TRC Global MOBILITY
An Employee-Owned Company

Relocation 101:

Selecting a Relocation Management Company



In a time of talent shortages and an ever more connected world, employee relocation can give your company a leg up on your competition. However, with its intersection of talent, tax policy, technology, immigration regulations and other moving parts, relocation is complex and professional relocation expertise has become essential. Yet many growing companies have no idea how to find the help they need. This ebook will outline the steps in a typical relocation procurement process and help you to evaluate potential relocation service partners.

For many companies, relocation begins in an ad hoc way. There are no polices and few precedents, so the program often consists of a straightforward reimbursement of relocation expenses as they occur. If this describes your company, then this is an excellent time to consider a formal, outsourced relationship with a relocation management company (RMC) and well thought-out relocation policies. A qualified RMC can help you to ensure you are offering the relocation support needed to meet your recruitment and retention objectives while minimizing tax exposure for your company and your employees.



Assessing Your Needs

Before you reach out to relocation management companies, give some thought to the level of relocation support you want to provide. Think about previous relocation activity, if any, and the benefits you offered. Do you have a typical relocation package or have the benefits varied? How did the relocating employees respond to the assistance you provided?



If you have no experience with relocation, consider your culture, your overall approach to benefits (are you a leader in your industry, competitive or conservative?) and the competition for talent in your industry.

You do not need to have a formal plan or all of the answers at this stage but rather a good sense of where you would like to end up with the RMC's help. This preliminary thinking will help you to determine the shape of your program and to choose the best RMC for you.

In addition to learning about your culture, relocation management companies will ask you specific questions about your anticipated program to create and price a solution. These include:

- How many people do you expect to move within the US annually? Globally?
- How many are homeowners? Renters?
- Where are your typical move locations?
- Do you plan to assist employees in selling their homes?
- What are your "pain points" or recurring relocation problems?

Your Company's Selection Team

Your company should designate a corporate relocation program manager to manage the search process and ultimately, to own the RMC relationship. This is often an HR or benefits manager. You should also consider including other HR stakeholders, recruiters and a payroll or finance representative in the selection process, since they will touch your relocation program.

If your company has a formal procurement department or function, it will likely dictate the specifics of your search process. There might be requirements for the number or types of companies to consider or specific terms or requirements the companies must meet to do business with your company. Procurement professionals can be a big help in managing the process, but it is critical that that process centers on your needs, not just finding the lowest bidder.



Developing a List of Potential Partners

If you do a simple web search for “relocation companies” or a similar phrase, you are sure to be overwhelmed with the number of results. The results will include not only full-service relocation management companies but also household goods carriers, real estate companies and other providers that operate in this space. For a fully outsourced program, you will want to focus on full-service relocation management companies, not companies that offer only a partial relocation solution. Full-service RMCs manage the related suppliers in areas such as real estate and household goods transportation as part of their service, removing that burden from you.

A good way to narrow your search is to consult the online supplier directories of Worldwide ERC® (Employee Relocation Council) and the Society for Human Resources Management (SHRM®). Worldwide ERC® is the premier industry association for the talent mobility field. SHRM® is the foremost authority on human resources disciplines, including employee mobility. (Beware of web searches for the “best relocation companies” and the like, as these lists are highly subjective and often more of a marketing tool than an objective analysis.) You can visit the websites of member companies and develop an initial list of companies that are of interest.



Proposal or Request for Information (RFI)

Once you have an initial list, the first step is to request a proposal from your group of RMCs or to issue a Request for Information (RFI). An RMC's standard proposal will give you general information about the company and its capabilities, but it will be a rather high-level document, as the RMC would not have the information at this stage to present a more customized solution.

An RFI is a more targeted questionnaire, designed to weed out any potential providers that do not meet your baseline requirements. For example, you might need an RMC that can relocate employees to a specific, less developed country and provide destination services. You can eliminate providers that cannot meet this requirement early on. Work with your selection team to develop questions that will elicit the information you need.

Your objective at this stage is to get a better idea of what the RMCs can and cannot do and to eliminate any that clearly are not a fit. You should not get into very specific questions or pricing details at this stage. Focus on developing a short list of no more than five RMCs that you would like to continue to evaluate.



Issuing an RFP

Most companies use a formal Request for Proposal (RFP) process to evaluate and select a relocation partner. The RFP is a more detailed drill-down into the RMC's background, service capabilities, service model, supplier network, pricing and terms and any other issues that are important to your company. You can ask the RMC to identify the service team that would work with your company and to share their bios.

An RFP based on your company's specific requirements helps you to evaluate the expertise, cultural fit and flexibility of prospective partners. It helps to spotlight any weaknesses or omissions on the RMCs' part while giving them an opportunity to illustrate their strengths and unique advantages. (TRC can provide sample RFP questions and points to consider in evaluating service partners.)

