If you are like many busy human resources professionals, employee relocation is just one of your many responsibilities—and it is probably not among your favorites. Always demanding, talent mobility today requires deeper knowledge and closer management than ever. In the U.S., employees are frequently reluctant to relocate, and the condition of the housing market varies from city to city. If you relocate employees globally, you have undoubtedly found that the process of identifying, qualifying and managing specialized service partners around the world can be overwhelming.

Not surprisingly, surveys show that nearly three-fourths of companies outsourced domestic relocation services in 2016. Among companies that outsource these services, virtually all outsource global services as well.

Corporate HR professionals are increasingly realizing that the most effective way to streamline the relocation process and to free time for their many other responsibilities is to take the lead and investigate outsourcing the function—before senior management becomes involved. In effect, you can play a pivotal role in revamping, recasting and revitalizing not only your company's talent mobility program, but your career as well. How? By delivering a more comprehensive program, and in most cases, saving your company money as well.
Why Outsource Relocation Benefits Administration?

In the past, many companies had only an occasional need to relocate employees. And these relocations usually involved limited benefits and typically, a narrow range of locations. It was relatively simple to administer the program and manage a small group of local suppliers in house. Today, there are so many program, tax and legal considerations that outside expertise is essential.

OUTSOURCING CAN BRING YOUR COMPANY SEVERAL BENEFITS:

Specialized Expertise. The specialized expertise of full-service relocation management companies is a key reason that companies outsource. Most relocation management companies offer a complete suite of domestic and global relocation services and broad geographic coverage. They typically develop a customized program to meet each company’s unique needs. Most also bring policy consulting expertise and knowledge of relocation best practices and tax and legal requirements. With this expertise, they can help to ensure that your policy is as competitive and cost-effective as possible. In fact, many companies find that both polices and policy administration are improved after outsourcing.

And with global networks of destination service partners, relocation management companies are much better suited to find local housing, orient family members to communities and deliver other critical destination services. Most organizations simply are unable to offer such a comprehensive range of support internally—and they would prefer to focus on core business priorities regardless.
Professional Supply Chain Management. A professional relocation management company can also provide comprehensive supply chain management. Relocation management companies dedicate substantial resources to identifying, selecting, training and managing qualified service partners, such as real estate agents, appraisers and global destination service providers. This is a massive task and an all but impossible one to manage effectively in house. Suppliers work under strict service level agreements, resulting in a better, more consistent transferee service experience.

Cost Control. One of the costlier services HR manages these days is employee relocation. According to Worldwide ERC®, the average cost to relocate a homeowner was $85,673 in 2014 (the latest data available). A traditional, three-year global assignment can run $1m or more. For many organizations, cutting costs has become a mandate when outsourcing relocation services.

As a result, employers and their relocation service providers are trying innovative ways to hold costs down, including one-way assignments, telecommuting and capped benefits, sometimes in the form of a lump-sum stipend. Relocation management companies are helping by coordinating logistics and keeping moves on schedule, which help avoid unnecessary costs. For instance, making sure that household goods arrive at the same time an employee’s new home is ready to be occupied cuts storage and temporary housing costs.

In some outsourcing situations, fixed costs can be lifted from the budget and replaced with variable costs. You pay for relocation services only as you use them. In addition, your company benefits from the relocation provider’s supplier contracts and volume-leveraged pricing. Outsourcing can also bring your company more consistent policy implementation with fewer costly exceptions: employees are less likely to elevate special requests beyond the relocation management company to your company’s senior management to resolve.
Management of a Global Workforce. It is not uncommon, particularly for larger companies with career expats, to have assignees that fall off their radar. These companies are looking to relocation management companies to help them keep track of how many assignees the company has, where they are and whether or not they are in compliance with local immigration laws.

A relocation management company has the staff, visa and immigration relationships and technology to ensure the company remains compliant in all of the markets where it operates. This a critical factor in both cost control and risk management, as companies can be barred from operating in many countries if they are discovered to have “shadow” employees who are not in compliance.

Sophisticated Technology. Many relocation management companies make substantial investments in sophisticated technology. These systems not only power the companies’ internal workflow but also give clients 24/7, real-time access to relocation status information, budgeting tools and comprehensive reporting. With the data collected, relocation providers can deliver complete year-end tax and gross-up information, eliminating another burdensome task for their clients.

Many companies also give clients and relocating employees mobile access and tools so that they can remain connected to their program or individual relocation while on the go.

Improved Communications. Outsourcing can centralize communication and authority with one service partner, simplifying client management of the relocation function. Outsourcing also can improve communication with relocating employees by offering them a single point of coordination, eliminating duplication of communication and effort.

