

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

The Evolution of the Moving Industry: Ensuring Your Needs are met in Today's Market

Companies recognize that the objective of outsourcing is to allocate responsibility to a platform with specialized skills in a particular area in order to get the most value for the cost. Outsource service providers are very specialized and often handle a number of responsibilities concurrently and efficiently, increasing value for their customers. In addition, outsourcing allows companies to properly hire and allocate human talent to the areas of their business deemed mission critical.

Efficient management of outsourced services is something all companies strive for, as the saved time and costs can be significant. This is especially true for international household goods forwarding, as the subsequent management of process failure is disproportionately time-consuming.

This Issue of *Policy Matters* will focus on international move management of household goods, outlining the alternatives to traditional service delivery models by comparing and contrasting company requirements from a historic purchasing position to today.

History of the Moving Market

Moving and storage companies were historically organized as local branches, servicing international corporations moving employees to or from specific and repeated locations. This approach, while considered outsourcing in historical terms, may not be the most efficient option today—it often negatively impacts the corporate customer through an elevated volume of communication, increased cost and less transparency. Why? Traditional moving and storage companies employ a trading process of reciprocal agents that provide local services around the world and use the employee's relocation as a reciprocal revenue-generating medium; thus, adding an additional layer of cost for the corporate customer.

Utilizing this approach, when viewing the international moving supply chain as a whole, there can be as many as seven contractors employed in order to deliver the complete service – with each provider adding a layer of communication, complexity and margin or markup throughout the process.

As the landscape of requirements has evolved and technology now allows for greater control by multi-national household goods moving providers, this approach is being re-evaluated by corporate buyers.

Evolution of the Procurement Process

With the emergence of procurement and the growing emphasis on cost containment over the last decade, corporate customers have increasingly begun to outsource international move management to single global providers, in order to reduce vendor management costs. There are two types of global providers winning this market share: move-management firms and large, asset-based moving companies.

Non-Asset Based Move Management Firms are independent providers that take the transactional management burden from the corporate customer. However, using direct contracts with multiple providers to deliver the final service offering, these move management firms extract referral fees from the moving providers in exchange for the business, while also charging the corporate customer a file fee for the management services. This model adds an unnecessary layer of cost that decreases pricing transparency and creates a communication wall between the corporate customer and service providers.

Asset-Based, Global Service Providers with In-Theater Move Management provide direct access to the local service network through a strong, established relationship. Controlled by the corporate office, international moving is managed by a single control center using technology for real-time tracking and enhancing the relocating employee's experience. With control over the servicing agents and elimination of margin-on-margin providers, this approach delivers a closed supply chain, controlled and predictable costs, and leverage in the shipping vertical. By bundling all corporate customers' volumes, these asset-based providers negotiate with shipping, insurance and air shipping providers on the totality of their account portfolio, securing best-in-class pricing and service delivery commitments. Given their aggressive management and leverage of the internal supply chain, these providers are able to pass on a reduced total cost to the corporate customer. They alleviate the transactional burden from the corporate customer through dedicated staff, technology and account-specific managers.

Evaluating Moving Services Providers

Once a company decides upon a strategy for outsourcing its moving needs, the next step is to select the appropriate provider. Among the available providers, many operate within a structure that focuses on their own specific attributes. However, the best work to provide value across the complete supply chain by implementing empirical controls.

When evaluating potential providers, companies need to ensure these key performance controls are in place:

- Employee satisfaction survey conducted by a third party
- Global cost objectives using a pricing matrix fixed for an agreed period of time
- Proactive application of authorization limits and policy exceptions
- Reporting methods and cadence
- Procedures for handling service failures
- Confidentiality of personal information
- Audit controls for shipment weights
- Transparent component costs

Selecting an expansive global partner with a service platform that includes a single point-of-accountability and single-source control is quickly becoming a service requirement and base line for purchase.

In addition, companies are looking to providers who offer:

- An understanding of every aspect of the supply chain
- A proven track record of local service provision through an asset-based platform
- Direct global purchasing power
- A single customer-facing technology platform

Benefits of Working with an Asset-Based, Global Service Provider:

As the mobility procurement process evolves along with companies' relocation needs, the asset-based, global service provider is increasingly becoming the model of choice. These providers allow for greater flexibility in the application of individual benefits. With different service tiers and benefit packages dependent upon a myriad of variables, they can manage the individual nature of each relocation.

In addition to offering consulting and innovative solutions, typically these large providers offer web-based information systems that give corporations maximum access and control to mobility data for the duration of the move, which is a requirement in the vendor management process. These flexible systems allow for ease of customization and up-to-the-minute reporting, providing companies with seamless, real-time data across borders and time zones. These Information systems can provide tailored management reports, centralized billing and audit, plus the significant global benefit of in-house claim settlements.

The historic, US-centric service delivery model (consisting of a local customer contracting with a supply chain manager who outsources all facets of the service delivery model) is becoming unacceptable to corporate buyers. Companies are increasingly moving to providers who are able to succeed in the service delivery environment through the elimination of sub-contracted services, therefore decreasing their administrative workload and cost.

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Mike Smith, SIRVA's Senior Vice President, Global Moving Services, has played an instrumental role in securing and retaining a number of key multi-national accounts and serves as the internal voice of the customer inside SIRVA Moving Services. Mike joined the Allied system in 1993 as managing director of the Allied Pickfords operation in the Czech Republic. He joined Allied International in the United States in 1998 as manager of global pricing and procurement. Two years later, he assumed the role of manager of U.S. operations, responsible for the development and management of Allied International's logistics and freight forwarding operation. Mike received a Bachelor of Science with honors in metallurgy and material science from the University of Manchester. He is certified for professional competence in road transport and completed the NFC management development program.

The foregoing is intended as general information only. SIRVA suggests that decisions as to your specific situation should be made only after full evaluation of your circumstances with your company leadership, tax and legal advisors, and HR personnel.

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Appendix:

International Moving Trade Associations

- **AMSA** (American Moving & Storage Association). The U.S. national trade association for the professional moving industry. Represents 3,000 van lines, independent moving companies and suppliers. Headquartered in Alexandria, Virginia.
- **BAR** (British Association of Removers) The British Association of Removers promotes the development of professional moving services in the UK. Members of BAR abide by the OFT (Office of Fair Trading) 'code of practice' which is designed to provide best service for customers.
- **CAM** (Canadian Association of Movers)
- **FIATA** (Fédération Internationale des Associations de Transitaires et Assimilés, International Federation of Freight Forwarders Associations)
- **FIDI** (Fédération Internationale des Déménageurs Internationaux, The International Federation of International Movers), is a global organization representing professional international moving companies.
- **IAM** (International Association of Movers) Formerly the Household Goods Forwarders Association of America. A non-profit global trade association representing over 2000 quality movers and related service providers in over 170 countries worldwide. Founded in 1962, headquartered in Washington, DC – IAM hosts the moving industry's largest conference and trade show.
- **ISA** (International Shippers Association) Cooperative buying group for international movers. Affiliated with HHGFAA and IAM. Headquartered in Washington, DC
- **LACMA** (Latin American & Caribbean International Movers Association) represents professional movers from Latin America, the Caribbean, United States, Canada, Europe, Australia, Middle East and Far East.
- **OMNI** (Overseas Moving Network International) OMNI is a global consortium of the leading international moving companies. With a network that extends to over 70 countries, OMNI is dedicated to maintaining the highest level of customer service.
- **PAIMA** (Pan American International Movers Association) includes a list of members, board of directors, member application, and convention registration.