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# **Making Executives Fully Aware Of The Many Undercounted Business Impacts From Effective Talent Relocation**

*Convincing your customers to invest more on talent mobility*

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Copies of the slides are currently @ [www.DrJohnSullivan.com](http://www.DrJohnSullivan.com)

v1.4



## 5 goals for today

- **To make you think**
- **To get you to focus on the value you add... rather than the costs**
- **To add at least 5 talent areas to your list of mobility benefits**
- **To up your ROI calculation**
- **To answer all of your questions**

**My specialty is putting a dollar value on talent  
I have advised over 200 corporations including...**

**Apple**

**Facebook**

**Google**

**Microsoft**

**Twitter**

**Intel**

**Dell**

**Oracle**

**HP**

**NIKE**

**Marriott**

**Chevron**

**Pepsi**

**Starbucks**

**McDonald's**

**GE**

**Johnson & Johnson**

**BMW**

**E&Y**

**McKinsey**

**Nestlé**

**Bank of America**

**Lockheed Martin**

**Pfizer**



**Today's goal is to have a conversation**

**so Please interrupt at any time with  
questions or comments**



**Let's put talent mobility costs  
in perspective**

**The 1<sup>st</sup> step is to convert into dollars the  
impacts of mobility**

# You can quantify the \$ value that mobility adds...

If you know the baseline dollars produced by the average employee...

That baseline value is... the average revenue per employee per year

<b>Amazon</b>	\$373,000
<b>Costco</b>	\$601,000
<b>J&amp;J</b>	\$604,000
<b>GM</b>	\$842,000
<b>Microsoft</b> 	\$931,000
<b>Google</b>	\$1,440,000
<b>Apple</b>	\$1,960,000
<b>Valero</b>	\$11,200,000

**Ex. of the value added** - The cost of relocating a new-hire homeowner is **\$72,000**

**But** if effective relocation services increased a **Microsoft new-hire's productivity by 10%...**  
that is worth **\$93,100**

These numbers are available on MarketWatch.com

As of 5/5/19

## More examples of the \$ impact from great new-hire relocation

**An average revenue per employee at GM is... \$842,000**

- Settling for a second choice candidate results in a 15% lower output
- So if GM had to settle for a single second choice candidate because of weak or no relocation... their loss would be \$126,300

**An average employee at Google produces \$1.44 million per year**

- Top-performing employees there produce **9x** more
- So if Google lost a single top performing recruit because of weak or no relocation, the loss would be \$13 million

**An average employee at Apple produces \$1.96 million per year**

- Innovators at Apple produce **25** times more
- So if Apple landed a single innovator recruit because of an attractive relocation package... the gain would be \$49 million

**Remember the cost of relocating a new-hire homeowner is \$72,000**<sub>7</sub>

(Source: ERC Worldwide Survey 2013)

**The theme for today is...**

**to consider the possibility that... effective  
mobility more than pays for itself**

**Any questions?**

## Part II



**Next we will look at... the impacts of effective mobility in all talent areas**

- 1. Recruiting**
- 2. Retention**
- 3. Productivity**
- 4. Leader development**
- 5. Innovation**
- 6. Revenue**



**mobility offerings can have a tremendous  
impact on...  
recruiting**

**Converting to \$ – Mobility's impact on recruitment**

- The **average new-hire** produces **2x their salary** (D. Bloom 2001)
- When mobility helps to land **a top-performing new-hire**... they will produce up to **18 times their salary**

# The often undercounted economic value-added by relocation

## Recruiting impacts – Mobility can build an attractive brand image

- Social media comments will expose weak mobility – Frustrated candidates are likely to mention your unwillingness to offer adequate mobility on **glassdoor.com...** and that'll **reduce future applications**
- 50% of candidates read online review sites (Source: Software Advice)
- An empathetic image will attract – given **the housing prices** in many areas, offering sufficient relocation will let the candidate know that **your firm has empathy for new-hires**
- An image of generosity will further attract – applicants may use your **generous offering as an indicator...**and assume that while on the job... **your firm will remain generous**

# Mobility attracts applicants



## Recruiting impacts – Mobility will attract more applicants

- Candidate search strings include the word relocation -  
So when candidates search for jobs on job boards... and you omit the word... they may not find your job opening
- **Relocation will be noticed in your job ads** – candidates will be drawn to job announcements that mention relocation
- Applicants will notice relocation on the firm's corporate website – even if they don't need it... seeing it may increase their interest

## Mobility will decrease candidate dropouts

### Recruiting impacts – Mobility improves the candidate experience

- You will experience fewer candidate dropouts –  
When mobility is not mentioned upfront... fewer candidates will ghost you later... after finding out you don't offer sufficient relocation
- Learning more details will increase their interest –  
Revealing the generous details of your mobility ability offerings during the interview process... will help to **increase their interest in completing the interview process**

