As the preeminent organization dedicated to advancing the practice of risk management, RIMS (Risk and Insurance Management Society, Inc.) is a global not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities throughout the world. Founded in 1950, RIMS is dedicated to advancing risk management for organizational success, bringing networking, professional development and education opportunities to its membership of more than 11,000 risk management professionals who are located in more than 60 countries. For more information on RIMS, visit www.RIMS.org.
INTRODUCTION

Enabling employees to work remotely has become more common due to advancements in technology, globalization and the desire of employers to provide work-life balance. In addition to setting guidelines that allow employees to conduct business, and access and disseminate confidential data and intellectual property outside of the physical confines of the office, organizations are also challenged with protecting the health and well-being of their employees while creating a seamless remote work experience.

The number of organizations that prohibit their employees from conducting business outside of the office is decreasing. And, in the rare cases where organizations discourage remote working arrangements, preventing employees from taking work home can be difficult.

Instead of disregarding the obvious, many organizations have embraced remote work opportunities, recognizing the value and additional productivity that can be generated from it.

Based on interviews with members of RIMS Board of Directors, this report will explore the risk professional's role in developing a remote work policy, the importance of enterprise-wide collaboration in its development and highlight potential obstacles and other risk management considerations.

A NEED-TO-HAVE POLICY

The evolution of business culture has presented greater opportunities for employees to work from any location, making a remote work policy a necessity. A detailed policy allows the organization to lay out parameters, guidelines and expectations of their remote workforce. With a well-defined policy in hand, employers can present the document to their employees and agree to its terms prior to changes in employment status, avoiding future misunderstandings.

Leslie Lamb, RIMS Board Director and the Director of Global Risk Management at Cisco Systems, Inc., cited consistency and accountability as two of the biggest benefits of having a remote work policy in place. “A uniform work from home policy ensures that all employees in the organization are offered the same opportunity, providing a framework for both manager and employee on expectations,” she said.

The position an employee holds may determine his or her ability to take advantage of this employee benefit. “Ideal work from home candidates have the type of job that includes productivity measurements that demonstrate that an employee’s responsibilities are being met,” said Carolyn Snow, RIMS Ex-Officio and Director of Risk Management for Humana Inc. “There would be immediate red flags in certain jobs that would indicate to the employer something is amiss.”

Most standard remote work policies cover general employment status, company requirements around ethics, confidentiality, productivity and specific business area requirements. There may also be guidelines regarding information technology (IT) and acceptable work environments. “Organizations want to ensure that the employee understands how many hours a day they are expected to work, how often they should check-in with the home office, as well as the type of reporting they must provide to their managers,” said Lori Seidenberg, RIMS Board Director and Senior Vice President, Insurance/Risk Management for Alden Torch Financial LLC.

Remote work policies are an employee benefit—a privilege—that is offered by the organization on a case-by-case basis. And, in many organizations, that opportunity to work remotely is granted for a defined period of time, such as six months or one year, before the policy is revisited.
RIMS EXECUTIVE REPORT | JUNE 2015

ADVANTAGES

In 2009, Cisco Systems conducted a study that found that increased productivity due to telecommuting generated an estimated $277 million in annual savings for the company. The study also found that 69 percent of the employees surveyed cited higher productivity when working remote and 83 percent said their ability to communicate and collaborate with co-workers was the same as, if not better than, it was working in the office.

The trend for organizations to offer remote working opportunities is supported by the numerous tangible and intangible benefits it provides for both the employer and the employee. One of the most compelling benefits of a remote work policy is associated cost-savings. Decreases in rented space, parking amenities, furniture, equipment and meeting space can lead to significant savings for the organization.

Employees also gain a financial advantage by not having to commute into the office every day. Reduced expenses for commuting, gas, parking and even work appropriate clothes are savings that can add up for a remote worker.

The competition to attract and retain the best talent continues to be a challenge for many organizations, but the privilege to work remotely has become a key selling point for employment—especially for the next generation of employees who are already so proficient with new technologies.

In some cases, allowing a current employee to transition to a remote working arrangement far outweighs initiating a hiring and onboarding process for a new employee. “Remote work policies allow organizations to retain talented and knowledgeable employees who, for varying reasons, might not be able to commute into the office anymore,” said Seidenberg. “Severing ties with an existing employee, conducting a talent search and onboarding a new staff member can lead to lapses in productivity and added expenses.”

The presence of a remote work policy also widens the potential employee pool, giving organizations the ability to find and hire qualified people for specialized positions, regardless of their location. The benefit also creates opportunity for candidates who are inhibited by medical or other limitations.

“Ultimately, flexible work arrangements are morale boosters that can be directly linked to improvements in an employee’s quality of life, shortening their commuting time and saving them money,” said Snow. “That improved work-life balance has proved to be extremely valuable to increasing productivity.”

COMMON RISKS

CONFIDENTIALITY & PRIVACY CONCERNS

Just as there are inherent risks in all business initiatives, allowing employees the opportunity to work remotely also presents its share of potential challenges.

