

# Revolutionizing Relocation Services



*“Meeting the Needs of the  
Expeditionary Military”*

# ***“The Defining Moment(s)!”***





# ***What's Great...and not so Great in '08?***



***Let's see which  
of these issues  
are "Great" or  
"Not So Great" in  
'08***

- Handling the housing market
- Growing globalization
- Waging the war for talent
- Parsing the political messaging
- Coping with increasing costs
- Figuring out our future?



- Handling the housing market



***“Toto, I don’t think we’re  
in Kansas any more.”***



Dorothy to her dog, in “The Wizard of Oz”

# ***What policy changes are companies making?***

<b>Added a requirement to homesale program that employees list their homes within a certain percentage of the buyout offer (or BMA or appraisal) in order to qualify for homesale assistance</b>	<b>38%</b>
<b>Increased use of appraisals in homesale program</b>	<b>21%</b>
<b>Added a requirement to homesale program that employees use selected real estate agents to market their homes in order to qualify for homesale assistance</b>	<b>18%</b>
<b>Added or enhanced a homesale bonus/incentive for employees who find buyers for their homes</b>	<b>18%</b>
<b>Added or enhanced duplicate housing assistance for employees who purchase a home in the new location prior to selling the one in the old location</b>	<b>15%</b>
<b>Added or enhanced a homesale incentive for buyers</b>	<b>15%</b>
<b>Modified policy to provide loss-on-sale assistance to more employees</b>	<b>15%</b>



# Timely Tools for the U.S. Housing Market



- **Real Estate & Appraisal Resources**
- **Training and Education**
- **Internal Corporate Communications**
- **Corporate Program Resources**
- **Real Estate Market Index Data**
- **News to Use**

**[www.erc.org/toolkit](http://www.erc.org/toolkit)**



***Is your glass  
half empty  
or half full?***

***“This is just like déjà vu  
all over again.”***



Yogi Berra

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- Handling the housing market
- **Growing globalization**





**July 23<sup>rd</sup> issue of Fortune  
Magazine proclaims “*The  
Greatest Global Economic  
Boom Ever*”...  
enjoy it while it lasts**

What do you think will be the biggest driver of change in the workforce over the next 5 years?



	Shanghai Respondents	London Respondents	Denver Respondents
<b>Talent shortage</b>	<b>35%</b>	<b>36%</b>	<b>40%</b>
<b>Geographic shift of economic power to Asia</b>	<b>32%</b>	<b>31%</b>	<b>18%</b>
<b>Controlling costs</b>	<b>13%</b>	<b>16%</b>	<b>16%</b>
<b>Technology</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>
<b>Need for innovation</b>	<b>4%</b>	<b>1%</b>	<b>6%</b>
<b>Environmental challenges</b>	<b>5%</b>	<b>2%</b>	<b>2%</b>
<b>Multi-generational workforce</b>	<b>3%</b>	<b>2%</b>	<b>5%</b>
<b>More culturally diverse workforce</b>	<b>5%</b>	<b>9%</b>	<b>8%</b>
<b>TOTAL</b>	<b>100%*</b>	<b>100%*</b>	<b>100%*</b>

*\*Responses do not total 100% due to rounding*

# Global Benchmarking

Do you anticipate that over the next year the number of traditional long-term international assignments<sup>1</sup> (into Asia/Europe/U.S.) will...



	ASIA	EUROPE	U.S.
	Shanghai Respondents	London Respondents	Denver Respondents
<b>Significantly increase</b>	<b>20%</b>	<b>11%</b>	<b>6%</b>
<b>Somewhat Increase</b>	<b>51%</b>	<b>41%</b>	<b>33%</b>
<b>Stay about the same</b>	<b>17%</b>	<b>28%</b>	<b>44%</b>
<b>Somewhat decrease</b>	<b>11%</b>	<b>21%</b>	<b>15%</b>
<b>Significantly decrease</b>	<b>1%</b>	<b>—</b>	<b>2%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%*</b>	<b>100%</b>

<sup>1</sup>Traditional long-term international assignments are defined as 2-3 years.

\*Responses do not total 100% due to rounding

# Global Benchmarking

Do you anticipate that over the next year the number of short-term international assignments (into Asia/Europe/U.S.) will...



