

Developing a Relocation Program for Your Organization

Have you been thinking of developing a relocation program for your organization? Given the mobility of today's workforce, internal relocations are more popular than ever. And to find the right candidate, organizations launch national searches, which also result in relocation.

Having the right program in place could "make or break" the deal for many candidates. Relocation plans can be designed specifically to meet an individual organization's needs. Large organizations tend to have more extensive relocation plans where employees incur little, if any, cost throughout the moving process. Smaller organizations may try to cover a majority of expenses or even just the basics. Evaluation of any plan designed should weigh the cost of the program against the benefit of placing the right person in the job.

When designing a relocation plan, think about how structured or flexible the plan will be. Based on organizational needs and budget, some employers provide a lump-sum payment to cover reasonable expenses, where the employee manages all aspects of the move. If the employee spends more than the lump sum, additional costs are paid by the employee. If the employee spends less than the lump sum, he or she keeps the surplus. With this kind of plan, structure surrounding the plan is minimal.

Other plans are very structured, with specific processes, limitations, and selected vendors to manage the process. If this is the type of relocation program you are considering, here are some guidelines:

- 1) Create tiers for different job levels such as non-exempt, exempt/professional, manager, and executive. As the job level increases, so should the richness of the plan for each category.
- 2) Consider multiple categories to include in your policy:
 - ▶▶ Lump sum for miscellaneous expenses
 - ▶▶ House-hunting trip(s) for the employee and spouse if applicable
 - ▶▶ Home sale costs to market and sell an existing home
 - ▶▶ Household goods movement and storage
 - ▶▶ Temporary housing
 - ▶▶ Closing costs on purchasing a new home
 - ▶▶ Lodging, meals, and travel during the final move

The cost of a relocation can vary widely depending on how comprehensive the program, outside vendor relationships, and availability of negotiated rates. However, you might find industry averages of expenditures to be as follows:

- ▶▶ Non-exempt employee - \$4,500 – \$20,000
- ▶▶ Exempt/professional employee – 20% of annual base salary
- ▶▶ Senior renter – 30% of annual base salary
- ▶▶ Senior homeowner – 60% – 80% of annual base salary

Once you have a plan in place, remember that some relocated employees may leave the company within on year. This can be addressed through a policy stating that if an employee

leaves within one year, relocation expenses may need to be repaid, either in full or on a percentage basis.

Having a strong relocation program in place can be a valuable recruiting tool and an effective retention strategy for your organization. To get started, determine your resources and budget, define your organizational needs, and assess the many options available. Whether you build a program in-house, or outsource the process to a vendor, the bottom line is to find the best solution for your organization!