

# Managing Relocation Spend While Maintaining Employee Benefits



Limitedbrands

**Presented By Frank Corris**



# Relocation Programs

Program Type	Description
<b><i>Tiered Relocation</i></b>	In a tiered system, employees receive different amounts of support depending on their job level or job status (i.e., new hire). Higher-level employees may receive extended benefits such as home sale assistance or even a home buyout.
<b><i>Non-Exempt Relocation</i></b>	Non-Exempt or hourly employees receive relocation support as driven by union negotiations and dependent on terms and reasons for relocation.
<b><i>Full Relocation</i></b>	Employees receive full relocation support, which does not differ by employee level.
<b><i>Managed Move</i></b>	Employees receive cafeteria-style plan that has ten or more components. Components received are dependent on manager's discretion and employee need.
<b><i>Lump Sum</i></b>	Employees receive a lump sum for relocation expenses, calculated as a certain amount of salary and dependent on job grade level.

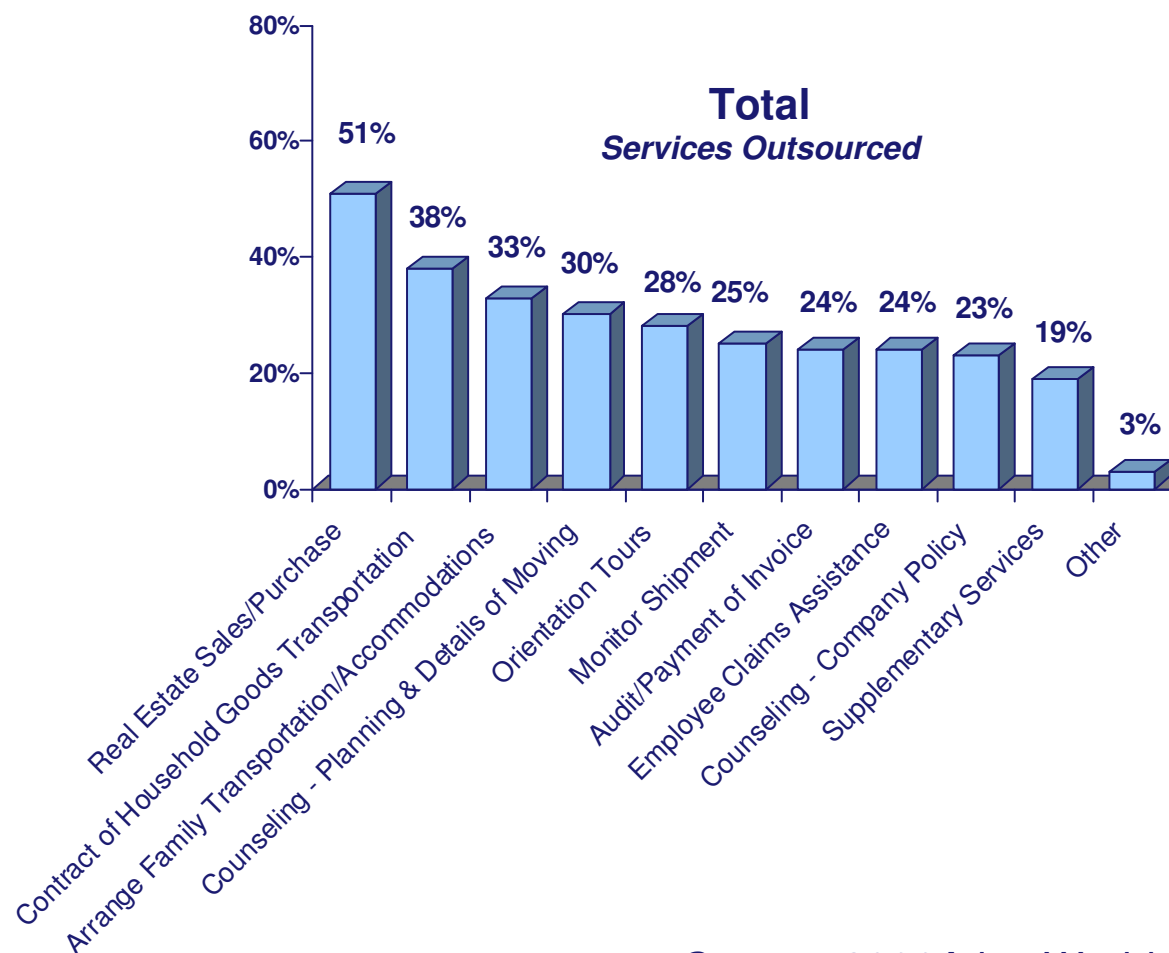


# Program Administration

- Each company has their own specific approach to Relocation Services
- Small companies normally outsource the entire program
- Larger companies often use a partially outsourced solution
- Very few companies do it all themselves

