



RFP Doesn't Have to Mean 'Reason for Pain'

Data and insights from procurement, global mobility and relocation management professionals on how to achieve better outcomes for all

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Key Takeaways

RFPs for relocation management services are complex and often misunderstood – but they don't have to be.

There are some universal pain points all participants share, in addition to some unique challenges faced by different industry representatives. The greater the mindshare is at the outset, the smoother the process will be.

Mobility services are a different kind of “buy.” Early, full communication with all stakeholders – including an RFI and scheduling ‘meet and greet’ or demo sessions – can help narrow the participants and significantly improve outcomes.

The more specific, clear and consistent the questions and answers are, the better the results will be.

Specificity is particularly important when it comes to the scope of work, mobility program goals, reasons for going to RFP, transferee volume/population demographics, company culture and pricing models.

The use of a scorecard assists in evaluating participant responses more consistently, and flagging anomalies that are worth going back to re-examine.

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When Requests for Proposals (RFPs) for professional services are done well, they often result in long, mutually beneficial and successful business partnerships.

So why is it, then, that adjectives like “convoluted,” “confusing,” “indistinguishable” and “difficult” are altogether too often associated with the RFP process to secure relocation management services?

The Sterling Lexicon team set out to get to the root of the most common pain points and offer a path to a better, easier experience for all. To help us get there, we brought together the unique perspectives and voices of procurement, corporate mobility and relocation management company professionals for an in-depth and frank exploration of the entire process. David Bradstreet, Director of Business Development with Sterling Lexicon and Dennon Butler, Global Mobility & Relocation Program Manager for MillerKnoll led a virtual roundtable to facilitate that conversation on November 15, 2022.

Setting the Stage with Data

To better inform our discussions, we first conducted a mini pulse survey in the weeks leading up to the event. Thanks to 30 respondents in either procurement (37%) or mobility (63%) roles, we gleaned valuable data from a small but credible group. Respondents represented companies with domestic relocation programs (69%); global programs (90%), or both (60%). Their transfer or assignment volumes ranged from 1-19 moves a year to more than 1,000.

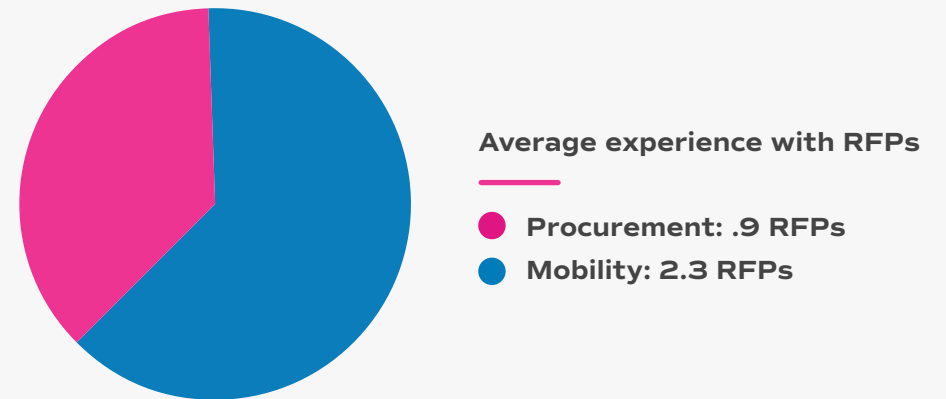
Top reasons to initiate an RFP

When we asked all participants what primarily prompts the need for a relocation provider RFP, dissatisfaction with the current level of service topped the list at 65%. Addressing costs (57%) and a need to meet new program goals (52%) followed closely behind. When we sliced that data by role, however, addressing costs unsurprisingly leapt to the top of the list for procurement professionals at 71%, while service challenges remain the number-one reason for mobility professionals (69%).