Most companies also ask the RMCs for several references from their current clients. When you have narrowed the field, you can reach out to the finalists' references and discuss their working relationship with the RMC and its performance.

Usually, companies invite RMCs to participate in the RFP and give them a week or so to confirm their intention to respond. You send the RFP to those who express interest (and sign a confidentiality agreement, if applicable). Normally, companies give RMCs at least two or three weeks to respond, depending on the length and complexity of the RFP.

You might be tempted to send out many RFPs to gather as much information as possible. This is not usually an effective use of anyone's time. Reading and scoring 10 or 20 detailed, technical proposals is likely to be more confusing and time-consuming than enlightening. A manageable number is around five. If you have a procurement group, it will be a big help in issuing the RFP and evaluating the responses.



Consultants and Sourcing Technology

As with just about any other business discipline, you can hire a consultant with expertise in relocation to help you through the process. While this guidance can be helpful, it will not substitute for the internal thinking and planning that are an essential part of this activity.

There are also electronic sourcing platforms that require the RMCs to respond via an online form. The system aggregates the responses to each question from each provider, which can make it easier to compare the response. Your procurement group might use this type of technology for all of your company's RFPs.

Best and Final Presentations

After your team analyzes and discusses the RFP responses, you will probably want to bring in two or three finalists to present their capabilities and field live questions in your offices. You provide the finalists with an agenda of what you would like them to discuss and the amount of time available. These presentations usually include a demonstration of the RMC's technology, so be sure you are set up for that.

The RMC team will normally include the salesperson, the proposed account manager and often, other members of the service team or RMC management. Your group would include your RFP working group and others as appropriate. For example, a senior manager might want to meet the finalists, an IT manager might want to sit in for the technology demo and a finance manager might have questions about expense reimbursement, invoicing or tax.



Some companies choose to visit the RMC's service location, to meet the prospective service team, tour the facility and observe the relocation provider's daily operations. This is less common than it once was, because of the time and expense involved and because RMC team members often will be in more than one location.

Demystifying RMC Pricing

Pricing is sure to be an important aspect of your decision. Unlike many outsourced service providers, relocation management companies do not charge monthly or annual retainers or fees. Once you sign a contract with an RMC, you pay for services only as you use them. In fact, the cost of a relocation program depends almost entirely upon the number of employees you relocate and the level of benefits you choose to provide. Your culture, budget and competitive environment will influence these benefits. An RMC can equip you with the information you need to make informed choices.

Surprisingly, outsourcing can allow you to offer your employees a more comprehensive benefit at a lower cost than buying individual services as you go. You benefit from the RMC's negotiated, volume pricing with suppliers and its knowledge of current best practices.



Any RMC you are considering should offer a transparent view of its pricing. A pricing proposal from an RMC might include any or all of these fees:

- **Service fees** are administrative fees charged for providing specific benefits. A common example is renter assistance. One service fee might cover a bundle of specific benefits provided to the relocating employee.
- **Referral fees** are a share of commissions earned by real estate companies that participate in your employee's move. These fees come from third parties, not your company. Most relocation companies today earn a substantial part of their revenue from real estate referral fees. RMCs, acting as brokers, are entitled to these fees for referring business to local agents. Collected referral fees reduce or even eliminate client service fees for homeowner employees.



