees receive training that allows them to perform a variety of tasks. When in-store traffic is high, employees focus on engaging with customers. When traffic is low, they focus on other tasks, such as cleaning and restocking the store. For more detail on QuikTrip's practices, check out [QuikTrip's Investment in Retail Employees Pays Off](#).

## How to Get Started: Paid Leave

### Offering paid leave to your employees

Paid leave is a formal policy granting your employees time away from work—during which they continue to receive pay—for a range of events including medical, parental (maternity/paternity), sick, vacation, holiday, temporary disability, and bereavement, among others. Local, state, and federal laws govern leave policies. All workers are guaranteed by law at least some time away from work—though often unpaid—for [specific events](#) like military service, voting, jury duty, and religious observances. Extending the option of paid leave for personal reasons, such as the birth of a child or caring for a sick family member, can improve your operations and employee retention in numerous ways.

### How do I set up a paid leave program?

#### First, find out what's required under law

At the national level, under the [Family and Medical Leave Act \(FMLA\)](#), businesses with 50 or



more employees are required to offer leave to employees to take care of their own health or that of a family member, including a new baby. However, the law does not require that employees continue to receive pay while on leave. State and local laws in certain places—like [California](#), [New Jersey](#), [Rhode Island](#), [Washington](#), and [New York](#)—have [established paid leave programs](#) in which businesses must offer compensated time off for employees to care for a newborn baby, newly adopted child, or sick family member. To make sure you're complying with the requirements of paid leave in your area, business owners are encouraged to consult with a legal expert. The guidance below can help you keep track of major regulations:

- **Federal laws.** The U.S. Department of Labor (DOL) offers an [employer guide](#) for FMLA, which includes information about requirements to follow and options available in administering leave programs. The DOL also offers additional information on federal legislation governing [personal](#) and [sick leave](#).
- **State and local laws.** Many cities and states have mandated leave policies. To stay informed about local laws that might affect your business, check out the [National Conference of State Legislature](#), which provides an [overview](#) of family medical leave laws by state. For city and county laws, see [this guidance](#) provided by the [National Partnership for Women & Families](#)

### Think through your goals

Determine what you hope to accomplish with a leave policy. Whether your goal is to attract and keep talented employees, to promote a healthier workplace, to track employees' days off more systematically, or something else, [knowing the intent](#) behind your policy will help you decide which types of leave to build into it. For instance, if your aim is to promote healthy workers, you might consider prioritizing paid sick days over vacation time.

If you don't want to lose employees likely to have children, creating a parental leave policy might take center stage in your planning. If you're interested in a simple, standalone policy that helps your workers schedule time away from work in advance, setting up a Paid Time Off (PTO) policy might be a good option.

## Helpful Resource: Assessing Costs

Get a more precise look at what a long-term leave policy could cost you with this free [financial modeling template](#) by Optimizely, which helps businesses estimate annual costs for a parental

leave policy.

[Financial modeling template](#)

### Weigh the benefits and costs

When deciding whether paid leave policies make financial sense for your business, remember that denying employees compensation for necessary time off might cost you valuable workers, or add unanticipated costs in the form of absenteeism or poor job performance. While costs vary across industries and business types, the U.S. [Bureau of Labor Statistics](#) found that the average cost of paid leave per employee in 2017 was about 7 percent of employee compensation for private companies (including businesses of all sizes).

### Decide on the type of leave you can offer

You can implement separate policies regarding paid leave for vacations, illness, and other common events, but many business owners choose to simplify their systems by adopting a single PTO policy.