	ASIA	EUROPE	U.S.
	Shanghai Respondents	London Respondents	Denver Respondents
<b>Significantly increase</b>	<b>57%</b>	<b>41%</b>	<b>19%</b>
<b>Somewhat Increase</b>	<b>35%</b>	<b>45%</b>	<b>47%</b>
<b>Stay about the same</b>	<b>6%</b>	<b>13%</b>	<b>30%</b>
<b>Somewhat decrease</b>	<b>1%</b>	<b>1%</b>	<b>5%</b>
<b>Significantly decrease</b>	<b>1%</b>	<b>—</b>	<b>—</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%*</b>

*\*Responses do not total 100% due to rounding*



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- Handling the housing market
- Growing globalization
- **Waging the war for talent**



**3<sup>rd</sup> challenge:**

**The war for talent ...**

**TALENT Won!!**



**“Holding onto key talent is...  
like trying to keep frogs in a  
wheelbarrow!”**

Carol Ashton  
Global Chief HR Officer  
Ernst & Young



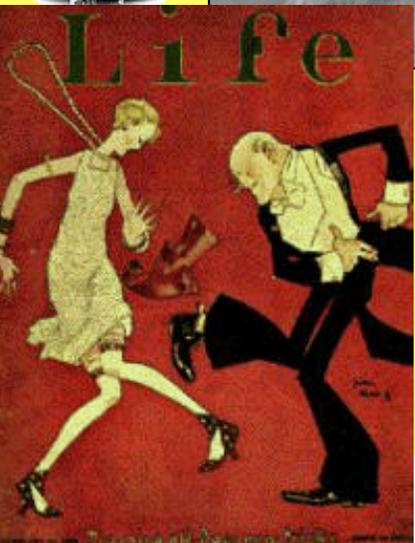
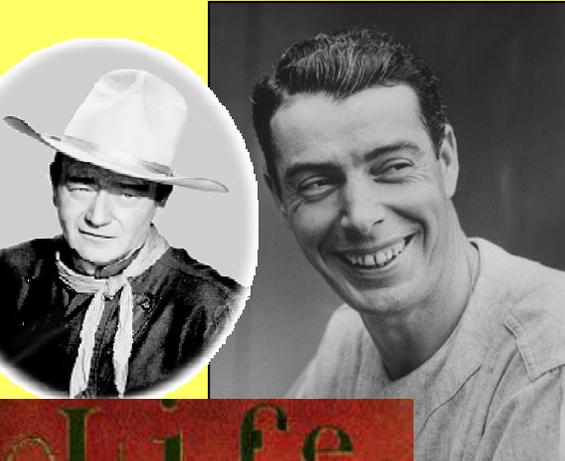
**Let's first look at  
demographics,  
and then at current  
new hire trends**



## Everybody Into the (Shrinking) Labor Pool!

- Well-trained labor shortage will be perceptible
- By 2010, the number of U.S. workers aged 35 to 44 — or those typically moving into upper management — will decline by 19%
- 78 million Baby Boomers to be replaced by 58 million GenXers
- Emerging workforce: Traditionalists, Baby Boomers, GenXers, GenYers, working in tandem





- Influences
  - Great Depression, Roaring Twenties, World War I&II, Korean War, G.I. Bill, ***The Audie Murphy Story, The Ed Sullivan TV show***
- Characteristics
  - Patriotic, loyal, “waste not, want not,” faith in institutions
  - Military influenced top-down approach

Key Word: Loyal



- Influences
  - Suburbia, TV, Vietnam, Watergate, protests, human rights movement, drugs, and rock 'n roll, ***The Big Chill, The Ed Sullivan Show (when the Beatles appeared!)***
- Characteristics
  - Idealistic, COMPETITIVE, question authority, invented word “workaholic”, ME generation, 60 is new 50; 50 is new 40

