

Unlimited vacation – it’s one of the hottest topics in employee rewards right now. There are lots of startups and established tech companies offering their employees unlimited time to travel, explore, and refresh themselves away from the workplace.

[Riot Games](#), the company behind League of Legends, has an open paid-time-off policy: there are no limits on the number of days they can take for time off. If they feel burnt out, team members can choose to stay at home, or better yet, head out for a dream vacation in Bali. “It’s up to Rioters to design the kind of paid time off schedule that works for them and to stay home when they’re not feeling well.”

Closer to home, Vancouver-based [BuildDirect](#), an online home building materials wholesaler, has been the public champion of unlimited vacation. And others like [Miovision](#), a Kitchener-based traffic management company, are following the trend. “Ultimately, we are all passionate about what we do, and are hard-working professionals,” said Miovision’s CEO Kurtis McBride. “We decided we didn’t need to babysit the staff. They are quite capable of deciding how much time they need, while still getting the work done.”

At [BLANKSLATE](#), our clients are increasingly asking us to develop employment agreements and policies that include unlimited vacation. But does unlimited vacation always work the way it’s intended? Or are there unintended consequences you need to watch out for?

“Good intentions can often lead to unintended consequences. It is hard to imagine a law intended for the workforce known to Henry Ford can serve the needs of a workplace shaped by the innovations of Bill Gates.” by Tim Walberg (Republican) Michigan.

While I may take issue with Walberg’s politics, he’s hit the nail on the head with this one. Workplace policies are notoriously slow to evolve. Much of what we think of as “standard operating procedure” was designed for a much different workforce and workplace.



Image courtesy of Levyboy.com

Yes, the road to hell can be paved with good intentions. Or to use the original quote from [Saint Bernard of Clairvaux](#), “Hell is full of good wishes or desires.” Which is why we had to put together this helpful guide to *the good, the bad and the ugly* of unlimited vacation policies.



Image courtesy of [Clint Eastwood!](#)

From an employer’s perspective it’s pretty easy to see how having your key employees away for extended periods of time can slow your growth plans. There are other things to think about, like payout of “earned” or “vested” vacation when you part ways, but we’ll get to them later.

From an employee’s perspective it should be all surfboards and sunshine, right? Not quite. Some people find it easy to flip on their out-of-office notice and escape to Macchu Picchu for a month. But others, *actually a whole lot of others*, may be way less cavalier about their job prospects, career trajectory, and bonuses if they are away for long periods of time. Your team won’t be eager to unplug if no one else is using any of those “unlimited” vacation hours.

Fraser Stark, the vice-president of talent for [Influitive Corp](#), a Toronto-based marketing software company with 150 employees, says: “It’s a mistake to leave ambiguity around the definition of reasonable behaviour. We’ve solved that in a couple of ways: the senior leadership tries to demonstrate what that appropriate behaviour is, and we now have ‘minimum’ levels of vacation.”



Image courtesy of [PicJumbo](#)

So what can you do? BLANKSLATE has a few recommendations on how to make unlimited vacation work for you and your employees.

1. LEAD BY EXAMPLE - Always the first and best action you should take. Your team will look to you and your leadership team to see what “unlimited” really means. If you aren’t taking vacation, they won’t be either. So go ahead, take a holiday: say your HR consultants told you it’s good for the team!

[Buffer](#), a Silicon Valley startup famous for their forward thinking policies, offers unlimited vacation. But when they noticed that no one was taking any vacation, they started offering a \$1,000 “vacation bonus.” That’s right, they paid employees to take time off. Will the vacation bonus be iterated out as Buffer continues to grow? We’ll have to wait and see.

2. SET A MINIMUM - Depending on what country, province or state you are in, there may be legislated minimum vacation standards. In British Columbia, Canada all employers are required to ensure that their employees take a minimum of two weeks vacation every year.

We are big on practical, operational advice, so what does this look like in your real world?

Depending on your business cycle, consider shutting the office completely for a period of time over Christmas and New Year (is anyone really working anyway?). Some companies close down for two weeks in August, so everyone can take summer vacation at the same time. It could be a matter of good coaching, with help from a solid HRIS system: if it’s September and you notice (or get an alert) that your Customer Success Manager hasn’t taken time off yet, schedule a chat with her. And yes, you can (in most jurisdictions) require your employees to take specific time off. But isn’t it better to talk with them, and come up with a plan that works for everyone?

3. ROLL UP ALL YOUR PAID LEAVE POLICIES - If you are offering unlimited vacation, why not keep your life simple and get rid of a whole lot of administrative paper shuffling by rolling all your paid leave policies into one, all-encompassing unlimited Paid Time Off policy. Vacation, sick days, bereavement - whatever policies you have can all be captured in one policy, no

tracking of days required.

What's the downside? Well, if you have a small group of young, single people, maybe nothing. But as your team grows and your people start to go through life events like marriage, children, illness and accidents, what happens? Honestly, we don't know. What's the intersection between unpaid parental leave and unlimited vacation or sick days? What happens if one of your team gets seriously injured or sick and is away from work for months. And how will this work with your short and long term disability insurance? Good questions.

In Canada an employee has to be officially "terminated" to qualify for government funded medical or maternity/parental leave benefits (although they enjoy job protection for an extended period of time). There's a good chance they would continue to earn more salary than government benefits would pay them. Now what?

We recommend that you work with an experienced HR professional and/or an employment lawyer to create with a carefully worded policy. Then make sure you have really good conversations about what it means with both your current and future employees.

4. SET A PAYOUT AMOUNT – In Canada, and in some states in the US, vacation is considered an "earned" benefit and employees are entitled to be paid out any earned but unused vacation when they leave the company. In California, for example, employers are not required to offer any paid vacation, but if they do have an established paid vacation or paid time off policy, earned vacation time is considered wages and vacation time is earned, or vests, as work is performed. You can [check out what the California DIR has to say here](#).

How do you quantify and payout "unlimited" paid time off? You are going to once again consult with a really good HR professional and employment lawyer and make sure you have a payout clause in your policy and in your employment agreements.

IT'S ALL ABOUT EXPECTATIONS

If you are thinking about things like unlimited vacation, you are already thinking (we hope!) about how you intentionally build a culture of trust and transparency. So you should also be having regular check-ins, one-on-ones or coaching conversations. And of course you have a strategy and a roadmap to get there and everyone's goals and [OKR's](#) are aligned to those.

As part of those amazing conversations you should also be talking about your business cycle, deliverables and projects. Everyone should know when they can, and can't, take vacation, when "crunch" times will hit (not too often we hope), when new features are being launched and when there are extremely busy periods that will need all hands on deck. Have the conversation about what needs to get done, when it needs to be delivered and when you need them there. Treat them like the responsible adults they are, give them enough context to understand what you need from them, then trust them. Radical thinking.

Is unlimited vacation here to stay, the way of the future, or a passing fad that will disappear as quickly as it showed up? If only we had a crystal ball. We know it can be a differentiator in today's competitive recruiting market and we know that when done right it can be an amazing tool for keeping your employees highly engaged and working at peak performance levels. We also know there are some watch outs and that there are some questions that will only be answered with time. If you think unlimited vacation is right for your company, don't be afraid to try it out.

Get some good advice, test, get feedback (that means talk to your team) and iterate if you need to. Together we are building the workplace of the future, so don't be afraid to think big and be radical. After all, don't we all want to work someplace that encourages us to live like this?



(GIF COURTESY OF THE AMAZINGLY AWESOME BUFFER TEAM)