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A Lively Conversation with Steven M. John, SCRP, SGMS-T, President and CEO

6 Mistakes to Avoid When Executing a Group Move

Throughout my 40-year business career, I've been involved in many group move scenarios, generally the result of acquisitions and mergers. Sometimes as the acquirer, sometimes as the acquiree. I've conducted or sat through many a meeting where the move announcement is made to the employee population. From a business manager's perspective, there is no more sensitive and critical communication to be made to an employee group. I recall being in the audience for one such session where a senior executive told the assembly, "There is no right or wrong way to do a merger." My immediate reaction was, "this will not go well." It did not. Clearly there is a right way and a wrong way to handle group moves and there are common pitfalls to avoid.

1. Not Having Clear Goals for the Move

It is important to understand the "why" behind the group move. Motivation will help determine parameters for benefits and targets for employee groups to include or exclude. Be honest with yourself. Is the company moving because the founder wants to live in a different state? Is there a tax or cost advantage for the company? For the employees? Is the company trying to access broader labor markets? Group moves are very expensive, not just in pure dollars but in lost productivity, employee engagement, and loss of experienced team members. Be sure to evaluate all costs when deciding to relocate a facility or department. Understand how the group move fits into the goals for the entire company. I have witnessed an entire department of 50 people relocated across the country only to be terminated 6 months later as a "cost savings."

2. Communicating Prematurely

There is no worse sin than communicating the intention for a group move prematurely. The news of a group move has a profound effect on employee morale, engagement, and productivity. It can also impact the surrounding community and the perception of the company with investors. Your goal should be to minimize this impact. While discussion and planning should be done well in advance, such activities should be held in the strictest confidence. Communication to the employee group should be delayed to as close to the actual move date as possible.

3. Creating Employee Uncertainty

Once all plans are in place and communication is scheduled, it is critical that management provide as much detail as possible and be prepared to answer all questions employees may have. Be prepared to communicate dates, severance and stay bonus plans, and relocation benefits. No one likes uncertainty. Even in the face of bad news, we prefer to know exactly what we face. A simple group news announcement with little detail will inevitably bring work to a stop. Employees will spend most of their day speculating as to what is to come and how they fit in. Productivity and engagement will plummet. By providing details, employees can see exactly how the planned event will affect them and their families. They can plan and will stay productive at work.

4. Treating All Employees the Same

Let's be fair, most HR professionals are steeped in the notion that employee benefits should be fairly administered and delivered equitably through the employee population. "Fairness" is their watchword and guide. There are even federal and state regulations which strive to ensure such fairness. Fortunately, mobility benefits are not one of those areas. While one can make an argument that mobility benefits should be provided equitably across the population, this is not a requirement, and the industry is rife with examples of different tiers of benefits for different employee levels and groups. Your group move mobility policy should be stand alone from your standard policy and should be developed to help meet the goals established for the move. Is the goal to take advantage of lower wage rate in the new location? Then it probably does not make sense to spend a lot of money relocating your existing staff. Offers to relocate should also not be made indiscriminately but take into account performance and other factors.

5. Lack of Balance

A well-structured group move program will have both mobility benefits and severance/stay bonus components. It is critical that these elements be balanced. Regardless of the generosity of mobility benefits, some employees will be unable to relocate. Family ties, spousal employment, connection to community, and even climate will mean that some employees simply cannot consider relocation. These employees will look to the severance and stay bonus plan to determine if they will stay until the last day. The offering must be sufficient to keep your employees on the job, lest you experience mass defections early on and are unable to get the daily work done. Conversely, those considering relocation will weigh the severance/stay option against the mobility benefits. It is crucial that the severance offering not be so enticing as to prevent employees from relocating. Weigh the job market. Strong job markets will require more incentives than weak job markets.

6. Not Using an Expert

Group moves are always challenging for any organization. Detailed planning and timely, specific communication are the keys to success. The biggest mistake organizations make is trying to go it alone, without an expert guide. While complex, there is a "right way" to handle a group move. Through experience, HomeServices Relocation has mapped out the best practices and developed the expertise to help our clients avoid the pitfalls and dangers along the way.

Thanks for listening!