SIRVA® Worldwide Relocation & Moving

Partner Up

BUILD A MORE EFFECTIVE AND EFFICIENT MOBILITY PROGRAM WITH YOUR INTERNAL TEAMS AND EXTERNAL PARTNERS

In today's global marketplace, businesses face new challenges in getting employees where they need to be relocated quickly and efficiently. Partnering with a mobility service provider can offer a wealth of benefits. This report discusses how you can leverage on internal and external partnerships to meet your evolving mobility needs.

Table of Contents

Introduction

The increasing need to and prevalence of aligning business growth and talent strategies with mobility creates a demand to leverage internal and external partnerships for success.

Talent mobility is experiencing a coming of age. Changing workforce demographics and shifting geopolitical landscapes have created talent shortages and skills gaps that are a concern for over three-quarters of CEOs pursuing growth objectives for their organizations.

Companies are engaging a variety of new and existing strategies to address these challenges in the short and long term, including: deploying new talent sources (44%); exploring alternative sourcing strategies (27%); improving existing work models (17%); outsourcing the work (12%); and training and developing talent internally (48%). The common theme across these strategies is the globalization and mobilization of talent. Employees and leaders are recognizing the value of the opportunity with 71% of Millennials expressing a desire to work abroad during their careers and 76% of CEOs indicating that they are willing to mobilize talent as needed.

71%

Millennials desire to work abroad

76%

CEOs are willing to mobilize talent

This evolution of talent mobility as a strategic enabler of growth initiatives presents a significant opportunity for mobility functions to move away from the perception that mobility is a purely transactional support function. Mobility must become more consultative, flexible and proactive to keep pace with the changing demands of global workforces. Based on the specific goals, objectives and needs of an organization, a variety of options to scale and elevate the mobility program from leveraging internal resources to engaging specialized service providers to outsourcing entire functions.

Provider Partnerships (Outsourcing)

Partnerships between external vendors and internal mobility teams provide an opportunity to leverage the knowledge, expertise, global reach and program scalability of each vendor. The specific business drivers for working with a relocation partner differ by region, with global companies wanting to elevate mobility to a more strategic level and domestic companies seeking to reduce costs.

Regardless of the driver, there are variety of options as to how companies partner with mobility providers. Some companies might transition their entire mobility program, while others prefer to transition only those responsibilities that present the heaviest administrative burden or require the greatest domain expertise.

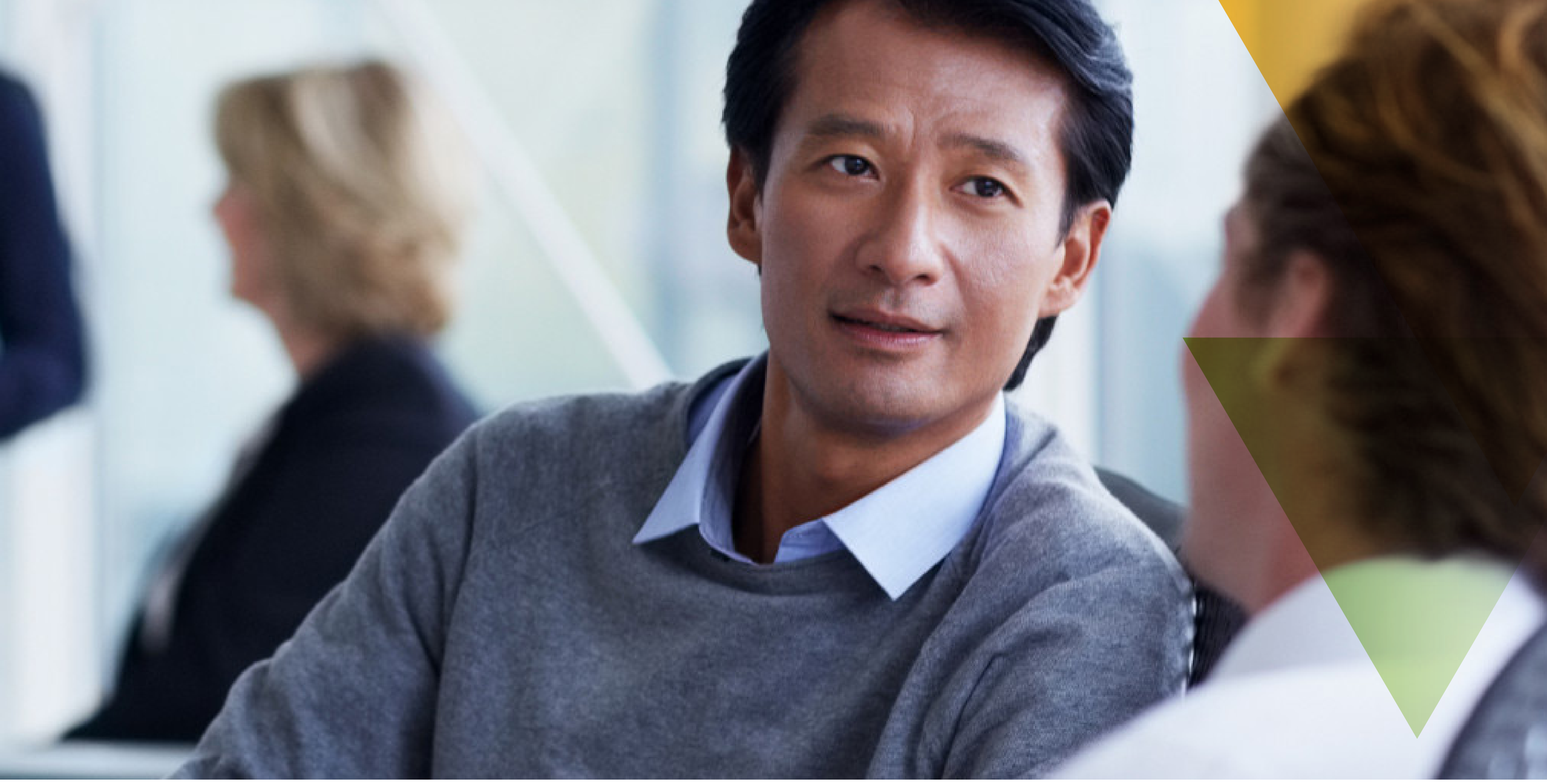
The most common partnerships include:

