



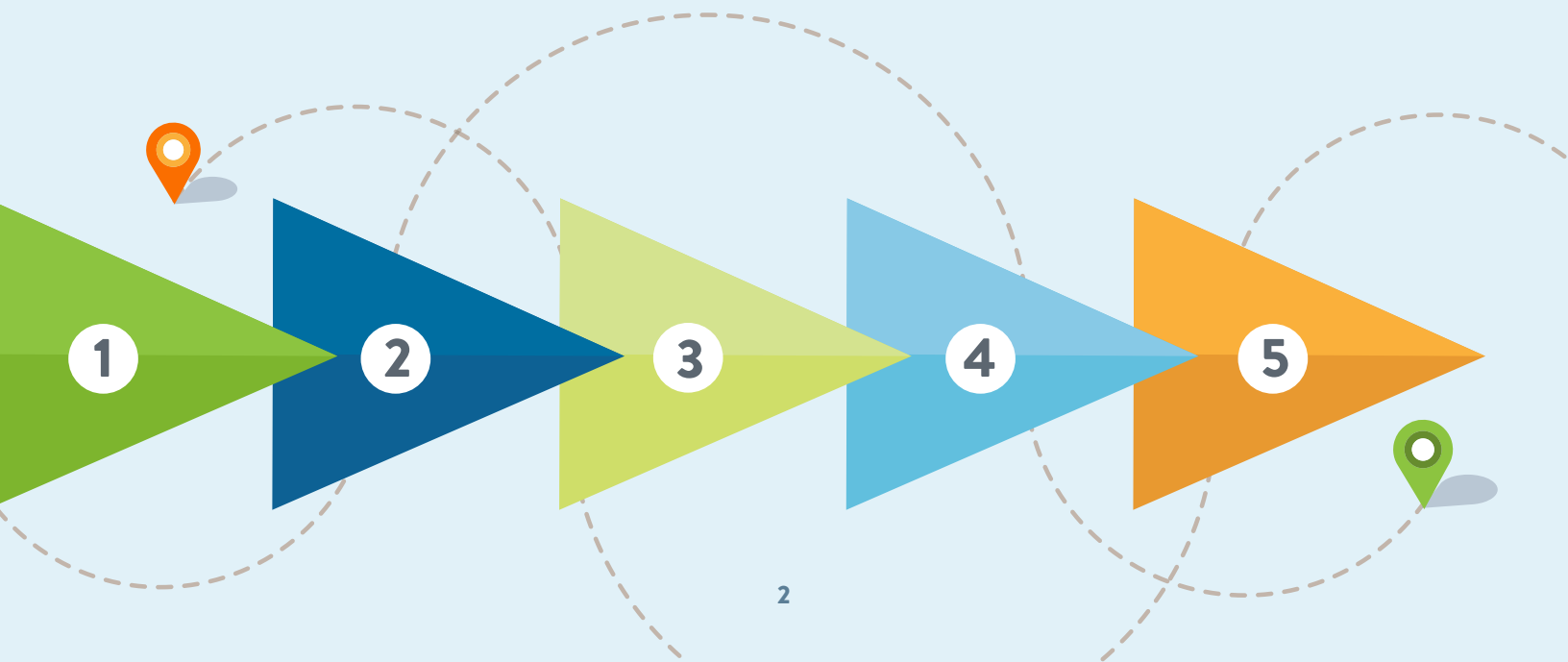
Five Common **RELOCATION PROBLEMS**

Whether your company moves 10 people a year, or hundreds, there are realities that are nearly universal:

Relocation is expensive; it is complicated; and, it can be very stressful for the relocating employee.

No matter the size of your program, you face common problems and challenges. With some advanced planning, and modest business controls, you can mitigate the negative impacts.

Let's look at five common problems that businesses face in managing a relocation program and the steps you can take to avoid these problems.



PROBLEM

NO.

1

Unpredictable Costs

In many companies, the actual cost of a relocation is not known until after the move is completed, which often creates an unwelcome surprise for the manager who has to pay the department's bills.

The typical process works like this. The move is approved based on the employee's qualification for the job in the new location. Salary and other job-related factors are negotiated and resolved. But there is no estimate for the cost of the move. Rather, the employee is handed a relocation policy and assigned to a consultant to help arrange necessary services.

The final cost to the employer is the result of the employee's decisions made within the policy parameters. Under the same policy, costs can vary significantly based on the employee's family size, homeownership, home size, destination location, and other factors. So, when all is said and done, there is no way to know if the company spent the right amount for the move or a lot more than it should have. Business managers don't like surprises, and a relocation without cost controls is likely to cause a surprise.

SOLUTION



Create a budget for every move.

First, before approving the move, prepare a cost estimate based on the specific circumstances of the relocation in question. **Next**, involve the decision-makers in reviewing the costs. If the cost is too high, you can adjust the amount to what the company is willing to pay. (In some cases, it may make business sense to actually cancel the move.) **Once everyone is in agreement**, including the employee, convert the cost estimate to a budget. This allows the company to plan for the cost of the move, and the employee to manage the move within the budget parameters. **No surprises.**



PROBLEM

NO.

