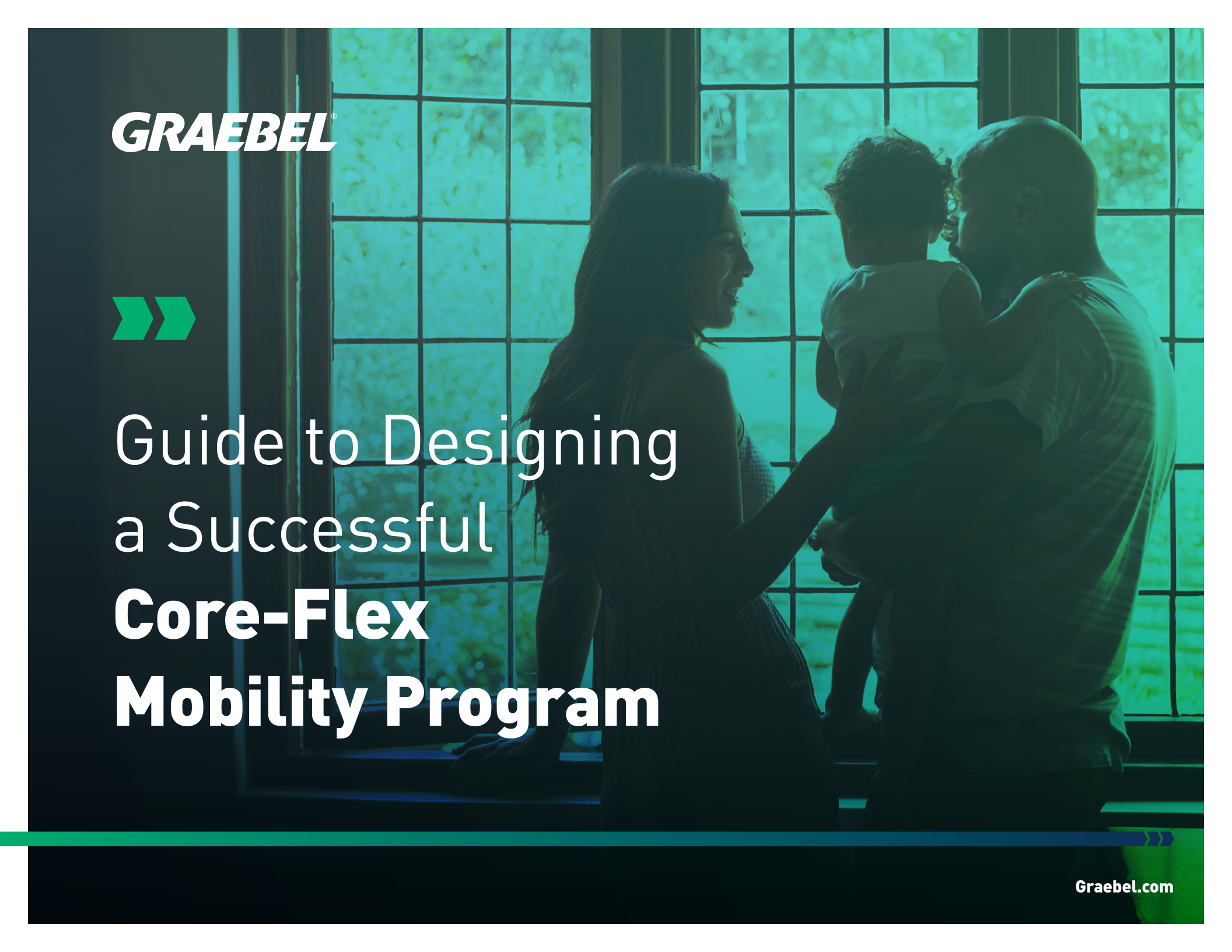




GRAEBEL®



Guide to Designing a Successful **Core-Flex Mobility Program**

Inside **This Guide**

You'll find lessons shared by early adopters, advice from Graebel Account Managers and consulting experts, benchmarking polls, trends and more...



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Introduction

In recent years, core-flex mobility programs have emerged as a popular model, offering employees more input into their relocation experience while reducing program costs. In many ways, core-flex is another step along the path of granting greater autonomy and flexibility to employees and the business.

Since many major corporations have adopted this approach, we've captured their lessons learned and best practices so you can determine if core-flex might be right for your organization. If you find that it is, we'll also cover the steps you can take to transition to this model.



»» In This Study We've Drawn From:



Corporate mobility professionals who have shared insights and data at Graebel-hosted insideMOBILITY meetings.



Graebel Consulting experts who have monitored trends and guided core-flex program design.



Graebel Account Managers who design and routinely manage core-flex programs.

