

# Considerations & Strategies for Successful Business Relocations





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## Considerations & Strategies for Successful Business Relocations

The process of relocating your business and employees can be stressful and disruptive. Effectively managing a relocation in a way that minimizes impact on your business requires a high level of organization, preparation and buy-in from all stakeholders.

It is important to recognize that a lot will change between the time you start pre-move planning and when you are finally 'up and running' in your new space, so flexibility and creativity will be critical.

It is also important to understand and prepare for the fact that business moves often result in business downtime, talent loss, lower employee morale and cost overruns. While you may not be able to foresee and preempt all of these issues, approaching the process with a knowledge of what to expect will allow you to plan for how you will address issues that arise.

The goal of this document is to provide you with a game plan for effectively planning and executing a business relocation.



## Reasons for Business Relocation

Business organizations move for many reasons and each create their own unique set of challenges. Among the most common are:

- Outgrowing current space
- Expansion or consolidation
- Merger/Acquisition
- Creation of new business line or product
- Improved visibility or accessibility for customers
- Loss of lease due to sale of current office space by property owner

Merger/acquisition moves are particularly challenging because they require two different business cultures to become synchronized and new stakeholders are being introduced in the decision making process. Managing a move of this type requires a strong plan and buy-in from company leadership in supporting the efforts of the move management team.

## Common Pitfalls in Business Relocation

Your business relocation efforts may be less successful if you are unaware or unprepared for some of the problems most commonly encountered during the process. These include:

- Lack of adequate preparation
- Failure to create a moving timeline with key milestones
- Failure to obtain support of senior management
- Loss of control over the process or personnel
- Not understanding the unique needs and dynamics various groups within the organization
- Failure to engage outside resources early enough in the process
- Lack of proper vetting of relocation resources



## Identifying Your 'Move Team'

Without question the most important first step in your relocation planning is to identify your 'Move Team.' Some individuals will be directly responsible for developing your plan and overseeing the relocation. This is your core team who should meet regularly to discuss and review progress. This team should also include your relocation service providers (ie, moving company consultant, IT service providers, etc)

Other employees will form your 'secondary' move team. They are needed for the input they can provide relative to their specific department or role within your organization. These are individuals who you will want to consult with early in the planning process and again as your plan becomes more fully developed.

The below chart is an example of how a Move Team is commonly structured.





## Selecting a Relocation Service Provider

The provider you select to handle your move should meet several key criteria, including:

- Previous commercial move experience & references
- Capacity & capability to handle all aspects of your move
- Designated Move Manager who will be responsible for overseeing your pre-move preparation and 'move date' execution
- Consultative services to assist in developing your move plan
- Excellent communication

### Avoiding Pitfalls

In developing your move plan it is critical to understand the impact on your organization. Ask yourself these questions both before you start to plan and revisit them again after your plan is developed to ensure you have sufficiently addressed them.

- How will this impact the company?
- How will this impact individual departments?
- Will the structure of the organization change?
- What happens to your existing workspace and employees who may continue to work out of the current location?
- When and how will the move be announced?
- Do we have enough internal and external resources to effectively manage the move?

Meeting with the manager of each department to discuss their individual challenges and requirements is an essential step in answering many of the above questions. Meeting with vendors early in the process is also a great way to gain insight from their experience moving other businesses.

### Pre-planning

There is no such thing as 'starting too soon' when it comes to planning for relocation. It is not uncommon to underestimate the complexity of a business move or the time that will be required to properly execute it.

Having a well-developed plan prior to announcing the move to employees is highly advisable. Be prepared that there will likely be some resistance or displeasure voiced by some employees. This is an opportune time to engage with these individuals to understand the root cause of their concerns and integrate these considerations into your move plan, if possible.



## Move Plan: Requirements & Considerations

After you have identified the members of your core and secondary move teams it is important to hold individual and/or group meetings to develop a list of requirements and considerations that will become the basis of your move plan.

Questions to ask:

- What is the “hard date” for the move? (Senior Leadership)
- Will the building be ready to occupy?
- Is this date feasible for all involved in the relocation?
- How can we schedule the move to minimize or avoid disruption of the business during normal operating hours?
- What requirements or concerns does each department head have?
- Are we in need of additional resources to effectively handle any aspects of the move?

If possible, conducting a tour of the new space with key stakeholders will be extremely helpful in your planning process. Walking through the space and envisioning how it will be arranged and utilized will allow you to be ‘hands on’ with identifying issues that otherwise may be overlooked until move-in date. (ie, does the space sufficiently meet the needs of each department? How will each department’s space need to be configured)

It is highly advisable to also invite your outside vendors to a tour of your new space. This will allow them the opportunity to evaluate the space and anticipate anything that may be needed to make your move-in day a success.

