

The New Normal of Relocation Pre-Decision Support



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The Economic Downturn has created new realities for employers and employees. As the economy shifts towards growth, are you ready to redefine your talent and mobility strategies?

The Economic Downturn was a worldwide game-changer and temporarily derailed the War for Talent. Throughout the globe, organizations scaled back on their recruiting efforts, depleted their talent pipeline by not replacing lost talent, disrupted succession planning efforts, and dramatically reduced employee relocation activity. As the Great Recession lingered on, many forgot the looming War for Talent.

As organizational goals shift toward growth, there is increased need to attract the right talent, and get that talent to the right place to get the job done. This process is challenged by a record-high level of employee reluctance to relocate, shifting demographics, and a new set of values and motivations within the talent pool. An increasing amount of first-choice relocation candidates are declining offers, forcing organizations to turn to less qualified employees. Additionally, the economy has left no room for error regarding costly, time-consuming failed assignments. Collectively, the mobility climate has changed drastically and every sector is talking about pre-decision.

This whitepaper takes a fresh look at the new realities of today's employers and workforce; redefines pre-decision support; and, provides practical solutions for supporting people in transition.

New Reality 1: Employers Shift to Growth Mode, Face Talent Pool Challenges

While the last two years were marked by financial crises where many corporations found themselves in survival mode, 2010 has become the year to return to growth. Surveys conducted by both Mercer and The Conference Board found that organizations are now in growth mode. The Conference Board reports top CEO challenges include sustained and steady top-line growth, customer loyalty/retention and profit growth. Nearly 75% of Mercer respondents around the world indicated they are either back in growth mode, are emerging and

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preparing for growth – OR never left growth mode in the first place. To meet these challenges, successful organizations must create environments where top talent wants to come and grow.

Growth mode requires the right talent and typically results in increased relocation activity. Yet the challenge of mobility and succession planning has never been greater. Though unemployment is at a 25-year high, highly-skilled people who match a company's vision are difficult to find.

Yet the crucial process of attracting first-choice candidates and successfully hiring them in to the organization is just one step. The second is making sure the right talent is mobile when the organization needs them to be. According to a 2009 Human Capital Institute workforce mobility survey, 67% of employers said mobility of their top talent is the priority for the success of their business plan – yet 79% report employee reluctance. Finally, retaining that top talent in an era of talent shortages is of utmost importance, as reports indicate the cost to the organization to replace each employee is a profit-draining 1.5 times his or her salary.

The importance of getting first-choice candidates to relocate will continue to increase in this new reality where employers are shifting to growth mode and gearing up for the War for Talent. In fact, more preliminary tools for pre-planning, pre-



Talent Management Challenges

- » A 2010 study of 700 business professionals revealed that 72% saw a major talent management challenge for internal mobility and succession planning. (Source: White Paper, Talent Management Lessons from the Great Recession of 2009, Taleo and Human Capital Institute).
- » A talent synchronicity workshop at Intel revealed 80% of talent management professionals still had jobs to fill. (Talent Management Magazine, October 2009)
- » The Randstad 2009 World of Work Survey spotlights the growing shortage of high-quality, highly-skilled employees with 52% of employers responding that there are not enough qualified managers in their organizations.

decision, and employee retention are required for organizations to succeed in this new age.

New Reality 2: Employees Face Changing Lifestyle and Family Issues, Generational Shifts

Let's face it – the family dynamics of 2010 are much different than those of 20, or even 10 years ago. Baby Boomers raised under the “employment for life” mantra were more than willing to pick up and go when an employer assigned them to a new location. They didn't ask their family – they told them. But today, even Baby Boomers, whose relocation used to be an assumption, are saying no to relocation based on a number of criteria.

Yet the younger generations, the Millennials and Generation X, live in a world where the decision to relocate or not is in a constant state of flux based on life's current priorities and circumstances – including both employee and spouse career considerations. For many, when asked “are you willing to relocate,” the answer is “it depends” – on life stage, life events, financial status, real-estate considerations, and current family priorities.

