



The Issue

Trends come and go, but the need to control costs is a constant of corporate relocation. Considering the sizable investment required to relocate employees anywhere, focus on the cost of benefits and maximizing ROI has never been higher.

Addressing cost control has become a strategic imperative when building a workforce to meet future business objectives. In this environment, “flexible” workforce mobility programs are proving to be a valuable, viable alternative to “traditional” relocations and expat assignments.



The Mobility Impact

The traditional tiered benefits approach is costly and inflexible because it provides a full set of benefits, regardless of need. Employees may feel entitled to any benefits that go unused, seeking the cash equivalent or other “in kind” benefits. While the majority of policies stipulate that there is no “in lieu of benefits,” the sentiment is rarely fully realized by employees looking to stretch their benefits to meet their situation.

A common problem with tiered programs is that they address an employee's demographic, not their unique situation. This leads to costly policy exceptions and mobility managers spending more time re-arranging benefits and budgets like chess pieces on a board instead of thinking strategically about supporting their companies’ long-term talent goals. The challenge, therefore, is ensuring that employees are offered the “right” set of benefits, aligning the needs of the individual, costs, and the business needs of the company.

Many companies have achieved this *sweet spot* by embracing a more flexible approach to relocation benefits and implementing **core-flex/employee choice programs**.



Our Recommendations

Cost is king, and corporate relocation is no exception to this rule, particularly as the investment required to deploy key talent continues to swell. That's where a core-flex program comes in. While cost containment is an important element in a core-flex program, there are other intangible, valuable benefits that focus on the employee experience and don't add to the cost of the program:

- The employee has a sense of empowerment by being able to make decisions that meet their needs
- The flex choice gives the employee a sense of freedom, which could expedite the relocation process
- Giving the employee a choice in their relocation benefits gives them a sense of value and a feeling of being heard

Factors to consider when implementing a flex program:

Core-Flex and Employee Choice

- Review exceptions as a start to determine which benefits should be flex
- To control costs, the business or manager can put a cap, or limit, on the number of flex points an employee can use
- Cash out unused points at 50% of the estimated value (for example, if one point = \$1,000, one unused point would be cashed out at \$500)
- Provide in-depth counseling to help employees effectively use their points and avoid requests for exceptions



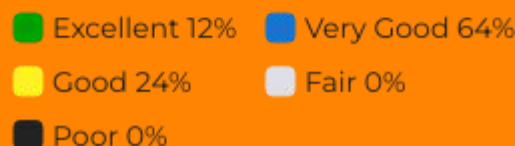


By the Numbers

The majority of corporations report that their programs provide employee choice have succeeded, with 76% of them ranking them as **excellent** or **very good**, and no companies claiming they are fair or poor.

Cost Containment + a functional, flexible program = **BIG WIN!**

Rating Employee Choice Programs



Client Impact

A Weichert client currently uses a budgeted approach to meet its needs with several menu-driven, core-flex tiers differentiated by employee level. The **core** provisions ensure a consistent level of benefits to employees, and an estimate can be used to anticipate those costs, while the **flexible** benefits empower managers to customize the program for each employee. Only the flexible provisions are subject to a cap (maximum amount), and the benefits are those provisions that historically were approved as exceptions.

Since the package is customized upfront, minimal exceptions surface down the road. Finally, all costs are clearly documented and tracked, facilitating insights and forecasting future spend. The factors to success for this company: we prepare cost estimates in advance to support transparency, the mobility manager effectively counsels the business unit regarding costs and best practices, and services are paired with effective, responsive counseling.



The Bottom Line

The shifts in workforce demographics, the changing needs of employees, and the increased focus on controlling costs are requiring HR and corporate mobility managers to look beyond traditional relocation programs. To attract the best talent, keep employees engaged and thrive in the future, businesses need to embrace flexible approaches to workforce deployment.

Used correctly, flexible mobility programs can be useful in controlling costs and responding to different business needs, provided there is a consistent and defensible way to administer benefits.

Weichert Workforce Mobility has prepared this information from the most current data available. However, the client is advised to consult with their own tax and legal counsel with regard to any interpretation of IRS regulations or subsequent changes in policy.

References:

Weichert Research: A Pathway to More Flexibility in Relocation Policies



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