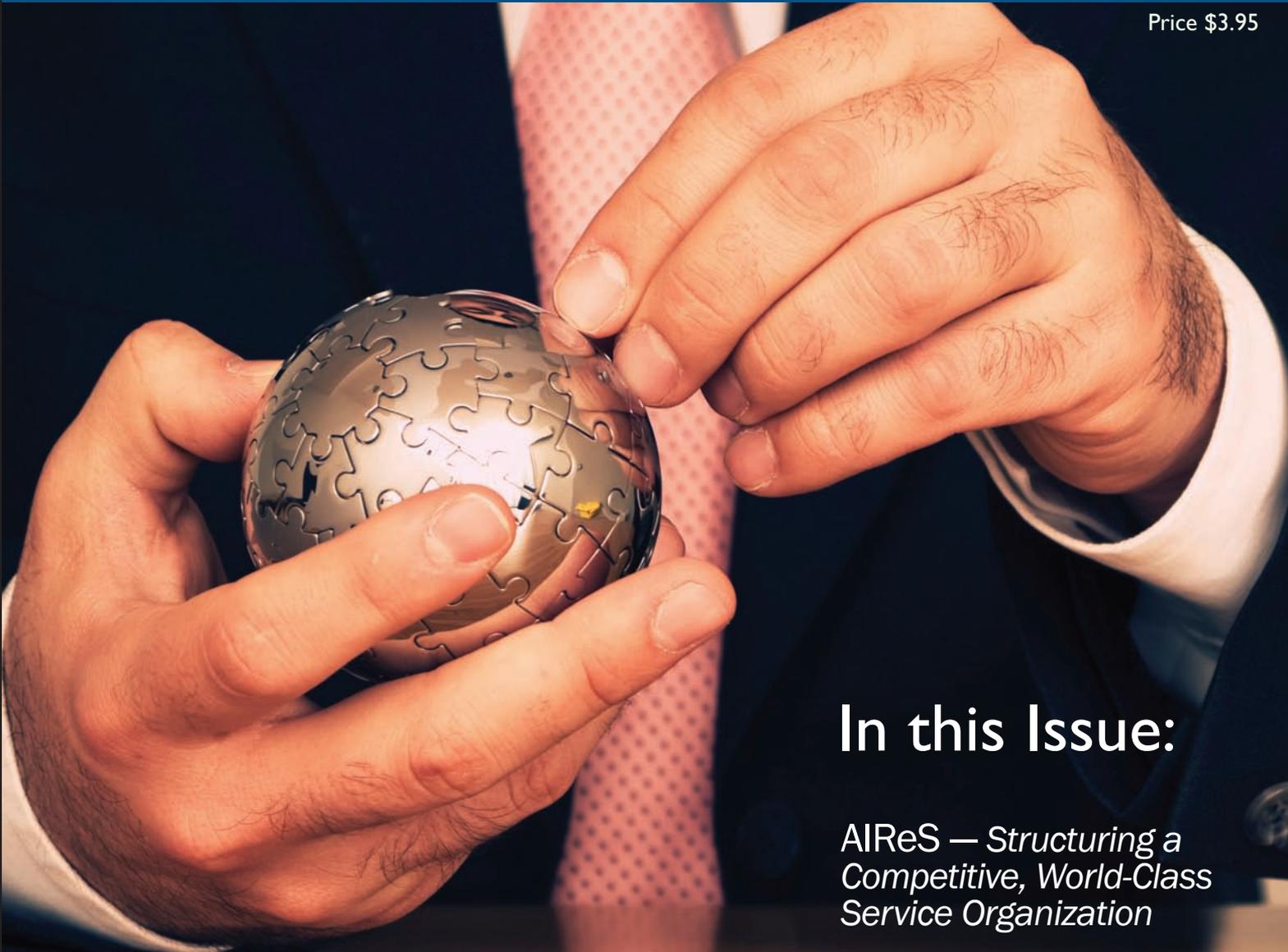


MOMENTUM

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**AIReS**
AI Relocation Solutions

Structuring a Competitive, World-Class Service Organization

By Bryan Putt, CRP, AIReS President

Writer, educator and management guru Peter Drucker once observed, “The best way to predict the future is to create it.”