- ***Relocation Management Companies (RMCs):*** RMCs can provide services that address end-to-end mobility needs, including: business and employee program counseling, cost projections, payroll instruction development, payroll advisory services, compensation accumulation and reporting, expense management, third-party services initiations, and management reporting. Some RMCs can provide directly-delivery of services such as immigration, temporary/corporate housing, real estate/mortgage services, household goods moves, and program consulting services; alternatively, RMCs work with a preferred vendor network to provide the aforementioned mobility services, as well as provide and support services such as language training, cultural training, destination services and education consulting. Companies have options to transition all mobility-related activities/services to the RMC, or to engage the RMC for individual services based on resource or competency needs. The latter "a la carte" approach offers a way for mobility teams to supplement their own internal expertise and capacity.

Typically Outsourced Mobility Functions

Transitioning mobility responsibilities is not an all-or-nothing proposition. While some companies prefer to transition their complete mobility management, others prefer to maintain the core mobility function in-house, but transition certain components. Typically transitioned mobility functions include:

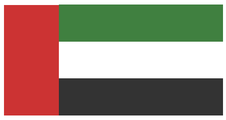
- Pre-decision consulting
- Cost analysis and projection
- Compensation and payroll administration
- Home buying/selling
- Visa and immigration
- Temporary housing
- Household goods moving/shipping
- Property management
- Cultural training
- Repatriation
- Mortgage services
- Domestic assignment management



- ***Compliance Services Providers:*** Rarely (if ever) do mobility teams deliver tax or immigration compliance services to their mobility populations. It is more common that tax and immigration vendors are engaged to provide specialized services directly to the employee.

- ***Household goods services:*** Any move requiring goods to be shipped will involve a company transitioning the household goods portion of the relocation. There are three service methods in the moving industry – direct, blended and bundled. All have similar elements, but also some notable differences. The direct model (also known as an agent direct model) is one of the most common types available. In this model, the company that is relocating employees works directly with a moving agent to secure services – there is no middleman involved, and every aspect of the move is handled between the company and the local agent. Under this model, a company may also work with a RMC to manage relocation requirements outside of the move process. A blended model aims to capitalize on the advantages of the direct model while adding a level of administrative oversight that removes burden from the company. The inclusion of an RMC to assist in the agent selection and/or agent management, both at the individual move level and at the program level, removes the capacity management burden from the company. The bundled model also removes administrative burden from the company, but control over the entire relocation process – including all company and employee communication and management – is handled by the RMC, thus providing both the company and the employee with one convenient point of contact.

"Many companies in the UK partner with external mobility providers, but this practice is less common in France and Germany where the majority of companies manage mobility internally."



"In the United Arab Emirates, global companies tend to partner with external providers to manage mobility, while local companies manage mobility internally. Those companies that partner with external providers cite consistency of services across markets as key reasons for their decision."