# Mobility increases offer acceptance

## Recruiting impacts – Higher offer acceptance rates

- It's a major offer acceptance factor –  
Offering sufficient mobility support... may be a major offer acceptance factor
- **Not having it may be a dealbreaker** – for a candidate that **must relocate for family/personal reasons**... it may be an absolute dealbreaker
- **Mobility is an offer differentiator** – for candidates **with multiple offers**... it makes yours stand out
- **You must match other offers** – when others offer it... you must match it or you will lose candidates that have multiple offers

# Mobility increases offer acceptance

## Recruiting impacts – Higher offer acceptance rates (continued)

- **Physically working alongside their team is a plus** –  
Knowing that they will be physically relocated... so that they can work in the same location as their exceptional teammates... may be viewed as **an added reason to accept**
- **A superior offer including relocation will allow you to hire faster**  
Attractive relocation will cause candidates to say “yes” faster  
**Faster hiring speed means that** the position will be **open fewer days** (so there will be less loss productivity and fewer project delays)

# Mobility can allow you to hire better performing people

## Recruiting impacts – Mobility allows you to hire better performers

Top performing teammates produce **9 times more...** than the average

- **Mobility lands higher performing new-hires** -  
Offering generous mobility is a competitive advantage... that allows a firm to land sought after more qualified hires... who will produce more... **because they have superior qualifications**
- **Increased diversity in more locations** –  
Relocation and mobility allows the movement of diverse talent **into geographic areas where the firm has a shortage...** and customer reflection diversity has shown to increase outputs



**mobility offerings can have a tremendous  
impact on...**

**retention**

**Converting to \$ – Mobility reduces expensive turnover costs**

- Recruiting a replacement employee costs **1.5 to 3x** their salary
- Turnover also creates **vacant position days** that cut productivity  
(Ex. At GM it's \$4,800 per day X 42 days = **\$198,000** per turnover)

## Mobility reduces new-hire turnover

### Retention impacts – Mobility issues may cause new-hires to quit

- Additional disappointment may cause new-hires to quit –
- 61% of hires find that their new job was not what was promised...  
And if they are already disappointed with their relocation...  
Together these factors may cause new-hires to quit

- No relocation may cause new-hires to keep looking -  
After starting their job... hires that received no relocation help...  
may keep looking for another job at a local firm... **to get even**

- **Grateful new-hires** may stay longer – because of your empathy and generosity, new-hires may decide to pay you back by staying longer

## Internal mobility can improve retention

### Retention impacts - Internal mobility can improve retention

- **Mobility can retain the best that are going to get a better job –**

The best employees seek growth... and mobility expands their internal growth opportunities...

So they don't have to listen to external offers

- **Increased retention of those seeking a lower cost of living –**

Cost pressures in a location can force employees to quit and relocate...

But **internal mobility can keep them within your firm** and also...  
**reduce pressure for salary increases**

# Internal mobility can improve retention

## Retention impacts - Internal mobility can improve retention (continued)

- **It can retain employees that must move –**  
Some employees are **forced to move** because of family/personal issues...  
They **won't quit if you relocate them** to where they need to be (thus saving recruiting, lost productivity and training costs)
- **Mobility can help you retain surplus employees –**  
When you have a surplus of talent in a single location...  
Internal movement to areas where talent is needed... can allow you to keep surplus employees... **and avoid costly layoffs**



**Any questions  
at this point?**



**mobility offerings can have a significant  
impact on...**

**productivity**

**Converting to \$ – Mobility's impacts on productivity**

**Example - the average employee at Valero produces \$11.2 mil.  
If a new-hire gets up to speed in 135 days (vs 500)... that's **\$1.2 mil.****

## Mobility impacts productivity



### **Productivity impacts – New-hire relocation can improve productivity**

- **Fast relocation allows workers to start work sooner – Utilizing accelerated relocation services... means that they can **literally start working sooner****
- **Relocation issues slow new-hire time to initial productivity – If the relocation is problematic... **because of the created worry, stress or family issues that distract...**  
**New-hires will take longer to get up to speed on the job****
- **Managers must devote more time to frustrated employees – Employees that are stressed or frustrated as a result of weak relocation... **will require a great deal of their managers time****

## Mobility makes the workforce more fluid

### Productivity impacts – Internal mobility increases productivity

➤ Moving underutilized talent to higher impact areas increases productivity –

Moving underutilized talent to areas where their skills can be better utilized... increases overall productivity overall

➤ Moving already trained talent to growth areas increases productivity immediately –

Because new-hires take time to get up to speed...

