

# CHALLENGER, GRAY & CHRISTMAS, INC.

DATE May 21, 2008

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## Soaring Gas Prices Force Employers To Respond **MORE THAN HALF TRY TO HELP WORKERS COPE**

**CHICAGO** – As record gasoline prices make it more costly for the nation’s workers to get to and from their jobs, a larger-than-expected number of companies have taken steps to help ease the financial burden on employees, including the expansion of telecommuting opportunities, public transportation subsidies and car pool programs.

More than half (57 percent) of human resource executives in a survey by global outplacement consultancy Challenger, Gray & Christmas, Inc. said their companies offer some type of program designed to alleviate increased commuting costs. The most popular program, utilized by 23 percent of respondents’ companies, is offering a condensed workweek, which typically consists of four 10-hour days.

The survey was conducted during the first two weeks of May among approximately 100 human resource executives representing a wide variety of industries nationwide. In addition to condensed workweeks, one in five companies organizes employee car pools and 18 percent subsidize the cost of public transportation. Approximately 14 percent have expanded telecommuting options.

“The economy and market for job seekers has softened, but many employers still count the recruitment and retention of talent among their top priorities. Part of the reason employers offer these gas-saving perks is to keep their best and brightest workers from seeking positions closer to home,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

So far, only a handful of companies have actually had an employee leave due to increased commuting costs. However, 34 percent reported that potential job candidates turned down offers because of long commutes.

The average commute to work is currently about 30 miles, according to Steve Reich of the Center for Urban Transit Research at the University of South Florida, in a recent interview for Forbes.com. If gas prices remain high for the foreseeable future, as some experts claim, the average distance between work and home could decrease significantly.

In a February survey by online job search site SnagAJob.com, 37 percent of respondents said that 10 miles is the farthest they will travel to a job. Another 30 percent said 20 miles is the maximum distance they would commute. Only 15 percent said they would be willing to travel more than 20 miles for a job.

“It used to be that the best jobs were in the city. The only jobs in the outlying suburbs were in retail or at restaurants. However, like many Americans, more and more companies have moved out to the suburbs in order to get more space for less money. This presents more opportunities for those seeking shorter commutes,” said Challenger.

“Even in cities with good public transportation systems, it could still be a struggle for employers to attract and retain employees with long commutes. It is not just a matter of cost of gasoline or mass transportation, which more companies are helping to defray through subsidies. The bigger issue for those with commutes over 20 miles is the time it consumes. As work-life balance becomes a higher priority for more Americans, they are starting to factor in the time it takes to get to and from work,” said Challenger.

“It’s great if you can find a job that is dedicated to eight-hour days and offers flexible scheduling, but if your round-trip commute is three hours the benefits of the good hours and flexible schedule are moot.”

Condensed workweeks, which in most cases offer employees the chance to work four days, provides a solution that not only addresses the cost issues associated with high gasoline prices, but also the time issue for those seeking improved work-life balance.

Gasoline prices were not a factor at all in last summer's decision by Chicago-based 37signals to experiment with four-day workweeks.

Four-day weeks are now permanent for the employees at this developer of web-based business productivity applications. The shortened workweek may have a positive impact on workers' pocketbooks amid rising gasoline prices, but that was not even a consideration for the company founder, Jason Fried, who simply wants to make “37signals one of the best places in the world to work, learn, and generally be happy.”

In his March 5 blog entry, Fried wrote, "...we've instituted a four-day work week as standard. We take Fridays off. We're around for emergencies, and we still do customer service/support on Fridays, but other than that work is not required on Fridays.

"Three-day weekends mean people come back extra refreshed on Monday. Three-day weekends mean people come back happier on Monday. Three-day weekends mean people actually work harder and more efficiently during the four-day work week."

Beyond condensed workweeks, the program that most effectively addresses the work-life balance and cost issues related to commuting is giving more employees the opportunity to work from home one or more days per week. Only 14 percent of human resource executives surveyed by Challenger said their companies were expanding telecommuting in response to high gas prices.

"Telecommuting may be the best solution, but it is going to be a tough sell when business conditions are as weak as they are now. In a slowdown, managers want all their workers on the front line. As a worker, it is also a bad time to be away from the office. Even if your productivity is equal to or better than that of those in the office, the lack of face-time with your supervisors puts you at a distinct disadvantage," said Challenger.