Defining **Core-Flex**

Core-flex programs offer personalized relocation packages that blend:

- ▶ Core benefits provided to every employee in a category or tier
- ▶ Flex or optional benefits that reflect an employee's personal situation and priorities

In practice, core-flex can be as simple as it sounds, or quite complex — with multiple versions of core packages and flex options based on factors such as:

- ▶ Employee level and skill set
- ▶ Housing needs
- ▶ Destination-related factors and norms

In our company, the flex items are basically the things we used to do through exceptions.

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Top four reasons for using a core-flex program, ranked from highest to lowest:

1

Cost savings / minimizing the use of exceptions

2

Employee demand for flexibility

3

Ease of administration

4

Global / regional conditions



*Since we
adopted
core-flex,
we've reduced
concerns about
inequities.*

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Is Core-Flex Right for Your Company?

Think twice about implementing core-flex if...

You have a culture of
consistency and equality



Core-flex may introduce employee concerns and
pushback when packages become more customized

You rely heavily on outside
recruiters who are
frequently replaced



Core-flex can be complex, and new recruiters may
not always accurately communicate your policies

Your internal stakeholders
are happy with your current
relocation program



It's easier to shift to core-flex if you have a catalyst
driving the change

Your mobility program
consists primarily of high
volume, transactional moves



Core-flex could impede a program that needs to
deliver quick, homogenous placements

Core-Flex may be a good fit if...

Your company culture
supports exceptions



Core-flex could break this cycle and
add cost-certainty

You're under pressure
to reduce costs



A carefully designed, conservatively managed
core-flex structure can reduce mobility
program spending

You have a culture of
assessing every mobile
employee's personal situation
to guide them through their
benefit options



This element of duty of care is critical to the
success of a core-flex program

Answers from **Early Adopters**

Early adopters have answers for the core-flex questions we hear most frequently:

Q. Are flex options always at the employee's discretion?

A. In some cases, flex decisions are made by Mobility Managers or the business, ideally in consultation with the employee.

Q. Does core-flex always save money?

A. It can if the program offers limited options, enforced with appropriate caps (item count, dollar, etc.), and is coupled with tight control over exceptions.

Q. Do you have to get core-flex absolutely right when it's first implemented?

A. Successful core-flex programs evolve. For example:

➤ **Are costs still too high?**

Shift some core benefits to flex.

➤ **Is employee feedback a concern?**

Improve the core package or the flex options; enhance support and training for employees and managers.

Q. Can you measure the return on investment (ROI) or success of core-flex?

A. As with any approach to mobility, this is a combination of evaluating and tracking:

➤ Employee satisfaction

➤ Benefit usage

➤ Average cost per deployment

➤ Progress toward other goals previously identified



Avoid opening the door to exceptions within core-flex.

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Best Practices

1

Core benefits should include services related to compliance (like tax and immigration) or those that keep an employee focused during the transition (like housing and household goods management).

2

Flex benefits should include services that were commonly approved as exceptions in the past, like additional temporary living and family assistance support.

3

Employees must understand that core-flex benefits are meant to meet needs, not incentivize employment or relocation.

4

Mobile employees should be supported and advised early in the process so they can make informed benefit choices. This minimizes the need for exceptions later.

*Coaching is critical.
Employees don't know what
they don't know about the
relocation experience.*

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Potential Benefits to Include in **Your Core-Flex Program**

This list of typical provisions will help you pick the elements that will best suit your core-flex program:



Services

- ▶ Pre-Decision Services
- ▶ Destination Services
- ▶ Spouse/Partner and/or Family Support
- ▶ Language and Inter-Cultural Training
- ▶ Home Finding Assistance
- ▶ Tax Equalization
- ▶ Tax Protection and/or Gross-Up



Household Goods

- ▶ Air and Sea/Surface Shipments
- ▶ Auto Shipment(s)
- ▶ Storage of Household Goods
- ▶ Pet Shipment(s)



Housing

- ▶ Property and/or Tenancy Management
- ▶ Home Marketing Assistance (U.S.)
- ▶ Home Sale Assistance
- ▶ Lease Cancellation
- ▶ Temporary Housing
- ▶ Rental Assistance
- ▶ Mortgage Assistance
- ▶ New Home Purchase Assistance
- ▶ Duplicate Housing Reimbursement
- ▶ Housing Allowances



Travel

- ▶ Home Finding Trip(s)
- ▶ Final Trip to Destination
- ▶ Return Trip(s)
- ▶ Home Leave
- ▶ Emergency Leave
- ▶ Rest & Relaxation Trip(s)



Allowances / Cash

- ▶ Cost-of-Living Allowance
- ▶ Housing, Education, Transportation, Hardship, etc.
- ▶ Miscellaneous Expense Allowance
- ▶ Localization Allowances
- ▶ Other Lump Sum Allowances

Taking the **First Steps**

It's important to map out each major element of a core-flex program. We do this by moving methodically through the design and implementation process, to ensure the transition is seamless for everyone affected by the program.

