

Solving the Employee Relocation Dilemma with Strategy

IF YOU ARE FINDING IT A CHALLENGE TO INITIATE AND EXECUTE A GLOBAL RELOCATION PROGRAM, ENLISTING THE HELP OF A RELOCATION STRATEGIST MAY BE THE SOLUTION FOR YOU.

As a multi-million dollar global organization with fewer than 50 employees relocating per year, you don't have a formal mobility strategy in place. With business moving at the speed of light, you are now charged with ramping up international relocations, but do not haven't the faintest idea on where to start.

With the ever-growing mobile workforce transforming the way we do business, initiating a sustainable relocation strategy can be a challenge, especially where there is not a dedicated relocation professional and/or department. As a result, human resources executives have a lot on their minds, not only having to manage a workforce to retain top talent and a shrinking budget, but also the challenge of becoming a relocation expert real fast. According to the Worldwide Employee Relocation Council (ERC), more than 50% of human resources professionals surveyed are seeing an upward trend towards mobility (relocation) functions becoming a part of their talent management responsibilities. This is the corporate relocation dilemma for companies mobilizing less than 50 employees annually.



So, how do companies like yours meet their goals for attracting and retaining top talent, while staying within their allocated budgets in these challenging economic times? Organizations that take the time to understand these challenges and addressing them on the front end by building a tightly measured strategy will be positioned well today, and in the future.

Relocation Strategy - What is it?



Strategy is defined as an elaborate and systematic plan of action. Quicker, better, faster doesn't work most of the time, and can be a recipe for disaster. A relocation strategy is a calculated plan congruent to your productivity goals. As a result, you will have a blueprint for your relocation programs.

A Historical Perspective - A Glance

The relocation industry began in the US, in the post-World-War-II economic boom. The first relocation services were primarily financial, designed to allow companies to purchase the existing homes of their employees in order for them to move quickly to their new location. There was also a need to assist employees and their families to settle quickly in the new location, and two services were born; home purchase assistance and destination services. As these services were needed quickly, the US need for domestic mobility meant that the real estate industry was perfectly positioned to provide most of these services.



Between the large national real estate broker chains and franchises, and the growing retail financial market, mortgage brokers and real estate companies quickly merged their operations to provide services to companies who wanted to move their employees within the US.

To a great extent the US domestic mobility market is still serviced by the real estate companies, with nationwide brokerage chains that have the capacity to assist companies. However, today there are many more specialized service providers, allowing organizations to address their workforce's growing and changing individual needs.

In Europe the market grew very differently and evolved into a distinct and separate industry.

The first major entry into the European corporate relocation market was in the 1970's, when a branch of a US financial services company opened in the UK offering home purchase assistance to companies wishing to move staff. These services became known as "Guaranteed Price Schemes". The company wishing to move a staff member would contact the financial service supplier, who would undertake the property valuation, and then purchase the property directly from the employee at the market price. This meant the employee was able to move and the company did not have the financial burden of buying the house. Instead this burden fell to the Guaranteed Price Scheme supplier, for a fixed fee levied to the company. You may have heard of a GBO, or Guaranteed Buyouts in the States. In either locale, this system works well where the property market is dynamic; however when a market slows, companies may (and many do) find themselves with a large portfolio and heavy re-mortgage payments to meet.



Dedicated destination service providers (DSPs) began to appear, and offered packages to provide on-the- ground settlement services for employees and their families. Today, however, these services are grossly under-utilized.

During the 1980s the new industry saw a steady growth, with very high levels of transferee support being offered by the DSPs and generous relocation packages being funded by employers.

Today the industry includes a vast number of different business services, from DSPs to RMCs (relocation management companies) to corporate apartments and furniture rental suppliers, to immigration and cultural orientation specialists. The purpose of relocation services is to settle the employee and the family with as little disruption as possible, therefore enabling the employee to get on new job quickly, and productively.

This remains true today, however, in many cases, the company does not stay engaged with the employee throughout the relocation, giving way to the employee's increase in anxiety and frustration. This leads to lost productivity and potential increase in costs.

Ok, So What's My Next Move?

The pressure to find, train, and move top talent is *on*. The purpose of selecting super talent is to help move the company forward, and to increase the bottom line. Many US-



based companies who have expanded their global reach in recent years realize that their overall business strategy relies heavily on the quality and placement of their workforce. A solid strategy will allow a company to maximize relocation spend and minimize cost; all while getting the employee on the job faster, thereby increasing productivity and net gain. According to the ERC, 67% of employees surveyed who relocated and then left the company within the first 90-120 days, attributed leaving their company due to a bad relocation experience. Between lack of engagement and poor planning, there is little return on investment. Your next move is to team up with a relocation expert who can kick off the preliminary discovery process.

Protect The Investment in Your People

Do you value talent? Are you a talent leader? Most consider relocation necessary to policy and function, but not directly related to the bottom line success of the employer's viability, even though it is imperative to do so. In today's climate, the need to retain talent is even more important, as it is always more time and cost intensive to go out and find new talent. So what can you do to help your client (internal or external) limit talent attrition and maximize business success?