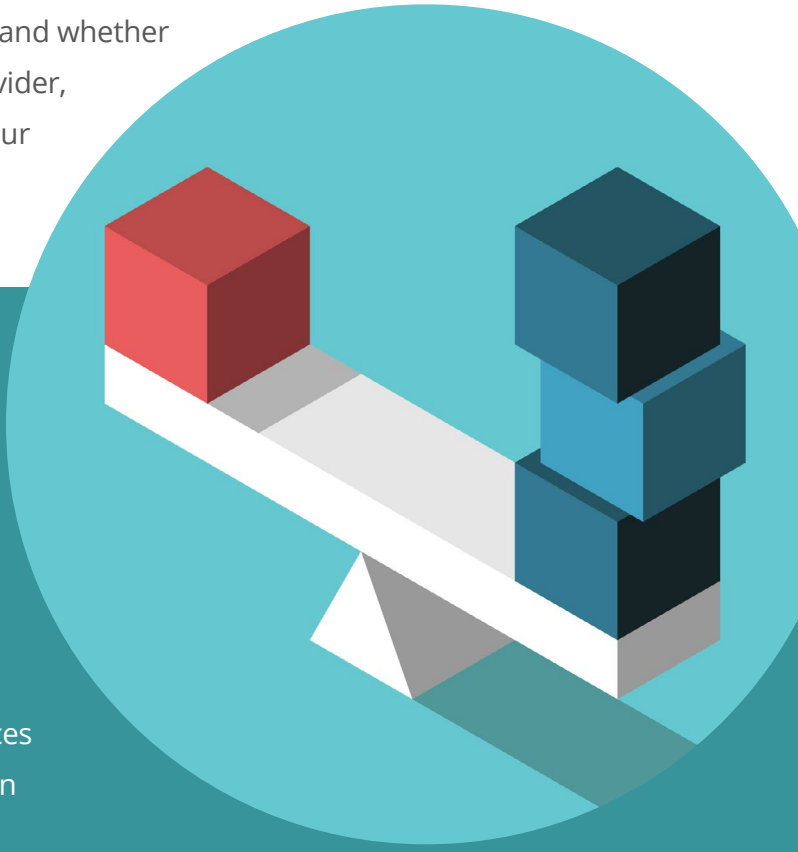
- **Non-compliance fees** can apply if contract terms are not met, for example, if the RMC did not have the opportunity to earn a referral fee on an employee's home sale.
- **Cancellation fees** might apply if the RMC has completed substantial work on an employee's relocation at the time of cancellation.
- **Administrative fees** can include wire, overnight delivery and other administrative costs.
- **Direct costs** are not fees but charges for services delivered by third parties, such as cultural or language training. The RMC passes through these charges, with or without a markup.

RMCs often bundle core services for homeowners and renters in packages of benefits. This bundled price is less than the cost of choosing the same services a la carte. The RMC should clearly spell out which services are included in the bundled price.

RMCs typically send clients a consolidated invoice, usually monthly but sometimes on a different agreed upon schedule. The RMC can customize billing to meet your needs; for example, separating expenses by division or location.

The Decision

Selecting the right partner for you is critical. Your relocation partner should be able to meet all of your company's needs—now and as you grow. Look for a demonstrated record of success and favorable references. Comprehensive, web-based technology and apps are essential for mobile employees and they allow you to keep track of costs and service performance. Aside from these core qualifications, you will want to get a sense of the RMC's culture and whether it is compatible with yours. The selected provider, after all, will be serving as an extension of your company and working directly with your employees.



Here are several points to consider in selecting a relocation service partner:

- Is relocation the RMC's core competency?
- Does the RMC share your company's values and culture?
- Can the RMC offer all of the services you need now and expect to use in the future?
- Does the RMC have the ability to service all of your relocation locations (in the U.S. and worldwide)?
- Does the RMC have the demonstrated ability to select and manage supporting suppliers (real estate, household goods transportation, destination services, etc.)?
- Did the RMC provide thoughtful approaches to your relocation challenges?
- Is the RMC's technology modern and easy to use?
- Did you feel a rapport with your potential account team?



Contract Negotiations

The contract should evolve from the continuing discussions that have taken place between your company 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 contract and any provisions for price adjustments during the contract term (if applicable)
- The process to audit the RMC's records
- Authorization limits for policy exceptions
- Reporting methods
- Confidentiality policies
- Other areas of importance to you

Service Level Agreements and Metrics

Many companies develop specific service level agreements with their relocation management company. These agreements become part of the contractual relationship between the company and the RMC. The areas measured, often called key performance indicators or KPIs, usually center on service delivery time, program costs, timeliness and accuracy or other areas of special importance to you.

Each KPI should be measurable and include a stated performance target. Some SLAs also include specific rewards and remedies if the RMC exceeds or fails to meet the objectives.

Your RMC will have sample SLAs for you to consider and adapt for your company. Generally, it is best to limit the KPIs to those areas most important to you. The RMC should be able to provide you with reporting to document how it is performing. You can discuss any notable successes or deficiencies with your account manager.



The Implementation Process

You might have begun the relocation sourcing process because you had an immediate or imminent need. Perhaps you have an executive who needs to begin work in Brazil ASAP. Most RMCs can mobilize to get you through an emergency even before a more formal implementation has occurred. However, a full implementation will take approximately one month.

TRC Global Mobility Services

Get more information about how TRC can help with your company's employee relocation needs.

CONTACT US

Building a Partnership

This marks the end of your selection process but only the beginning of your relationship with the new RMC. As with any relationship, communication is key. Your RMC has substantial resources and your new account manager will be eager to use them to your company's advantage. Keep him or her abreast of any program changes you are considering and any company developments that could affect your program.

If you—or your boss—have any concerns, share them early on so the account manager can address them as they arise. Ongoing, frank and constructive communication will allow you to build a collaborative, productive relationship with your account manager and a mutually beneficial relationship between your company and the RMC.