While not a comprehensive list, some of the most common options can be found in the table below:

| TYPE OF LEAVE       | DESCRIPTION  | RELATED RESOURCES  |
|---------------------|--|--|
| PAID TIME OFF (PTO) | PTO generally wraps all vacation, personal, and sick days into one, and allows employees to accrue hours over time to take off of work without penalty. PTO policies grant employees flexibility to use their hours as needed, while decreasing the need for employer or manager oversight. They do not include accommodations for parental leave or longer-term medical or personal issues. | To learn more and set up your own PTO policy, check out Fit Small Business’s article, “ <a href="#">How to Create a Paid Time Off (PTO) Policy</a> .” For an example of a PTO policy, see this <a href="#">Sample Paid Time Off Policy</a> from The Balance. |

| TYPE OF LEAVE                               | DESCRIPTION  | RELATED RESOURCES   |
|---|--|---|
| SEPARATE SICK, VACATION, AND PERSONAL LEAVE | <p>Some businesses choose to offer separate benefits for sick, vacation, and/or personal leave, rather than one “catch-all” PTO policy. While they can be harder to manage, offering separate “pools” of paid leave can minimize misuse of time off. Under some PTO policies, for example, employees will continue to come into work when they’re sick rather than lose a day that could be spent on vacation. Establishing separate allotments of time off designated for different types of leave can help circumvent this issue. Business owners are advised to work with an HR specialist or legal advisor in drafting their own policy, but in general, independent leave policies <u>should include</u> information regarding: Compliance with local, state, and federal laws; Qualifications for employee eligibility; How time off will be accrued (or, if preferred, a description of a “lump sum” policy, in which eligible employees are allotted a set amount of days off no matter how long they’ve worked at the business. This option tends to be easier to manage, but runs the risk that employees will use all their leave immediately rather than having to earn days off over time); and The process by which employees may request and receive approval for time off.</p> | <p>For more detailed guidance on setting up separate leave policies, see <a href="#">“Drafting Paid Sick Leave Policies”</a> from Lexis Practice Advisor Journal. Additionally, <a href="#">“Vacation Policies and Time Off,”</a> from HR Simple has guidance and sample policies you can use as models when drafting your own policy. Finally, the post from Timesheets.com, <a href="#">“Which Vacation Accrual Rate to Use,”</a> offers advice on deciding between different ways employees can earn time off.</p> |

| TYPE OF LEAVE                        | DESCRIPTION   | RELATED RESOURCES  |
|--------------------------------------|---|--|
| MATERNITY/PATERNITY AND FAMILY LEAVE | <p>Under the FMLA, businesses with 50 or more employees must offer unpaid, job-protected leave of at least 12 weeks for the birth and/or care of a child in its first year. While this law does not apply to most small businesses, <a href="#">Small Business Majority and the Center for American Progress’ research</a> found that most small businesses support paid family leave programs and 66% of small businesses are already offering parental leave.</p> | <p>Fit Small Business offers free, downloadable templates and legal guidance for establishing <a href="#">maternity</a> and <a href="#">paternity</a> policies, as well as advice on managing parental leave requests.</p> |

### Determine the amount of leave you can offer

As the business owner, you must determine the number of days off to give your workers, and—if you prefer—the rate at which they can accrue those days off. As a reference point, consider the following small business statistics:

- According to the [Bureau of Labor Statistics](#), as of March 2017, the most common leave policies offered by businesses with fewer than 50 workers included [6 paid days off for holidays](#). By contrast, only 1 percent of small business workers reported receiving 13 days or more of paid holiday leave, and only 2 percent received more than two weeks of paid sick leave.
- The [Bureau of Labor Statistics](#) also reported that 28 percent of small business (<50 employees) workers with access to paid leave were offered a consolidated— or PTO—plan, ranging from 12 to 20 total days off depending on the length of employment. The other 72 percent of small business workers received separate pools of leave for different purposes, ranging from 7 to 15 total days off depending on the length of employment.

### Determine the rules that will shape your policy

Beyond complying with laws in your area, you have the flexibility to design the policy that best accommodates and incentivizes your workers. In addition to determining how many hours or days your employees can take off of work and—if applicable—at what rate that time will be earned, you can also decide whether and how much paid leave time can “roll over” from one year to the next, and if employees can “cash out” on unused paid leave upon leaving the company. (It’s critical to know the laws that apply to you, as [some states require](#) that employees

be compensated for unused paid leave when they leave a job.)

