

Undefined Vacation Policies

Are they really fantastic?

 By Douglas Miller

Imagine a world where you can take time off when you need it... to take vacation time when it makes the most sense without the careful calculation of vacation accruals and balances. Imagine a workplace that is ripe with mutual trust and respect, where taking vacation time is calculated based on the workloads of oneself and colleagues.

Recently, Richard Branson of Virgin Management did just that – abolished the vacation time policy. Other well-known organizations including Netflix, Groupon, SurveyMonkey, ZocDoc, and VMware, amongst others, have had undefined vacation policies for some time. Some organizations may have a loose policy where time off is not tracked and managed by the reliance of trust.

It is not unheard of to have undefined vacation policies for executives. The reason why organizations may have “unlimited” vacation policies for executives is that many in top management tend to not use much vacation time in the first place. When they do, they are expected to remain connected to office by answering emails, attend meetings remotely or adding a business component to their trip such as visiting a client. Also, let’s face it, many executives don’t use the systems established to log their time off. It also makes smart fiscal sense since no vacation balances means no vacation liability on the books and no cashing out vacation at termination. Since executives are top earners in organizations, this can have a significant impact on the bottom-line.

There are a few glaring positives to undefined vacation policies.

1. Culture – progressive, trusting, respectful
2. Employees tend to show more of a willingness to remain connected to office
3. Better for the bottom-line – no need to cash-out unused vacation time at termination, and as such a liability doesn’t have to be reported in the books

Undefined vacation policies are fantastic; however, and a BIG “HOWEVER”, undefined vacation policies have many pitfalls. The most significant pitfall is LEADERSHIP. Without a consistently strong leadership team, undefined policies can fail and fail quickly. Remember, Everything Pins to Leadership™.

When these policies fail – we tend to hear the main reasons are abuse by the employees and that it’s difficult to manage. However, it’s squarely a leadership issue, not an employee issue. Strong leaders create environments of trust and openness while holding those accountable who are not contributing effectively.

The failure of undefined vacation policies rests on the shoulders of leaders. It becomes less about the policy (or lack thereof) but more about the overall competency of leadership. Organizations tend to take the wrong path when trying to uncover the cause of failures in policy – whether that’s in undefined vacation policies or remote working arrangements. This happened at Yahoo where the cancellation of working remotely occurred due to employees not being effectively engaged. It’s amazing how leaders stand on the sidelines and throw stones at employees as if the employees are the epicenter of a particular problem.

Aren’t leaders supposed to lead teams and be the catalyst for positive cultural change? Leaders must communicate concerns as they happen, anticipate trepidations, and employ one-on-one communication where each member of their staff knows how they’re doing in the eyes of the leader. We all know, and we see it way too many times – problems fester, get bigger and a small brush fire becomes an inferno. At this stage, we can easily identify many reasons for the issues (and many times it’s an employee issue) because so much time has passed since the problem began; but we absolutely fail in identifying the root cause – the leader. Where was the leader when the very issue started? Why didn’t the leader dispatch his or her leadership abilities to put out the brush fire before it became a forest fire?

Okay okay... see failure of undefined vacation policies becomes less about the lack of policy, but more about the fear of weak leadership. Consistently strong leadership can make any policy or the absence of a policy work. Before throwing out the idea of an undefined vacation policy – look at the leadership competencies in place and address any issue in that area first by instituting a leadership development initiative.

I said that undefined vacation policies are fantastic and they truly are; however, without consistently strong leadership, undefined vacation policies are explosions waiting to happen. Here are a few of those explosions:

1. Team objectives suffer – managers fail to manage time away from work as it relates to deliverables
2. Unfair and inconsistent communication between departments
3. Perception of illegal disparate treatment

An undefined vacation policy does not mean that an employee gets to tell their manager on a Friday that they will be out all next week... or that an employee wakes up in the morning and concludes... you know what – I’m taking a vacation day today unless the group is flooded with trust and respect.

Such undefined “policies” require:

1. Clear and consistent communication about employee performance
2. Employees must respectfully consider time off while considering deliverables and other employees’ schedules
3. Taking time off is still considered a request – working closely with their manager who may be aware of upcoming deadlines, client visits, business seasonality and how the employee’s performance may suffer (if at all)

With strong leadership and a culture of openness and trust – undefined vacation policy can work and work amazingly well. As always, focus on leadership first. **L&C**



Doug is certified as a Senior Professional in Human Resources (SPHR) from the Society of Human Resources Management. He has worked in a variety of settings and industries including software development, technical staff augmentation, retail, franchising, market research and professional services including analysis, consulting and syndicated research. His global experience blends both larger and smaller company sizes including LEGO, Catalyst, Yankee Group Research, Blackbaud and the corporate headquarters of The UPS Store. Email dmiller@hrfocuspoint.com Visit www.HRFocusPoint.com