At AIReS, we have been creating a special kind of culture and a world-class service organization by embracing change and responding to customer requests with a winning, “can-do” attitude. If Drucker’s view is correct, and if the recent past is any indicator, we are at the dawn of a very thrilling future.

Continuous change – in the form of continuous improvement – has been the objective as we seek ways to strengthen our focus on quality and our goal of always exceeding our clients’ expectations. AIReS’ employees go out of their way to instill confidence; to keep the lines of communication open; and to show true concern for the well-being of our customers’ mobile workforce. We also have a healthy grasp of the bottom-line costs for the benefits we help our clients provide for their employees. Servicing these key client needs has been our central focus for as long as AIReS has been in business.

As AIReS has grown, developed and improved our services to meet our clients’ needs over the years, we’ve also grown and developed our exceptional staff. This fall, AIReS is in the midst of introducing a new management structure that has been 9 months in the planning, but 27 years in the making. We are leveraging the skills and expertise of our staff in new roles that will allow us to maintain the growth, development and commitment to excellence that we have sustained since our inception.

In August, we began to shake up our internal organizational chart to streamline the execution and delivery of centralized services. The changes are also designed to free-up and energize our customer-facing operations team members to provide even greater levels of personalized care and attention.

Growth and change have always been a matter of need and commitment at AIReS. Our customers have repeatedly asked us to apply our standards for service to new and more challenging aspects of our business; disciplines like expense management, insurance, rate control, routing and logistics. We are more than happy to comply, but we are also trying to be smart about how we grow and expand to meet these increasing demands.

While the key drivers of change are to provide stronger back-office support and a more organized approach that will centralize repeatable operations, we are confident that a by-product of such changes will also help us achieve our ultimate goals. By off-loading some of these recurring functions, we can refocus responsibilities and free our Relocation Specialists and Program Managers to better perform the day-to-day tasks of caring for their assignments.

Another important by-product of restructuring will be the creation of new internal positions and opportunities for our operations personnel to grow in their careers. For many of us who have watched our company grow and our staff develop, this is perhaps the most exciting aspect of the changes we will be implementing.

“Structure follows strategy”

Whatever changes we make – and there will be many if we continue at the pace we have been growing over the past two years – we will never lose site of our core focuses:

1. Our customers
2. Our ability to present an informed, capable and unified team
3. Our goal of using change to drive responsibility and accountability to deliver on our promise

Our perspective is that structure follows strategy. We want to be the best at what we do and also be the preferred resource for our customers. If that means we eventually double or even triple in size, so be it. The goal isn’t to be bigger. Our goal is always to be the best at doing what we do.

Excellence is our first priority, not size. Our philosophy is that we are more interested in being a profitable, strong performing and motivated company that provides absolute

customer satisfaction rather than being “the biggest” relocation company.

Internally, the new management and organization structure is presenting new avenues for personal and professional growth for team members. The structure also has the advantage of creating new positions and responsibilities that have never been here before. That fact alone has employees excited.

Our ability to put people in the right position to make contributions and to use their talents is vital to building an innovative, productive and ultimately successful company.

There is no underestimating the importance of managements’ role in inspiring their employees. When people are treated with respect, acknowledgment, and genuine positive reinforcement, you significantly increase their odds for success. And by extension, innovation will flourish in your organization.

What is changing at AIReS?

AIReS is implementing a major build-out of the management structure and realigning the responsibilities of key personnel and positions to best use the talent and experiences of our existing staff.

The structural changes are designed to strengthen, define and align our organizational approach into three areas:

Business Support – Creating a stronger, more centralized core of logistical support services; things like purchasing, rates, routing, and traffic as well as insurance and claims. This Business Support focus is the one area where we are looking outside of our staff to hire a procurement director, someone with depth of experience to help us become more organized and competitive at what is one of the most competitive aspects of our industry.

Corporate Support – While we are a great process-oriented organization already, we will be focusing on ways we can be even better at supporting our corporate customers. One central way our structure can influence corporate support is by blending quality control, business processes, real estate and consulting services. Our goal is to be even more responsive in an empirical way – in knowledge transfer, for example – and ahead of the curve in caring for the business needs of our clients.