Diversity in family circumstances continues to be a consideration. It has been reported that 57% of married couples are dual earners, nearly half of all women in the U.S. care for an elderly parent, more than 20% of U.S. households include a child with

special needs, and approximately 10% are single-parent households. Coupled with the challenges of the current housing marketing, a wide range of questions are emerging that drive the decision to relocate:

- » Do I owe more on my house than it's worth?
- » Can I afford to live the same quality of life in the new location?
- » Will I be stuck paying two mortgages for a significant amount of time if I can't sell my house?
- » Can I afford to go without my spouse/partner's second income through the transition period?
- » Do I want to take my child out of school before the school year is complete?
- » Will I find appropriate eldercare for my live-in parent?
- » Are there facilities so that my special-needs child will receive equal or better care?
- » I don't have a high opinion of the proposed location. Do I really want to live there?

Attracting and retaining an engaged and mobile workforce in 2010 requires a new mindset. Expectations, demands, and priorities are changing with the challenged economy and younger demographics.

Whether the relocation candidate is a new hire, a routine relocation, or a high potential who is part of the organization's

“The number of companies offering (pre-decision) counseling is 65% with 14% of companies offering it for the first time in 2010.”

*(Human Resource Executive July 2010 –
The New Normal in Relocation)*

succession plan, pre-decision services aim to uncover the answers to these impending questions up front. They proactively gauge the candidate’s interest and concerns based on influencing life factors and provide an early indication whether their first-choice candidates are likely to accept the move.

New Reality 3: Pre-Decision Is Redefined

It’s a common misconception that pre-decision consists solely of real-estate and mortgage issues – because that’s all it typically covered in the past. These are certainly significant factors, but not nearly enough to constitute a complete pre-decision plan. In fact, family issues have been the most important decision-making factor until the recent mortgage crisis. This is evident in Atlas World Group’s 2010 Measuring a Moving World Survey. Although 51% reported family issues/ties as the reason they did not relocate – second only to housing/mortgage concerns – family issues/ties has been the top issue cited each year since 1983. On this survey, 2010 marked the first time in 27 years that housing and mortgage concerns were the prominent

Generational Implications

Baby Boomers will retire at some point. The high potential talent of the next generation is a new breed. They want career flexibility with the ability to opt in and opt out of their careers.

Looking closer at Millennials/Gen Y (born after 1980) and Gen X (born from 1965 to 1980) reveals they:

- » Are role models for self-care and down-time. Vacations are scheduled and taken, sabbaticals are not uncommon. They understand ‘time out’ and have been raised in a world of technology where checklists and scheduling are among life’s tools.
- » Already have a full set of volunteer activities, busy lives and the expectation of having both balance and fun. They are connected 24/7 and like it that way.
- » Do expect to be involved in one or more international assignments – at a time of their choosing and on their terms.
- » May or may not consider home ownership a priority. And, money is not top driver.
- » Climbing the corporate ladder? Only 42% of Gen Y and 47% of Gen X aspires to management – for them to be interested in management, the job needs to be more attractive and less stressful.



reasons for turning down relocation offers. As the economy stabilizes and the real-estate market bounces back, family and lifestyle issues are likely to return as the most important factor in relocation consideration.

The New Definition and Process of Pre-Decision

After 25 years of serving those in transition, Vandover has redefined pre-decision according to a clearly identified pattern for mobility concerns. Typically they fall under six categories:

- » Relationships
- » Lifestyle
- » Location
- » Family Finance and Legal Concerns
- » Employee Career Development
- » Spouse/Partner Career Development

A complete pre-decision plan must assess each of these areas, partnered with supplemental coaching and research, for candidates to make informed relocation decisions – and for corporations to increase the odds of getting their first-choice candidates to say yes to the move, be successful in the new location, and leverage the knowledge gained for future assignments.

Today's new process of pre-decision probes every decision-making factor, uncovers issues that arise, provides counsel to increase

the chances of first-choice candidate acceptance, and identifies early-on if the candidate is truly the right fit. A complete pre-decision plan includes:

- » **Assessment** – Due to the important need to evaluate lifestyle circumstances related to the move, assessment is a vital component. Surveying the candidate clearly illustrates what he or she perceives as positive with the move and, more importantly, emphasizes perceived obstacles.
- » **Coaching** – After critical issues are immediately exposed in the assessment, the candidate can be coached as to how they may overcome them and make the move successful. Coaching often helps uncover preconceived notions about certain areas of the move and eliminates them with research.
 - » Confidential coaching guides the employee and family members through important factors that impact mobility decisions.
 - » Coaching eliminates surprises by providing cumulative analysis of factors that the candidate/employee may, otherwise, not have considered.
- » **Visit to the Location** – Often companies offer a family visit to the

anticipated destination to help sell the candidate. This is an opportunity for the candidate and the family members to see the attributes and amenities of the potential location up front. It's also a great opportunity to investigate the best facilities and programs for any special needs the family may require – often a reason to decline a move.