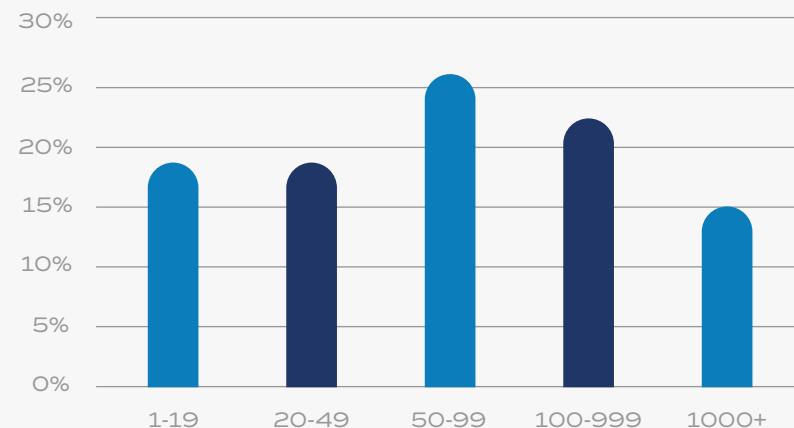
There were a few other interesting observations worth sharing:

- Service issues were also cited as the top reason to go to RFP by those respondents with larger programs – defined as 100 or more moves a year. But for this group, meeting new program goals and following a prescribed schedule came in evenly as the next top two drivers, suggesting that larger organizations may have cyclical reviews built into their company culture. Participants expressed concern over and even a strong dislike for going to RFP simply because “it was due,” considering the time and cost involved, and if current services are being delivered at a satisfactory level.
- Virtually no participants selected “confirming current fees” as a reason to go to RFP. This was welcome news by all parties, given the high investments of both time and resources that go into the process and the low levels of ROI/incentive to participate on the part of RMCs if price checks are the primary driver.

30 Survey Respondents



Average Program Size



Program Mix

69% Domestic 90% INTL 60% Both

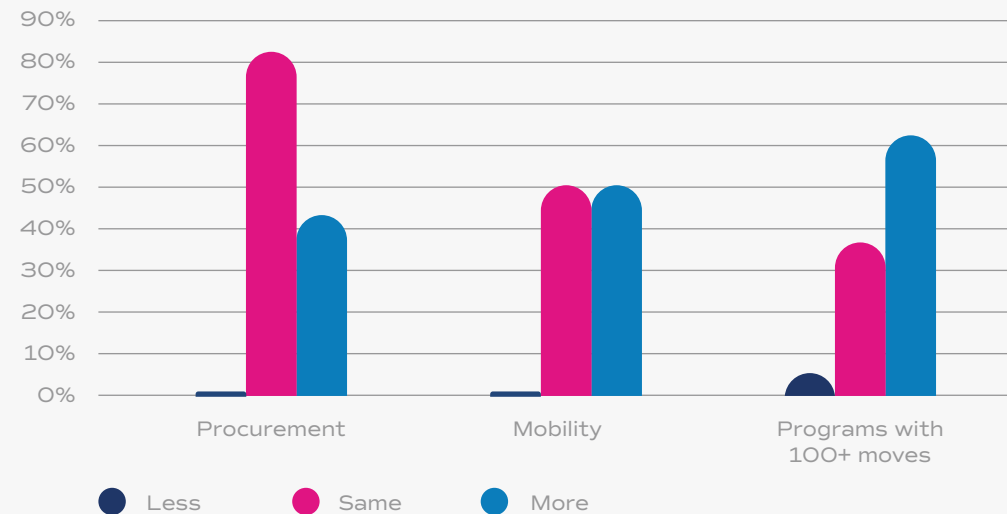
How and Why the Mobility RFP Process is Unique