# Typical Services

*Services Outsourced to a Relocation Service or Brokerage Firm in 2002*



*Source: 2006Atlas World Group, Inc.*



# Benchmarking Policy

**In the 2006 Atlas study, the following points were identified:**

- Companies carried an average of 1.9 standing contracts with household goods carriers
- The most important attributes when selecting a carrier were:
  - Service (85%)
  - Reputation (60%)
  - Price (57%)
  - Claims processing (47%)
  - Local agent (46%)
  - Technology (28%)
- The most important attributes when evaluating a carrier were:
  - Service (88%)
  - Employee feedback (78%)
  - On-time delivery (78%)
  - Price (60%)
  - Claims processing (49%)
  - Extra services (30%)
  - Online Customer Tools (22%)

*Source: 2006 Atlas World Group, Inc.*



# Benchmarking Policy

## Historical Review of Policies and Cost

- Review policies and perform industry standards calibration
- Use bottom-up approach to identify all suppliers with scope and services affecting relocation, including:
  - Household Goods Movement
  - Temporary or Corporate Housing
  - Real Estate Agents for both Purchase and Sell
  - Orientation Tour Companies
- Conduct annual spend analysis for the previous 2-3 years with all current providers. *Use their subject-matter expertise!*
- Look for other category spend that might be aggregated into this commodity.



# Today's Topics

- Household Goods
- Temporary Accommodations
- Real Estate Services

# Household Goods







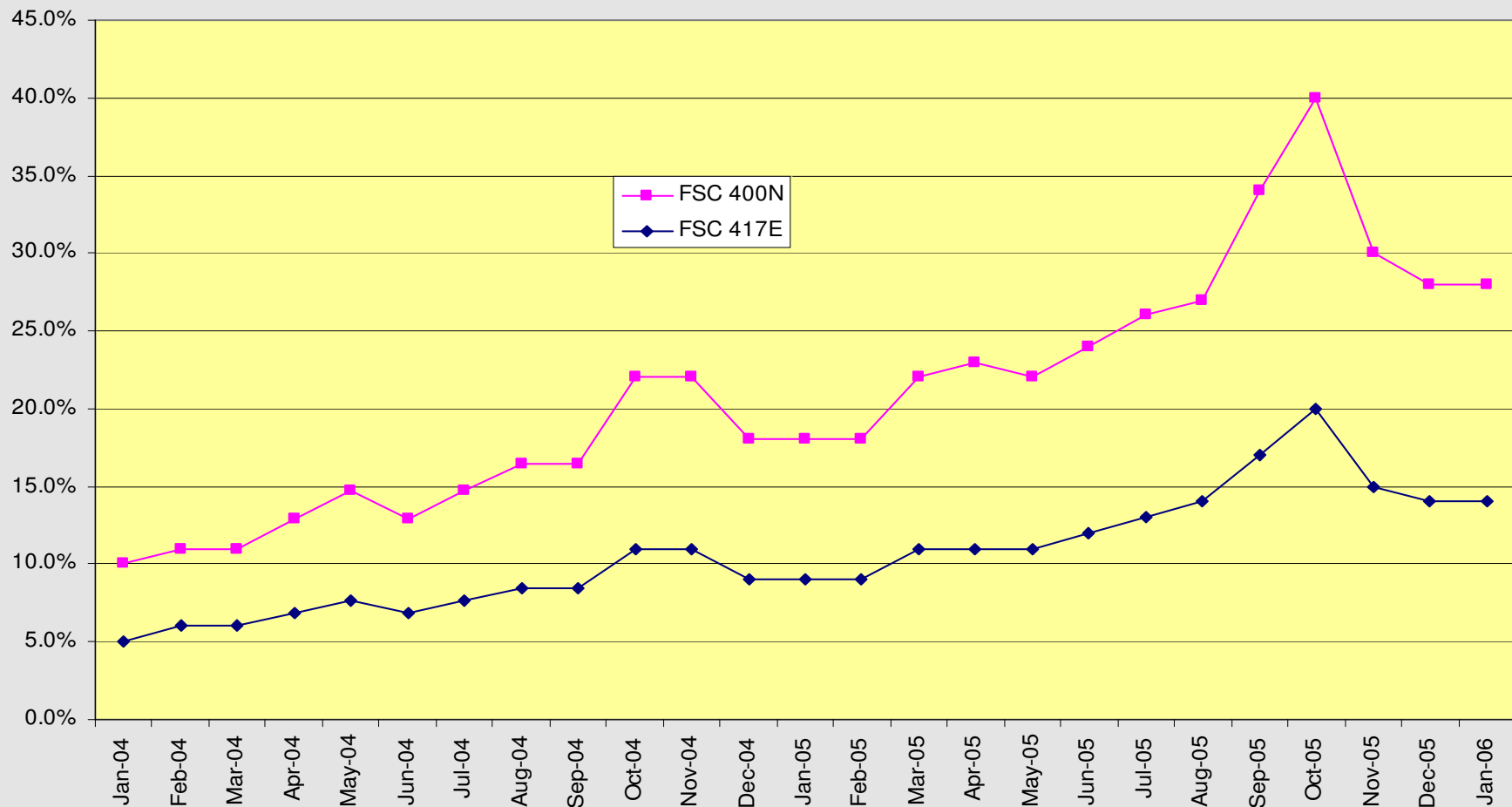
# What Am I Looking For?

