

#relo rant

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

One Fish, Two Fish...

Would you rather be a big fish in a small pond? Or a small fish in a big pond? Of course, we all want to be the big fish. But in the relocation industry, the accelerating pace of Relocation Management Company (RMC) acquisitions and consolidation is throwing many employers into the big pond of the mega-sized RMC, making it harder and harder to get the big fish treatment we all crave. Fortunately, there are still some medium-sized, serviced-oriented RMCs left, where clients can get all the services they need and still feel like the big fish.

Where to look

Unlike the mega-RMCs, smaller servicers don't have large marketing budgets. If you're tired of getting small fish service, how do you find a provider that will give you the attention you deserve? One excellent source is the Society for Human Resource Management (SHRM) vendor directory. HR professionals have relied on SHRM for good advice for many years, and the vendor directory is an excellent resource to begin your search for a more reasonable sized pond to swim in. At <https://vendordirectory.shrm.org/>, mobility providers can be found by clicking on "Relocation" on the home page. Here you will find your list of provider targets, including ratings and reviews.

What to look for

1) Stability

RMCs come and go. One disadvantage of smaller providers is the possibility that they may not be around next year, gobbled up in the next wave of acquisitions. Be sure to look for a firm with a proven track record and a rock-solid business foundation. Avoid companies that may be the next acquisition target or are in acquisition mode themselves. Such firms struggle to prioritize client service.

2) Service

For recruits, the relocation experience is often the first impression of their new employer. For existing employees, the relocation experience reinforces the commitment their employer has

made to them and they to the employer. The employee experience is many and varied and depends on the needs of the employee and their family. Hard to put in a box, yet many of the big box RMCs attempt to do just that in the name of efficiency and profit. Look for a provider with excellent client testimonials, good ratings and reviews and top block survey scores. After all, service is the name of the game in mobility.

3) Deep Pockets

The mobility industry is rife with RMC's that can't rub two nickels together. While somewhat ironic in an industry that is partially a financial outsource service, many RMCs cannot fund basic relocation and home sale transactions with existing capital. Such firms rely on their clients to provide funding via imprest accounts, accelerated billings or prepayments. Some even wait to receive payment against client billings before paying transferees or vendors, making your employees wait weeks or months for reimbursement. Even those that can fund, often charge interest from the day of disbursement. Your RMC should be able to handle all disbursement requirements of your program, with their own funds, with reasonable payment terms. This is one of the reasons your company has chosen to outsource.

4) Transparency

For much of its existence, the mobility industry has lived with an arcane revenue model cloaked in secrecy. RMC revenue models funded by rebates, kickbacks, mark-ups, and commissions inflate pass-through costs, gross-up expenses and overall program spend. As the program owner, employers should be able to easily understand how much of their spend goes into RMC coffers. Look for providers that are serious about pricing and pass-through cost transparency and back that up with contractual commitments. There is a perception that the mega-RMCs are cheaper, but you may be surprised when you compare what you are actually paying, including hidden costs. Some RMCs have also implemented fees for every additional service. Beware of companies that charge extra for implementation, policy writing and maintenance, reporting, annual reviews, and consulting services.

Be the big fish

While it may seem that there are just three or four players in the RMC space, nothing could be further from the truth. Many small to mid-size RMC have the full capabilities of the larger players and also provide top-notch service, flexibility and customer focus. Employers do not have to suffer in the role of the small fish. Switch ponds and get the attention you deserve.

Thanks for listening!

