

# Maximizing a Lump Sum Approach to Mobility

## Lump sum: A valuable tool in your mobility toolkit

There are multiple ways to approach mobility, from fully managed moves to self-guided models – and plenty of variations in between. Each has its advantages and considerations, but for many companies lump sum is a method of choice, largely due to an expectation that it will provide specific benefits to the organization. These can include cost savings, reduced administrative hours and a positive experience for mobile employees who want a degree of autonomy in their relocation.

The question is: Does utilizing a lump sum methodology automatically deliver these benefits, or are there considerations to keep in mind to ensure the positive outcomes a business is expecting? In this document, we'll take a look at how the current business landscape should be considered when designing a lump sum approach, the advantages and challenges associated with lump sum, and how to best implement or revise your lump sum model if you choose to use it within your organization.

## Lump sum: Then and now

Many business practices that were considered conventional years ago deserve a second look in a post-pandemic environment, due in large part to changing workplace dynamics, worker shortages, continued economic uncertainty, global tensions, and today's evolving social imperatives, including sustainability efforts and diversity, equity and inclusion. In that light, relocation program managers would benefit from evaluating whether their traditional lump sum relocation benefits package delivers the same advantages for their organization and mobile employees as it did in the past.

In many cases, lump sum is still a viable and cost-effective option, but there are new considerations related to lump sum packages that mobility teams should keep in mind to ensure these programs meet the needs and challenges of both employers and employees in this new era of mobility.



## Advantages of lump sum packages

The fundamental advantages of a well-executed lump sum benefits package are still very relevant:

- They're flexible; no two moves are alike, and employees can spend their resources on the services that make their move unique
- They create cost certainty for employers since exceptions are nearly eliminated
- They're relatively easy to administer since decision-making and activity related to relocation services and providers are shifted to employees
- They're popular with employees with simpler lifestyles and with those who take pride in their self-management skills

## Challenges encountered with lump sum arrangements

Similarly, the challenges with lump sum today are comparable to what they've been in recent years. However, with the shift in employer/employee mindsets, they've become more pronounced – to the point where policies may require modifications that might incrementally increase costs.

The challenges and risks of lump sum for employees include:

- The burden of managing their relocation details – from working with realtors or leasing agents to packing and transporting household goods
- Managing relocation details while preparing for their new job or transitioning from their current one
- Failing to account for necessary services; employees often “don't know what they don't know”
- Running short on funds because they've opted to use them for personal costs instead of relocation expenses – or because they've paid too much for services early in the process, leaving too little for necessary services at the end of the move
- Using low-cost service providers, only to find that their service quality led to delays or unexpected liabilities



Employers face challenges and risks with lump sum too:

- Their employees are distracted as they address relocation planning and activities during work hours, which can negatively impact attentiveness and productivity
- Their employees may become frustrated with the process, to the point where this leads to dissatisfaction with their employer or the company's mobility brand
- They struggle to establish a company-wide lump sum figure that reflects their mobile population's variety of personal circumstances and locations; in the end they might overpay some employees while the amount is insufficient for others
- They may spend more administrative hours than expected troubleshooting issues that occur when mobile employees make uninformed choices or run short on funds
- Their lump sum arrangements may no longer be adequate for early-career employees – those, for example, with graduate degrees or several years of entry-level experience
- They may assume that an employee who has relocated before can easily move to a new destination with little to no guidance; in reality, no two relocations are alike, and relocation skills learned in one global destination don't automatically prepare a mobile employee for the different nuances required to move to another



### Using lump sum to your advantage

Many of the challenges and risks related to lump sum relocation packages noted above have become more pronounced over the past three years, but don't worry: With careful examination and planning, a lump sum approach can still be a winning proposition. Challenges can typically be overcome when a lump sum model is implemented in one of these two ways:

#### Supported lump sum programs

In our experience, most organizations today would agree that a basic level of guidance for their lump sum recipients is in the best interest of both the organization and its employees. After all, even the simplest domestic move for an internship, as one of many examples, can become quite complicated due to the current limited supply of adequate rental housing. In these and similar cases, a lump sum recipient will benefit from access to coaching and assistance related to the most challenging elements of a self-move – and the subtle ones that they might not expect.

Skilled relocation management companies can support organizations by providing their mobile employees with technology and platforms that deliver the right balance of independence and support. This kind of guided lump sum benefit program is reflected in the approach we take with [CitySwitcher® by Graebel](#), our online lump sum management service. CitySwitcher offers a lump sum recipient the services of a localized move coach who can start them off with a realistic plan so they can budget more accurately. CitySwitcher coaches also can help the employee develop a preliminary relocation cost estimate. The online tool connects the employee with Graebel's vetted, local service providers – along with the preferred rates we've negotiated with them – saving the mobile employee time and money, minimizing stress and improving their lump sum experience overall.



### Hybrid relocation package models

Since the needs and circumstances of an organization's entire mobile population don't always align neatly with just one mobility approach, many companies design a program that reflects a combination of multiple mobility models. In these hybrid scenarios, a level of flexibility would be applied to each one being used. Ultimately, the model utilized for each employee is chosen on a case-by-case basis, determined by a variety of factors ranging from employee tier to their type of relocation or assignment. These various models could include:

1. **Managed move** – Covered services are managed on behalf of the mobile employee
2. **Core-flex** – Essential covered services are managed for the employee, who also receives financial resources to purchase other approved services that reflect their personal situation
3. **Lump sum** – An employee receives a stipend to spend as they see fit to manage and pay for their own relocation
4. **Lump sum plus** – An employee receives a stipend plus one other benefit, such as household goods (guidelines may apply regarding benefit choices and cost caps)

Given recent conditions, such as those related to housing, shipping and the availability of qualified service providers, we also see the evolution of a fifth model – an “early career” move package. This approach combines valuable elements of lump sum and core-flex in a way that provides an exceptional experience for an employee just leaving graduate school, for example, or someone who's transitioning from an entry-level position to a more senior team member status in a new location.

## Final thoughts

Times are changing and the pace of that change is increasing. Organizations will need to adapt faster than ever to compete for valued employees and retain their best performers. Lump sum relocation programs can be an ideal approach for many companies and in many circumstances, but mobility program leaders should be mindful that the version of lump sum they've been using for years may not be adequate for the evolving expectations of today's workforce.

By considering current market dynamics, the diversity of their mobile population and where guidance can be provided to their employees, organizations can use a lump sum approach for mobility that's modified to support their business goals, flex with the times and provide exceptional experiences to mobile employees – all while enhancing their mobility brand.