

TRC White Paper: Supply Chain Management: Avoiding a Weak Link

The sage expression, “*You are only as good as your weakest link*”, speaks directly to the complex task of relocation management. Clients and transferees interact directly with the third-party relocation company’s Account Managers and Personal Move Managers, but rarely do they realize the number of individuals who participate behind the scenes—unless there is a service failure. Then—suddenly—a smooth relocation can morph into a nightmare.

In considering relocation service providers, it’s important to consider how they select and manage their supplier networks. Many service failures can be averted by conscientious supply chain management. Diligent management begins with informed partner selection and relationship building and continues with frequent measurement and evaluation.



The Importance of Careful Partner Selection

First and foremost in partner selection is identifying like-minded organizations that share the provider’s service philosophy and customer focus. Careful due diligence is needed to confirm that the potential partner is well-established and is considered best-in-class within the industry. In addition to functional expertise, prospective partners should demonstrate a thorough grasp of the relocation process and have the bench strength to readily meet service needs.

Effective partners need to understand not only the nuts-and-bolts documentation requirements associated with relocation but also the underlying process flow. They certainly must be in accord on what constitutes quality service delivery, the metrics used to measure performance and the associated rewards and remedies.

Service Recovery

The best supplier relationships are built on trust, shared values and flexibility in doing business. Though most companies strive to deliver a quality experience, occasionally a miscommunication or circumstance beyond anyone’s control can result in less-than-perfect service delivery. It is these unfortunate moments that tend to be the best tests of trust and shared values.

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Effective partners will openly discuss the problem and collaborate in devising the correct service recovery path—not look for somewhere to place the blame. For its part, the relocation provider needs to direct the process, with a focus on problem-solving rather than placing blame. The ultimate resolution may rest solely on the partner or it might require joint participation, but ultimately, the goal is to minimize disruption and serve the customer.

After the problem has been resolved, both parties can assess the situation and determine what each can do differently—and better—in the future. These remedies should be evaluated for effectiveness going forward. Fairness and reasonable expectations drive a winning outcome and ultimately strengthen the continuing relationship.

The Importance of Flexibility

If one thing can safely be assumed in relocation it's that even the best-laid plans will change. The transferee might be out of the country during a critical time, requiring hasty power of attorney arrangements. The inspector might arrive only to find there's no one there to let him in. The new home might not be ready for the scheduled household goods delivery. Or ever-changing laws and regulations might present an unexpected roadblock. It is these instances where the relocation provider counts on creative, flexible supplier partners to move the process forward.

Measurement and Evaluation

The relocation provider should continually assess both transactional service delivery and the overall level of service being provided by service partners. Is this relationship delivering on the original promise?

As noted, the parties should be in agreement on relevant service metrics, the frequency and mode of measurement and any associated rewards and remedies. The most widely used tool for this purpose is Key Performance Indicators (KPIs), which typically become the terms of a Service Level Agreement (SLA). The KPIs are selected touch points that are critical to the quality of service delivery. Clearly defined KPIs will make any areas of deficiency apparent and also illustrate successes that might otherwise go unacknowledged in the hurly-burly of daily business.



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Stephen Covey, the respected authority on leadership and performance, recommends quantifying each objective with a SMART metric, which means the indicators should be *Specific, Measureable, Achievable, Relevant, and Time-constrained*. For the purposes of relocation management, the areas most measured surround accuracy, satisfaction and cycle time. Following is a sample Service Level Agreement which includes some of the most frequently used KPIs for supplier partners within the relocation industry.

Typical KPIs in a Relocation Service Level Agreement

Supplier Category	Key Performance Indicator	Goal
<i>Brokers</i>		
Overall service	Destination: Measured by Service Evaluation Response	xx%
	Departure: Measured by Service Evaluation Response	xx%
Initial Contact	Contact must be made within x hours of assignment	xx% of time
Referral fees	Departure fees must be collected on closing	xx% of time
Broker Market Analysis	Departure: BMA must fall within x% of actual sale price	xx% of time
<i>Appraisers</i>		
Cycle Time from Inspection to Verbal	Verbal must be completed within x days	xx% of time
Cycle Time from Inspection to Written	Written must be completed within x days	xx% of time
Accuracy	AV must fall within x% of actual sale price	xx%
<i>Household Goods</i>		
Overall service	Measured by Service Evaluation Response	xx%
Pickup	To take place on agreed upon date	xx% of time
Delivery	To take place on agreed upon date	xx% of time
Shipment	Self pack and haul	xx% of time

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<i>Supplier Category</i>	<i>Key Performance Indicator</i>	<i>Goal</i>
Invoicing	Accuracy: Invoices will be error-free	xx% of time
	Timeliness: Invoices will be submitted within xx days of service	xx% of time
Claims	Frequency: less than xx% (any size claim)	xx%
	Settlement time must be within xx days	xx% of time
<i>Home Inspectors</i>		
Cycle Time from Authorization Contact	Must be within xx hours of assignment	xx% of time
Cycle Time from Inspection to Report	Must be received within x days	xx% of time
Report Quality / Accuracy	Measured by company based on final property disposition	xx% of time

As you can see, the process of supplier management is not necessarily complex, but rather something that needs to be tended to in a structured, objective manner to ensure that all the links in the service chain remain strong and viable. In evaluating relocation service partners, remember that their supply chain plays a critical role in service delivery and quality and ensure that your partner has a rigorous supply chain management process in place.

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About TRC Global Solutions

TRC Global Solutions is a leading employee relocation firm. Since 1987, TRC has delivered creative, cost-effective relocation and international assignment services across the U.S. and in 150+ countries worldwide. As an independent company, TRC is free from corporate bureaucracy, preconceived notions and conflicts of interest.

TRC helps clients achieve their business objectives by ensuring they have the *right* people in the *right* place at the *right* time, controlling costs and mitigating risks. TRC partners with its clients to develop a competitive, best-practice relocation program, drawing from a comprehensive range of relocation services, including US home selling, home finding and consulting services and complete international relocation services. TRC's eclectic client base represents a wide variety of products and services and ranges from smaller, start-up firms to Global 1000 companies.

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