**Moving already trained and experienced talent** to growth areas will increase productivity immediately

How many days does it take a new-hire to move, become assimilated and get to full productivity? **500 days**

(Source: D. Bloom 2001)

## Mobility makes the workforce more fluid

**Productivity impacts – Internal mobility increases productivity (continued)**

➤ **Mobility increases best practice sharing and that increases productivity –**

Moving leaders and workers between business units **will increase best practice sharing** and... **the cross-pollenization of ideas**

➤ **Mobility increases inter-business unit cooperation and that increases productivity –**

In larger firms, business units and silos that interact with each other are often in different geographic locations

But internal movement between the units **improves cooperation and understanding** between them (especially in multinational firms)



**mobility offerings can have a tremendous  
impact on...**

**Leadership development**

**Converting to \$ – The value add by a developed leader**

The development of a team's leader will increase the revenue of their unit by 2 to 3%

# Mobility develops leaders



## Leadership impacts - **Internal mobility develops leaders**

- **Internal movement speeds up leadership development –**  
Because on-the-job learning is the best way to build leaders...  
Moving them to superior development opportunities in a new location will improve the assessment of their leader potential...  
And build their leadership skills
- **Mobility facilitates promotions –**  
In business units where promotions are limited...  
**Mobility in effect expands the # of promotional opportunities**...  
And promotions increase leadership capability and retention



**mobility offerings can have a tremendous  
impact on...  
innovation**

**Converting to \$ – The value added by an innovator**

An innovator produces between **10 and 300 times** the value produced  
by an average worker in the same job

# Increasing innovation



## **Innovation impacts – Relocation spurs innovation**

- **Moving close to major research universities spurs innovation –**  
In many cases, innovators (both new-hires and employees) desire to work in geographic areas that are close to major research universities or the corporation's research center...

**Working there will likely accelerate their innovations**

**Many innovators dislike working in isolated areas – and they are often eager to move anywhere... where they can interact with more intellectuals**

# Increasing innovation



## **Innovation impacts - Internal mobility enhances innovation**

- **Mobility spreads innovation faster –**  
Moving creative and innovative employees between business units and locations **increases the sharing of innovations**
- **You increase collaboration when you place innovators in the same location –**
- Relocating innovators so that they work in the same location dramatically **improves collaboration**... the key driver of innovation
- And **that unified team effort** makes it more likely that innovative **ideas will be implemented faster** (speeding up TTM)



**mobility offerings can have a tremendous  
impact on...**

**Revenue and business results**

**Converting to \$ – The value added by a top salesperson**

Top-performing salespeople sell between 4 and 10 times more than average salesperson and **they sell 70%** more than their pay

# The business impacts of mobility

## Revenue and business impacts from mobility

- **Placing sales and revenue generators in lucrative locations increases revenue –**  
Moving your best revenue generators from low return geographies...  
**To more lucrative regions** will directly increase revenue  
And the resulting increase in commissions will likely reduce salesperson turnover and reduce travel costs
- **Moving teams closer to their B2B customers will increase interactions –**  
Moving individuals or teams closer to their corporate customers will **increase the amount of interactions and understanding.** And that might improve product development

# The business impacts of mobility

## Revenue and business impacts (continued)

- **Moving teams closer to their work sites cuts costs –**  
Moving individuals or teams closer to their work sites will save on **travel cost and time**
- **Mobility can help to hire/retain top performers in revenue-generating positions – and that will directly increase sales and revenue**



**And finally...**

**What are  
the costs of scrimping  
on mobility services?**

## Mobility “on the cheap” can be expensive

### “Saving money” on mobility can end up costing a firm money

- **Weak relocation may cause long commutes –**  
When weak home purchase support forces new-hires to have a **long commute...**  
The created stress will likely cause them **to leave within 18 months**  
Their commute is the #4 cause of turnover (Glassdoor)
- **Weak relocation may cause new-hires to keep looking –**  
Some may initially take advantage of your weak package...  
But once established... their frustration may cause them **to take another job at a local firm**

## The often undercounted economic value-added by relocation

“Saving money” on mobility can end up costing a firm money (continued)

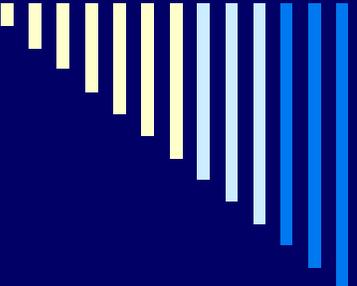
- **Weak spousal job finding services cause stress –**  
Long delays in finding the spouse a job will negatively impact new-hire productivity...  
**And it may eventually cause the individual to quit and move to another location**



# Conclusion

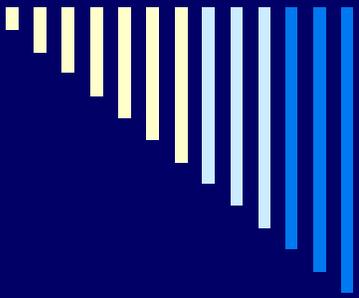
**The wise use of mobility services will make a firm a boatload of money**





## A Reminder Action Checklist

- ☑ Focus on your returns and not the costs
- ☑ Quantify those returns in dollars of revenue impact
- ☑ Work with the CFO's office to ensure credibility
- ☑ Develop a business case template for your customers
- ☑ Compare the job performance of relo's to non-relo's
- ☑ Survey indemand prospects to ID their attraction features
- ☑ Prioritize candidates / employees & focus mobility on revenue generators, top performers and innovators



**Did I make you think?**

**Did you get a few takeaways?**

Please also take a minute... and follow me on **LinkedIn**