Common sense? Certainly. But common sense, it seems, is uncommon in many organizations today. In the rush to generate new business, get an edge, and accomplish goals, we forget the most important thing... The quality of our interaction with others is the real key to customer satisfaction.

The changes AIReS will be rolling out through the end of this year are all being made to ensure that the quality of our interaction – and the true family-focused approach we take to providing relocation services – will position AIReS not just for growth, but to achieve even greater levels of customer satisfaction in the years to come.

We won’t attempt to predict the future, but we are working diligently to create a successful one for our people and our organization. 

Service Delivery Support – Last, but perhaps most important, our success in centralizing repeatable operational services and offering more responsiveness to our corporate customers will free our key transferee-facing roles – our Relocation Specialists and Program Managers – to better manage their core responsibilities. As the central point of contact and control for customers on an everyday basis, these professionals are judged daily on their performance and execution. Whatever we can do to help them more keenly focus on quality and achieving total customer satisfaction will go a long way to making us a stronger and better organization.

Ultimately, all changes are being made to organize AIReS in a way that better supports service delivery, and provides greater freedom and personal accountability for those delivering day-to-day services. These are noteworthy goals. We are sure our staff members are up to the challenge!



AIReS’ Management Team: (Top row from left) Holly Borland, Laura May Carmack, Suzy Doerbecker, Sharon Meeker, Karen Metzger, Joleen Lauffer, Tim Kernan, Laura Beron, Jennifer Murr, Liz Katzenberger, Liz Boschert, Michael Drew (Middle row from left) Mike Tufo, Jim Markle, Bryan Putt, Jeff Wangler, Eric Tate, Ed Hartman (Bottom row from left) Jey Baskar, Paul Bernadou, Bob Smith, John Casuccio and Bob Smouse

How does AIReS Select, Train and Reward Employees?

Most *Momentum* readers are aware of RFPs — Requests for Proposals. In the corporate world, these often unwieldy documents are central to the way new clients are won or lost. But you may be surprised by some of the questions corporate prospects ask us again and again.

Here are a few actual questions from three RFPs AIReS has responded to in the past month:

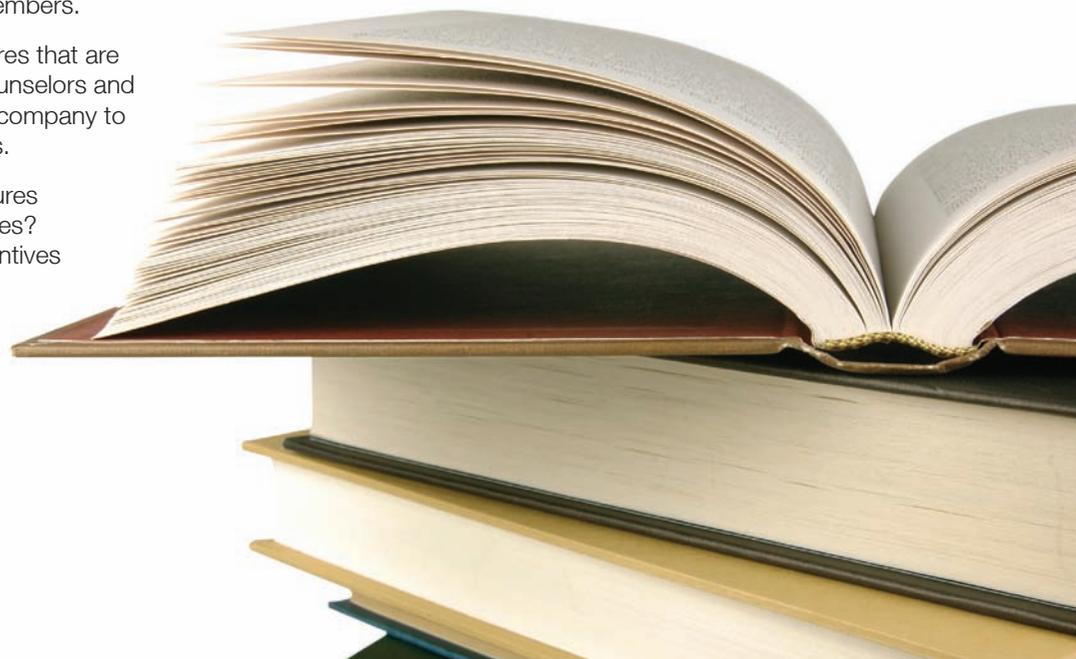
- How do you recruit and select your employees?
- Indicate details of your firm's plans for minimization of staff turnover.
- Describe the job title, qualifications, tenure and background of the persons who will support our account on a day-to-day basis.
- What percentage of your staff has CRP designation from the Worldwide ERC®?
- Describe the training program in which your customer service representatives participate before working with clients? Describe additional training your employees receive during their tenure at your company.
- Provide details of your firm's provisions for providing on-going training/skill enhancement for your technical and support staff members.
- Describe the incentive structures that are in place for your relocation counselors and managers to encourage your company to meet or exceed our objectives.
- How are your incentive structures designed to meet our objectives? How frequently are those incentives paid?