- » **Financial Assistance** – There are certain financial factors that may make a candidate unmovable. For instance, it's possible that the candidate has bad credit or can't afford to move. A financial advisor can help uncover these debilitating issues early to streamline the process.
- » **Mortgage Assistance** – This is a common offering, gaining popularity with the current economy. It's critical for employees to understand the market value of their current homes in advance and the type of community they can afford in the proposed destination. Often this type of program offers appraisals, title searches, inspections, and equity calculations.

Pre-Decision Becoming More Prevalent in Relocation Policy

A 2010 mobility survey of nearly 200 relocation and HR professionals responsible for over 26,000 annual moves revealed

that 90% of companies have updated their relocation policies to overcome mounting obstacles to employee mobility – particularly employees who can't afford to sell their homes or have difficulty securing mortgages. More specifically, 65% of those companies currently offer a form of pre-decision support and 11% reported that they plan to add it to their programs this year.

The Final Pre-Decision Reality Check: Data to Increase Mobility Program ROI

Today, the costs associated with relocation are getting attention at the boardroom level and, for the first time since the 1970s, the return on investment (ROI) of relocation is being given serious consideration. In 2009, the Worldwide ERC® reported that a failed domestic U.S. relocation costs the employer approximately \$62,000 for a home-owning new hire. Many estimates put that figure at \$1 million in the case of a failed international relocation. Now consider the cost of not retaining the talent that will discover your next new product or bring that \$1 billion product line into production. These numbers can be staggering. Companies are slowly discovering that the cost of offering pre-decision support increases return on investment.

Pre-decision policies that include assessment, research, assistance, and coaching increase their chances of retaining first-choice candidates and attracting new

talent. During pre-decision, information is being gathered to track candidates through each step of the decision-making process, enabling the employer to address and potentially overcome hurdles as they arise. In the end, these organizations are left with tangible metrics to help strengthen future mobility programs, policy, and strategy.

Beyond Routine Relocation – Pre-Decision for Succession Planning

As recruiting efforts resume and filling the talent pipeline becomes a priority again, succession planning matters as employers compete for those 'high potential' leaders of the future.

- » *Is your workforce empowered to make decisions about future relocation(s)?*
- » *Are your high potentials required to check 'yes' to relocation to remain in the talent pool? Are you measuring turnover in this population?*
- » *Are your first-choice candidates saying 'no' to relocation? Are you being forced to accept second or even third choice to get the position filled?*
- » *Are failed assignments/relocations tracked and measured?*

Pre-decision has become the cornerstone of successful, ROI- generating mobility plans...

Consider a paradigm shift in succession planning. Remember the HRIS system where high potentials are expected to check the 'yes' box indicating their willingness to relocate anywhere/anytime? Today's employees are willing to relocate to cities/countries based on what is happening in their lives. Progressive employees who give employees the ability to opt in and opt based on changing life circumstances will have reliable data – not just 'yeses' that may really mean 'not now' or 'no.'

Next time senior leadership asks for qualified talent available to move to Beijing or Atlanta or Omaha, imagine having reliable data about the mobility of this population. Imagine a time when your first choice candidate says 'yes' because they pre-decided based on a thorough assessment of the potential impact of a move?

The benefits of a complete pre-decision plan are tremendous for both employer and employee. Pre-decision has become the cornerstone of successful, ROI-generating mobility plans, and the key to getting first-choice candidates to accept the move.

Vandover

Vandover is the leader in providing complete TalentMobility® solutions, serving employers worldwide as they recruit, retain, relocate, and sometimes release employees. Services include planning and policy development, decision-making support and coaching, lifestyle resource assistance, spouse/partner career assistance, outplacement, and survivor services. Vandover has been serving the Fortune and Global 500, government entities, and small to mid-sized organizations for nearly 25 years. **For more information, call 800.822.7345 or go to www.vandover.com.**