



The Group Move Balancing Act



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In board rooms around the globe, senior executives are considering the next steps in this high stakes, highly competitive environment. Organizations face tough decisions in a quest to survive, succeed, and maximize potential and profitability.

Mergers and acquisitions are a key step to success for many companies in the current economy. In a survey of nearly 500 executives, 25 percent of businesses were likely or highly likely to make an acquisition in the next six months, 33 percent in the next 12 months, and 41 percent in the next 24 months. (Ernst & Young, New York Times). This activity, along with restructuring and new markets, can result in businesses moving a select group of people or an entire organization to a new location. The group move activity that follows these actions is anything but typical.

In 2010, it's not business as usual when employers decide to relocate employees and their families. An unsuccessful group move can cost a company millions and cause the loss of the best and brightest employees. With top talent in short supply and employees more reluctant to relocate than ever before, organizations need solid strategies to guide business decisions that involve talent and mobility.

Group Move Decisions for the Employer
Reasons for a group move vary and may include reduced labor costs, proximity to customer base, desire for a neutral location

following merger, greater access to available talent pool, or a strategic location for global business. Whatever the reason, group move decisions often occur in great secrecy at the most senior level. The organization may include external advisors for legal and financial considerations, and human resources may or may not be involved in the decision process. The debate to move or not to move often centers on a few key strategic questions:

- » What does the successful organization look like in 2010 and beyond?
- » What changes need to be made to get there?
- » Do the long-term gains trump any short-term business disruptions and risks associated with a merger, acquisition, HQ relocation, or a group move of one or more business units?

"There are many sides to an M&A transaction," says James Kristie, editor and associate publisher of Directors and Boards. "Financial, legal, strategic, and tactical. And... there is a human element to every deal."

(Boardroom Briefing: Mergers & Acquisitions 2009)

Within the strategic scope of these questions, decision makers also may explore additional factors related to possible locations, including the following:

- » Access to capital and overall cost
- » Competitive influences
- » Supply chains
- » Customer profiles
- » Location demographics
- » Cost of living
- » Access to desired labor pools
- » Property acquisition/disposition costs
- » Likelihood that vital talent will follow the organization
- » Culture compatibility
- » Government incentives

Among these factors, the financial impact of cost of living and the housing market affect both employer and employee and require careful consideration as they can be a significant portion of the group move expense. A systematic approach should include the following to balance cost containment for the organization and adequate compensation support for employees:

- » Location comparisons. Cities can have vastly different profiles and costs, even when in close proximity. Analysis of specific criteria improves location comparisons to ensure proper compensation for employees and business impact for the employer.



When it comes to relocation, employers and employees approach the decision with different priorities. Employees in the 24 to 39 age range may pick a city and then find a job, with the city being selected for any number of amenities important to that individual. The focus on location makes moving employees out of a chosen city even more challenging. The most successful locations for business will be those areas that attract and retain talent. Compare the following lists of top cities for younger workers and top cities for business relocation. (Sources: *Next Cities*, *The 60 U.S. Hotspots for Young, Talented Workers* and *MuniNet*)

Younger workers	Business relocation
» San Francisco, CA	» Honolulu, HI
» Seattle, WA	» Portland, OR
» Boston, MA	» Denver, CO
» Washington, D.C.	» Austin, TX
» Denver, CO	» Houston, TX
» Austin, TX	» Charlotte, NC
» Baltimore, MD	» Raleigh, NC
» Portland, OR	» Des Moines, IA
» New York City, NY	» Indianapolis, IN
» Columbus, OH	» Columbus, OH

Vandover recognizes that the circumstances affecting an employee's relocation decision fall into six categories:

- » Relationships (spouse/partner, children/grandchildren, parents/grandparents, friends/social network, etc.)
- » Lifestyle (health, education, spiritual life, pets, activities and entertainment, etc.)
- » Location (housing, cost of living, culture, community, etc.)
- » Family finance and legal concerns (income, expenses, budgets, ongoing legal concerns, etc.)
- » Employee professional/career (changing roles and responsibilities, compensation, professional development, etc.)
- » Spouse/partner professional and career (job market, salary, job replacement efforts, networking, entrepreneurial considerations, etc.)

Within each of these categories, any number of obstacles (or perceived obstacles) could deter an employee from accepting a move. In some cases, the employee might be so overwhelmed with the possible issues that he or she can't even define the key topics or deal breakers.

Employers concerned with the relocation and retention of their best employees should consider support to assess and address concerns before, during, and after relocation.



- » Current housing values. Today's home market values change rapidly and require consistent monitoring.
- » Mortgage age, income, income tax, and family size. These areas can differ significantly by transferee and require detailed analysis for cost accuracy.