Stakeholder experience levels

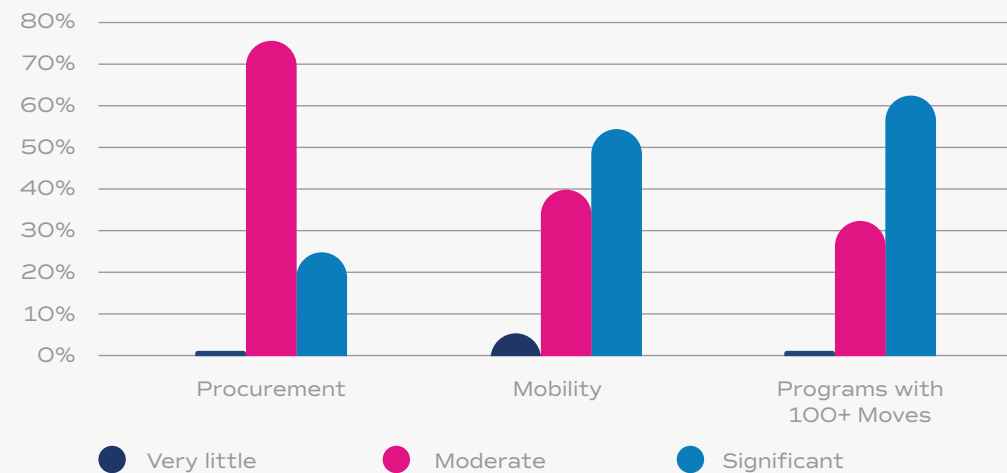
The average number of relocation service RFPs that recipients had direct involvement with was 2.3 for global mobility professionals, while procurement professionals reported an average of 0.9. Those numbers may seem low, but they're not surprising, given that mobility partners tend to be changed less frequently than many other types of service providers. Procurement teams typically rotate quickly through various parts of the business, too, making it unlikely that the same individual would be involved in more than one mobility RFP. During the roundtable discussions, Dennon Butler reinforced that fact, noting that over his career spanning more than twenty years in mobility, he had been directly involved with only four relocation management company RFPs, each with different procurement partners.

When we asked respondents to share what level of relocation industry experience they feel procurement leaders should have to facilitate a successful RFP, all respondents indicated either "moderate" or "significant." A greater percentage of procurement professionals described the necessary experience level as "moderate" (76%), while mobility professionals and those with larger programs were more apt to select "significant" at 53% and 67%, respectively.

How challenging is procuring mobility vs. other categories



Procurement leader industry experience needed for a successful RFP



Perceived difficulty

We also wanted to understand stakeholder perceptions about how difficult it is to procure mobility services compared to other types of professional support. All respondents indicated that they view the process as either about the same as or more challenging – none selected “less challenging.” Mobility professionals were evenly divided, with half of the respondents describing the level of difficulty as equal to other types of service vendor selection, and half seeing relocation services as more challenging to source. For procurement professionals, the scales tipped in favor of an on-par difficulty level, with just over 80% indicating they perceive about the same level of challenge, while nearly 20% described sourcing relocation partners as more complex.

Just over 60% of those who administer programs with 100 or more moves a year described the RFP process as more challenging.

Important Insights

- All stakeholders largely agree that mobility services represent a unique buy and are moderately to significantly challenging to source.
- There is opportunity for mobility professionals to provide additional education to procurement teams early in the process, to help prepare them for the unique levels of complexity.

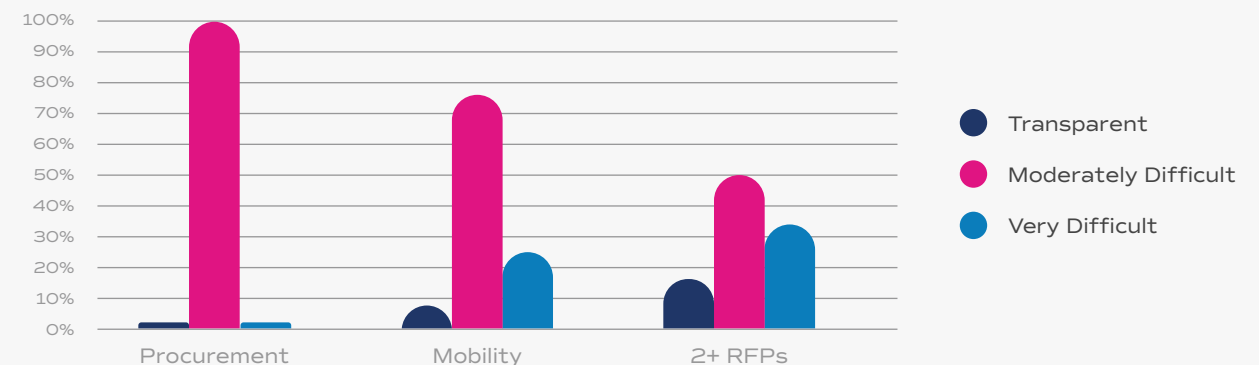
It’s personal

Just as with a technology or facilities management partner, service failures from a relocation provider can negatively affect individual and team productivity levels. Where the quality of mobility services starts to significantly differ, however, is in the extent to which they go beyond an employee’s professional experience into the personal realm, including family members. Added to that complexity is that unlike many other types of workforce services, relocation support is heavily influenced by specific origin and destination locations, including global, national or local customs and regulations.