AT&T was, at one time, at the forefront of telecommuting trends. In 2005, it reported that about 90 percent of its management employees telecommuted, including 30 percent who worked full time from locations other than an AT&T facility. Another 40 percent teleworked regularly, while 20 percent worked from home occasionally when required for business continuity reasons.

However, since its 2005 acquisition with SBC, a company that is not as liberal with its telecommuting policies, the company has drastically cut the number of workers allowed to work remotely. In an interview with the trade publication *NetworkWorld*, Chuck Wilsker, president and CEO of the Telework Coalitions, said some estimates put the number of full-time teleworkers affected by the policy change between 10,000 and 12,000.

Many companies, even ones that benefit from the growth of telecommuting, such as AT&T, remain attached to management-by-sight traditions. According to WorldatWork, an association of human resource professionals from FORTUNE 500 and other leading organizations worldwide focused on attracting, motivating and retaining employees, more than 28 million Americans now work at least one day per month from home, with an estimated 100 million teleworking by 2010.

However, as the organization noted in a recent article posted on its website (<http://www.workingfromanywhere.org/>), the biggest obstacle to the continued expansion of telecommuting is that most managers have only been trained to work with employees who are physically present.

“Managers may have to learn how, because telecommuting may not only prove to be the most effective way to attract and retain the best talent, but it may be the key to reducing our dependency on foreign oil,” said Challenger.

According to a study by independent researchers, Kate Lister and Tom Harnish, 40 percent of Americans have jobs that can be done remotely, yet only four percent of the workforce currently works from home. If all of these workers telecommuted, they conclude it would annually save 625 million barrels of oil, reduce greenhouse gas pollution by 107 million tons of CO<sub>2</sub>, and save almost \$43 billion at the pumps.

Other results of the study, which can be found at [Undress4Success.com](http://Undress4Success.com), revealed that increased telecommuting could reduce Gulf oil imports by 80 percent while significantly reducing pollution.

Some employers are getting the message. Last April, the speaker of Georgia's House of Representatives, Glenn Richardson (R-Hiram), sent a memo announcing the House's 120 secretaries, researchers and other staffers will work one day per week from home this summer to save fuel.

Meanwhile, 43 percent of the companies represented in the Challenger survey offer no programs to alleviate commuting costs. However, the fact that a majority of companies are addressing the problem represents a significant improvement over past surveys.

A survey by Connecticut-based Business & Legal Reports (<http://www.blr.com>) in 2005, when gas averaged under \$3.00 per gallon most of the year, asked employers what they were doing to help employees deal with high gas prices. Only one percent of the 499 respondents said their companies were allowing more telecommuting. Six percent encouraged workers to carpool or use public transportation.

The overwhelming majority of employers, however, took a hands-off approach, with 86 percent saying that their companies did nothing to help their workers.

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## CHALLENGER TRANSPORTATION COST SURVEY

**1. Has your company offered any of the following to alleviate commuting costs?** (choose all that apply)

None of the above	42.9%
Condensed workweek (such as four 10-hour work days)	22.9%
We organize car pools	20.0%
We subsidize public transportation	17.5%
Other (gas card prizes, monthly transportation stipend, etc.)	16.3%
We expanded telecommuting opportunities	14.3%
We encourage bicycling or walking to work	11.2%
We subsidize gas costs	5.7%
We offer shuttle services	2.9%
All of the above	0.0%

**2. Have you or others at your company noticed an increase in any of these employee behaviors to alleviate transportation costs?**

(choose all that apply)

Carpooling	43.0%
None of the above	31.4%
Using public transportation instead of driving	23.0%
Increased Telecommuting	14.0%
Bicycling to work	11.4%
Walking to work	5.7%
Working longer hours for fewer days in the office	2.9%
All of the above	2.0%

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### **CHALLENGER TRANSPORTATION COST SURVEY**

Continued

**3. Have potential job candidates turned down offers to work at your company because of long commutes?**

No	65.7%
Yes	34.3%

**4. Have any employees left the company due to higher transportation costs?**

No	92.6%
Yes	7.4%

**Source: Challenger, Gray & Christmas, Inc.®**