- Household Goods (HHG) are related to specific tariffs for household goods and vehicle transportation
- Sourcing event bidding is normally based upon percentage discounts off the tariffs
- Go beyond the discount for additional savings:
  - Storage In Transit (SIT)
  - Valuation (insurance)
  - Fuel service charges



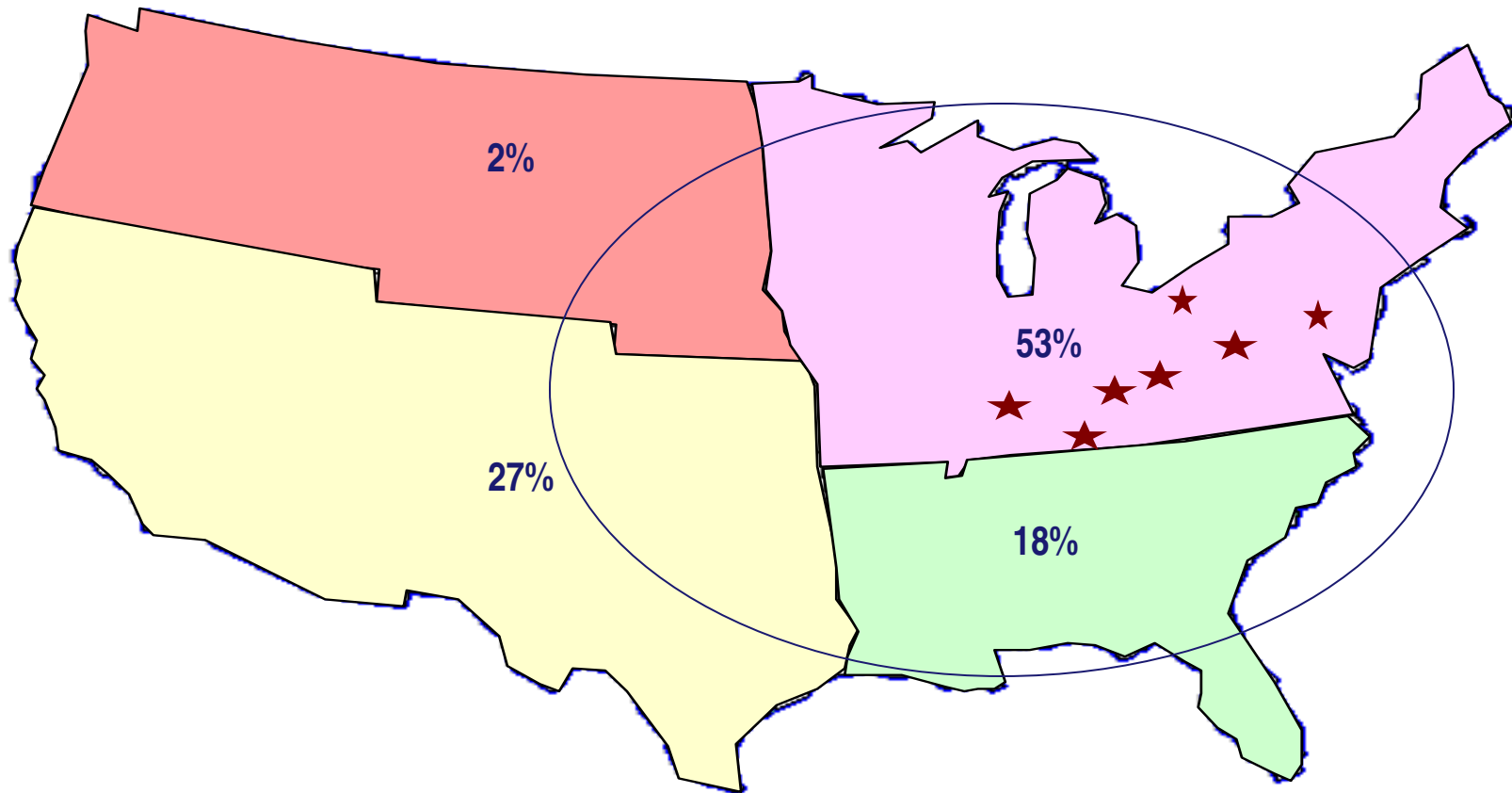
# Industry Conditions

## Department of Energy Two Year Fuel Surcharge Adjustments for HHG and Auto Movement



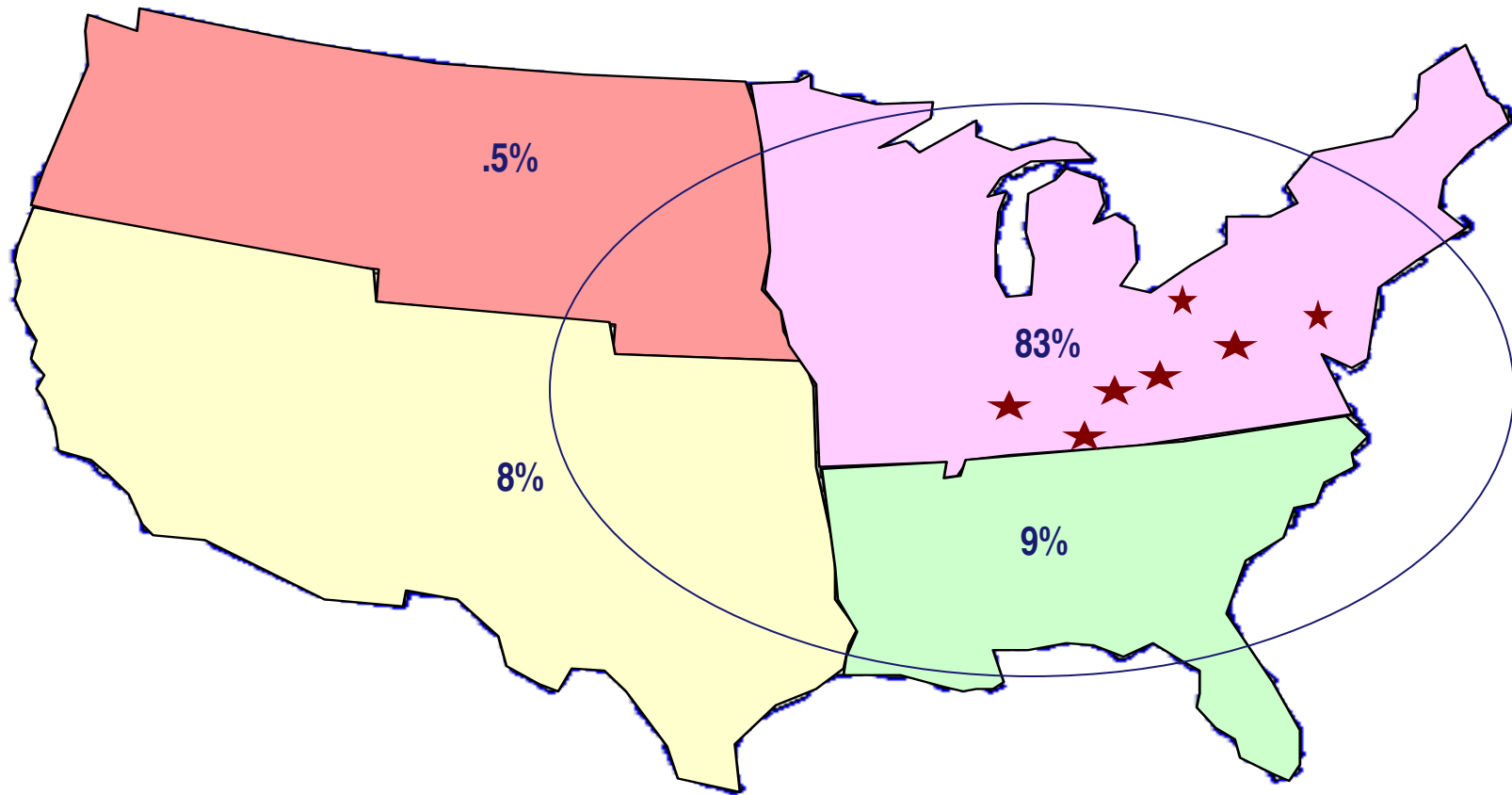


# 2004 Origins By Region: Limitedbrands





# 2004 Destinations By Region: Limited brands





# Savings By Category

Category	Percentage Change 1 <sup>st</sup> Year	Percentage Savings 2 <sup>nd</sup> Year
Fuel	6.5%	6.5%
Line Haul/Tariff	3.0%	3.0%
Valuation of \$100K	2.5%	2.5%
Waiver of 104	0.5%	0.5%
Combined SIT	0.5%	0.5%
Auto	1.0%	1.0%
Rate Lock 2 <sup>nd</sup> Year	0.0%	3.0%
Total	14.0%	17.0%



# Service Improvements

- All Tier I van lines have a priority program for large national accounts. The goals of the programs are:
  - to achieve 100% on-time loading and 100% on-time delivery
  - to assign only top quality van operators on the shipments, to provide quality labor
  - In essence, do whatever it takes to satisfy the customer

*Planners and managers from all operating regions use reports daily to aggressively track the progress of the shipments from origin to destination*



# Service Improvements (cont.)

- When selecting a van line, examine their internal performance evaluation systems. *Always choose agents that fall in the van line's top 10%*