Pricing models are complex and hard to compare

Another area in which RFP responses for relocation services are highly unique is in pricing. Many procurement and mobility professionals cite frustration around a lack of understanding when it comes to comparing costs for services.

How hard is it to understand revenue flows, referreels, etc. in the mobility industry?



Our survey indicated that 100% of procurement professional respondents find it “moderately difficult” to understand how revenue streams and pricing models work in the mobility industry when evaluating RFP responses, while nearly 70% of mobility professionals agreed, with just under 30% describing them as “very difficult.” Less than 5% of mobility professionals would describe the process as “transparent,” suggesting there is further work to be done to educate all stakeholders on fees.

Determining Who to Invite

The survey research and roundtable dialogue confirmed that a critical part of a successful RFP process is understanding who the key players are to invite. At a minimum, this should include vetting invitees to confirm they have the full range of capabilities necessary to meet all program requirements and goals.

That may sound obvious, but David Bradstreet shared that a common pain point for relocation management companies is that they receive many “cold” RFPs, without any information about the reasons that prompted them, details about company culture or program size and goals, or what the primary problem is that the issuing organization is seeking to solve. In some cases, the RFP may have the word “mobility” in the title, but it is unrelated to relocation management services, or only refers to a small portion of the process, such as a specific destination service or technology need.

Conversely, some invitees may have “relocation” in their name but are not true relocation management companies with the skills, reach and breadth of services necessary to administer the program. Still other RFPs may in fact be tied to legitimate relocation management services, but list “cutting costs” as a primary goal. If they fail to provide sufficient details about program size, scope or where costs are currently running high, it’s virtually impossible to submit a meaningful response, short of listing overall capabilities.

This last point goes back to eliminating the word “indistinguishable” from the process. The more details the RFP issuer can provide, the more respondents can go into specific approaches they would take to meet the goals and the unique areas of individual strength and expertise they bring to the table.

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Narrowing the field

To understand how companies identify who to invite to respond to mobility RFPs, we asked whether respondents use Requests for Information (RFI)s or conduct “get to know you” meetings with potential partners. Interestingly, over 80% of procurement professionals responded yes to the RFI question, while only about 30% of mobility professionals opt to use them, suggesting a greater connection to and awareness of key industry developments and participants on the part of mobility program managers.

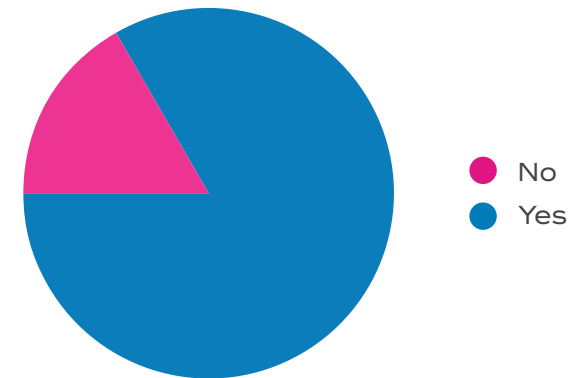
Encouragingly, about 75% of respondents overall opt to conduct pre-RFP meetings with potential suppliers, giving them an opportunity to highlight strengths and differentiators while allowing both parties to better understand a bit more about program goals and company cultures.

The process of researching relocation management firms can be challenging – websites only divulge a certain amount of information and some of the public lists currently available are nothing more than a form of paid advertising. Both Bradstreet and Butler recommended staying active in networking and industry events to understand what’s happening in the market and which companies are best suited to meet specific regional or program goals. Roundtable participants shared that another proven strategy is for mobility professions to invite their procurement peers to attend industry events, or at the very least, engage in regularly sharing information about business developments and relocation management company sizes, tiers, global networks and reach.