Key Word: Optimistic



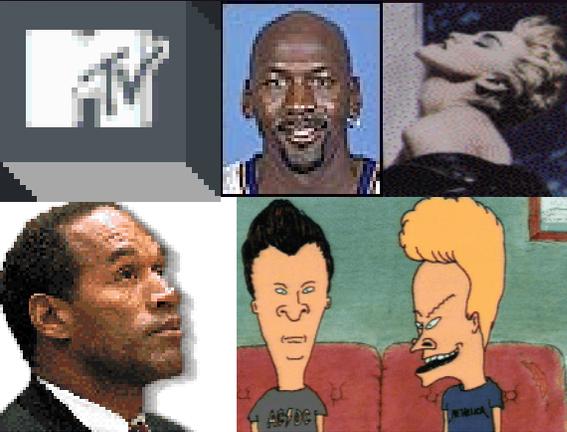
- Influences

- Sesame Street, MTV, Game Boy, PC, divorce rate tripled, latch-key children, ***Friends, Ferris Bueller's Day Off***

## Characteristics

- eclectic, resourceful, self-reliant, distrustful of institutions, highly adaptive to change and technology, materialistic, used to be called “slackers”, want to build a portable career

Key Word: Skepticism





# ***Chad's field trip...***

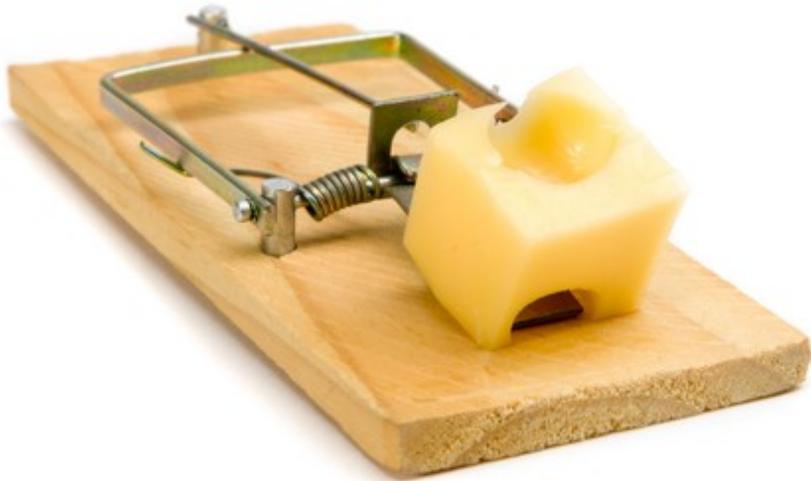




- Influences
  - Expanded technology, natural disasters, violence, gangs, diversity, Challenger explosion, Columbine, ***The Matrix***, ***American Idol***
- Characteristics
  - Globally concerned, realistic, cyber-literate, “personal safety” is number one concern, want work to be meaningful, 30% with tattoo and/or body piercing other than ear lobe