Partnering With a Mobility Provider Based on Your Priorities

Companies looking to engage partners for external mobility support should recognize that not all partners have the same reach, capabilities, or expertise. Mobility partners should be evaluated based on alignment of required and available support and benefits, as well as the overall cultural/organizational fit to best meet the needs of the company.

The following provides an overview of some of the benefits of external partnership. Impact will vary from one company to the next, depending on organizational priorities and program maturity.

"In China, external mobility partnerships are the norm. Chinese companies cite access to experts, enhanced data capture capabilities, superior business analytics and increased transferee satisfaction as key value drivers."

"It is common for companies to use a combined approach with both external and internal mobility support in India. Companies are more likely to transition destination, moving and immigration services to external mobility partners."

"In Australia, companies are under increased pressure to reduce head counts and cut costs while also elevating the mobility function to a more strategic role. To meet these evolving needs, companies often transition logistical and destination services to external mobility partners while keeping policy review/design and expense management in-house."

Efficient global capabilities

Mobility partners may enhance the process through geographically-based management capabilities, streamlined systems and technology tools, and centralized data capture and reporting.

Companies gain access to vast global networks and local, on-the-ground resources to more effectively support employees across the globe and provide insight and sensitivity to geographic-specific challenges.

The volume of relocations that is managed by mobility partners demand an efficient, controlled, repeatable process to drive efficiencies, and this may benefit the company in terms of administrative costs, time to deploy, and the identification of process enhancements to support the relocation process.

Depending on the internal team's structure and capabilities, a mobility partner can be engaged to manage operational, administrative and transactional activities, freeing up the capacity of internal resources to focus on more strategic initiatives, such as talent management, program cost minimization and measuring return on investment.

Does the geographic footprint for your potential partner align with your companies? Are operations local as well as global?

Domain expertise

Mobility challenges differ by region and change frequently. Mobility subject matter experts are required to understand key mobility challenges and changes to be at the forefront of mobility research and trends. Engagement with a mobility subject matter expert provides an opportunity for internal mobility teams to rely on their partners for proactive communication of trends and changes that may impact the mobility population – the requirement for the mobility team to be an "expert" on all things mobility for all locations in which the company operates is removed.

Mobility partners also consult on immigration, tax and border requirements and can track employee movements to simplify compliance and minimize potential risk.

"**$4 Million in Savings**. How much can companies save by working with an external mobility partner? After managing mobility internally for 30 years, an Asian-based energy company transitioned its mobility program to an external partner. The company, which relocates approximately 3,000 employees per year, saved $4 million (USD) through a variety of program improvements."

"**Efficiency through Technology.** When one of the world's largest software companies saw its relocation volume increase by 40%, it realized it could no longer manage the expanding volume with internal resources. The company turned to its mobility partner to develop a new platform to enhance its program and automate time-consuming tasks. Working together, the mobility partner and the organization developed a new technology platform that creates accurate estimates, reduces errors, tracks and reports mobility program data, improves program management, reduces cycle times and identifies cost efficiencies."

Cost savings on program administration and services

Mobility partnerships provide access to tools, resources and processes that have the ability to identify and create cost efficiencies. With regard to third-party services, external teams benefit from economies of scale. Consider the pricing of a service for a company who deploys 50 employees per year versus the pricing for the same services for a company who deploys 500 employees per year. Consolidating outsourced services with fewer providers can create opportunities to influence pricing through volume discounts and reduced margin-on-margin fees. And, larger mobility partners can offer lower pass-through costs from their suppliers based on volume discounts they leverage across clients. Additionally, potential cost savings exist for the company as a result of not having to engage in vendor identification, evaluation, selection, contract negotiation and ongoing vendor management.

Greater scalability to address volume fluctuations

As companies evolve and mobility needs change, expectations remain the same or higher. Pressure exists for mobility teams to be nimble, effective and cost efficient, regardless of the scenario.

A mobility partner can provide immediate infrastructure and resources across geographies as mobility needs and volumes shift, protecting the company from having to build internal capabilities requiring significant investment and deployment challenges.

Technology

Outsourced providers are able to solve mobility challenges by applying deep expertise to innovative technologies in order to create industry-specific solutions.

At the company level, manual tasks, such as cost estimates, can be automated to increase accuracy while reducing resource requirements. While relocating employees benefit from greater transparency into their relocation process through innovative technology like self-service portals and mobile apps.

Does the technology offered by the mobility partner support the company's specific mobility goals? Can native systems integrate with mobility-focused systems?