Group Move Decision for Employees

As the employer debates the pros and cons of a group move and decides on a location, employees begin to sense the impending change and begin to worry. Regardless of whether group move discussions stay locked down until official announcement occurs or the rumor mill churns long before, even the possibility of relocation sparks many questions in the minds of employees.

- » What does this mean for my family?
- » Will my spouse/partner be able to find a job in the new location?
- » What if our home here doesn't sell?
- » Is the company stable enough for this move, or is it the first step in a downward spiral?
- » How can I balance my work responsibilities and still be sure my family's transition goes well?
- » What's the cost of living difference in the two locations? How else will this move impact my finances?
- » Will layoffs be part of the group move?

The questions are similar for any potential relocation, but with group moves the end

result is clear: relocate or find a different job. Some employees may feel relocation is the only option, especially in the current job market. Others may decide to search for a new opportunity rather than uproot family and personal life.

As employees ask themselves the many questions associated with a relocation decision, a few key factors emerge as perceived obstacles. If such obstacles are ignored for fear of being unemployed, relocation becomes a bumpy ride for both employee and family. Some employees may be so overwhelmed with the many possibilities that they can't even identify the most important factors in their decision. All they see is stress, stress, and more stress about what might go wrong with the relocation and how strongly the repercussions may be felt.

The reality of group move decisions is that no two employees have the same needs, yet many companies attempt to create a one-size-fits-all policy for support. Or, the organization selectively chooses the employee groups it feels need support, whether that is families, working spouses, or employees with special need situations. However, when it comes to employees and relocation, things are not always what they seem. The young, single employee who appears easily mobile may be a primary caregiver for an elderly parent or grandparent. The long-time Boomer

employee, perceived to be loyal and near retirement, may balk at relocation in favor of starting his own business.

With such complex and often emotional considerations, employees may be uncomfortable approaching their HR representative or hiring manager issues related to career, family, or finances. Additionally, such financial concerns relative to relocation are not the purview of traditional financial investment advisors. Employees need tools to compare data and access to a mobility financial analyst who specializes in such topics. The mobility financial analyst assists the employee in interpreting the data and serves as an objective sounding board. These tools and data resources empower the employee to make an informed financial decision about relocation.

Planning the Balanced Group Move

For employers and employees, communication is key throughout the process. Employers need to recognize the uncertainty and fear that employees feel during the group move process and approach group move communications accordingly. While the employer focuses on the strategic and financial factors in the decision, employee decisions are full of emotion as much as anything else. With proper support from the employer, the employees can be better equipped for a successful decision-making process, which

ultimately leads to greater acceptance rates and continued success for the company.

Group moves are not routine for most organizations. Taking time to evaluate all considerations and potential obstacles—especially those faced by the employees—is critical to achieve desired outcomes. Strategic discussions during the earliest stages help the employer identify and prepare for potential obstacles. Consider the following suggestions prior to strategic discussions about the group move process:

- » Include all stakeholders in strategic planning (senior leadership, HR executives, key service providers).
- » Review the demographics of population being asked to relocate using HRIS system, including willingness to relocate data where available.
- » Assess alternative deployment options to retain key talent, such as extreme commuting and short-term assignments.
- » Identify perceived obstacles, concerns, unknowns, and budget considerations.
- » Establish goals and objectives, including optimum percentage of employees to move, critical moves, and retention goals for those who decline move.
- » Determine timelines for announcements, employee decision deadlines, and completion of move.
- » Review human resource policies for relocation and separation in light of

group move goals.

- » Plan and budget for employee support.

Supporting Employees During Decision

By supporting employees in evaluating their personal circumstances prior to making a relocation decision, employers are not only saving themselves the cost of a failed move, but also sending a clear message that they value their employees and want to identify the best decision for both the employee and the company. Providing comprehensive support early in the process results in higher employee productivity throughout the relocation by reducing stress and distractions. The critical step for employees to be successful in the decision process is to clearly identify perceived obstacles and determine a plan to address them. In this case, being successful in the decision process doesn't mean saying yes to the move, but rather approaching the decision with purpose and minimizing the stress.