Graebel has helped develop, implement and manage proven core-flex programs.

Contact us to discuss an approach that's right for your company.

Shifting to core-flex can seem overwhelming. Here are some preliminary steps you can take:

- 1**  **Collect input** related to your current program through voice-of-the-customer solutions, such as targeted surveys, focus groups, or a benefits usage and exceptions analysis.
- 2**  **Identify your goals.** What challenges do you face with your current program model?
- 3**  **Identify the variations of core-flex** you should offer. Again, most companies have more than one – reflecting tiers and other variables (See all the variables suggested below).
- 4**  **For each of the program variations** you identify in #3, decide whether each of the benefits available would be classified as:
A) Core B) Flex C) Not covered
- 5**  **Based on cost estimates for the covered benefits,** determine if you should revise your decisions in #4 to reflect overall budget realities.
- 6**  **Review technology options** for administering the core-flex program – either in-house or through a relocation management company (RMC).

You may want unique core-flex plans or variations reflecting these situations:

- International
- U.S. Domestic & Canada (with a subcategory for home sale)
- Intra-Country
- Executive, Mid-Level, Entry-Level, Rotational

Case Studies

Core-Flex Drives Cost Reduction for Company



Client Profile

Global technology company that relocates more than 300 employees worldwide annually

Graebel Client Case Study No. 1

Each year, this technology firm relocates approximately 250 employees internationally (typically permanent assignments) and 50 employees domestically within the U.S. The company decided to adopt a core-flex approach for their international assignment program.

The company's primary goals were to:

- 01** | Provide a clear roadmap for transfer packages
- 02** | Increase consistency
- 03** | Reduce program spend

They wanted flex choices made at the manager level with benefits reflecting the basis for the transfer, the needs of the business and the preferences of the employee.

We benchmarked all suggested company benefits and compiled current general program utilization data. Our Research Team and Account Manager worked with the company to identify appropriate core benefits and flex options.



The company launched the program, committing to re-evaluate after six months. By that time, employees were comfortably shifted into the new approach and the company was on its way to achieving expected cost savings.

However, based on employee feedback and accounting data, we advised the company to make additional changes, including:

- Adjusting relocation cash allowances
- Modifying shipment allowances from flat rates to a capped program

We continue to work with the company to fine tune the international program, as needed.

Case Studies

Employee Experience and Acquisition Lead Company to Core-Flex



Client Profile

Global medical
technology company
that relocates more
than 500 employees
worldwide, annually

Graebel Client Case Study No. 2

Recent feedback from this company's mobile employees suggested their relocation program needed more flexibility. Given the company's strong culture of putting employees first and that it was poised to purchase another company with an equally strong employee-first culture, the organization decided to revise its program.

Our consulting team conducted extensive polling of recent mobile employees and internal stakeholders regarding the benefit options and the program overall. We brought that analysis back to the firm, along with

the recommendation that they shift their US domestic program to a core-flex model to:

- 01** | Mirror their international mobility structure as closely as possible
- 02** | Reinforce their employee-first culture
- 03** | Address the opportunities and concerns uncovered in our analysis

We led their team through a detailed analysis of options, supported with benchmarked core-flex program information and data.



After the company settled on the primary program elements, Graebel conducted a cost-savings analysis that indicated the new, more generous program would save between five and ten percent, per transferee, on average.

The new program has been well-received by all stakeholders. It's offered to homeowners and renters and has three tiers of core benefits. Within those tiers, business managers can adjust the number and scope of benefits. The benefits in each package are approximately 50% core and 50% flex. Some flex benefits are selected by the business and others by the employee.



Moving **Forward**

Many companies find benefits when shifting to core-flex relocation approaches. Early evidence indicates a core-flex model can increase employee satisfaction, reduce costs and create cost-certainty in a mobility program.

Successful implementation of a core-flex approach is greatly improved with RMC guidance and it's not the optimal approach for every company. Fortunately, if you decide to proceed with core-flex with Graebel, you'll have the benefit of learning from the experience of other companies who have already adopted the model in whole or in part.

We'll continue to document core-flex trends and lessons based on work with our clients, and the advice shared by companies at ongoing insideMOBILITY events around the globe.

If you're considering instituting a core-flex program, or enhancing one you already have in place, please contact us for help with designing, implementing, and/or managing one that's right for you - at grabel.com/contact/.

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