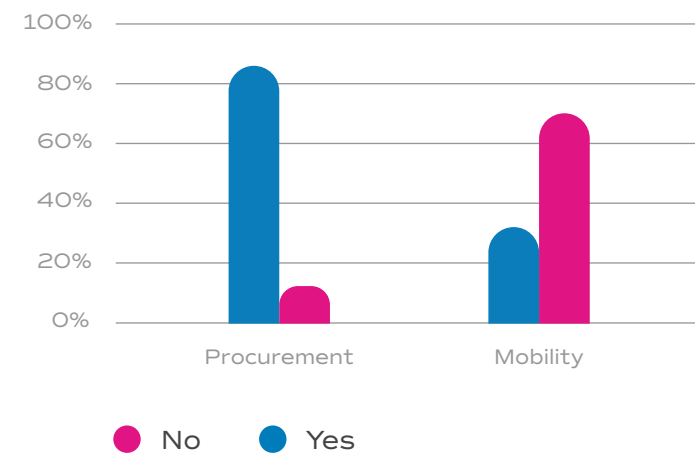
With the substantial investment of time and financial resources required to participate in a mobility RFP, spending time on discovery meetings and mindshare up-front is a good way for companies to determine whether they would be a good fit for one another. All parties benefit from having a better idea about potential suitability at the start of the process.

Another recommendation is to keep the number of invites to a manageable level – a good rule of thumb is to cap the list at 5 or 6 firms.

Do you meet with and “get to know” potential suppliers prior to RFP?



Do you use an RFI to narrow who you send the RFP to?



Preparing the RFP

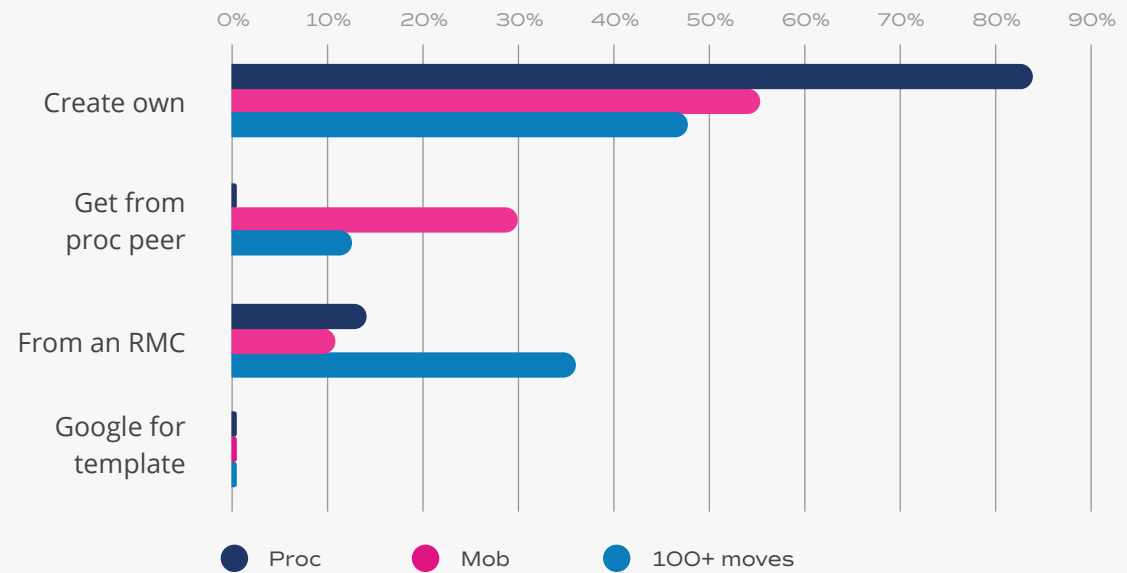
Developing the right list of questions

How do companies decide what questions will go into their mobility RFPs? The good news is that the process is more sophisticated than merely conducting a Google search. Our survey revealed that across all types of respondents, the most common method is to create their own RFP, reinforcing that the complexity and nuances of procuring mobility services call for a unique approach. Other responses included obtaining templates from procurement peers or RMCs.