Questions like these are consistently part of the proposal process. If it seems like corporate clients are interested in more than just bottom-line results, well... OK... total costs and bottom-line results still have the most weight. But the role of staffing and training — especially for customer service-related positions — takes on significant importance when corporations are vetting potential business partners.

It seems that there is growing momentum in the corporate world to make sure business is being performed in the correct manner, and that employees are being managed, trained and prepared to do their job successfully.

Today's leading companies want to know they are aligning themselves with other successful businesses. And they want to know the nitty-gritty details that are in place to help their workforce achieve their goals.

Fortunately, for us at AIReS, our company takes employee recruitment, preparation and recognition to the next level. Whether this is a by-product of our emphasis on quality or a direct result of our family-focused approach to customer service, we're not sure. In the end, it is the daily performance of AIReS' superb front-line staff, assisted by motivated and involved support team members, that makes AIReS a growing force in our industry. 



Policy IN Review

Let's Set the Record Straight

By Michael G. Drew, II, CRP

Does adding a Guaranteed Buyout Option (GBO) Benefit to your relocation program increase or decrease your bottom-line costs? Despite what many might have you believe, the answer is not necessarily "Yes." The answer is "It depends." If you answer "Yes" to any of the following questions, your answer may actually be "No."

- Do you ever require an employee to begin their new assignment before their house is sold?
- Do you provide a Direct Reimbursement of Home Sale Costs?
- Do you provide a Temporary Living assistance provision?
- Do you provide a Duplicate Housing provision?
- Do you provide an Early Equity Advance, a.k.a. Bridge Loan provision?
- Have you ever approved an exception to the provisions noted above for an employee who has not sold their home?
- Do you tax protect these provisions?

If you answer "No" to any of the following questions, your answer may be "Yes."

- Do you mandate a Marketing Assistance Program with "controls"?
 - Listing Agent
 - Initial Listing Price
 - Submission of All Offers
- Do you mandate List Price reductions based on Broker Market Analysis or Appraisal input?
- Do you require up-front inspections and require the employee to make any indicated repairs/improvements?

"Soft" real estate markets pose a unique set of circumstances that challenge the traditional concepts of "cost control." While corporations seek to reduce costs, understanding the difference between "cost savings" and "bottom-line cost" is crucial. Employee acceptance, productivity and motivation are keys to the success of controlling bottom-line costs. An employee who is left on their own to dispose of their current home may not possess the skills or the objectivity to dispose of their property in a manner that is cost-productive to their employer.

In today's market, it is imperative to properly expose the home to prospective buyers and the agents that represent them right from the start. Setting a realistic asking price up-front is critical as well as addressing any issues regarding the condition of the home. In fact, price, financing, condition and incentives are key

elements in any effective real estate sale strategy. If a GBO is not made available to an employee, at least at some point in the future, employers may in fact find that a high percentage of relocation events may eventually fail should the home not sell within the first six months. This is a cost that needs to be added to the balance sheet even though it is paid out of a different pocket, so to speak. The cost of lack of productivity needs to be added as well. What is the true cost to the company when a transferee begins to think about selling their home rather than his or her new job? Or, leaving early on a Friday for a return weekend home or returning later on Monday than would otherwise be the case?

