

This CEO Launched an Unlimited Vacation Policy. Here's How It Worked Out

Aron Ain has done what was unimaginable just a decade ago--successfully launched a no limits vacation policy--and lived to tell about it.

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Aron Ain, CEO of Kronos (a company that creates workplace management software and services) recently described in *Harvard Business Review* how he successfully launched an [unlimited vacation policy](#) at his company.

While Ain is a huge [work/life balance](#) advocate, the move wasn't just done out of goodwill. The company was losing [the talent attraction/retention game](#) and had to step up.

The concept of unlimited vacation begs many questions. Why do it? (Is it really necessary?) What has to be true for this to work? What are the pitfalls? Where was this when I was in corporate and would I have taken three months off to follow Van Halen on tour?

So let's answer (most of) these questions in order.

Why have an unlimited vacation policy?

Besides being a recruiting tool, the old standard of two weeks off as a new hire, four weeks off after 10 years of service etc. just doesn't make much sense anymore. In a world where technology has made many jobs 24/7, who's to say when someone is really on vacation?

Blurry lines call for new vision.

And companies that implement the policy successfully will tell you it results in employees taking a bit more time off and having a much greater amount of precious flexibility ([the actual average is 3 weeks taken off](#)), all of which returns dividends to the business.

Said Ain:

"Kronos employees took 2.6 more days off on average than the prior year. From a financial standpoint, it was our best year ever. I don't think that's a coincidence"

Ain went on to cite [improved employee engagement scores](#) as well an improved number of positive anonymous employee comments.

What has to be true for such a policy to work?

1. Employees must be implicitly trusted.

Sounds obvious but without fundamental trust such an initiative is doomed to fail. In the absence of trust managers question employees who take "too much" time or employees don't trust that they can actually take more time off.

2. That said, staff up with high-performers with the right work ethic.

Recruit for it. Then turn them loose. Monitoring can mostly go out the window.

3. Passionate concern for work/life balance must be in the culture.

It makes the policy believable--that it's being done for the right reasons. And it gives conviction to managers to grant the extra vacation day requests and for employees to ask for it.

What are the hidden pitfalls?

1. Risk of burnout.

When you make the shift, some people actually take *less* time off. It's absolutely critical that managers role-model taking advantage of the new policy to avoid this.

2. "Accruers" get ticked off (really ticked off).

Many companies pay employees for unused vacation time; it comes to be viewed as part of people's pay. Take that away and it can really raise hackles for some.

It's important to help such employees understand that payment for accrued days is not intended to be used as a financial bonus.

Such accruers also feel like it's another devious way for the company to save money. Ain argues that's why it's important to reinvest any accrual savings into other employee benefits like better-paying maternity leave or stronger 401k matches and to communicate you're doing as such.

3. The policy won't work in all companies/situations.

It doesn't work for people who really aren't in 24/7 type jobs or in industries that require butts in the seat or physical presence (like nursing, retail, call centers, etc.). And you can't just roll it out globally as many countries have restrictions on vacation time accounting (Kronos implemented the policy in the US and Canada only).

4. Some managers will feel it makes their job more difficult.

Such managers fear abuse of the system and an undue burden to police such abuses. Ensuring HR stands ready to help is key, as is the understanding that requests for vacation will still be tracked--not to raise backlash against those who take more vacation than before, but to actually ensure that people are taking enough time off.

5. Some will cry "unfair".

Primarily those who've been working for 15 years to earn four weeks of vacation, now all of a sudden the new hire gets the same amount (or even more).

It's important to remind such people that nothing is being taken away from them and that what others get is irrelevant.

Bottom line, unlimited vacation won't work everywhere, but it's a new option in the raging talent war.

Would it work in your workplace and would you welcome it?

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