Recent data breaches have made front-page news and have put organizations on high alert to the potential damage this exposure can impose. While the major public cyberattacks on organizations have not stemmed from remote workers, the exposure exists.

“Potential loss of data is a top concern when developing a remote work policy,” said Lamb. “Although it is safest to issue technology to employees, it is often not the most cost-effective. For this, and many other reasons, the organization’s IT staff should be involved in the policy development process.”

IT involvement can help ensure that important details such as the way critical information is saved—on a shared and protected network as opposed to the remote employee’s desktop or a thumb-drive—are not overlooked.

Confidentiality and the privacy of client and customer information is not just a cyber issue. Humana Inc. has a clean desk policy that extends to remote workers’ homes. “As the name suggests, our clean desk policy prohibits employees from leaving sensitive member or organizational information on their desk, their computer screens and white boards found in the conference rooms,” said Snow. “Our organization also prohibits employees from using or renting office space for this same reason.”

“Ultimately, flexible work arrangements are morale boosters that can be directly linked to improvements in an employee’s quality of life.”

—Carolyn Snow
“Human resources usually drives the remote work policy, but part of the development effort should include establishing a cross-functional team that also involves Legal, IT, Employee Health & Safety, Facilities and Risk Management.”

—Leslie Lamb

**PRODUCTIVITY & EMPLOYEE MANAGEMENT**

With employees fulfilling their professional duties outside of the confines of the office, productivity, communication and employee-relationship concerns can arise. In fact, although there are many conveniences to working from home, both parties—employer and employee—need to work just a bit harder to make sure the work from home arrangement is productive.

The lack of in-person oversight can lead to misunderstandings—failure to meet deadlines, miscommunications regarding ownership of projects, among other issues—which can impede the organization’s ability to serve clients and create tension in the workplace. Lack of personal oversight could also open the door to lawsuits. For example, if the remote employee is responsible for safety and does not properly communicate instructions regarding the dangers of new machinery, injured employees could pursue legal recourse.

Frequent communication is imperative to ensure the success of a remote work arrangement. “Quick check-in phone calls to discuss the status and direction of projects is an effective measure to avert such misunderstandings,” Snow added.

“It takes a high-level of trust for a work from home arrangement to succeed,” said Seidenberg. “Whether the employee is underworking or overworking, the organization must help their remote workers focus on their goals and objectives, set a consistent pace and acknowledge work ethic.”

Identifying opportunities for promotion can become challenging. “If you see a person every day, there is the impression that you know what he or she is working on and will be better able to assess their work,” said Lamb. “But, a remote worker can be doing those same things at home and, because the manager is not visually aware, it might be overlooked.”

**SOCIAL RISK**

By the nature of certain job functions, the opportunity to work remote may not be available to everyone within an organization. Additionally, many managers have the ultimate discretion as to whether an employee is eligible, and permitted, to work remote.

Thus, tension or resentment between “tele-commuters” and “commuters” can arise in the workplace, and, this non-uniform approach can expose the organization to employment practice liabilities and even accusations of discrimination.

Working in an office also fosters a culture of inclusion, a team mentality, that together “we” are working to achieve one common goal. “Those valuable personal relationships or interactions are absent for remote workers, creating a disconnect between them and the team,” said Seidenberg. “This isolation can cause depression, misunderstandings and is something the organization must be aware of.”

Key to overcoming the “us” vs. “them” mentality is to establish a structured communication protocol that could include daily, weekly, phone or even video meetings. “Reinforcing the connection between remote workers and their colleagues in the office will promote collaboration among your employees and can improve your group’s ability to deliver high-quality results,” said Lamb.

**WORKERS’ COMPENSATION FOR REMOTE EMPLOYEES**

Whether the employee conducts business in the home, the office or at another remote location is irrelevant when it comes to employee safety and well-being.

For remote workers, risk professionals and human resource executives face the challenge of determining whether a medical incident is a result of business activities and might require a workers’ compensation claim to be filed, or if the incident was unrelated to the employee’s professional responsibilities.
Whenever you have a workers’ compensation claim without a witness—falling down stairs or slipping—it’s not unusual for those to be the more difficult claims. Unfortunately, those are the claims that are not always reported accurately,” said Snow. “There is a good deal of trust bestowed upon work from home employees and fortunately we have not experienced a higher frequency of workers’ compensation claims from remote workers.”

Lamb pointed out that not all workers’ compensation claims are physically witnessed. “Health risks such as carpal tunnel syndrome, back issues and even a relatively new issue called sitting disease [a medical issue caused by sedentary behavior] will go undetected by others in the workplace, but are often covered under workers’ compensation policies,” she said. The key to managing these claims for remote workers is to establish clearly defined procedures for reporting health issues and getting them resolved.”

“In the risk professional’s role:

A COLLABORATIVE EFFORT

RIMS defines enterprise risk management (ERM) as a strategic business discipline that supports the achievement of an organization’s objectives by addressing the full spectrum of its risks and managing the combined impact of those risks as an interrelated risk portfolio. The ERM philosophy of risk management and the creation of a remote work policy share a common thread in that they both encourage breaking down silos and embracing a cross-functional team to better identify, assess and leverage risks.