Key Word: Realistic

# *Dead mouse...*

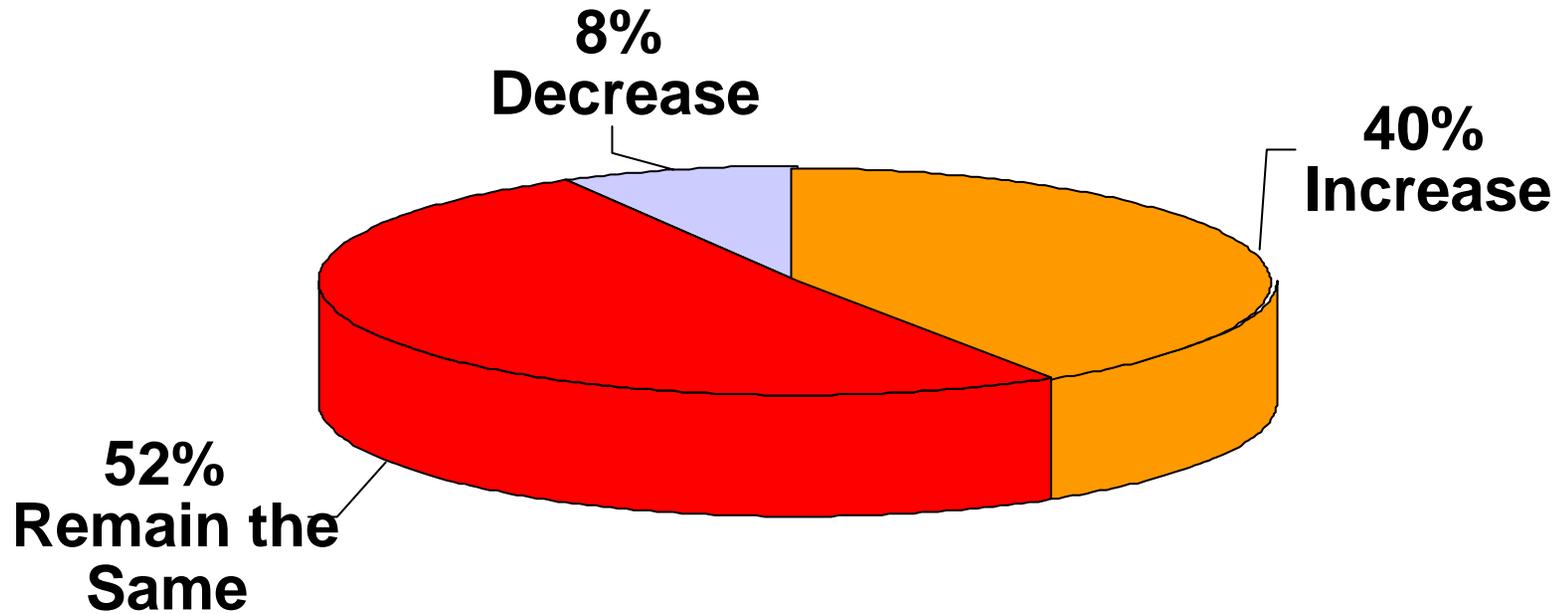


**Now we'll look at  
new hire relocation  
policies and  
practices.**



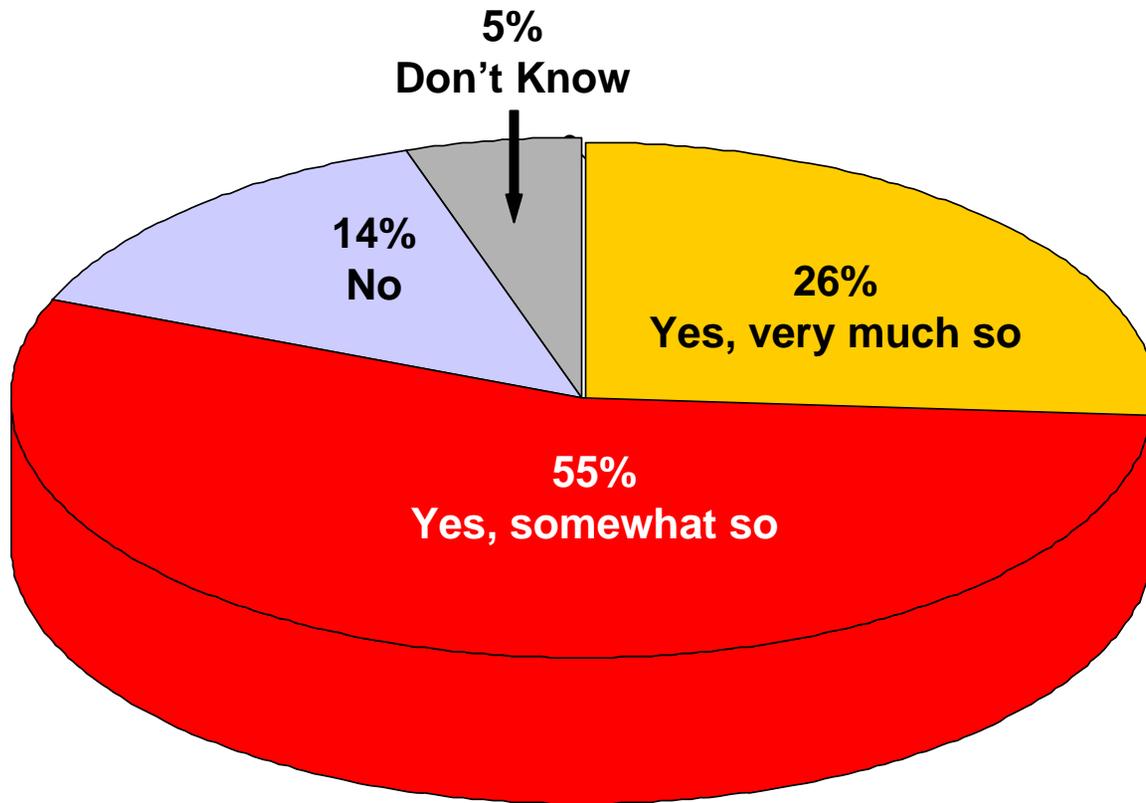
# Great...or not so Great?