Increased employee satisfaction

The satisfaction of an employee and their family is paramount to the success and value of a relocation or assignment. Mobility partners are in the business of delivering high-quality, consistent relocation experiences across processes and geographies.

Companies should evaluate what measures a mobility provider has in place to ensure a consistently high-quality experience for relocating employees.

A more innovative and competitive program

Mobility programs play an integral role in the organizational strategy to attract, develop and retain talent. Programs must offer competitive support and benefits and must reflect company and employee preference across varying demographics. Mobility partners can provide value-added services and information that reflect market and industry trends, best practices and innovations based on tenure, breadth of experience and proprietary tools and processes.

When to Make the Move to a Mobility Partner

Various circumstances or scenarios may be conducive to engaging with an external mobility partner.

- **Market Entry or Expansion:** Companies that are opening new or expanding existing operations in global and/or domestic markets may benefit from a mobility partnership in terms of operational support and expertise.
- **Resource limitations:** Looking outside the company for mobility support makes sense if internal resources are lacking in number and/or required competencies. It is critical to evaluate corporate culture and employee management approach (e.g., high touch, personalized) as well as mobility scope of services to ensure that resources can provide the appropriate support
- **Cost minimization and transparency:** Companies looking for ways to reduce costs without sacrificing mobility capabilities or employee satisfaction can find value in working with a mobility partner; similarly, companies that require additional insight to mobility spend at the program and/or component level can utilize the robust reporting options of the mobility partner.

Companies that are unsure whether or not an external partnership would be a viable way to support their global or domestic mobility programs should consider the following questions.

- Does the company have the ability to capture total costs of its mobility program?
- What are the fixed costs of the existing relocation infrastructure?
- Can the company accurately forecast relocation costs?
- Can the company accurately report on relocation policy exceptions?
- Is the company 100% compliant in the areas of immigration, taxation and social security, globally?
- Can the company consistently measure transferee/assignee satisfaction?
- Does the company currently have a strong and proven relocation vendor network?
- Does the company have a methodical and consistent relocation vendor management process?

Managing Mobility Internally

While external partnerships can offer value to a program, some companies are better suited to manage their mobility program internally. Companies that want or need to deliver mobility services via in-house teams may benefit from the following:

- **Business Partnering Opportunities:** Mobility is a critical lever for business growth and talent planning. The alignment of talent and mobility supports these initiatives, and a strong partnership between the two functions will facilitate the design, implementation and management of mobility programs that directly support key business and talent priorities. An internally-managed mobility program is able to partner with functions that provide support to the mobility lifecycle (e.g., finance, legal, payroll, compensation and benefits) without having to adjust to corporate culture/ preferences; internal teams are better equipped to navigate within the organization to achieve results.

- **Customer/Employee Experience:** It is easy to learn a new skill; it is difficult to learn a corporate culture. This is one of the biggest hurdles for an external partner to overcome. Internal teams are embedded in the corporate culture, and customers/employees may have more confidence and perceived support when managed by a contact on "the inside".

- **Program Control:** Quality control is a concern for any function or program, and internal management of the mobility program may be a way to introduce and manage stricter policy and process controls than what may be perceived when an external partner is engaged. As mentioned above, the quality of the customer/employee experience is monitored by internal resources, and there is an opportunity for immediate adjustments, as required. Internal teams also tend to have closer working relationships with other internal processes and business partners, which may trend towards faster response times and solution-based issue management.

A True Partnership

Business growth, talent shortage concerns, global compliance and changing business priorities have changed the way companies view employee mobility and the functions that support it. Mobility is no longer a purely administrative or reactive function, but rather a critical business function that demands strategic organizational priority alignment, extensive exp-ertise and knowledge of complex domestic and international markets. Some mobility programs possess the headcount and financial resources to provide effective and responsive mobility services via internal teams; others do not.

When shifting responsibilities to an external partner, companies should consider the following:

***Size, scope and expertise of the internal mobility team*:** Does the company have the internal resources and extensive mobility expertise to support the business across all current and future markets? If not, does the company have the ability to add staff and ramp up quickly?

Willingness to change its current program: A mobility partner will likely suggest changes to processes and structure, but not every company is willing to change a process that it is comfortable with. Those companies that prefer to manage mobility "as is" or are less likely to adopt new processes or procedures are better suited for an internally-managed program.

