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Driving Production: Winning the Relocation '500'

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Industry timelines suggest it can take more than 500 days for a new employee to move, assimilate, and be up to full productivity in the new location. If companies expect employees to produce value for the company at a ratio of 2-to-1 to their salary, consider the impact of 200 non-productive days of a newly transferred employee. At an annual salary of \$150,000 and expecting a return of \$300,000 of value, relocating employees cost employers \$1,000 per day. Adding up wasted relocation time easily exceeds million of dollars.

Project management principles developed over decades of study address issues faced in relocation, such as lost time, lost productivity, cost overruns, and scheduling troubles. In fact, looking at the relocation process, each relocation should be considered an individual project. Each relocation (or project) has steps that must be followed in a certain order, tasks that must be finished, and a deadline for completion.

Some steps must be done in sequence, but some may be performed in parallel. For example, a transferee must have gone through the house-hunting step before the household goods can be moved in to the new home, but a transferee can be receiving destination counseling while looking for a new home with a real estate agent.

As in project management, each relocation has common elements, such as household goods transportation and house-hunting. But each relocation also has unique elements that vary if the transferee is a renter or homeowner, is single or has a family, or is moving domestically or abroad.

The Critical Chain of Events

A recent breakthrough in project management by Dr. Eliyahu M. Goldratt can help improve on-time delivery, cost control, and quality. The breakthrough is centered on the Theory of Constraints (TOC). The TOC has several steps, of which the first three are most applicable to relocation. The three steps are finding the constraint, exploiting the constraint, and subordinating the rest of the project to the constraint. In any project, the constraint is the longest sequence of activities to be completed to finish the project. In a relocation, that sequence may include packing belongings, finding a new home, moving the belongings, settling on the home, moving in the belongings, and destination services. To find the crucial sequence, it might be helpful to create a diagram (or list of steps) to go with each unique relocation.

After finding the constraint, the need to exploit the constraint must be identified. While this step sounds painful, it simply means that all resources and efforts should be focused so that the critical sequence never slows down or is stopped. This is similar to the baton in a relay race. The project (baton) moves quickly through the steps without delay even though individuals (racers) may be idle from time to time.

Another part of exploiting the constraint is to estimate the activities along the sequence in a way that accurately reflects the work expected. Too often, safe estimates are made for individual activities. "I might be able do this task in two or three days, but there is a chance I will have problems, so I'll tell my boss it will take five days. Then, I will be safe in meeting my deadline."

This is normal human behavior. Frequently, the person often delays starting the activity and works on another task. Then, when problems do occur, they happen so late that the time estimate has no value.

Exploiting the constraint means scheduling tasks at the median time estimate (in this case, the median of a two- to three-day activity is 2.5 days) and starting the task as soon as possible. In the crucial sequence, if a task finished early, the next task or activity along the constraint can start immediately.

The third step is to subordinate the rest of the system to the constraint. Subordination of the rest of the system means that the relocation takes priority over other tasks and projects. Everyone that touches the sequence prepares in advance so as not to delay the actions along the constraint. Resources are alerted in advance. Contracts are negotiated to deliver when requested. If those in the system understand the value

of the project (its value to the final customer, not the cost of doing the project) and the importance of the critical chain of events in achieving that value, then subordination to the critical chain is easy.

“Time is not the friend of clients or their transferees during both domestic and global employee relocations,” said Dick Crovisier , CRP, ABC/Fry-Wagner Inc ., Lenaxa , KA. “When one views relocation through eyes that are focused on return on the investment (ROI) being made in each employee, any thought process and vendor selection that reduces duration of the relocation and that will increase the beginning of an employee’s contribution turns into significant ROI. Out of the box thinking, when implemented, will contribute to improved bottom lines.”

How about Some Accountability

Applying shorter time estimates and requiring all resources to be available for the critical sequence is not always possible.

To prevent a delay of the entire project because of one task being late, a project time buffer should be built in to the schedule. This buffer of extra days tacked on the end of the sequence allows for short delays without going over the project deadline. A rough guide to use for estimating a project buffer is equal to half the sum of the individual safety times.

