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HIRING AND RETENTION

Keeping It Flexible

By Cara Cannella

Imagine a workplace where employees call the shots — how many days a week they'll work, how many hours a day (and which hours) they'll be on the job, and how many weeks of vacation they'll take each year. Mitchell Burman, CEO of **Analytics Operations Engineering (#496),** in Boston, did more than imagine such an environment; he built it.

The CEO — whose company advises businesses on how to forecast more accurately, set better pricing structures, and plan for unexpected variables and chaotic possibilities — was searching for a solution to what he sees as the twin dilemmas of the American workplace: the lack of flexibility (which makes work/life balance difficult to attain) and the lack of vacation time (two weeks a year for U.S. workers, compared with four to six weeks for most Europeans and Australians).

The 10 consultants who work for Analytics are able to choose when and where they'll work, how much vacation time they'll take each year, and even which projects they'll work on. "I judge an employee's value by what they create," says Burman. "It doesn't matter to me when they do it or even if they do it from Timbuktu."

Although consultants have the option of working anywhere as long as deadlines are met, most of them opt to work out of Analytics' downtown Boston offices when they're not at a consulting site. That's one of the reasons that Burman devised a compensation structure that addresses an amalgam of concerns. The comp plan satisfies his highly skilled workforce, takes into account IRS guidelines regarding who is considered a freelancer and who is treated as an employee, and addresses the biggest fear Burman had as a first-time business owner — that unrelenting payroll expenses could easily cause his start-up to implode.

Under Burman's plan, consultants who are non-owners receive a "draw" of $3,000 a month, which the IRS regards as salary. On top of that they receive a commission based on their hourly rate and hours worked. Burman also covers each employee's benefits at 90%. After a full year, consultants are eligible to buy stock in the privately held company.

Burman, whose primary task is bringing in business and assigning the projects, is compensated in exactly the same way. The only exceptions to the pay scheme are three members of the administrative staff who receive a straight salary, a bonus, and profit sharing in lieu of stock, in addition to the benefits package. Though the admins don't have the option of working remotely on a regular basis, the company tries to accommodate their flextime or vacation requests.

In order to ensure that the arrangement benefits the company as well as his employees, Burman has two metrics he relies on: "An employee should be able to bill at least $100,000 per year," he says. The CEO also insists that each dollar billed should cover operating expenses as follows: 30% covers the individual who does the work, 15% goes to the person who sells the work, 10% is allocated to whoever manages the work, 5% is spent on taxes, 20% is allocated to overhead, and the remaining 20% goes to profits.

According to Burman, the biggest obstacle he faces is finding qualified employees. On the plus side, however, Burman says that the company's turnover rate is extremely low, and its workforce is very devoted and dedicated. And because Burman's corporate philosophy remains unyielding ("I'd rather turn down a project than stop someone from taking two months off, if that's what they want"), it's unlikely that his turnover rate will increase.

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