2

Managing by Exceptions

The expression “there’s an exception to every rule” definitely applies to relocation. Even strongly worded or generous relocation policies don’t avoid exceptions. That’s because it’s impossible to fit every relocating employee into a “one-size-fits-all” policy.

There is always going to be a problem with this approach. Invariably, some policy components aren’t needed, and others don’t provide enough assistance. This leads to frequent requests for exceptions, which lead to higher costs if paid – or employee dissatisfaction, if denied.

SOLUTION



Create a relocation plan for every move.

Before approving a move, gather the information to prepare a realistic plan and budget. It’s most important to address individual employee needs in the planning process. If you know what is needed upfront, you can develop cost-effective solutions that are acceptable to both the employee and management. **The result is less frustration** for your employee, fewer exceptions for you to manage, and better cost control.



PROBLEM

NO.

3

Not Engaging the Right People

Besides the employee, stakeholders in a relocation include HR, hiring managers, recruiters, and possibly others. It would be nice if all of these parties thoroughly understood the company's relocation policies and their cost implications.

But in the real world, that's just not the case. Other than the HR manager who is responsible for relocation, the other parties only become interested in relocation when it affects a specific employee.

Because relocation is not an everyday event, it's not surprising that there is a lack of understanding about how relocation works and its costs. There can also be differences of opinion about what the company can or should do for a particular employee. Not being on the same page can result in one or both of the following: a relocation that costs much more than anyone anticipated; or, worse, a dissatisfied and disengaged employee.

SOLUTION



Have key players sign off on a relocation plan.

There are ways to engage the stakeholders in relocation in a positive way that supports a better outcome for the company and for the employee. This is done by creating a relocation plan for each move and routing it to the key players for their review and approval. If there are issues, they can be addressed upfront and revisions made before everyone signs off on the final plan. The goal is that the employee signs a relocation agreement that is consistent with the expectations of all stakeholders. **Again, no surprises.**



PROBLEM

NO.

4

Do-It-Yourself Relocations

A recent trend in relocation is to give an employee a cash payment, or “lump sum,” based on a formula, or a percentage of salary.

This allows the employee to take care of their own relocation, often called a D-I-Y relocation.

The assumption is that employees - even new hires – without any help, are capable of successfully navigating all of the steps involved in a move. They will use the money wisely to pay for shipping their belongings, buying or renting a home, and arranging other services. And they will get to the new job location on time, happy, and ready to go to work. What could go wrong?

For the employer, this approach is easy to administer and provides a limit on the total cost, at least initially. On the other hand, the entire burden of getting to the new job location falls to the employee. We know that simultaneously changing jobs while moving to a new community is very high on the personal stress scale. The process is fraught with serious obstacles and risks.

Another problem with the D-I-Y approach is financial management. Invariably, employees view the cash payment as a bonus and try to spend as little as possible on the move, which increases the chances of encountering serious problems. Alternatively, many employees quickly discover how expensive a relocation can be and return to the employer to ask for more money.

SOLUTION**Make sure your employees have professional support to complete their moves.**

Direct your employees to a professional relocation management company (RMC) that can help them spend company money on those services that will complete the move with minimum stress. RMCs use service suppliers that have been thoroughly vetted and are capable of providing the necessary services, on schedule. The cost of using an RMC averages about 5% to 7% of the total spend, which is a very low cost for the peace of mind you have knowing that your money is being spent for the intended purpose. Importantly, you are assured that your employee arrives at the new location ready to be productive in their new position.



PROBLEM

NO.

5

HR Managers Face Competing Responsibilities

In a recent client survey, we learned that approximately 80 percent of relocation program managers in larger companies spend less than 20 percent of their time on relocation.

The reality is that in today's corporate environment, HR managers often have many competing responsibilities and the time available for managing relocation is increasingly limited. The challenge: How do you manage an expensive and complex function when you're being pulled in so many other directions?

SOLUTION



New technology.

Technology is changing the way corporations manage relocation. New technology solutions make it much easier to make relocation decisions, coordinate with other stakeholders, track the progress of individual relocations and monitor company-wide activity and costs. It is now possible to manage a complex, multi-policy relocation program and still have time for other important HR duties.



CoPilot: A Solution to All of your Relocation Problems

CoPilot™ by NuCompass is a cloud-based technology solution for all of the relocation problems discussed here, including managing a complex program with a limited time commitment.

CoPilot automates relocation workflow. For the employer, it provides the tools to develop a cost estimate for a specific employee situation, prepare a relocation plan and budget for each move, route the plan to key players for review and approval, and prepare a relocation agreement for the employee.

CoPilot empowers the employee to manage each step of the relocation process in accordance with the relocation plan and budget. The employee has access to vetted and proven suppliers of the services needed to complete a move. Throughout the process, the employee is supported by an experienced relocation consultant for help with any aspect of their move.

Importantly, CoPilot gives you the tools to manage your entire program. It ensures that your program is compliant with current tax law, and provides the necessary information to meet your payroll reporting requirements.



In today's complex and hurried business world, relocation should not be left to chance. It's critical to have the necessary tools to determine employee needs, provide the appropriate services, manage the budget, and allow employees to control key aspects of their own move.

For more information, visit www.nucompass.com.

