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RELOCATION POLICIES THAT BENEFIT ALL EMPLOYEES

Relocating employees face expenses like home finding trips, temporary living, final move-related travel and/or household goods shipments. What is an appropriate amount companies can provide to cover these expenses? That depends. Giving everyone the same amount creates winners and losers and, ironically, more inconsistency. Here's why.

LOCATION, LOCATION, LOCATION

Geography matters. Airfare, lodging, ground transportation, corporate apartments, meals and a wide variety of other expenses vary based on origin and destination. A transferee moving from Boston to New York City has a significantly higher financial need than a transferee relocating from Dallas to Houston, despite both moves being just a little over 200 miles.

Transferees moving between the same two cities also have different needs. For example, a transferee moving from St. Louis to Seattle will incur different costs than someone relocating from Seattle to St. Louis.

For one month Car Rental
St. Louis $703 vs
Seattle $1,151
↑39%

Per Night First Class Hotel
St. Louis $164 vs
Seattle $258
↑57%

Per Day Corporate Apartment
St. Louis $112 vs
Seattle $175
↑56%

These results, from the Runzheimer Living Cost Software platform, are pretty eye opening. The total difference in Lump Sum reports using our average Runzheimer policy when an employee is transferring from St. Louis to Seattle versus from Seattle to St. Louis? $3,816. That's nearly a 40% difference.

Overall, home finding, temporary living and final move expenses for a family of four see a nearly $4,000 difference when moving between the same two cities but in the opposite direction. While the distance and airfare costs may be similar for these scenarios, the cost for ground transportation, hotels and corporate apartments can vary by thousands of dollars.

FINDING A BALANCE

Paying everyone the same amount makes it difficult to achieve the goals of consistency and fairness. Geographically-sensitive lump sum programs consider costs specific to the location. This evens the playing field, providing employees who transfer to San Francisco with enough to cover their moving expenses. At the same time, employees moving to lower cost locations aren't receiving windfalls.

Consistency comes through the adoption of policy standards that apply equally to everyone. This includes things like ensuring the same hotel accommodations benchmarking for everyone. For example, calculations of the lump sum payment are based on a single type of lodging class (either economy or business-class), the number of temporary living days allowed, and the number of family members eligible to join an employee on home finding trips.

THE RIGHT RELOCATION POLICY

Lump sum programs that take geographic costs and policy into consideration are highly defensible. They also give peace of mind. Employees have sufficient funds to cover their relocation costs and the flexibility and full power to spend the dollars in ways that they choose. If they want to room with an old friend who is located in their new destination and avoid living in a corporate apartment temporarily, they can do so, no questions asked. Or, if they want to extend the home finding trip to include a close friend, they can do so, no questions asked. Paying everyone the same lump sum amount creates winners and losers and unneeded noise. An investment in thoughtful program design means everyone wins.

Contact Runzheimer to learn more about relocation policies

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