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Brexit: Looking at Location Feasibility?



As Brexit negotiations are underway, there is wide and ongoing speculation as to what the final deal between the European Union (EU) and the UK may look like, and how this will affect international companies across the whole industry spectrum, including those with a major presence or whose main European offices are in the UK. This Mobility Insights outlines the importance of a comprehensive Location Feasibility Study as part of any relocation group move.

Against the Brexit backdrop of uncertainty, businesses are naturally starting to plan ahead and consider possible alternative locations for their operations. There are almost daily reports in the media of companies looking to leave the UK permanently, or at least relocate part of their UK operations to other EU locations, in order to maintain access to EU markets. Many factors will come into play in making a decision that will arguably shape a company for years to come.

From a mobility perspective, detailed analysis is needed to assess whether relocation is indeed the best option and – if so – which is the most suitable location for a company to align its corporate culture and talent, to achieve its business goals. Key questions that need to be considered are:

- How will a move impact a company's financial goals in the near and long-term future?
- How will a move impact employees?
- How many of the company's key talent will be willing to relocate?
- What is the current status and expected future trends in the local labour market and its talent availability?
- What is the current status and expected future trends for infrastructure, housing and schooling in the potential new location?
- Will the new location be suitable for the company's corporate culture and philosophy?

A Location Feasibility Study can help answer these questions and assess the suitability of a single or a range of locations, from a relocation, talent and destination point of view. Depending on what stage of the decision process a company may be at, a Location Feasibility Study can include a number of different approaches and objectives.

LOCATION FEASIBILITY STUDY OVERVIEW

Solutions should always be customised to a company's business objectives, corporate culture, potential destination location, employee demographics, as well as other factors. The end result should however always aim to be a detailed and objective assessment, designed to help a company make a more informed decision on whether to move and – if so – which location is the most suitable from a relocation point of view.

The following are some examples of the scope and deliverables that a Location Feasibility Study should cover:

Labour Market Analysis

A detailed analysis of the labour market conditions in both the current location and potential new location should be carried out, in order to inform decisions regarding the feasibility of candidate attraction and recruitment. A simple yet critical question at this stage is whether the current location is a key factor in the recruitment of key talent, and how a different work location could affect talent attraction and retention.



Staff Relocation Costs

An accurate estimation of staff relocation costs, grouped by the various levels of impacted employees. Estimates can be based on average salaries and should include a breakdown of the relocation benefits commonly provided to a particular employee job level when relocating. This should include, but not limited to, such benefits as removals, home sale, home rental/purchase, temporary accommodation and destination services.

Attrition Rate

A key factor is to assess employees' willingness to relocate and the likely loss of talent as a result of the potential move. A report should therefore first compile and review current employee demographic data (e.g. tenure, title, salary, family status, etc.). Considerations should then be made for how a decision to relocate or not will affect specific employee profiles, taking into account both economic and other environmental factors in the current location. Another option for assessing potential attrition rates is through focus groups, with a representative sample of employees.

Site Location Analysis

Identify a recommended shortlist of optimum locations for consideration, analyse advantages and disadvantages, and provide recommendations. Factors that should be taken into account in a report should include, but not limited to:

- Business infrastructure
- Commercial real estate costs and availability
- Cost of living
- Transportation access
- Housing conditions and availability
- Schooling conditions and availability
- Cultural suitability

Business Continuation

An important factor in the overall transition strategy will be to adequately outline staffing strategies to ensure business continuation during the move. Parallel operating costs also need to be considered, in the case where critical business operations need to function in both old and new locations.

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GOING FORWARD

The post-Brexit political and economic landscape is still very much open to speculation. Depending on what the final agreement is between the UK and the EU we are likely to see companies take different approaches and strategies to maintain and grow their presence in EU markets.

Some speculate that it is unrealistic to permanently relocate offices of 1,000 or more employees, not to mention those working in the many related ancillary services. Others believe that plans for such moves are actually already well underway. What is certain is that these decisions cannot and should not be taken lightly: a data driven, careful consideration of all factors needs to drive the process. From a relocation point of view, a Location Feasibility Study offers exactly that.

For further information about how Cartus can help you in your relocation planning for Brexit, please contact your Cartus representative or trustedguidanceEMEA@cartus.com.