- Stay within a given van line to aggregate the spend. *You want to be a larger fish in a small pond.* This also allows you to:
  - coordinate all moves with one van line
  - standardize service level commitments
  - standardized reports, quality metrics and claims processing

*Note: You may designate an “agent of record” or have several agents while maintaining the aggregation of the spend within one van line.*
- If you have one van line, the pressure to ensure a percentage of supplier diversity spend can become a service level agreement



# Service Improvements (cont.)

- Look closely at claims management and days for turnaround on claims payment
- Full Value Protection: any items lost or damaged while in Carrier's custody, Carrier will either repair, replace with like-kind or pay the replacement value of such item, at Carrier's option
- Carrier will be responsible for the actual replacement value of article(s) lost or damaged beyond repair





# Service Improvements (cont.)

- Auto insurance – the van lines will include \$25K for basic auto insurance. Reference National Automobile Dealer Association (NADA) book value so that employees don't over insure their auto with their own concocted values
- Use car carriers when possible to avoid \$300 to \$500 in up charges per vehicle if they are moved inside the moving van
- Statistics prove that vehicles moved on car carriers have 17% less claimed damage than those moved inside a trailer

# Temporary Housing





# Temporary Housing Services

- Short-term apartment with furnishings
- Customized amenities that might include:
  - Standardized furnishings with condo accruelements
  - Telephone, cable and high-speed Internet
  - Maid and linen services
  - Gift baskets for employees and employees with families
- Increasing interest rates/slow construction have resulted in high apartment occupancy – *prices rise with increased demand*



# National Account Benefits

- Aggregated spend across all locations
- No security deposit
- No application fees
- Flexible lease terms, with short- and long-term options
- Direct billing for corporate accounts
- Major credit cards and P-Cards accepted
- Limited corporate liability



# What Am I Looking For?

- For known areas, establish properties of preference
- Identify number of night stays you book per year in each location and by apartment type
- When you have statistics, talk to the management company that operates the property for the owner
- The management company may offer Temporary Housing or identify a preferred agency
- The best deals go to the agency that controls the most property inventory by location



# Real Estate Services





# Real Estate Services

- ***Home sale, finding and purchase assistance***
  - Home sale or buy-out assistance
  - Closing costs reimbursements
  - Home finding assistance
  - Lease breaking reimbursements
  - Mortgage, loan or down payment assistance
- ***Final move, travel and family assistance***
  - Final move assistance
  - Movement of household goods
  - Family and/or spousal assistance
- ***Monetary, tax and compensation assistance***
  - Miscellaneous or incidental allowance
  - Tax gross-ups