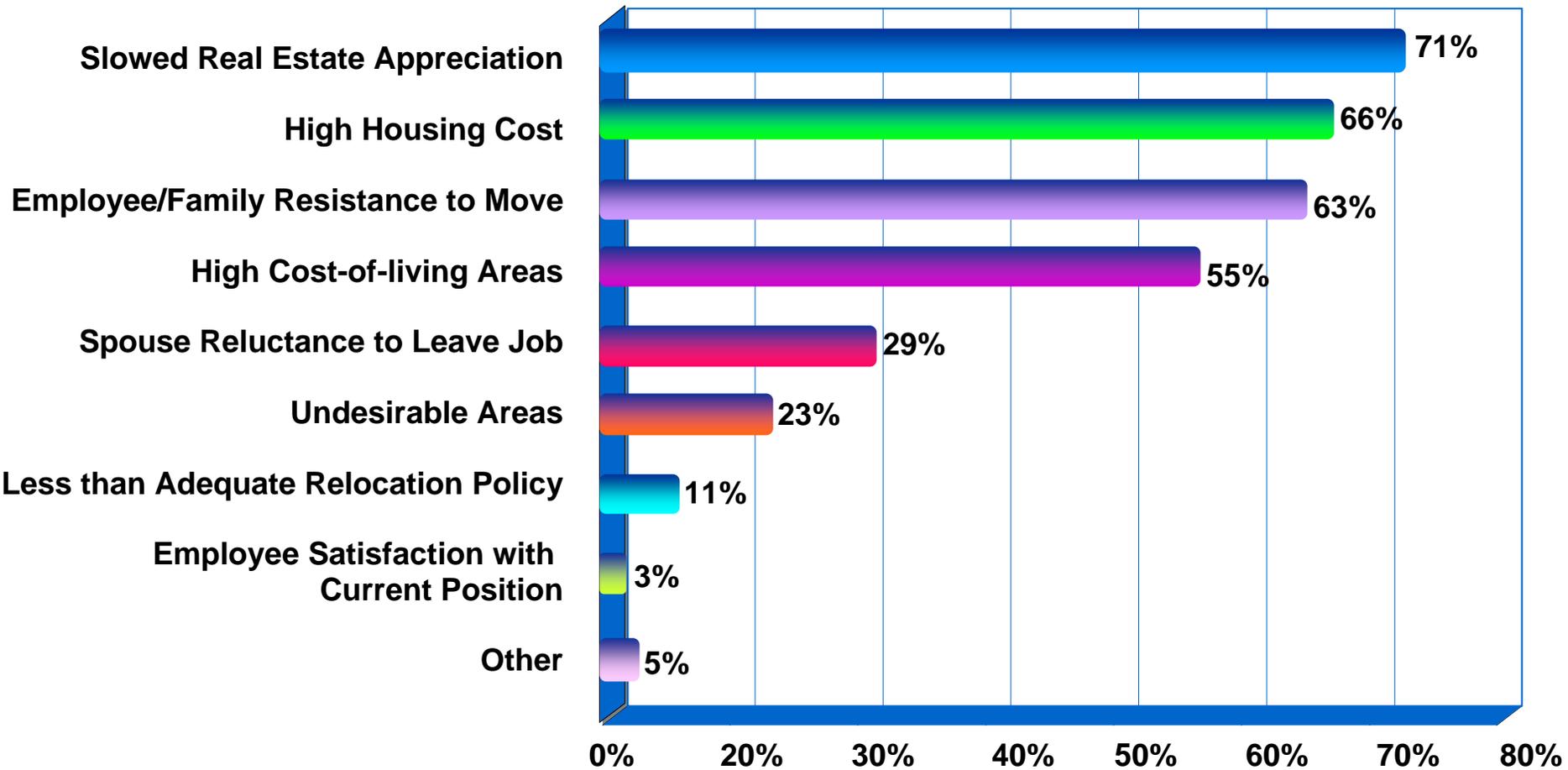
*Percent of Organizations*



*Do positions in your company require new hires to be more mobile now than in the last 3 years?*

*Percentage of Organizations*





\*Based on 65 organizations that reported experiencing employee reluctance.