Enhanced Role for Client Administrator. Outsourcing can actually enhance the client administrator’s role. As “gatekeeper,” he or she becomes critical to the success of the partnership and essential to facilitating internal communication.
Is Outsourcing Right for your Company?

IN DECIDING WHETHER OUTSOURCING IS RIGHT FOR YOUR COMPANY, CONSIDER THE FOLLOWING:

- Your company's culture and mobility objectives
- Your company's strategic initiatives (such as shifting focus to core competencies)
- Budgetary issues
- The variability of your relocation program (If your program is completely ad hoc, it can be difficult for a third party to administer. Mistakes can set precedents and increase costs.)
- Overall relocation volume

To evaluate outsourcing further, you should consider establishing a task force with representatives from your company's human resources, accounting, finance, payroll and information system areas. The task force can research current relocation costs and develop a process map of existing relocation activities and processes. From this map, your company can identify those relocation functions it wishes to retain (if any) and those activities better performed by the service partner.
Selecting the Right Relocation Partner for You

In developing specifications for a new, outsourced provider, it is best to begin with an evaluation of your current process and policies, and a frank assessment of how well they meet the needs of your internal customers (recruiters, managers and relocating employees). You will probably identify aspects that are working well, and that you want the outsourced provider to continue, and others that could be better. Documenting and clearly articulating needs, expectations and goals will make it easier to select the most appropriate provider and to determine the parameters of the outsourced program.

Service partners should meet minimum qualifications: documented service capabilities, verified financial strength, proven technology and favorable references. Beyond this, you will want to find the provider that you feel most closely understands your company's need and reflects your culture. The selected provider, after all, will be serving as an extension of your company and working directly with your employees.

Most companies use a formal Request for Proposal (RFP) process to evaluate and select a relocation partner. An RFP based on your company's specific requirements helps you to evaluate the cultural fit, expertise and flexibility of prospective partners. (TRC can provide sample RFP questions and points to consider in evaluating service partners.) Typically, several finalists are selected to present their capabilities and field live questions at the client location. Clients sometimes choose to visit the finalist candidates on-site, to meet the prospective service team, tour the facility and view the relocation provider's daily operations.
HERE ARE SEVERAL POINTS TO CONSIDER IN SELECTING A RELOCATION SERVICE PARTNER:

- Is relocation the provider’s core competency?
- Does the provider share your company’s values and culture?
- Can the provider offer all of the services you need now and expect to use in the future?
- Does the provider have the ability to meet your needs (in the U.S. and worldwide)?
- Does the provider have the demonstrated ability to select and manage supporting suppliers (real estate, household goods transportation, destination services, etc.)?
Sealing the Deal: Contract Negotiations

The contract should evolve from the continuing discussions that have taken place between the client and the new relocation management company.

TO ENSURE THAT EXPECTATIONS ARE CLEARLY DEFINED—AND MET—THE CONTRACT SHOULD STIPULATE:

- The scope of work and services to be provided
- Pricing agreements
- Key performance metrics (employee satisfaction, cost objectives, management feedback)
- Timetable and format for performance reviews
- The length of the relationship and how frequently the client will be subject to “adjustments”
- How frequently the client can audit the partner’s records
- Authorization limits for policy exceptions
- Reporting methods
- Confidentiality policies
- Other areas of importance to the client
Last Word

Of all the services a company's human resources department provides, employee mobility is perhaps one of the best candidates for outsourcing. As relocation has become more complex and labor-intensive, it is simpler and more cost-effective to rely on outside experts to manage the function, and it can remove a large burden from your company.

By carefully considering your company's specific needs and thoroughly vetting prospective suppliers, you can ensure that your company will gain a best-practice program at a competitive price. You will also gain valuable time to focus on core strategic priorities. TRC would be pleased to work with you to assess your needs and to develop and administer a customized program for your organization.

Employee talent mobility is TRC's only business. Our comprehensive domestic, international and government relocation services empower clients to achieve their business objectives in the U.S. and globally in more than 150 countries worldwide.

As an independent, employee-owned relocation services company, we are free to focus exclusively on our clients’ best interests without outside interference from a parent household goods or real estate company. This independence also gives us a unique ability to customize programs, reporting, technology and terms to meet each client's needs.

While we bring 30 years of experience to each client relationship, there is no ironclad “TRC way” to approach relocation challenges. As experienced talent mobility specialists, we work with each client to structure best-practice talent mobility programs or to meet exacting government relocation service requirements.