

TRANSFORMING VACATION CULTURE IN THE WORKPLACE

American workers (96%) and senior business leaders (95%) universally recognize the importance of using paid time off, but four in ten workers (41%) say they will not use all of their time off this year.

For decades, Americans used more than 20 vacation days annually, but Project: Time Off's research reveals that they have hit an all-time low. In less than 15 years, U.S. workers are taking just 16 days off each year—nearly a full workweek less of vacation. This is America's Lost Week.

Unused vacation time is a burden for companies and the broader economy. **There is \$224 billion in accumulated vacation time sitting on the balance sheets of American corporations.** This liability accrues annually when employees roll over unused paid time off, and it does not include sick or personal leave.

Beyond the business implications, the intrinsic costs of unused vacation are equally important. When employees don't use their time off, research shows it affects their happiness, health, and performance and productivity at work, all of which can undermine company success.

The culture of silence and work martyrdom that has contributed to our vacation decline must change. A cultural shift in America's workplaces will be essential to win back America's Lost Week. To achieve this shift, organizations may not need to change their current time off policies. Change could be as simple as communicating current policy and underscoring the importance of time off to your organization.

Below are actions senior business leaders should consider to gain an understanding of their organization's vacation culture and to create change around time off.

Evaluate Time Off Culture and Usage

It is vital to understand your employees' use of and attitudes toward paid time off. Consider what you know about time off policy and how it is communicated to employees:

- Total accrued days off annually and average per employee (if your company allows employees to bank or roll over unused days)
- The size of the organization's vacation liability (if your company allows employees to bank or roll over unused days, this is based on days of accrued leave and employee compensation)
- Unused time off against performance, employee turnover, and job satisfaction by department or division to determine any correlations
- What messages are sent during recruiting, onboarding, and performance evaluations?
- What messages are included in internal communications during the year?
- Do company executives encourage employees to take time off?
- Do managers highlight the benefits of time off with their employees, including emphasizing the importance of time off for their own performance and effectiveness?
- Total unused days off annually and average unused days per employee, by title, tenure with company, and department or division

With this information, you can benchmark your leave policies, employee practices, and liability against national averages to see how your organization ranks and where you need to improve.



Chart a Path Forward

Leadership is a crucial element to the success of any strategic endeavor. It is no different when it comes to building an organizational culture that motivates employees to use their hard-earned time off—delivering benefits to business productivity, employee retention, engagement, and morale.

Equipped with an understanding of your organization's vacation culture, identify key stakeholders, from executive leadership, finance, human resources, and communications, who can work together to define a goal and plan for implementing change.

The goal will not be the same for every organization. Goals to consider:



Increase number of employees who plan their time off by X percent.



Cross-train staff to ensure coverage for time off.



Reduce average unused days off by X per employee annually.



Reduce vacation liability by X percent annually.

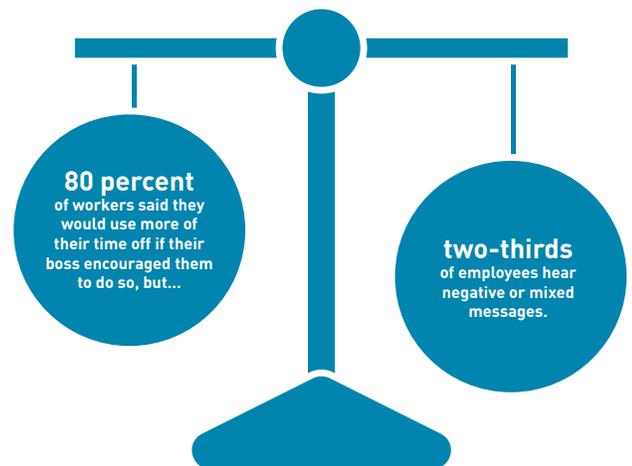
Gaining buy-in across levels, departments, and functions will be essential to achieving your organizational goals and ultimately creating change.

Examine New Ways to Communicate

At the heart of high-performing organizations is strong, effective employee communications. This goes for vacation culture as well; an organization's time off policy is only worth the paper it is printed on if a company does not communicate about it.

Ensuring the entire organization understands the corporate value placed on using paid time off is paramount to driving employees to act. According to Project: Time Off research, 80 percent of workers said they would use more of their time off if their boss encouraged them to do so, but two-thirds of employees hear negative or mixed messages—and, most frequently, nothing at all—about using vacation time.

Communications efforts will look different for every organization, but **consistent and regular communications are essential**. Consider the following tactics:



Develop a broader campaign to motivate behavioral change.



Activate your CEO or appropriate senior leader to serve as a spokesperson on the topic.



Add reminders and messaging to existing internal communications (e.g., newsletters, e-mails, social media staff meetings).



Update your time off policy to include messaging around the benefits of time off and importance your organization places on employees taking vacation.

When it comes to your employees and business, time off is as important as time on. And to realize the benefits of time off, it requires a shift from a culture of silence to a culture of encouragement.

Case Studies

The following organizations have already made progress towards implementing a positive vacation culture.

MasterCard Inspires Employees to Take One More Day



In 2014, MasterCard launched One More Day, a travel-focused advertising campaign that invites consumers to make a pledge to take just one more day of vacation to travel, spend time with family and friends, or just experience new things. The ad uses kids to drive home the point that skipping out on time off is “the stupidest thing I’ve ever heard.” One More Day wasn’t just an advertising message for the company. It pushed them to look internally and evaluate their own vacation culture. The program connected MasterCard’s internal “enable a whole you” program with their external One More Day and Priceless campaigns. With management’s support, **MasterCard rolled out a program that encouraged employees to pledge to take one more day off** and share on social media with the opportunity to win Priceless surprises. HR also implemented manager training programs on how to encourage employees to take time off. Through these efforts, **MasterCard created a culture that inspires employees to take their One More Day and decreased the average unused days from 4.2 to 3.9 in one year—a seven percent shift.**

Choice Hotels’ Pledge to Plan



With a focus on attracting and retaining the industry’s highest-performing talent, Choice Hotels realized a positive vacation culture is key to employee happiness and productivity. Choice reviewed its vacation liability and then brought together a cross-functional team to improve its vacation culture. The team included internal communications, human resources, and finance. Knowing that workers who plan their time off are happier with their job, financial situation, professional success, and other key indicators to high performance, **Choice launched a “Pledge to Plan” program in early 2016 with the goal to get every associate to pledge to plan their time off.** Choice’s CEO launched the program across the company with tools to help employees plan and specific communications to managers to gain buy-in. Choice intends to continuously build the program over time.

U.S. Travel Association Leads by Example



As the advocates for a national movement to change how Americans view time off, U.S. Travel had to lead by example. But a review of the numbers revealed that the association’s staff were among some of the worst offenders of not using their time off. In 2013, the 55-person trade association was carrying a \$353,000 vacation liability—more than \$6,400 per staffer—a number that had grown 126 percent over the past ten years. To reduce liability and ensure employees were using their earned benefits, **U.S. Travel implemented a three-pronged approach: regular communication** from President and CEO Roger Dow on the importance U.S. Travel places on using time off; individualized updates from finance on time used and time remaining; and **a \$500 bonus for employees who used all their vacation time.** The results were beyond all expectations. **Ninety-one percent of employees used all of their time off in 2014, compared to 19 percent in 2013.** U.S. Travel cut the growth in accrued vacation time by nine percent, slashing its liability by \$36,345. Even with employees enjoying more time away from the office, U.S. Travel had one of its best years yet. With a recharged and energized workforce, the association achieved its top legislative priorities, exceeded attendance and revenue goals at major events, and made headlines with thought-provoking research.