# Policy Elements Most Useful in Recruiting New Hires

<i><b>Policy Element</b></i>	<i><b>Percentage of Organizations*</b></i>
<b>Homesale assistance</b>	<b>53%</b>
<b>Home purchase assistance</b>	<b>28%</b>
<b>Lump-sum payments/miscellaneous allowance</b>	<b>24%</b>
<b>Household goods shipment</b>	<b>21%</b>
<b>Temporary housing</b>	<b>16%</b>
<b>Cost-of-living allowance</b>	<b>5%</b>
<b>Mortgage assistance</b>	<b>4%</b>
<b>Lease cancellation</b>	<b>3%</b>
<b>Personalized service from relocation department</b>	<b>3%</b>
<b>Spouse employment assistance</b>	<b>3%</b>
<b>Destination services</b>	<b>2%</b>
<b>Tax protection</b>	<b>2%</b>

*\* Percentages do not total 100 percent due multiple responses.*

- Handling the housing market
- Growing globalization
- Waging the war for talent
- **Parsing the political messages**



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**Great!**



***The Coalition can  
only continue with  
appropriate  
funding...  
from all  
stakeholders.***

**It's all about keeping the “fire engines” ready so that we can respond quickly to tax and legal concerns and challenges.**

- **IRS Audits after Revenue Ruling 2005-74**
- **Texas – mandated home inspection form**
- **Government relocation model changing**
- **Immigration reform?**
- **Housing relief?**
- **RESPA reform?**
- **And...the big question!**



- And...the big question!

## *The 2008 Elections*





**Since political pundits are often wrong we might as well look at the political environment from a songwriter's perspective...**



**“There ain’t no good guy  
There ain’t no bad guy.  
There’s only you and me  
and we just disagree.”**

**- Dave Mason**  
*“We Just Disagree”*

**“I’m just a soul whose  
intentions are good,  
Oh Lord, please don’t let me  
be misunderstood.”**

**- The Animals**  
*“Don’t Let Me Be Misunderstood”*



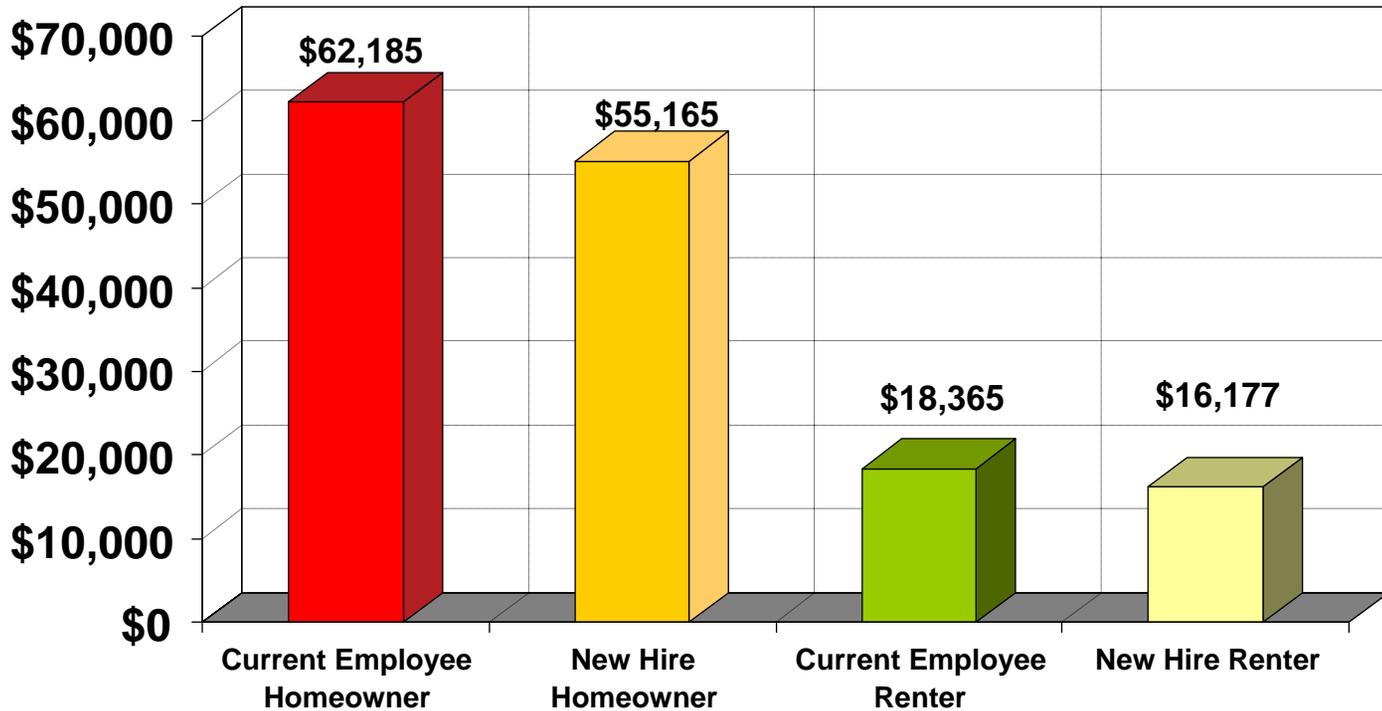
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- Parsing the political messaging
- **Coping with increasing costs**