Requests for extended Temporary Living benefits and the gross-up for extended Duplicate Housing benefits also need to be added to the balance sheet. Let's not forget those failed assignments and the costs a company incurs when hiring a replacement. The cost of a second choice candidate may have to be added. If candidate A could add \$X to the company's bottom-line and Candidate B could only add \$-X, that is a cost to the company. Those costs are part of the equation as is the interest on any advance of equity and the resulting gross-up calculation.

So, when your executive team says "let's reduce the relocation budget by 10%," perhaps a reality workshop is in order.

This is the seventh article on "Policy in Review," a series that explores the science and art of relocation policy design.

If you have any questions about this article or would like additional information, please contact: Michael Drew, CRP, AIReS Director of Consulting Services, 1-800-641-5977.

As Director of Consulting Services, Michael assists clients in reviewing and updating their relocation policies and assists them in keeping their policies competitive, compliant and cost effective. In short, "getting a bigger bang for their buck." 

AIReS Consulting Services continues the "Policy in Review" column and will explore the science and art of relocation policy design in future issues.



INDUSTRY UPDATES

Various regulatory notes and updates compiled by AIReS

International Notes

Riyadh, Kingdom of Saudi Arabia

The Riyadh housing market is experiencing extreme undersupply and over demand for accommodations for expatriates; waiting lists are in place with 24-month wait times common and now compounds are no longer taking reservations. Stand-alone houses are available — but privacy, European and American living lifestyles are not possible. Short-term properties are readily available, but are not comfortable for long stays. Partners in that region request that corporate clients be informed of the tight housing situation to help them set realistic expectations.

Yemen

Global Relocation Consultants ME & North Africa announced the opening of Yemen as one of the destinations that the company covers for relocation and immigration services. Global Relocation Consultants ME & North Africa is ready to assist with all types of relocation programs in Sinaa, however, coverage for other cities still needs to be confirmed. The company is a member of EuRA and TIRA.

Gulf Arab States Look at Labor Rations

Worried that an influx of expatriate employees is eating away at their national cultures, governments in the Gulf Arab states are developing strategies to curb the growth of segments of the expatriate population:

- In the United Arab Emirates, where expatriates make up over 90% of the private-sector workforce, the government is forming a national demographic agency to determine how expatriate workforce numbers may be reduced. Pragmatically, any measures will have only a marginal impact on the overall size and make-up of the expatriate population.

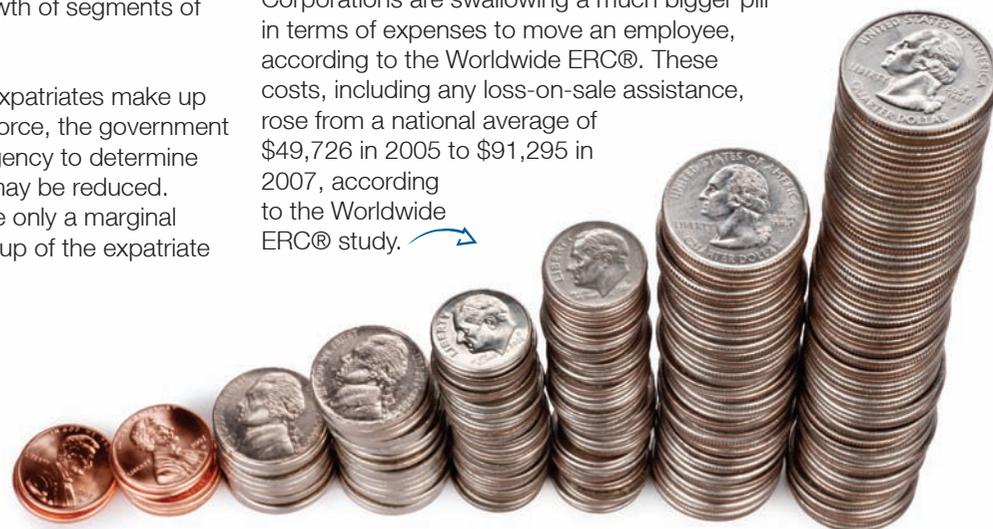
- Bahrain government officials thought about declining renewal work permits of Bangladeshis and barring employees from Asian nations after a Bangladeshi mechanic was found guilty of killing his Bahraini boss. Objections from employers' groups prompted the government to abandon the proposal.
- The Kuwaiti government introduced a minimum wage for security and cleaning personnel and is working to prevent trafficking in worker visas.
- A proposal that would only allow expatriate workers to remain in a country for five or six years will be discussed at the annual summit conference of the Gulf Cooperation Council in Oman occurring in late 2008.
- Saudi Arabia is reviewing proposals to lift some of the strict regulations on sponsorship of expatriates.

