

Welcome to *Policy Matters*, an engaging and informative monthly e-newsletter featuring expert insight and analysis on emerging relocation products, policies and services that can provide immediate benefit to your organization.

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Exceptions: Minimizing and Managing

Like death and taxes, it seems inevitable that some transferees will request that exceptions be made to the relocation policy they are provided. Virtually all companies are reporting that the current real estate market and the difficult economic times have caused these exception requests to increase. Currently, the most frequently cited exception request is for an extension of temporary housing/living benefits, which is understandable considering the soft residential housing market.

Put an Exception Process in Place

Regardless of how comprehensive the relocation policy, exception requests will still occur and each request needs to be reviewed, analyzed, and in the end, either approved or denied. In managing exceptions, it is advisable to have a defined process in place. This process should deal with these requests in a consistent, systematic manner and help provide insight into why exceptions are occurring.

Oftentimes it is this “exception record”, which should be a part of the exception process, that provides the data necessary to formulate and justify any potential changes a company may need to make to its relocation policy. These changes should be consistent with a company’s strategic objectives, business needs and company culture. More importantly, it is critical that if a change is made to the relocation policy, it addresses the root cause of the transferees’ exception requests. This is best accomplished through an exception management process approach.

In building your exception management process, there are a number of key points that should be kept in mind:

Set the Right Expectations

Best practice relocation programs address the issue of exceptions right up front in their policies. Some policies are very clear about exceptions—for instance, they state that the company has provided a relocation policy that is both costly and equitable and exceptions will only be made in unique and rare situations. Other policies provide very clear language relative to the “level of authority” that will be required for exceptions. Whatever stance your company takes, it is important that the company’s relocation philosophy and procedure for managing exceptions be addressed. When no mention is made in the policy of how exceptions will be treated, the

implication to the transferee may be that exceptions are appropriate, expected and often approved. This can lead to an atmosphere in which the transferees view the policy as the minimum relocation benefit provided and believe that individual negotiation to improve or otherwise modify the policy is both normal and reasonable.

Over the past few years, more companies have begun tightening up the exception language in their policies with the goal of reducing exception requests and making the approval process more difficult. Although setting expectations up front has become a best practice, it hasn't necessarily resulted in decreased exception requests given the continued economic situation.

Document the Decisions

In this age of increased scrutiny and oversight, it is imperative to not only record the exception requests but to document the decisions that were made—especially those that have a financial impact on an organization. When developing your exception management process, include a formal process for submitting, reviewing, categorizing and tracking exception requests. This will provide you with the necessary data to respond to requests, report on exceptions, manage your program effectively, and use the data to review the overall effectiveness of your company's program. You may discover that you need to rebalance your policy by adding benefits in some areas and modifying or even eliminating others.

When developing your exception management process it is wise to work closely with your relocation service provider. Many companies provide a "level of authority" to their relocation service provider for exception approval. When this is the case, the relocation service provider's exception management system should compliment and endorse the desired exception management philosophy of the company.

Identify Decision Justifications

Oftentimes, the underlying reasons for the exception requests may not be immediately apparent or may camouflage what initially appears to be a problem in one area of the policy but is in fact the result of a benefit in another area. One common example is with the temporary housing/living benefit. Regarding exception requests in this area, the requests may arise because the company is providing a BVO/BVX, with no home buyout at any time in the process; consequently, there is not an "end point" and temporary housing/living continues indefinitely.

Therefore, it is wise to work with your relocation service provider to uncover the root issues driving the requests before responding with solutions that may not resolve the real issues at hand. It is best to avoid the "easy way out" by throwing money at perceived problems hoping they will not reoccur. Whether or not it is intended, exceptions granted soon become known and become embedded in transferee expectations.

Practice Consistency

When a company identifies an area where there are multiple requests for an exception and does not immediately intend to make a formal policy change, it is wise to develop a consistent practice for treating those exceptions. By doing so, the company ensures their program administration will be found to be fair and equitable and will avoid re-inventing the wheel each time an exception request is made. As a rule of thumb, if an exception request in a specific area is made in more than 10 to 20 percent of your relocations, it is time to consider why these exceptions are being made and determine the root cause(s). Oftentimes, this results in a data-based business decision to make needed changes to the relocation policy.

Summary

Incorporating a formal practice for tracking exceptions can result in many benefits to both your organization and transferees. Exception requests can identify a great deal about your transferees' needs and if your relocation policy is meeting those needs. In addition, an exception management process will provide a methodical approach to determine if the transferees' expectations are reasonable in light of competition and overall company financial constraints.

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