How Multinationals Buy International Relocation Services

There seems to be little standardisation in the way that Multinational Corporations (MNC's) buy relocation services. Why is that, and what are some of the flavours available?

The most common and more traditional models available are either full outsourcing to a Relocation Management Company (RMC), or direct management of the different vendors in the relocation chain, or a mix of these two. Lately, we've seen another alternative which is the so-called Mobility Technology Platform. Here, an often limited group of pre-vetted and compliant vendors are visible on the platform, and the relocating employee can initiate the services they are allowed to use, limited by a certain budget. Some services are mandatory (core-) and some are optional (flex-). A special category are those transferees that receive a lump-sum amount, and they are on their own to arrive on their first day at work in the new location. Outsourcing relocation to a vendor under a managed programme or paying a lump sum to a transferee both have pros and cons. Providing a lump sum is easy, requires little administrative support from the employer, but the risk is that the money is not well spent, and there is a compliance risk if the transferee does something they are not supposed to do as a representative of their company, and the consequences come back to the employer anyway. An outsourced relocation programme requires more time and attention from the company, but normally these programmes service the transferee well, and the transferee is more or less guaranteed to arrive on their first day of work on time without any issues. With Duty of Care and Compliance being top of mind for mobility departments, you may wonder why the lump sum is provided at all... let me guess – lack of available technology – that will be solved at some point then.

Often the Relocation Policy, i.e. the benefits provided to a relocating employee, will determine the way an MNC buys the relocation services. But there are many other factors that determine this? Global Mobility leadership may have a preferred way of working, a preferred vendor, a previous disappointing experience with one or the other, a strong Regional Mobility function (e.g. APAC, EMEA, AMERICAS) that does things different than head office, or personal preference of a decision maker, amongst others. Many MNC's seem to go around in circles, from full outsourcing, back to unbundling of certain larger spend areas such as immigration, shipping of household goods, and vice versa. Due to this complete lack of standardisation, vendors in the relocation supply chain have become specialists in adapting to the various ways MNC's buy relocation services.

> Cheers to the family owned local business!

Although I loathe corporate jargon, hyper-flexibility is the key-word. All who work in this industry will recognise that people get along well with each other, because on Monday they may be competitors, on Tuesday one is a supplier of the other, on Wednesday one is a Client of the other, on Thursday they need to partner with one another due to a common client, and on Friday, well, let's take that day off shall we. All vendors in the relocation space will recognise this: Most of us are a global/regional/national vendor for an MNC or an RMC, a vendor for an MNC under the management of a big-4 accountancy firm, a direct vendor for one service whereby an RMC manages the rest of the scope, or a vendor under a technology platform.

In spite of the jungle of operating models, we do see a trend of certain business models becoming more dominant, and we ourselves are adapting our organisation to be able to benefit from these changes. Given the fact that we are a global cooperative network of small, medium sized and some large family owned moving companies as well as DSP (Destination Services Provider) members, we have to be flexible and make sure we cater for all three customer segments, corporate, RMC and Technology Platform.

Technology platforms are relatively new market entrants, and not handicapped by having a large number of clients. Instead, they can leap-frog (ouch! speaking of corporate jargon), skip the stages of having 100's of suppliers in their chain of vendors, and tap into networks of vendors, e.g. for tax, immigration, moving, destination services, housing etc. We believe that networks are the future, connected through technology, with the ability to quickly exchange data through API's. Technology platforms can also deliver value in other ways of course beyond supply chain – ease of employee choice, conveying of an employer brand and delivery of a clear, and branded digital employee experience.

Despite the consolidation (and demise of previously considered all-powerful companies) in the RMC space, our cooperative network is thriving. Also, small to medium sized family owned business pay the lion's share of corporate tax in any country, create stable employment, support local communities, and are in business to be passed on to a next generation, rather than satisfy the rapacious appetites of the anonymous venture capitalist vultures trying to make a quick ROI. Yes, there will be amalgamation of small to medium sized businesses, but the best possible friend for an assignee arriving in a new country will always be someone that has supported 1000's of their peers over the years. And yes, a lot of these services can be automated or digitally transformed, but the time when a robot packs a box or checks a lease contract for a property in a 2nd tier city in inland-China for compliance loopholes is still far out.

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