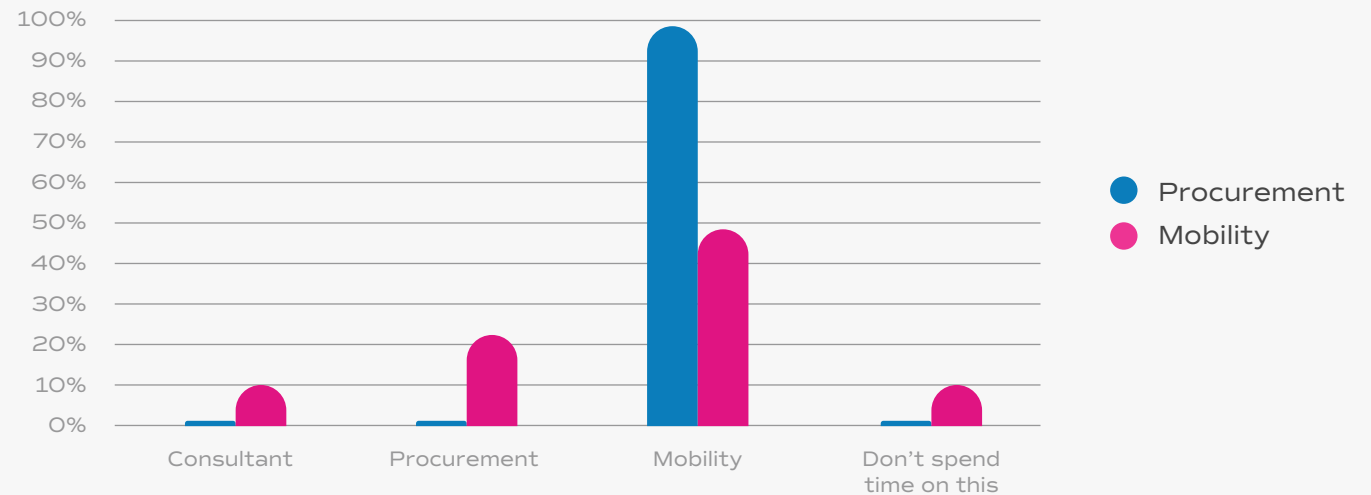
Procurement professionals are most apt to create their own, with more than 80% of respondents indicating that as their choice, while just over half of mobility professionals go that route, and just under 50% of those with larger programs develop their own templates.

Nearly 40% of those who manage 100 moves or more a year obtain a template from an RMC, indicating that as their mobility program size increases, companies may be more likely to have stronger connections to organizations who regularly respond to similar questions. This may be particularly true for the more technical areas of the RFP, such as around data security measures, DE&I or immigration.

How do you create or find your RFP template?



Who reviews and aligns questions to RFP objectives/business goals?



Bradstreet noted that most RMCs will keep a library of good, non-proprietary questions they have been asked, and are happy to help provide companies with a starting point to customize to their own needs. He noted welcoming the opportunity to help structure questions in a way that will allow all respondents to explain where and how they can add value, vs. taking a more generic approach – but added it’s important to leave them broad enough to avoid leading reviewers toward a particular solution or outcome.

We talked about how critical it is for relocation management companies to understand a potential client’s program size, goals, geographic reach and the company culture that shapes their policy decisions. That process goes both ways, with companies needing to ensure their relocation program decisions support their organizations’ overall business goals and objectives.

To dive a bit deeper into this idea, we asked who holds the primary responsibility for reviewing RFP questions to ensure that alignment. Interestingly 100% of procurement professionals believe it is the primary responsibility of mobility teams, while mobility managers indicated that about 50% of the time they conduct the review, with the rest relying on procurement (about 20%), outside consultants (about 10%) or not engaging in such reviews at all (about 10%).