In our example above, the “safety” time built in was 2.5 days, found by subtracting the actual length of time required from the time the employee was going to tell the supervisor. If a project has 10 tasks with the same time estimates, the project buffer can be estimated at 12.5 days (2.5 days X 10 tasks / 2 = 12.5 days).

A necessary strategy to reduce delays is communication. It is essential in any relocation, but specific communication can help the project schedule stay on track. Always communicate priorities. Often there are many overlapping projects that use common resources. It should be very clear to all participants what Priority One means. They should never let Priority One sit idle and work on Priority Two or Three.

Communicating about time remaining on steps should be emphasized. As the project progresses, each active participant should report time remaining on the step. It does not matter how much time has passed, only what remains to be done. This communication alerts those following to prepare for the next steps.

A team approach is also necessary in relocation projects. To ensure success, the various service providers that deliver the different segments of the process, must operate as a single entity, not as individuals. Part of this process means that every team member must be on the same page in relation to how the service will be delivered.

When implementing the team approach, expect that team members will have times when they need to step out of their comfort zone and assist with other aspects of the process.

Encourage participants to go out of their way to ensure excellent service for the transferee. For example, if a title company has promised it will deliver a particular document to the transferee and there is no one to get it there, then maybe the real estate broker should become the courier.

Completing Task in 24, not 32 Days

Following is an example that will help illustrate the concepts of TOC in action.

A relocation for new employees starts when candidates accept the company’s offer of employment and ends when they are ready for work. The easiest way to follow the concepts presented above is to examine one segment of the process.

Let us examine the house-hunting trip segment using a regular relocation project schedule and a TOC schedule.

A traditional safe estimate for the length of time taken to do house-hunting activities is 32 days, according to real estate industry estimates.

The first step is for the corporation either on its own or through a relocation consultant to identify a qualified real estate broker in the destination area. Part of the identification process is to negotiate with the broker who can provide the help that is needed. If the broker cannot meet the needs, go to another broker and repeat the process. In a regular relocation, the time estimate to complete this step might have been one day. Using the TOC schedule, the estimate becomes one half-day.

Expect the broker to do their best to make contact with the transferee and family. In a regular relocation project, the time to contact the family may take six days. In the TOC Project. The estimate of the median

time for the contact process is only three days. It may take more or less time than what has been scheduled. If it goes longer than three days, part of the eight-day project buffer is used.

Next, the broker must review the available properties in the area. The regular project may have eight days estimated. The TOC project has a four-day estimate. If the broker is faster than the time estimate, some time from the buffer is recovered.

The broker then will show the selected homes to the transferring family. The regular relocation schedule estimates 16 days, but the TOC schedule only estimates eight days. If the broker has done a great job, the family may find a home in two days. It also may take them 10 days to find the home. The project safety buffer absorbs the variation. Signing the contract on the new home is estimated to take one day in the typical relocation and a half-day in the TOC relocation.

The total time for the house-hunting process in the regular relocation was 32 days. The total time for the TOC relocation, including an eight-day project buffer, was only 24 days. The TOC schedule saved eight days for the transferee and the company. This time savings compounded over all the segments of a relocation can save hundreds of days in a relocation project.

Shortening the time estimates and project schedule also benefits the participants. For example, if brokers receive the same income from finishing earlier than expected, they earn more money for the time spent working, which is one way to provide incentive to complete tasks early.

By delivering the transferee to the new job location eight days earlier, value has been added to the relocation service provider. This value-added benefit can be shown in increased compensation for completing the task earlier than expected.

By using time-tested project management principles such as TOC, the process becomes more reliable, predictable, and repeatable. If timelines are established by artificial time frames, or by allowing the service providers to get results when they can, dire results will be found. The timeline naturally will be extended and add more cost.

By using the TOC and aggressive scheduling, happier transferees and lower overall relocation costs will be the result.

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