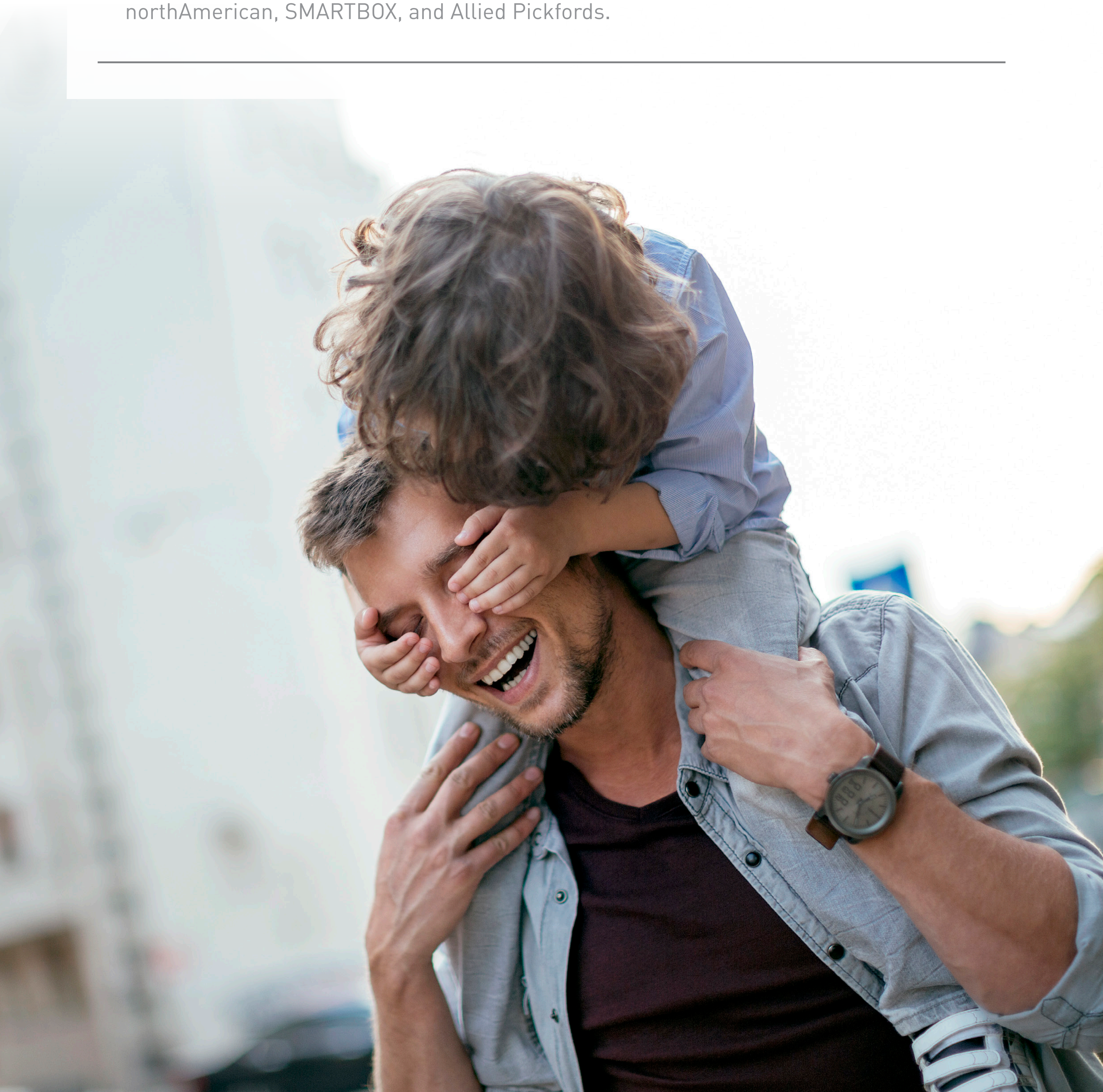
Stakeholder support/change management: Senior HR, procurement and other business leaders must strongly support the business value proposition of external partnerships for such a relationship to be successful. Since an external mobility partner will work closely with a company's internal departments, including payroll and HR, it is important that the entire organization be comfortable working with external partners. Those companies that prefer to cultivate and "own" the relationships with their internal functions might be more successful with an in-house program.

For companies unable to support their mobility programs internally, partnership with an outside mobility provider offers a viable option to leverage expertise, infrastructure, operational excellence and vendor networks to manage program costs, while maintaining exceptional service levels to customers and relocating employees.

About SIRVA, Inc.

SIRVA delivers customized relocation and moving solutions that satisfy the needs of clients and their people in the highest quality and most efficient way — wherever they do business. Offering an extensive portfolio of mobility services across 170 countries, SIRVA provides end-to-end solutions and delivers an enhanced mobility experience for clients and their people.

SIRVA has a portfolio of well-known and recognizable brands including Allied, northAmerican, SMARTBOX, and Allied Pickfords.



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