



SMALL SHIPMENT

**A MOVE IN THE RIGHT
DIRECTION**



OVERCOMING INDUSTRY CHALLENGES BY REINVENTING THE MOVE MANAGEMENT MODEL



SMALL SHIPMENT

INCREASING CHALLENGES SIGNIFICANTLY IMPACT THE HOUSEHOLD GOODS INDUSTRY

Nearly every organization that relocates employees around the United States has felt the impact of challenges facing the household goods industry over the past few years. Human resources and mobility professionals nationwide are experiencing a great deal of noise, increasing costs and losses in productivity surrounding employee relocation.

With van operator shortages, increasing government and security regulations, and an overall reduction in the size of household goods shipments, the industry has been confronted with diminished capacity and rising costs.

All of this directly impacts a company's relocating employees. Capacity challenges contribute to service failures and delayed shipments, which can in turn lead to increased claims and decreased transferee satisfaction. Ultimately, these issues can impact how productive and effective employees are in their new roles, which incurs additional expenses for a business.

Let's take a deeper dive into a few key challenges facing the moving industry.

NATIONWIDE VAN OPERATOR SHORTAGE STRAINS INDUSTRY CAPACITY

Amplified by an aging workforce, wage disparity, new regulations, a rise in equipment and material costs, and road congestion, the number of household goods van operators working in the U.S. is at an all-time low.

These challenges, coupled with increasing costs of doing business, are chipping away at van operator profits, leading to diminishing earnings and an inability to maintain their businesses. This makes it difficult to retain and attract new van operators.

In 2017, The Department of Transportation passed the Electronic Logging Device (ELD) mandate requiring drivers to track their hours of service in order to ensure their safety as well as the safety of others on the road. These regulations make it increasingly hard to haul shipments traditionally, because drivers legally can't spend as much time on the road as they have in the past. Regulations in metropolitan areas make relocating employees to those locations slower, decreasing truck speeds and making trips take longer than before. While the lack of van operators has played a role in the changing landscape of the moving industry, it is not the only challenge being faced.



CONSUMER NEEDS ARE CHANGING

In the past, a full-service move for a large family and their belongings to a suburban area was common. Today, we more often see quick-turnaround moves to urban areas with smaller families and lighter loads. Simply put, the needs of the consumer have changed, causing less demand for traditional moving services.

These issues have forced the transportation industry to rethink the way it does business. To remain competitive and relevant, companies need to adjust their business models to the changing landscape of U.S. relocation.



ONLINE SECURITY REQUIRES LARGE ANNUAL INVESTMENTS

As more business is conducted online, the amount of personal data companies collect and transmit electronically continues to grow, and the relocation industry is no exception.

On May 25, 2018, the European Union's (EU) new data privacy regulation, the General Data Protection Regulation (GDPR), went into effect. While GDPR is focused on EU residents, it has implications worldwide.

GDPR and other cyber security and privacy regulations require large investments to keep transferees' sensitive information safe. The challenge to moving companies then becomes to maintain competitive pricing in the marketplace.



SMALL SHIPMENT SOLUTION REINVENTS THE MOVE MANAGEMENT MODEL

To overcome these industry-wide challenges while continuing to offer a high-quality, full-service move option, Sterling Lexicon has developed an innovative small shipment program. This program streamlines the move process to transport goods more efficiently while bypassing the challenges of traditional moving methods.



CONSISTENT, QUALITY EXECUTION WITH A TRIED AND TRUE PROCESS

Sterling Lexicon's program works by containerizing all shipments utilizing our partners at origin to internationally pack transferees and transport their personal effects by intermodal transit or common carrier, such as FedEx, UPS and YRC. Because these carriers have hubs across the country, shipments can move within 6-10 days coast-to-coast.

By only partnering with vetted, third-party carriers, Sterling Lexicon ensures that employees' goods get to their destinations quickly and safely, while saving money on per-diem expenses, hotel stays and temporary living.

This program also cuts down on claims. Each move includes international packing and wrapping, which is higher in quality than domestic pack and wrap procedures. The only time an employee's goods are handled is during their move, leading to less potential for broken items.

This model combines the convenience of containerized shipping with the luxury of full-service traditional moves to deliver a better experience in less time.

FOUR EASY STEPS

01

The container and crew arrive at the employee's residence

02

Household goods are packed and wrapped using international packing standards

03

The container is transported to the new destination

04

Container delivered and household goods unloaded at the employee's new residence

KEY BENEFITS

- Cost savings for company and employees
- Save money on gross-up fees
- Reduced calls from unhappy transferees
- Reduced storage costs
- Less administration and paperwork for HR teams
- Free storage-in-transit under 3,000 lbs. for first 30 days
- Employee downtime reduced by up to 14 days
- Low claims percentage of only 6.5%
- Improved employee satisfaction

FEATURES

- Reduced handling
- All shipments containerized
- No minimum weight requirements
- International packing on every move
- Online move estimator accelerates the move process for transferees and has a 95% accuracy rate
- 24/7 shipment tracking

CASE STUDY

STERLING LEXICON TO SAVE LARGE BAY AREA FINANCIAL TECHNOLOGY COMPANY OVER \$1.1 MILLION

A financial technology company based in San Francisco, California, moves between 100 to 150 domestic employees each year. In 2016, the organization switched from a lump sum program to a full-service move program to enhance the employee experience.

In 2018, tax law changes, unexpected rate increases, and inconsistent service led the organization to look for alternatives to their program. In July, Sterling Lexicon began providing all household goods shipping. **Since then, the financial services company is on track to save more than \$1 million in household goods and gross-up fees within one year (based on current policy shipping limits).**

Prior to partnering with Sterling Lexicon, the company experienced two to three-week delivery windows, making it difficult to plan transitioning from temporary housing to permanent. Now, household goods are shipped directly to the destination making planning simple and saving the company in per-diem costs.

The company's relocation and tax manager said since his organization switched to Sterling Lexicon, he's experienced zero employee complaints, escalations, or exception requests, and employees are in their destinations faster, which means they can quickly be productive in their new roles.

The financial services company was 25% under budget in 2018 for relocations despite increased relocation management costs, and realized savings of between \$3,000 and \$15,000 per move. This doesn't include savings attributed to the time, energy and productivity of employees who were able to focus on their roles and be in their destination faster.

"We have been extremely happy with service, pricing transparency, and ease of doing business with Sterling Lexicon. They are extremely responsive and get things right the first time!"

Global Mobility Manager, Large Bay Area Tech Company

PROGRAM HIGHLIGHTS

- Reduced claims to zero
- Saved company \$3,000 to \$15,000 per move
- Reduced delivery window



CONCLUSION

In order to keep pace with the challenges of new regulations, technology and consumer needs, the transportation industry must maintain focus on the needs of their customers and accept that change is the only constant. The best moving partners will be innovative and agile enough to adjust their processes and keep their clients' businesses moving forward.

Just because moving industry challenges are complicated, it doesn't mean the moving process has to be. The Sterling Lexicon Small Shipment Solution is straightforward: by containerizing all shipments and shipping goods by common carrier, Sterling Lexicon is able to move employees quickly and affordably, without compromising on quality. This results in cost savings for clients, reduced stress for transferring employees and peace of mind for mobility professionals. It's that simple.



If you're interested in learning more about small shipments contact Sterling Lexicon at (904) 858-1255, or visit sterlinglexicon.com.