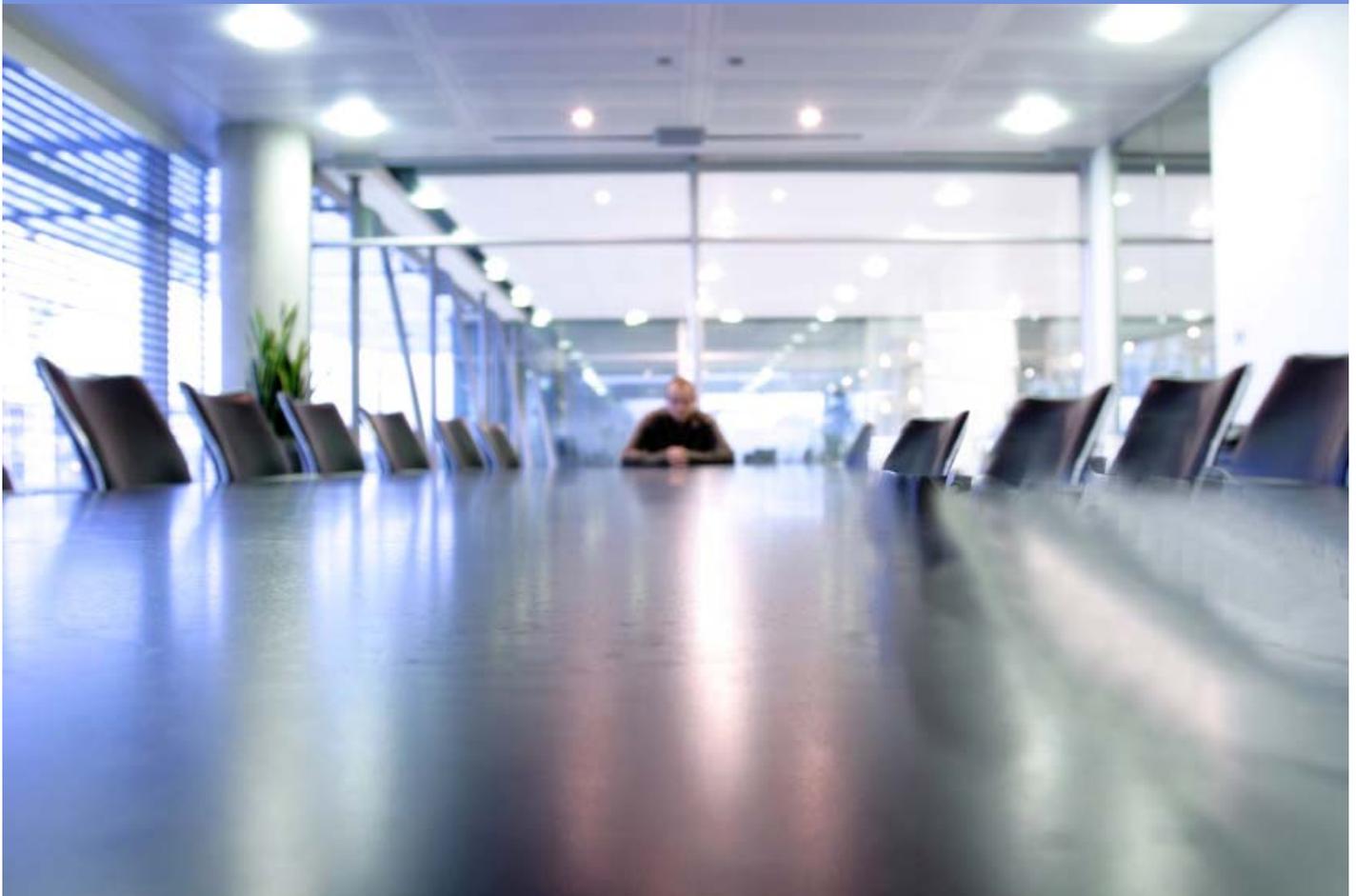


Mobile Companies Finish First

Why Being Out Is In

by Greg Harper
and Rex Runzheimer



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A decade or two ago, we would have been hard-pressed to name any CEOs who were advocates of empty parking lots and office cubicles. Fast forward to the 21st century and *being out is in*. Over 50% of the workforce can be mobile on any given day.