Important Insights

Discussion from the group on who owns responsibility for reviewing and aligning RFP questions with business goals revealed some key points:

- **Mobility/HR teams are generally acknowledged to have the best understanding of the overall corporate culture, goals and where any current services may be falling short, but it is critical to involve ALL stakeholders in the process, including IT, legal, payroll, and travel departments.**
- **Input from all internal stakeholders on mobility program “must haves” will help ensure the right questions are asked and answered.**
- **The use of a RACI chart can help companies identify which parties are responsible and accountable, and which teams can be kept consulted or informed as needed.**



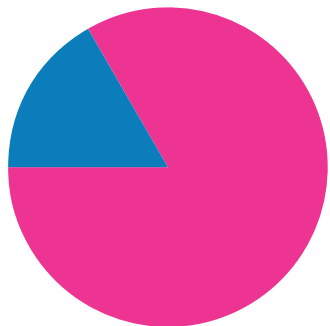
Reviewing the Responses

You've met with potential partners, narrowed your list of invitees and designed RFP questions that have the buy-in from key internal stakeholders and align with your program and business goals. Now the fun begins, right?

Comparing costs

As noted above, reviewing the responses and comparing costs is one of the major pain points consistently reported with mobility service RFPs. Unlike many other types of service providers, relocation management companies can work with an extensive network of hundreds, or even thousands of other partners around the world to deliver services. Not all companies use the same fee structures, and it can be easy to miss additional fees that are possible to incur if they are not included with or explained in the core pricing matrix. For example, if a company chooses to work with an RMC-funded program model, it is important to know when interest begins to accrue. Whether it initiates at the start of service or at the time of invoice could make a significant difference in costs.

How challenging is it to compare RMC's pricing proposals



● Moderate ● Difficult

When it comes to comparing RMC's pricing proposals, nearly three quarters of our respondents describe it as moderately challenging, and 25% feel it is difficult. None consider it an easy task.

Adding to the complexity of the process, there may be some fees that are covered as part of the overall benefit for an initial period – expense management fees for long-term assignments included for the first year, for example – but that may convert to different types of maintenance fees later in the cycle.

Interestingly, the more RFPs respondents had conducted, the more likely they were to rank understanding costs as very difficult, perhaps because of the further exposure to the different types of fee structures involved.

While there has yet to be a perfect solution developed for this process, Butler indicated success in designing a pricing grid template that helps him identify the core, fixed fees, any a la carte expenses and bundled fees. He noted there are still a lot of manual back-end calculations to do, but using the grid helps him better compare responses, which are generally consistent, and identify any outliers. If there are anomalies, they provide an opportunity to go back and review the details in the Scope of Work and ask follow-up questions.

From the RMC perspective, Bradstreet noted that scenarios are often included in the RFP for companies to use to provide a cost estimate. This is only helpful, however, if they are very specific and include details like family size, origin and destination locations, time of year of the move, size of home, number of days of temporary living required, weight of shipment and service levels required (full pack, storage, car shipment, etc.).

Important Insights

- **Many companies approach the process in the wrong order: hire a provider, then build and implement a new mobility policy. For the best results, the scope of work should be clearly defined first, so the provider who is bidding can know exactly what it is they will be helping to build and implement together and provide the most accurate bid.**

RMC fees as a percentage of total program spend

One of the most illuminating results of the survey data and roundtable discussions was around the level of visibility that stakeholders have into how much of the total mobility program spend is attributed to RMC service fees. This is critical information to know, as understanding which costs are negotiable and which ones are policy driven is an essential part of the decision making and improvement processes.

And yet, a surprising number of respondents reporting not knowing this figure, including 70% of procurement professionals, just over 30% of mobility program managers, and more than 40% of those who manage larger programs of 100 moves or more.

Of those who do track the data, most indicated they run between 1-2% or 2-5% of the total spend.





Addressable Spend

When purchasing relocation management services, a critical part of the decision-making process is understanding which areas of support and fees are negotiable, and which ones are policy driven. For example, negotiable costs may include such areas as RMC management fees, expenses associated with the use of technology platforms, policy consulting and development or review and implementations.

Those areas that are driven by policy decisions can include employee lump-sum payment amounts, household goods shipping allowances, temporary housing and travel, home sale and home purchase management programs, or tax equalization/gross-up support to employees, to name a few.

If one of the key goals of a program change is to look for cost savings, it's critical to determine and understand what is within the control of the RMC, what areas should be addressed in the policy, and what areas will be largely driven by economic and market conditions. The RFP process is a good opportunity to benchmark services, networks and solutions to understand current market and industry trends.