Project Planning	Development & Communication Program	Pre-Move Orientation	Employee Relocation Management	Evaluation & Feedback
<ul style="list-style-type: none"> <li>• Initial Start-Up Meeting</li> <li>• Define Group Move Objectives</li> <li>• Determine Internal Resources</li> <li>• Define Roles &amp; Responsibilities by Department</li> <li>• Identify Decision Makers &amp; Approval Process</li> <li>• Establish Suppliers’ Roles &amp; Responsibilities</li> <li>• Determine Initial Group Move Schedule &amp; Timing</li> </ul>	<ul style="list-style-type: none"> <li>• Perform Policy Analysis, Review &amp; Development</li> <li>• Process Development &amp; Approval</li> <li>• Identify Impacted Associates, Employees &amp; Suppliers</li> <li>• Research Destination Area</li> <li>• Develop Communication Timeline</li> <li>• Create Communication Material</li> </ul>	<ul style="list-style-type: none"> <li>• Establish Agenda for Initial Meeting</li> <li>• Identify Resources &amp; Speakers</li> <li>• Prepare Presentation Material</li> <li>• Create &amp; Assemble Employee Information Packet</li> <li>• Open “Welcome Center”</li> <li>• Conduct Family Nights</li> </ul>	<ul style="list-style-type: none"> <li>• Schedule Employee 1:1 Meetings</li> <li>• Conduct Initial Employee Needs Analysis</li> <li>• Report Results to Management Team</li> <li>• Initiate Employees into Program</li> <li>• Monitor &amp; Report Status</li> </ul>	<ul style="list-style-type: none"> <li>• Define Quality Expectations</li> <li>• Survey Employees at Key Move Milestones</li> <li>• Report Results to Management</li> <li>• Adjust Process as Needed</li> <li>• Report on Progress as Agreed</li> </ul>



## Employee Considerations

In starting your planning it is necessary that you review your company's employee relocation policy and consider the overall impact of your move on employees.

Some factors to consider:

- Does current policy address and support all aspects of our planned relocation?
- Will you need to offer an incentive to encourage people to move?
- Will there be a need for temporary housing for employees who will need to personally relocate when your business moves?

## Employee Survey

Once the company's relocation plans have been announced, it is a good idea to immediately conduct an employee survey. This should be designed to solicit employee issues and concerns, particularly around their own possible need to relocate, so that you can better understand and support their needs.

In developing your survey it is advisable not to ask questions around policies that you do not intend to change, regardless of the responses you receive to the survey. (ie, if you are not able to offer relocation compensation this should not be referenced in any questions contained in your survey.)

For smaller organizations, an alternative to an employee survey is to conduct one-on-one meetings with each employee. This will enable you to learn more about each individual's unique situation and make accommodations in your plans, when possible. It will also give you the opportunity to directly discuss individual concerns with each employee. In doing so, it is important not to 'oversell' the move and the new location or apologize for the decision that was made.

## Market Analysis

A great way to reduce employee anxiety around upcoming relocation is to develop an analysis of the local housing market in your new location relative to your current location. This will provide the employee with factual data that can eliminate some of their concerns. It may also inform some of your organization's decision making around relocation reimbursement, employee compensation models, etc.





## Budget

It is critical to establish and understand your relocation budget. This will typically be done in conjunction with your CFO or Finance Manager. In developing your budget it is important to utilize cost 'range' rather than specific dollar amounts to anticipate for any overages.

Some of the key line items that should appear in your budget are:

- Moving services
  - Packing
  - Moving
  - Storage
  - Specialty equipment rentals
  
- Outside services
  - Information Technology
  - Vendors of leased equipment (if they do not allow 3<sup>rd</sup> parties to move their equipment)
  - Digital Infrastructure (ie, network service providers)
  
- Office furniture & fixtures
  
- Lost revenue (if move will affect business or employee productivity)
  
- Updating of letterhead, signage, etc.
  
- Employee relocation, travel & temporary housing costs

Your relocation plan and budget should be reviewed with senior leadership several times during their development. All aspects of the plan and budget should be supported by solid rationale and hard data.

### IRS 50-mile Test

The IRS has specific guidelines around the ability of employees to deduct moving expenses. This may play into your company's decision of whether or not to compensate certain employees for relocation costs if they need to personally move in order to be close enough to your new office location.

One of the key criteria is the '50-Mile Test' which requires that an employee's commute to the new location must be at least 50 miles further than their existing commute (ie, an employee who now drives 5 miles to work would need to drive over 55 miles to the new office location to meet this requirement.)

Learn more at: <https://www.irs.gov/publications/p521>

## Making the announcement

Once your Move Team feels sufficiently prepared, it is time to make the announcement to employees.

In preparing for announcement day, it is advisable to:

- Identify a location for the announcement
- Create an agenda/timeline of events
- Arrange for food/refreshments
- Compile relevant documents into an employee packet



Your announcement should cover the reason(s) for the move, when it will happen and why the new location was selected. Be honest and do not oversell the new location, but at the same time do not apologize for the decision that's been made. This will set the stage for the employees' attitude toward the move.

You will also want to prepare your senior leaders on what to say...and what not to say. Recommend that they stay through the entire announcement event. This day is all about conveying the right message and it is important that employees see that senior leadership is engaged and excited about the move.

During the day, look for signs of information overload. This is where the development of a well-thought-out FAQ document will help. Develop your FAQ by asking your team to submit questions and then work together to develop the answers. This will allow you to cast a wide net for possible questions, as well as draw upon the expertise of the group to provide well-crafted answers.



## Summary

Preparation and communication are the keys to a successful move. Allocating sufficient time to develop and refine your budget and planning documents is critical. Reviewing these documents with internal stakeholders and outside vendors will ensure that you are getting feedback from those with specific knowledge of your internal needs, as well as industry expertise that can help you avoid common pitfalls.

Be prepared to be flexible and to make adjustments 'on the fly.' No matter how well you've planned for your move, there will inevitably be challenges that arise. Make sure to build your move plan with the flexibility to anticipate and react to these changes. Be sure to develop a budget that also anticipates cost changes and overages.

Ready or not, move day will ultimately arrive. How well you've planned, budgeted and selected appropriate supporting vendors will determine the success of this big day.