



A Case for Aligning Relocation Tiers with Key Resources

Overview

Relocation assistance can be a key element in an organization's ability to reach Talent Management goals. According to recent labor studies, more than 25%¹ of the working population will reach retirement by 2010, resulting in a massive labor shortage. In addition, the replacement pool of 35-44 year olds (the most common age bracket of transferring employees) will decline 15% over the next 15 years². With talent pools shrinking, relocation benefits will be a necessary component in attracting the right person for the right job, whether the candidate is an existing employee or new hire.

Paragon conducted a case study of the impact of tier restructuring on Ideal Corporation's mobility program. This document is prepared as an example of how modifications to tier eligibility parameters may help reduce overall mobility program costs while meeting organizational recruiting initiatives.

Ideal Corporation* Profile

In this study, Paragon's Ideal Corporation client is an industrial manufacturing company with approximately 100 U.S. domestic transfers per year. The historical relocation program policy tiers focused on eligibility based upon employment status within the organization (new hires versus existing employees). Benefits under the Existing Employee plan were quite generous, and in fact, considered too rich for

mid to lower level employees while the New Hire policy was not robust enough to compete for higher level talent.

The Solution

To effectively manage costs, while remaining competitive with other industrial manufacturing companies, Ideal Corporation needed a strategic mean to keep key employees mobile while controlling escalating homesale costs in the midst of a declining housing market. Paragon completed a Program Redevelopment Consulting Engagement, which included:

- A demographic analysis of Ideal Corporation's transferee base to reveal move patterns
- Benchmark Study to determine appropriate benefits for various career levels
- Relocation Spend Management Analysis including hypothetical cost modeling
- Revision of policy tiers to correlate with the Company's talent management initiatives
- Development of a communication plan to senior management and ultimately, to key end-users regarding the new program

The Results

The new U.S. Domestic program is being implemented for 2009. Based upon 2008 data, if the new program structure was applied to the previous year's relocation activity, Paragon identified an 11% overall program savings, approximately \$1.1M. Redistribution of tiers based on career level rather than employment status may ultimately allow

¹ U.S. Census Bureau

² U.S. Bureau of Labor Statistics



the organization to fund additional relocation assistance, in order to meet mobility objectives.

About Paragon

Originally founded as a relocation consulting company specializing in domestic and international relocation and global assignment program development consulting, our mission was to develop cost-effective mobility programs that offered more services to the transferring employee, at less cost to the organization. Today, we maintain an extensive consulting practice focused on global mobility issues in their entirety.