Using the scorecard or pricing grid approach helps foster opportunities to identify some potential "wins" in both the areas that are within the control of the RMC and around policy decisions.

The Moment of Truth

The meet and greets are done, the numbers are in, any outliers are addressed, and the service solutions have been compared and reviewed with all stakeholders. Now it's time for the ultimate decision. Who makes the call? Our survey respondents indicated that about 64% of mobility stakeholders are responsible for the final decision, either alone, or with input from their executive leadership teams.

For those with larger programs, the decision is often made by a committee.

Regardless of the approach, it's important to ensure there is buy-in from company leadership, and all parties are well informed of the methodology used to make the decision.

Where it may come down to 2 or 3 companies in the "best and final" round, the financial numbers and lists of services may look very similar. That's the time to explore the less tangible or more difficult areas to compare – such as company culture, or efficiencies respondents can offer when it comes to managing all aspects of the move. Some examples might include success rates in the home finding process or securing temporary living, for example, or in the use of offering alternative shipping models, such as small shipment solutions.

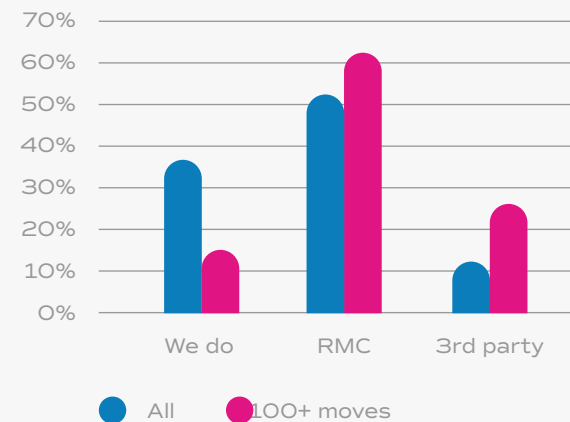
What's Next?

Once the RFP process is complete and the decision is made, the next core focus areas must be on effectively communicating the decision across the organization, onboarding the new team and establishing the key performance indicators (KPIs) for measuring success.

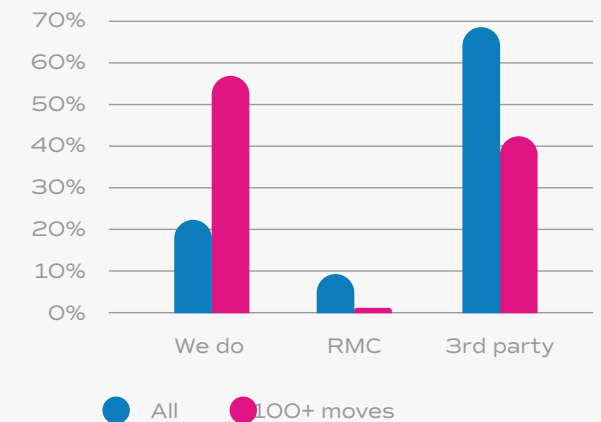
When we asked about who typically tracks KPIs following an RFP and what areas are measured, we found a blended approach of internal tracking, a reliance on RMCs to self-report, or the use of a third party. Some of the more common areas measured included employee satisfaction scores, budget vs. actual spend, consultant responsiveness, invoicing and payroll accuracy, and year-over-year comparisons.

We also asked to what degree procurement professionals stay engaged with the process at the conclusion of the RFP and found that only about 25% indicated that they do and 10% do so at a high-level only. For larger programs of 100 moves or more a year, however, that number jumps to just under 60%.

Who tracks KPIs post RFP?



Does Procurement stay engaged post-RFP?



What We Learned

Outsourcing the provision of relocation management services is a highly complex process, but there are steps that can vastly improve the outcomes. For the best results, early and open communication and information sharing between the RFP issuing company's key stakeholders – including HR/mobility teams, payroll, tax, legal and procurement – and potential relocation management company invitees is essential.

Investing the time and resources at the beginning of the process to clearly define the relocation program's goals and scope of work, conduct RFIs or meet-and-greets and the development of a scorecard to help compare responses all go a long way to achieving positive outcomes for all, but perhaps most importantly, for transferring employees and their families.





Please note not all survey or webinar poll questions were answered by 100% of the participants.