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# 2006 Average Relocation Costs



# 2006 Average Component Costs

<b>Component Costs</b>	<b>2006</b>	<b>2005</b>
<i>* Averages are based on transferees who actually received assistance</i>		
<b>Loss-on-sale assistance</b>	<b>\$15,255</b>	<b>\$9,331</b>
<b>Shipping household goods</b>	<b>\$10,342</b>	<b>\$9,514</b>
<b>Purchase closing costs</b>	<b>\$8,818</b>	<b>\$7,756</b>
<b>Federal tax liability</b>	<b>\$7,707</b>	<b>\$6,737</b>
<b>Bonuses/incentives given for employee-generated homesale</b>	<b>\$6,764</b>	<b>\$5,900</b>
<b>Preferential rate mortgage</b>	<b>\$6,368</b>	<b>\$6,048</b>
<b>Temporary living at new location</b>	<b>\$4,882</b>	<b>\$4,993</b>
<b>Miscellaneous expense allowance</b>	<b>\$4,457</b>	<b>\$5,092</b>
<b>Duplicate housing assistance</b>	<b>\$3,030</b>	<b>\$2,986</b>
<b>Homefinding trips</b>	<b>\$1,836</b>	<b>\$1,828</b>
<b>Spouse employment assistance</b>	<b>\$1,520</b>	<b>\$1,404</b>
<b>Travel &amp; lodging at the time of the move</b>	<b>\$1,246</b>	<b>\$1,343</b>

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- Coping with increasing costs
- **Figuring out our future?**



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- **Many real estate markets have softened...it's back to the basics**
- **Costs will increase...for all of us**
- **The definition of “service” will be in the eyes of the beholder...different service delivery models required**
- **Role of internet, procurement and HROs, etc. will increase...customer base broadening**
- **Demographic trends will make for “interesting environment”**
- **So-called easy solutions (total lump sum and direct reimbursement) and changes to the relocation “business model” need to be quickly addressed**
- **Where is the innovation in our industry?**



# Lack of innovation...not so Great!

- How did ABC, NBC, and CBS miss the CNN opportunity?
- Why didn't AT&T own the internet?
- How did the USPS miss Fedex?
- How did Sotheby's and Christie's get upstaged by eBay?
- Shouldn't Border's or B&N become Amazon.com?
- How did RCA and Sony miss creating the iPod?
- Shouldn't Maxwell House have started Starbucks?
- Why didn't Visa or Mastercard develop PayPal?
- What's our next innovative solution?



***Innovation is more than just being different.  
Anybody can play weird; that's easy.  
What's hard is to be as simple as Bach.  
Making the simple complicated is commonplace;  
making complicated simple  
–awesomely simple –  
that's innovation.***

***- Charles Mingus***



GRAZIAS *Vinaka*  
Mahalo **THANKS** Asante  
*Arigato* danke SPASIBO  
Mauruuru **MERCI** Grazie  
Thanks!