Financial impact is a significant factor for employees, and investing in a personal assessment tailored to relocation reaps benefits. When employees can see their family and financial situation—from purchasing power to cash flow and spending options—they are better able to make necessary adjustments and manage the available relocation benefits for a less stressful move. Other perceived obstacles or deal-breakers may be removed with additional information. Research, orientation

meetings, area tours, and confidential decision-making support all lead to informed decision-making. Recommended practices for the company include:

- » Develop a group move website for announcements, newsletters, webcasts, blogs, relocation/retention/separation policies, destination information, and links to service providers.
- » Conduct orientation sessions for employees and spouses. Open with presentations from senior leadership and HR executives to explain the business case for relocation, timelines, retention, and relocation goals.
- » Arrange area tours for employees and spouses coordinated by relocation management service provider.
- » Review and/or modify policies if acceptance goals are not being achieved. Consider additional/alternative populations if necessary.
- » Communicate often with updates via meetings and postings to website or other communications channels.

Helping Employees Navigate Transition

Once employees have reached an informed decision, support should continue for those relocating and those declining relocation and exiting the company. Support for relocating employees may include:

- » Provide lifestyle and career transition support for employee, spouse/partner,



Elements of spouse/partner employment or outplacement assistance may include:

- » Assessments
- » Resume/vitae/letter preparation
- » Compensation and employer research
- » Interviewing/negotiating coaching
- » Customized research and networking contacts
- » Entrepreneurial support
- » Telecommuting support
- » Retirement/volunteer activities support
- » Mini-resumes for recruiters and employers in destination city
- » Unemployment resources, planning and guidelines
- » Job search skill building webcasts and workshops
- » Job fairs, general and profession-specific
- » Job search checkups
- » Informational meetings/webcasts for spouses of job-seeker
- » Access to financial planning professionals

and family members. Combine workshops and/or group move websites with individual support to address specific and detailed needs.

- » Regularly update the group move website with resources, success stories, and news items related to lifestyle and job search topics.
- » Provide family support workshops, webcasts and/or on-site coaches, guidance counselors, and EAP provider(s). Workshop topics may include parenting, moving with teens, moving with elders, childcare, schools, healthcare, special needs, etc.

Individuals exiting the organization, either due to declining relocation or positions eliminated during corporate merger, require support as well. Employers offering job search support in these situations demonstrate appreciation for the service of those exiting the organization. Vandover recommends the following steps to support employees exiting the organization:

- » Complete retention and stay bonus agreements. Once signed, outplacement support to commence 90 days prior to separation date.
- » Initiate outplacement support for individuals declining the move.
- » Provide individual and group workshop support for job-seeking and entrepreneurial employees.

Ensuring Compliance

Group moves and employee relocations involve scores of vendors and contracts with real estate agents, moving companies, temporary housing rental agencies, and more. These high-cost, complex transactions pose a significant financial risk to corporations, but compliance audits can ensure accountability and accuracy through the process. The auditors, typically relocation audit specialists independent of the relocation administration team, are subject matter experts who conduct audits according to a standardized process. A successful audit reconciles changes, ensures accurate invoices for suppliers and corporate client, and provides reports to all involved parties. The audit process further benefits the company by suggesting transaction management improvements, mitigating risk, and strengthening financial accountability.

Tracking and Reporting Results

Group moves are complex and conditions change. A focused, strategic approach helps identify perceived obstacles, concerns, and budget considerations while also establishing goals, objectives, and timelines. Proper tracking and measurement of results can identify key milestones and allow for necessary changes during the process. Reporting falls into the following categories:

- » Real-time status reporting of relocating and outplaced employees. A secure, live-data website allows up-to-the-minute

- review of the status of employees.
- » Group move timeline reporting through a journal/blog of what has transpired and what has been learned. In early weeks, this becomes a key communication tool. A secure website with stakeholder access allows collaboration and assignment of tasks associated with the project.
 - » Group move analysis through periodic status review of goals, objectives, and timelines, including executive summaries for all stakeholders and detailed analysis as needed.
 - » Final results. What went right? What should be different in the future? Were initial goals achieved? Did budget stay within parameters? A wrap-up meeting including all stakeholders completes the group move cycle.

Conclusion Summary

As with any business change, successful group moves start with strategy and end with analysis of that strategy and identification of opportunities for improvement. Organizations must balance the business needs with employee needs when selecting a location, communicating the change, and providing comprehensive support for employees through the decision and transition process. By beginning with a solid strategy and defined metrics for success and shaping group move support accordingly, companies can retain key talent and achieve business objectives during and after a group move.

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Vandover is the leader in providing complete TalentMobility™ solutions, serving employers worldwide as they recruit, retain, relocate, and sometimes release employees. Services include planning and policy development, decision-making support and coaching, lifestyle resource assistance, spouse/partner career assistance, outplacement, and survivor services. Vandover has been serving the Fortune and Global 500, government entities, and small to mid-sized organizations for nearly 25 years. **For more information, call 800.822.7345 or go to www.vandover.com.**

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