### Remember that your policy can be flexible

To cut down on costs, you could consider taking a flexible approach with your paid leave policy. Options include offering the benefit only to full-time and not part-time employees, or extending it to employees once they've been with the company for a certain amount of time. You can also [pro-rate leave allowances](#) for part-time employees. For example, if a part-time employee works 20 hours per week, compared to full-time employees who work 40, that part-time worker can access or accrue paid leave at 50 percent of the rate at which full-time workers access or accrue it. (Again, just make sure you're compliant with local laws; part-time employees in California, for instance, [are eligible for the same sick leave](#) as full-time employees.)

### Simplify administration with benefits software and online platforms

Technological solutions designed to help business owners manage employee benefits have made setup and administration of paid leave policies much simpler. Online and software platforms like [Justworks](#), [Gusto](#), and [Quickbooks](#), among others, can help you design your policy, offer it to employees, and manage time off requests.

### How do I ensure the policy is effective and less subject to abuse?

#### Consider implementing separate leave policies rather than generalized PTO

As stated above, while general PTO policies can be easier for you to manage and keep track of, policies that don't distinguish between sick and vacation time [can inadvertently encourage](#) employees to come into work while sick. Based on your business needs, determine whether it makes more sense to have a separate "pool" of time off for sick leave.

#### Prepare in advance for employees taking longer leaves of absence

To ensure that losing an employee for a week or two each year does not leave your business in jeopardy, [this guide](#) includes resources for managing leaves of absence, including [specific guidance](#) for managing an employee's FMLA leave. Suggestions include:

- **Cross-training employees.** By training your staff in multiple roles and skillsets, employees will be able to fill in for one another when someone misses a day of work or takes an extended leave of absence, protecting your business against losses in productivity. Read more about how to cross-train your staff in the [Hiring, Training, and Professional](#)

[Development](#) section of this toolkit.

- **Encouraging ambitious workers to step up.** One employee's leave of absence is another employee's opportunity. When a staff member—especially a mid-level employee or a manager—takes long-term leave, allow others to take on more responsibility and learn new skills by filling the role for the duration of the absence. To avoid any conflict, make sure that all employees involved are fully aware of the situation, and develop a plan for reintegrating employees into their normal roles when the leave period ends.

### Offer a combination of options

The best types of paid leave, especially when it comes to [parental](#) and sick leave, include a flexible range of options that make the situation easier on both the business and the employee. Consider offering unpaid leave for a few weeks in addition to paid weeks off, and allowing full-time employees to ease back into work by working only part-time for the first few weeks back on the job. If possible, you could even allow employees to work from home before returning to work full-time.

### Have a written policy that you share with employees

Make sure that your staff is fully aware of the rules surrounding your leave policy—and the penalties of violating those rules—by providing each employee with a copy of your written policy.

### Require prior approval for time off

While no one can plan for when they'll be sick, employees can reasonably be expected to notify their managers about taking other types of leave. Business owners are encouraged to require advance notice for employees going on vacation or taking leave for a personal or family event.

### Check in periodically with employees on extended leave

Keeping in touch with workers who are away for parental or long-term medical leave is a good way to maintain a positive relationship with the employee while they're absent, and to ensure the employee is on track to return to work at the designated time. For more advice and best practices, see "[Eight Ways to Reduce Abuse of Leave Policies](#)" from ADP. If you sense that an employee is abusing their time off, check out "[Abuse of Sick Leave: A Chronic Workplace Ill?](#)" from The Balance, which includes a list of tips on how to respond.

## Helpful Resources

### Finding temporary workers

Staffing agencies can help you find temporary contractors to fill in for employees on leave. You can find highly rated staffing services, searchable by industry, on [Best of Staffing](#).

## Additional Help

### Meet with an expert or get advice from a peer

When considering adopting any new benefits plan, perhaps the most important step is to seek out a small business expert for more guidance. Various public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA [Small Business Development Centers](#) and Pacific Community Ventures' [BusinessAdvising.org](#) platform that connects small businesses around the country with free, experienced business advisors who offer advice on a range of issues, including HR, marketing, IT, operations, and other small business concerns. To find other services in your area, visit the SBA's [Local Assistance page](#).