You know it is going to cost to attract the best and brightest. This is where strategy is key in protecting your investment in the people you move. According to 2010 ERC research, the average domestic relocation cost was approximately \$90,017. Match that to an average international assignment costing anywhere between a whopping

\$300,000-\$400,000 US. In addition, over 50% surveyed said that the number one challenge facing workforce mobility professionals today is controlling relocation costs. These numbers should raise an eyebrow or two and hopefully initiate a discussion around relocation strategy. Even if you only move one or two per year, the lack of planning could be a blow to the budget.

Aligning People Strategy with Relocation Strategy

In a recent conversation with Worldwide ERC CEO, Peggy Smith, former Director of Global Mobility for software giant Microsoft, Peggy spoke of the ways to get the most out of top talent. Organizations must engage and excite their workforce to get the most out of talented teams, and meet business unit goals, emphasizing that business units are co-dependent, not *independent*; if relocation fails, it is tied back to the business objectives and/or the business unit's P&L. So what can companies do to reacquaint each business unit to one another and share the common goal?

“Business units are co-dependent, not in-dependent.”

***Peggy Smith,
Worldwide ERC
CEO***

Such organizational effectiveness will result in a much more efficient program, creating instant employee (your internal customer) satisfaction and retention. Taking the time on the front end to plan for workforce mobility success will result in the best possible use of your investment.

Part of planning for a strong relocation strategy may include internal benchmarking. This would involve talking to several of your most recently relocated employees and ask them a series of questions about their experience regarding your business unit, external vendors, and the overall process. This will help guide your programs.

External benchmarking is also a great way to gauge what your competition is doing in order to snag the best available candidates out there. What kind of compensation packages are they offering? What is their relocation benefit? Do they have just one-size-fits-all programs, or are they tiered?



What's A Candidate Worth to the Organization?

In a 2010 *Fist Full of Talent* blog post, Tim Sackett, EVP of HRU Technical Resources points out that while it may more expensive to get people to relocate, it isn't necessarily difficult. “The big questions HR pros have to answer, thought, are what real value [the] hire [or employee] is going to bring to the company, and what's the ultimate ROI?”

This is the tipping point for most organizations. Once an excellent candidate is identified and has considered a move for a position, the next question is, just how valuable is this person to your organization?

Your Relocation Program - Flexible & Forgiving

So what's next? This is where it gets interesting. Not only do you now know what your organization's goals are, you also have a keen understanding of the needs of your relocating workforce, in addition to some idea as to what other companies like yours have in place for their workforce. You will also have to get to know tax laws and the impact they have on both the company and the employee; as well as immigration laws, if applicable.

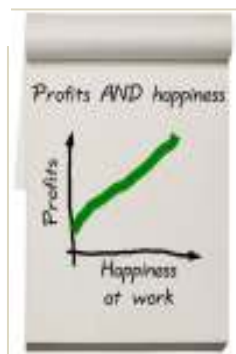
Next is policy design. Will you offer the same program to every level of employee? How many will be relocating? Will they be internal transfers or new hires? What costs is the company willing to cover? Will your HR team be designing, managing and executing the moves in addition to everything else on their plates, or will you outsource? According to an article by Michael Porter in the *Harvard Business Review*, "The popularity of outsourcing and virtual corporation reflects the growing recognition that it is difficult to perform all activities as productively as specialists." Not only is this a growing trend for effective execution sake, but for efficient cost management as well.



Being flexible, and in tune to your workforce relocation needs, is a surefire way to separate you from the rest, and provide long-term benefits to the company.

Getting Your ROR® - Return on Relocation

Let's face it: we all want to do the best job possible for the best bang for the buck. One way to do this is to partner with an independent relocation consultancy that specializes in strategic workforce audits, like **Focus Relocation**.



It is a well-known fact that with strategic planning comes success. This is the corner stone of the **Focus Relocation** business model, helping companies like yours identify what is missing from their current relocation strategy (or lack thereof) begin building a workable plan, complete with how-to's and who's who. From a talent acquisition and management perspective, it is important to relocation program success to have the best team of experts collaborating with you and your executive teams to advise on tax and legal, design of a custom policy, create programs, and make vendor recommendations, so that you can compete for the best candidates out there.

This approach will not only help with cost control, but also give your organization a leg up on the competition while making your internal customer (the employee) excited and

engaged during what can be, a stressful transition. This will help bar against seeping out top talent and wasted resources.

Summary



The relocation of employees is part of doing business in today's global economy. Being efficient, having systems in place and a competitive relocation package will make such transitions a seamless part of your organization. And your relocating employees, whose lives are most affected by this change, will appreciate the effort and care with which your organization demonstrates. This will ultimately save your company time and money, while increasing productivity and the bottom line. With this in mind, let

Focus Relocation bring your workforce mobility solutions into *focus*!

About Focus Relocation LLC:

Focus Relocation LLC takes a holistic approach to finding gaps, and then solutions, that get the most out of your relocation dollars.

As an independent strategy consulting firm, specializing in comprehensive relocation audits and consulting, we know that one formal plan does not accommodate all employees, or all companies. Following a comprehensive relocation evaluation, we give you useful strategies with an actionable blueprint for your relocation activities.

Focus Relocation LLC's goal is to help protect your investment in your people, your Human Capital, and to minimize overall relocation program costs; all while maintaining a competitive edge in the market by staying attractive to top talent.

To take the first step toward devising a powerful relocation strategy with measurable results, please email info@focusrelocationllc.com or call 877-550-RELO.