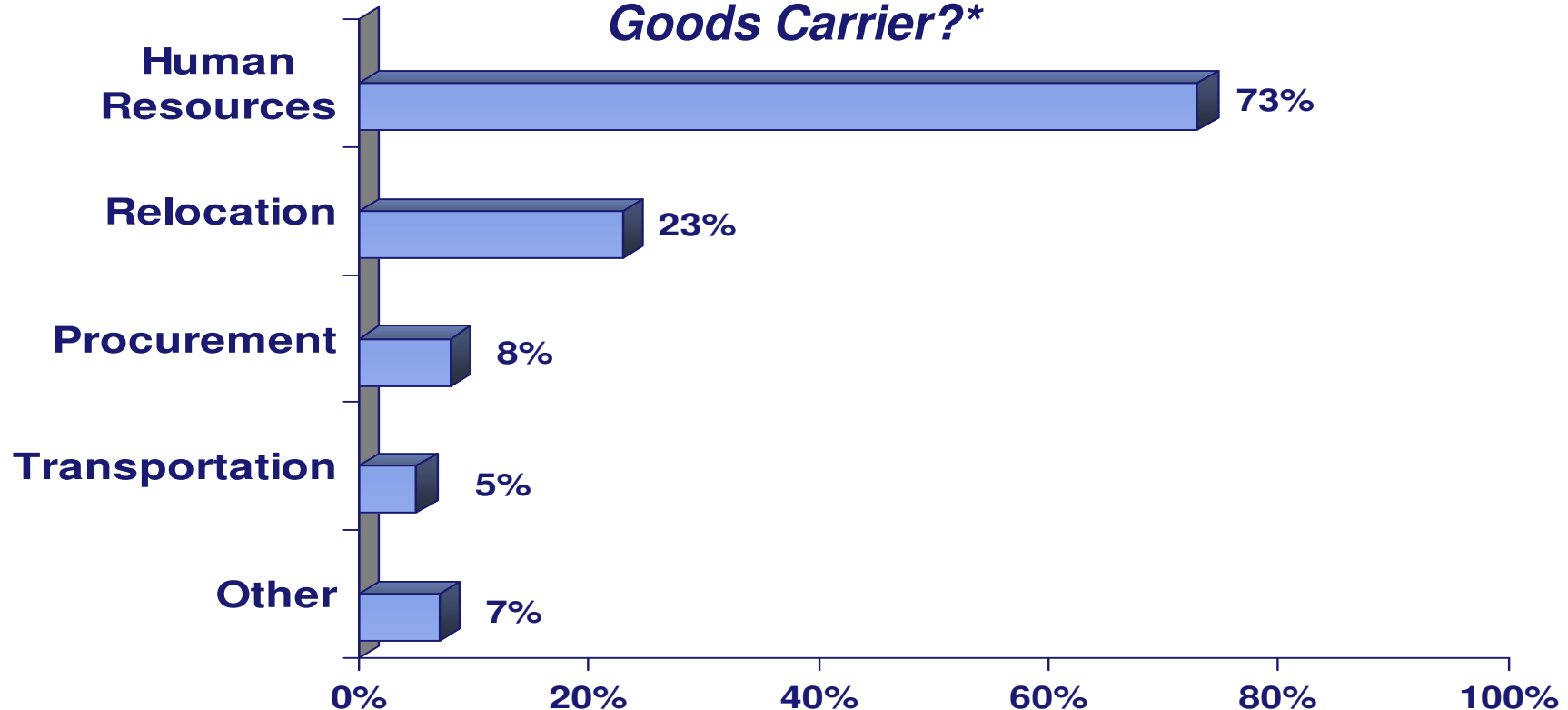
# What Am I Looking For?

- Look carefully at both the buy and sell side of the equation
- Use destination knowledge to negotiate with real estate companies, brokers and agents to reduce cost to the company and the employee
- Special negotiations can include splitting the commission with the company's broker



## Policy Administration

### ***Q.17a – Which Department(s) at Your Company Select the Household Goods Carrier?\****



The *2006 Atlas World Group Survey* reported that “mid-size & large companies are also more likely than small firms to have more than one department involved in selecting the carrier.”



# Summary

- How do I become a valuable partner to Human Resources?
- Without the HR data, procurement analysis is impossible
- How do I start this process and gain access to spend data?
- How do I add value to the process?



# Questions

- Open for questions



# Contact Information

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