Real Estate Woes = Reluctance to Move

More than 70% of respondents to a Worldwide ERC® study released in August 2008 pointed to “slowed real estate appreciation/depressed housing market at the old location” as the reason their employees are averse to moving. This is up dramatically from last year, when only 16% of respondents mentioned it as a reason for reluctance to relocate.

Change Gets Costlier

Corporations are swallowing a much bigger pill in terms of expenses to move an employee, according to the Worldwide ERC®. These costs, including any loss-on-sale assistance, rose from a national average of \$49,726 in 2005 to \$91,295 in 2007, according to the Worldwide ERC® study.



@round AIReS

Training - An Ongoing Initiative A conversation with Laura Tarleton, Corporate Trainer

Scholars can describe how people make decisions. Teachers believe they can help students learn ways to improve their decision-making abilities. But in the business world, corporate trainers are asked to find ways to help employees assimilate, overcome blind spots, and respond efficiently in their decision-making behavior every day. Not just in theory — but in real ways that can be easily adopted and repeated on a daily basis.

Recent reports on the topic of business training agree that a key task for corporate trainers is to identify how and in what decision-making situations employees should try to move from intuitive (sometimes called emotional) thinking to more deliberative, logical thinking. The more we understand the decision-making process, the theory goes, the more important it is to have empirically tested strategies for reaching better decisions.

That is the goal of training at a process-oriented, metrics-driven company like AIReS.

“All new employees attend a weeklong company orientation training session,” says Laura Tarleton, AIReS Corporate Trainer. “This experience lets employees meet and interact with people from different departments and offices, with the goal of learning how each department impacts the other.”

AIReS' president, executive vice president and finance director all address the group during the weeklong orientation, each allotting at least an hour to talk about our core company values and expectations. Depending on the specific position and responsibilities people will handle, the learning process goes much deeper in a second week of position-specific training.

Some of the additional training activities and the corresponding positions are outlined here:

Relocation Specialists are AIReS' front-line service providers — they work with transferees on a daily basis, providing a single, centralized point of contact and control for the entire relocation process. They work on behalf of the transferee, coordinating activities with the movers, local specialists, cultural trainers, language instructors, etc., and making sure that all services, and service quality, are performed as planned.

- When hired, RSs are assigned a mentor, responsible for guiding their learning and acting as a resource — formally for the first 6 months, but informally for long after that time.

Program Managers are the central contact for our corporate client, supporting all reporting and assignment management objectives, and assisting transferees whenever home-related transactions are involved.

- AIReS has a structured plan for bringing new PMs up to speed. This process involves assigning a mentor, shadowing other PMs, and participating in a formal weeklong training course.

Expense Management Account Coordinators are key back-office professionals who delve into the fundamental cost, expense and tax matters involved in relocation.

- Expense Management Account Coordinators

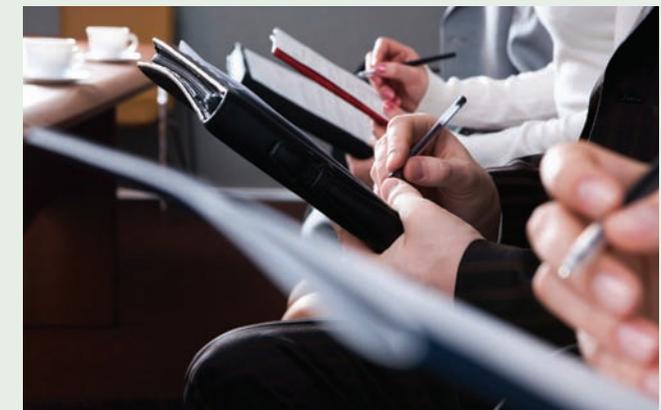
follow a structured mentoring program that allows on-the-job learning while the employee gains system and process knowledge — they have a formal one- to two-day training program as well.

