

4 Guidelines to Consider When Using Lump Sums in Global Mobility

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As mentioned in a recent blog post, lump sum payments represent approximately 7% of all relocations, according to SIRVA's 2018-2020 volume data. Lump sum payments can be a valuable tool for some organizations – for some mobility populations. The decision to provide employees with a lump sum relocation payment is usually driven by one or more of three primary company goals: cost containment, employee experience, and talent strategy. The question is, does the use of lump sums automatically address these goals? We've found that it can, but only when a few guidelines are followed.

4 Guidelines to Consider When Using Lump Sums

1. *Focus on Providing Equity*
2. *Focus on Getting Support*
3. *Focus on Providing Guidance*
4. *Focus on Robust Technology*

4 Guidelines to Consider When Using Lump Sums

The four guidelines listed below can help internal mobility teams when deciding on whether to adopt or re-examine the use of lump sums in their global mobility programs. Focusing on these areas can assist in the effective implementation of a lump sum approach when this model is chosen for employee relocations.

1. Focus on Providing Equity

A conscious and purposeful rationale for the use of lump sums will reinforce the role of global mobility as a strategic partner in the organization. It will also promote perceptions of equity and fairness among employees that fosters confidence and appreciation for the company's mobility team and brand.

- Review how diverse and complex your mobile population is likely to be, going forward.
- Assess the cost-of-living between origin and destination locations, the needs of your key employee personas, and the ease of sourcing services at each of the origin and host locations.
- Apply a consultative and rigorous method that increases fairness in treatment and inclusiveness in execution.

2. Focus on Getting Support

If the driver of lump sum utilization is cost containment, the company would benefit from considering a managed lump sum approach, in which a relocation management company (RMC) helps to manage its employees' pre-defined budgets, by coordinating benefits via a pre-qualified network of vendors. In addition to guaranteeing that all vendors have been vetted to supply quality service, this method:

- Helps to facilitate more efficient lump sum moves, a more positive employee experience, and greater assurance that the intended budget is spent wisely and appropriately, per employee
- Presents employees with a capped amount, which can be allocated to different services, such as temporary living, home finding services and household goods shipment
- Has the added benefit of providing support and autonomy to employees, while retaining control over actual program costs

3. Focus on Providing Guidance

Because employees often “don’t know what they don’t know,” they may make decisions that can negatively impact moving timelines, funds rationing, and their overall experience with a relocation. This can result in further negative impacts on organizational goals, the need for internal teams to expend valuable resources on trouble shooting and, in the long term, talent retention. To minimize these outcomes, we suggest providing helpful employee briefing sessions and/or guidance activities.

These online sessions help the employee to understand and manage the timeline for their move and prioritize the elements involved with that move. The sessions also provide:

- A contact list for accredited suppliers
- Location-specific housing options
- Settling-in information and guidance on how to make funds last through the entire relocation lifecycle

4. Focus on Robust Technology

While individuals receiving lump sums vary in age and are in different stages of their careers, many are "digital natives" who are accustomed to using technology in all aspects of their personal lives. Most increasingly expect the same in their work experiences. As a result, working with an RMC that can provide lump sum management technology can be a benefit to companies that utilize a lump sum benefit. The technology should:

- Be easily integrated with other internal platforms to give mobility managers and other stakeholders full visibility into the moving process, enabling them to monitor milestones, capture real-time feedback from assignees and make any adjustments to relocation plans, as needed
- Provide a bird's eye view that gives a reassurance to all stakeholders that a move is progressing according to plan, allowing them to troubleshoot long before potential issues become serious problems, and to capture data that informs future relocations.

SIRVA'S contribution to the above need, for example, is iMOVE, a user-friendly, mobile-first application that allows the lump-sum population to easily research, plan and execute a relocation in "one-stop shopping" fashion. For relocating employees, the app is like having an experienced relocation consultant available to help guide decisions wherever and whenever help is needed. Companies benefit from knowing that their employees are receiving information, reminders, and guidance regarding their move's timeline, vendor choices, and milestones. They also benefit from a collection of relocation data that can help them to assess mobility plans – from efficiency to spend. Finally, the technology platform also reports on what elements the employee is spending their lump sum on, which can be invaluable to the employer when they are performing policy reviews and analyzing the efficiency of the lump sum policy.

Effective Implementation of the Lump Sum Model

Equity, creativity, guidance, and technology are all factors companies should consider when validating the efficiency of a lump sum approach in their global mobility programs. To benchmark and ensure the efficacy of an existing program, internal mobility teams are encouraged to consult with their RMC account managers. Put simply, while a lump sum approach to relocation can be the right choice for some organizations and some employee populations, the right balance between guidance and autonomy will need to be achieved to ensure an equally beneficial balance between a positive employee experience and cost control. The benefits of finding this balance are numerous for both employees and the organizations that employ them.

For more information on how SIRVA can help you adopt or re-examine the use of lump sums in your global mobility plan, please contact us at conciierge@sirva.com.

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