

## SYNERGY 2009 Breakout Session

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### **Aram Minnetian, President / Weichert Relocation Resources, Inc.** *Next Practices in Relocation and Assignment Management*

Weichert Relocation Resources, Inc. (WRI) company profile:

- Dual competency in ex-pat/ relocation and assignment management
- Focus on unique customer service delivery
- Financially sound
- Offers a good financial base for costly relocation programs
- 80% colleague engagement rate
- \*VALUE – most important that we are strategic and trustworthy.

WRI – Regional service at the North American level has center strategically located in the U.S.

#### Economic and Market Conditions

- We are victims of speculation and rampant speculative behavior
- Tremendous imbalance in the housing market
- 3-Headed monster
  - Credit
  - Corporations that are stopping spending money
  - Consumer pessimism
- Perfect Storm
  - Restrictive financing
  - No capital spending
  - Absence of demand

This is a global recession.

Suggest that recession got worse early this year according the decline in homeowner volume.  
Total volume of 15% and 35% - depending on company

Average costs have gone up for relocation companies (23%) even though there are fewer transfers. Due to:

- Loss on sales
- Increased time they are holding property

Substantial changes in policy several times a year by companies. This was previously not done until a client went out to bid for a new relocation contract.

*Now what?*

#### Future Assessment

- Where are we going?
- What do we want?

We are operating in uncharted territory

- So much is happening that is unexpected that we aren't surprised anymore
- Many companies are not waiting for change in the market – they are creating their own change.

Market Dependency

Stimulus has to “assist” the economy along with the corporate expansion. Government and corporate America together.

Stimulus

Time of recovery and sustainability.

Recession will be with us through year-end.

Consumer leveraging will take more time than corporate – this will prolong the recession. It's more difficult for consumers than corporations.

Corporations will begin to stabilize and of Q2 2010.

In order for the housing and financial sectors to recover, we have to sell a lot of goods and services. We can keep depending totally on the real estate and financial worlds to sustain our economy as we have in the past.

Real Estate market that is of concern is homes over \$mil. This will be the last the recover.

We are seeing an opportunity now to earn market share we can keep. Focus on market share – not margin.

This recession signifies fundamental changes in our business. We won't go back to how it's been – where we were. We will be creating the “new normal.”

Deliver your customer expectations better, faster, cheaper when you are not able to drive more volume in the world right now.

## **NEXT PRACTICES**

- Make your Market – Create Your Demand
  - Incent the sale of your properties in an economy that does not have a buyer for every property.
- Appraisals
  - Third party appraisals
- The Client Scorecard
  - Began to use with their supply chains when realized how well the process was working internally
  - Another application – how to manage relationships with clients.
    - Great way to demonstrate the ROI
    - This has change the whole story from anecdotal/qualitative to quantitative

Need to look at 3 categories when you look at your relocation spend.

- Relocation spend
- Supply chain spend
- Employee spend

## **Q & A**

### **Predictions in the relocation companies?**

The companies that have private equity ownerships are at tremendous risk. Balance sheets are heavy. In our industry there will be sales of relocation companies. The boutique providers don't have the capital base to absorb market share. Thinning on top and thinning on bottom and mid-size gain most of the market share.

Typical policy changes:

List price restrictions on employees. They will let them list 103% above appraised value or they are off the program. Orgs do not defer appraisals anymore. Relocation real estate will be marketed diff in the future. Pre-acquisitions will be done immediately – appraisals, inspections, etc.... they don't want surprises 30 days down the road.

Asking relocation companies to prescreen potential candidates – developing budgets and working with the individual to see if the cost is “worth it.”

### **What are they doing to reduce the days on market instead of just saying “reduce your price?”**

First, we are better at getting the pricing right at the beginning. Second, they are offering concessions from day one to get interest in the property. Getting people in the door is necessary to get the offer. A lot more boots on the ground. They used to depend only on the broker. Today we can deploy our local agent to work with the broker. Each of our properties has a marketing plan. It forces them to know what needs to be done to sell. Adjustments are made after they have it on the market for 2 weeks.

### **How do you get a fair appraisal in this market?**

Appraisal guideline come for the ERC – relocation companies cannot determine value. There are limits.

We approached ERC in changing the guidelines that were 20 years old; they could not do it.

We've had updates to our guidelines 4 times in the last 4 years.

We have to look at Market change and forecast. They have to be separate through. Not lumped together.

You need an internal valuation group that works closely with appraisers and educates them on a quarterly basis. Our appraisers actual score the appraisals – we evaluate internal appraisals and the outside appraisal.

There is a lot of conversation that things are going to change as far as appraisals. The market is changing.