“Assessing feedback and trying to improve the training process is an ongoing challenge,” Tarleton said.

Based on a companywide survey conducted in early 2008, AIReS identified several programs that employees were requesting — and with PA state WEDNet funding, the company was able to address some of those needs for the Pittsburgh office. Tarleton said the company hopes to do similar sessions in our regional offices in the near future. Following are a few more examples of how training is attempting to respond to requests and needs:

- Time management segments were added to the orientation training along with customer service training during both orientation and RS training.
- Another initiative has been to organize activities that will drive home the discussion topics from the training classes. Sessions include interactive games and role-playing activities, and even a scavenger hunt that sends trainees through the corporate office to meet all the teams.

As this issue of *Momentum* explains, AIReS is experiencing a significant growth surge, so recent training has been specifically concentrated on new hire orientation and assimilation. Tarleton expressed hope that future training initiatives will continue to evolve to include career pathing and employee development, and that our trainees will embrace the challenge of delivering exceptional service through whatever role they perform.





employee profiles

Generate Momentum

Momentum provides our customers and service providers with news and information about AIReS and the relocation industry. Please direct all comments, suggestions and requests to be added to the *Momentum* mailing list to:

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Steve Reed

Position: Mid-South Account Manager

Office: CRO, Pittsburgh, PA

Education: Roane State Community College & Tennessee Wesleyan College (2 years at each on a Baseball Scholarship)

Previous Experience: National Account Sales, Allied Van Lines (2 years)

Day-to-Day Responsibilities: Strategically managing the Tennessee, North Carolina, and South Carolina territories. Assuring that clients and prospects are up to date on the latest relocation subject matter and telling the AIReS story.

Most Challenging Part of My Job: Traveling so much!

Favorite Movie and Why: *Fandango* —Just a cool movie we can all relate to when we were teens: friends, fun, crazy times, and infatuation with beautiful girls.

Interesting/Surprising Fact About Me: I am a huge Ted Nugent fan and at one time had a crush on Farrah Fawcett.



Erin Tansley

Position: Client Service Manager

Office: NERO, Danbury, CT

Tenure at AIReS: 7.5 years

Education: BA in Communication Disorders from The University of Connecticut

Day-to-Day Responsibilities: Transition and Implementation of all clients with volumes of 30 and under.

Most Challenging Part of My Job: Making sure each client feels like they are my only client.

Favorite Book and Why: I love books by Terry McMillan. *How Stella Got Her Groove Back* is a favorite of mine. I think I like it so much because it shows that you are never too old to have fun or start over.

Something About Me You'd Never Guess: My best friend and I went to high school and college together and both of us started at AIReS right out of college. We have been working together for 7.5 years!



Jennifer Murr, CRP

Position: Business Process Manager

Office: CORP, Pittsburgh, PA

Education: Bachelor's of Science Degree with a double major in Biological Sciences and Chemistry (I know, relevant, huh?)

Most Rewarding Part of My Job: The people in my office are the most amazing people I could ever wish to spend every day with. I enjoy the relationships I've made with my client contacts and all of the families I have relocated over the years. I am proudest when my team does well and represents this office fantastically.

Most Challenging Part of My Job: Leaving work at work. Relocation is a 24 hour-a-day event and sometimes it's hard to draw a line and not check emails or pickup the phone to help someone.

Favorite Book: *Pride & Prejudice* – I think it's a great book and I really enjoy the character development. I find that every time I pick up a new book and it doesn't grab my attention, I re-read *Pride & Prejudice* (about 2-3 times per year!).

Interesting/Surprising Fact About Me: I have very unique musical tastes and typically tend to listen to singers/groups that are surprising to most people that know me.