“Human resources usually drives the remote work policy, but part of the development effort should include establishing a cross-functional team that also involves Legal, IT, Employee Health & Safety, Facilities and Risk Management,” said Lamb. “With the greatest understanding of organizational exposures, risk professionals can play a role in identifying essential members of this team.”

A cross-functional team should be set up to ensure:

• The remote work policy is broad enough to encompass everyone, but allows for specific measurable objectives.
• The policy is properly communicated throughout the organization.
• No one can change the document or “adjust” the document unless it is approved by the appropriate channels.

In addition to identifying members that should be included in the development of a remote work policy, the involvement of risk professionals is necessary to confirm that the policy addresses potential risks, and that it complies with the requirements of the organization’s insurance policies.

“If there are inconsistencies between the remote work policy and the organization’s insurance policy, it is incumbent upon the risk professional to communicate these discrepancies to those responsible for its creation,” said Seidenberg. “There are two ways to fix the problem. Either adjust the insurance policy or revise the remote worker policy. If that does not resolve the issue, the inconsistency might need to be escalated.”

She continued, “Many of the questions noted on the insurance application will require information about policies and procedures. The risk professional must know what is included in the remote work policy and what needs to be included in it to protect the organization.”

COMMUNICATION

As part of the team responsible for creating a remote work policy, risk professionals have yet another opportunity to showcase their extensive knowledge of the organization, its strategic objectives and potential exposures. “The risk professional can take this opportunity to lead the conversation, ensuring there is clarity among practice groups, and that other department leaders understand how different insurance policies would apply in certain circumstances, like workers’ compensation,” said Snow.
Working in a team setting, like the cross-functional group created to address remote working guidelines, also allows practitioners to share risk management strategies. This is an opportunity that promotes a risk-aware culture across the organization. Risk-aware communications could address the potential for data loss, expectations on reporting to management and business teams, as well as educational materials on how to set up a safe and ergonomic remote work environment.

And, while being able to communicate risk management strategies and information to other business leaders and employees is important, there also has to be a process for employees to report back to the organization. The risk professional should be involved in developing a communication protocol that guides remote workers on reporting project status, issues, injuries, etc.

THE REVIEW PROCESS

No policy is immune to change. With a finger on the pulse of the organization’s business initiatives and possible shifts in strategy, risk professionals are in a prime position to request that the team responsible for the remote work policy reconvene to assess the policy and address necessary changes.

Key events such as entrance into a new market, changes in job responsibilities, new regulations or simply a change in the organization’s remote work strategy could require revisions. In fact, the original policy should specify that such conditions may arise, and that the organization reserves the right to no longer allow an employee to work remote. There may also be circumstances when the organization expects the employee to come to the office on one of their designated remote days.

Seidenberg cautioned, “You don’t want to pigeon-hole yourself into having to review a policy that doesn’t need to be changed, but perhaps once a year the remote work policy should be looked at to make sure it’s still valid and that insurance policies cover potential gaps.”

CONCLUSION

Every organization will view remote working differently.

According to Global Workplace Analytics, companies such as Compaq and American Express have said that telecommuting employees are more productive than their in-office counterparts. On the other end of the spectrum, Yahoo!’s CEO Marissa Mayer decided to discontinue the company’s remote work benefit, citing communication and collaboration challenges as the reason for this decision.

Companies will have to determine what works best for them by considering both their needs and the needs of their employees.

Not all employees have the necessary traits to successfully partake in this benefit. Remote workers must be self-motivated, focused, dependable, self-disciplined and able to demonstrate that they can perform at an agreed upon level of productivity.

On the other side of the equation, managers must adapt to a different style of management for remote working associates. There must be frequent contact and remote workers must be included as part of the team and provided the same opportunity for promotion and leadership as their colleagues.

A well-defined remote work policy will set expectations and provide guidelines for employers and employees to successfully implement this work arrangement. And, through a collaborative effort with other organizational leaders, the policy can effectively contribute to the organization’s ability to not only address potential risks but also create a nurturing work environment that positively impacts morale and increases productivity.
SUMMARY

OPPORTUNITIES
> Productivity potential
> Cost-savings for employers and employees
> Improving morale and employee quality of life
> Contribution to green initiatives (less emission/energy usage)
> Access to a more diverse talent pool
> Attracting and retaining employees

CHALLENGES
> Confidentiality and data protection
> Lack of oversight
> Insufficient communication and reporting of activities
> Distractions
> Overcoming exclusionary or isolated sentiments
> Tension between eligible and ineligible remote workers
> Employee safety and workers’ compensation issues

REMOTE WORK POLICY MUST HAVES
> Cross-functional development team
> Uniform guidelines and parameters for employees worldwide
> Protocol for communication, interaction and reporting
> Opportunity for managerial discretion
> Compliance with insurance policies
> A formal review process
> The ability to rescind the policy if circumstances change
> An employee acknowledgement statement