



*One Company's View... Royal LePage Looks Ahead*  
**Presentation to the Eighth Annual Conference**  
**Canadian Association of Movers**

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**ROYAL LePAGE**  
Relocation Services



# Agenda



## **Environmental Assessment**

- Economic
- Political
- Social/ Demographic
- Technological

## **Looking Ahead**

- Non Traditional competitors
- Globalization
- Commoditization

## **Who Will Succeed?**



## Prolonged Corporate Focus on Cost Reduction

- Balance sheet clean ups, pension deficits, weak economy – HR departments have to do more with less

## Risk Aversion

- Uncertainty and physical risk – economy, war, terrorism
- Home “ownership” risky – loss on sale, mold, pyrite, UFFI, lead, radon, etc.

## Shift away from traditional Relocation programs

- Trend is toward lump sum programs (over 50% now using) – less risk, lower cost
- A strong real estate market means fewer guarantee files, but cyclical in nature – people continue to move



Margins are shrinking...

- Declining volumes create more competition
- E-bidding
- Management fees under attack
  - Price cutting
  - Greater reliance on referral fees

Survivors are consolidating to regain profitability

- Weichert/ RRI
- SIRVA

This trend will continue

***A return to better economic conditions will not mean a return to “business as usual”***



## Immigration

- Forecasted North American shortage of workers – 5 to 10 million by 2010
- Canada must compete - relaxed “red tape” to meet this shortage
- Skilled immigrants will be targeted
- Obtaining a visa will become easier

## Tax

- Canada more attractive to business than the US
- May follow US lead and increase taxes on relocation
- Canada will trade less with US, more abroad as US adopts a protectionist trade policy



Increasingly, the company doesn't want to move people, and people don't want to be moved.

### The Company's perspective...

- Low cost
- Low risk
- Flexibility

### The Employee's perspective...

- Lateral transfer vs. promotions
- Rent vs own
- Assignments (potentially unaccompanied) vs Relocations
- “Self help” vs “Full Meal Deal”



## A mobile population...

- Trans-national migration as North America addresses skilled labour shortage
- May see relocation volumes increase as competition to attract the right people heats up

## Baby Boomers

- Aging
- Becoming more rooted

## Female Participation Rate

- 40% increase in female managers
- Two career families – fewer permanent relocations?

# Non-Traditional Competition



## US and International Third Parties

### Technology Solutions

- Monster Moving, Location Inc.

### HROs

- Service providers find their way deeper under the covers
- HROs will either create their own relocation management capability or will create strategic alliances (Exult/ Reloaction)

# Globalization



- North American industry moves abroad
- International corporations locate in North America to meet trade restrictions
- Multi-nationals want global relocation solutions
  - It's no longer good enough to be great in Canada if you want the big prize – strategic partnership to deliver service anywhere/anytime is a necessity
  - Advantage to the large international Third Parties and HROs
- ‘Virtual’ relocation:
  - Locating offshore doesn't mean relocating talent – companies are hiring locally
  - Flex teams – shorter duration, highly flexible, connected remotely

# Commoditization of Relocation



- Corporate Executives do not view relocation as a strategic competency
- Procurement mentality – now e-procurement
  - Loss of personal relationships
  - Erosion of margins
- HROs
  - another player in the delivery channel – how many can be supported?
  - fewer dollars spread more thinly

***Risk of void of true relocation knowledge over time as management passes to those who view relocation as a process instead of a vocation.***

# Who Will Succeed?



## Who are the good Third Parties?

- have a collaborative, partnership approach
- size and flexibility
- standardized processes
- the drive for continuous improvement
- on the leading edge of change
- performance that can be measured and judged

*and...*

*an acute awareness of their limitations*

Source: Canadian Transportation and Logistics, October 2003

# Who Will Succeed?



## “Peeking around corners”

- Market research is key – focus groups, surveys, conferences
- Aligning with growing markets
- Product development

## Channel Selling

- Working with those in adjacent industries to cross-sell or bundle sell relocation services

## Strategic Alliances

- Domestically
- internationally