IMPROVE RESULTS: TURN YOUR RELOCATION POLICY INTO A PLAN

NuCompass MOBILITY®

Today, technology makes it possible to get much better relocation outcomes by preparing a plan for each move.

When managing employee relocations, most companies use a policy approach, which is the generally accepted method for managing relocations. However, the policy approach may no longer be the most cost-effective way to manage a modern relocation program. Today, technology makes it possible to improve the performance of your relocation program by easily preparing and implementing a specific plan for each relocation.

In this paper, we analyze the common problems associated with relocation policies, define the goals of a modern relocation program, and explain how you can achieve those goals by using new technology to prepare and implement a plan for each relocation.

COMMON PROBLEMS WITH RELOCATION POLICIES

Relocation policies typically offer different levels of service to different employees depending on criteria such as position, new hire or current employee, and homeowner or renter. For the employer, the policy communicates the services the company is willing to pay for. For the employee, the policy provides a road map for completing the move.

Policies are intended to create a consistent experience that doesn't require reinventing the wheel every time you relocate an employee. They were born from pragmatism to ensure fairness and control costs.

Unfortunately, the policy approach has some real problems. Here are three of them.

Policies can become entitlements

Policies create expectations. Let's say you're moving an employee from Chicago to Phoenix and he happens to be single and a renter. The policy calls for 30 days of temporary housing. But this employee has a friend with a guest room. So, he wants to use the temporary housing money to move his boat, which is not covered by the policy.

The types and levels of services offered by a policy are the same for each employee the policy applies to. They don't take into account what an employee specifically needs to complete a move. If the policy offers more than is needed, the employee will naturally try to find a way to take advantage of the full benefits. If the policy offers too little, you encounter the next problem.

Policies breed exceptions

If an employee doesn't have a friend with a guest room and actually needs more than 30 days of temporary housing, the employer will likely be asked to pay for it. Though policies were designed to keep costs under control, exceptions are all too common. In our experience, exceptions add 10 to 15 percent to the costs of a typical relocation.

Exception management is not an efficient way to manage costs, mainly because exceptions often occur late in the relocation process, when it is difficult — if not impossible — to refuse a request.

Policies don't help with cost-benefit decisions

This is the most serious drawback for the policy approach. Relocation policies apply to what happens *after* a decision is made to relocate an employee. Policies don't help decide if the move makes business sense. A policy doesn't help a manager compare the costs of the move to the value of having the employee in the new job location, before the move is approved.

Making a go/no-go decision can be the most important decision for both the employer and the employee. Depending on the cost, it may not make business sense to move a specific employee to a new location. Conversely, the employee may not want to move if the company decides it cannot cover the full cost.

Frankly, one of the best ways to control relocation costs is to not approve those moves that don't justify the cost.

A PROBLEMATIC SOLUTION: POLICY CREEP

Over the years, to solve these types of policy problems, companies have resorted to "policy creep." They have created more and more policies to apply to a wider variety of employee situations: a policy for executives, one for midlevel managers, one for new college hires, and so on. But even "policy creep" cannot address the myriad individual outcomes that are possible even within narrow employee classifications.

In summary, relocation professionals have known for years that relocation policies are problematic. They have done their best to make the system work, mainly because they didn't have a better alternative. Until now! *It's time to convert your relocation policies into relocation plans.*

GOALS OF A MODERN RELOCATION PROGRAM

To evaluate an alternative to the policy approach, it is helpful to step back and define the goals you would like to achieve with your relocation program. In our experience, we find that companies are typically trying to achieve the following goals:

1 Pay only for what the employee needs

For each relocation, only pay for assistance that is needed for the employee to get to — and get settled in at — the new job location. A relocation is not an opportunity for the employee to benefit financially at the company's expense.

2 Pay only what the relocation is worth

Don't pay more for a relocation than its value to the company, or the amount budgeted. In other words, the cost must be justified by the value of having the employee working in the new location.

3 Control costs as they occur (no exceptions)

The employee must complete the move within an approved budget.

4 No surprises

All participants — HR, hiring manager, and employee — agree to a single plan and budget. Everyone is on the same page.

It's pretty clear that relocation policies, as they are currently applied, will not achieve all of these goals. For example, goals 1 and 2 are often in conflict, and most policies lack a process for deciding the value of a relocation and finding a solution that is acceptable to the employer and employee.

Solution:

Prepare a Relocation Plan for Each Move

You can take your program to the next level by implementing a relocation planning process that meets the goals listed above. Most important, this approach rests on a fundamental business principle that relocation decision-making should follow best practices.

Relocations are expensive, typically ranging from $15,000 to $150,000, or more, depending on the specifics. For most business purchases, best practice dictates that managers who want to spend this kind of money must follow a business process that involves a cost estimate, a plan for how the money will be spent, and a statement of the goals to be achieved. Upon approval, the project is monitored in terms of milestones completed and funds spent (budget vs. actual).

Historically, relocation decision-making has been exempt from this process. Why? Most likely, this is because developing a specific plan for each relocation can be complicated and time consuming. It requires assembling a lot of information from many different sources and sharing it with managers, within a very short period of time. To do that manually is simply not possible. As a result, the policy approach has been the next best alternative.

A PLAN AND BUDGET FOR EACH RELOCATION

Today, technology is changing the rules. Every company can now follow best practices when making and implementing relocation decisions. The availability of relevant data, sophisticated online planning tools, and the ability to instantly communicate make it possible. Here's how it's done in a few steps.

Important: *As a prerequisite, do not make any decisions or promises to the employee until the process is complete.*

STEP 1

Determine the estimated costs of the relocation based on the specific circumstances of the employee being considered for the move.

STEP 2

Hiring manager and HR review and compare the costs to a target budget or to what the hiring organization is willing to spend.

STEP 3

Reconcile/negotiate any differences identified in steps 1 and 2 to achieve a solution that is acceptable to HR, the hiring organization, and the employee. If reconciliation is not possible, do not approve the move.

STEP 4

If step 3 is successful, create a final plan and budget, prepare a relocation agreement, and obtain the sign-off of all participants, including the employee.

After approval, the plan and budget guide the process until the employee is on the job and settled in the new location. This planning approach greatly improves on the policy approach in many ways. For the employee, the relocation plan is based on specific employee needs and commits the employee to completing the move according to the approved plan and budget.

For the employer, the process provides an opportunity for the hiring manager to weigh the costs and benefits of the move before a decision is made. And it provides much better cost control by minimizing the possibility of exceptions.

TECHNOLOGY IS THE KEY TO CREATING RELOCATION PLANS

CoPilot™ by NuCompass, a cloud-based relocation management platform, makes relocation planning a reality. And it does much, much more. It not only helps an employer create a relocation plan, it also supports the employee through every step of the process to get settled in their new location, ready to start their new job.

USING COPILOT, YOU CAN:

- Get input from the employee and instantly prepare a cost estimate
- Weigh the costs vs. benefits and make a business decision to proceed or not
- Route the information for management approvals
- Get the employee's commitment to a relocation agreement

All of which can be done online in a matter of hours, not days.

After a decision is made, your employee gains access to a personalized portal to help manage every step of the move, 24/7, using any device. The portal connects the employee directly to pre-approved and vetted suppliers for all the required services. Support is provided by experienced experts at NuCompass until the move is complete.

Contact us today and let us help you get the most out of your relocation program. Visit us online at **www.nucompass.com/copilot.**