When being out is in, organizations must become highly competent in managing their employee mobility programs. The payoff in terms of cost savings, improved organizational agility, better employee relationships, and ultimately revenue growth is significant. From a cost savings standpoint alone, organizations can improve profitability by 1% to 4%, simply by making employee mobility a strategic priority and by managing programs in a more integrated way.

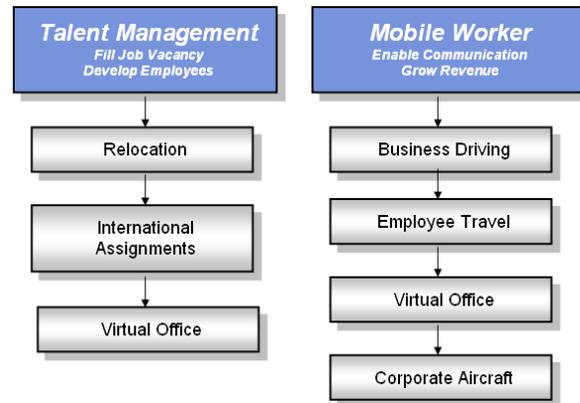
Technological advances enable employees working outside of traditional offices to be as productive if not more productive than their counterparts working within corporate facilities. While empty offices and cubicles are an unwelcome sign of excess capacity from a real estate standpoint, they can be a leading indicator that relationships with prospective clients and partners are being developed, that ideas for new products and services are being identified, and that client needs are being met. Additionally, for some positions, enabling employees to occasionally or regularly work remotely from a home office can be an extremely effective retention tool.

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What is Employee Mobility?

“Employee mobility” is the strategic management approach to removing geography as a barrier to growth and success. Employee mobility approaches within the typical organization appear in three to six different areas supporting two key business objectives: enhancing talent management capabilities and/or enabling revenue growth. Travel by plane, train or automobile and the use of technology tools while outside of the office (e.g., PDAs, notebooks, tablet PCs) enable employees to be in the place where they can deliver the highest value. Relocation, international assignment, and virtual office programs (e.g., telecommuting) expand the geographic talent pool and enhance an organization’s abilities to fill job vacancies and develop and retain talent.

Total Employee Mobility® Defined



Note: the term, virtual office, refers to programs that provide employees with technology tools such as notebook computers, PDA's, smart phones or cell phones, along with reimbursements for expenditures that enable employees to work outside of traditional office settings.

The six areas of mobility shown in the illustration require specialized expertise and meet different business needs; however, there is considerable overlap in business processes and spending between them in any organization. Making an investment in one area can affect others. For example, virtual office and business travel programs can be viewed as substitutes to domestic relocation or international assignments. At the same time, if an employee chooses to conduct additional meetings via audio, web, and video conferencing, virtual office can, to various degrees of its application, replace business travel or business driving.

The Costs are Significant

While most organizations accrue expenses related to at least three to four areas of employee mobility, few have taken the time to tally up their mobility expenses across the board. When all programs are combined, the total investment in mobility is significant, yet most organizations don't realize it and many cannot track it.

Runzheimer International's latest benchmarking effort focused on studying employee mobility management trends, as well as financial and productivity metrics of about 70 leading organizations, many of whom represent Fortune 2,000 companies.

When total employee mobility expenses incurred by participating organizations are divided by the total number of workers they employ, regardless of mobility, investments approximate \$7,208 per employee per year. ***This amount is comparable to employer costs of providing health insurance to employees.¹***

**Total Employee Mobility®
Costs
\$7,208
per employee per year**

**Comparable to health
insurance costs¹**

Mobile Worker Profile

A pharmaceutical sales representative we'll call Brian works for an East Coast-based pharmaceutical and health care products company. Brian is out of the office about 60% of the time, meeting with pharmacists, hospital personnel, and physicians by day and doing paperwork and preparing sales presentations by night. Part of his non-client facing responsibilities is making arrangements for his upcoming trips and filing expense reports for past trips, which includes collecting boarding passes or airline ticket receipts, mileage logs, hotel and restaurant bills, parking charges, and wireless connection receipts from Internet cafes and airport lounges.

Brian's PDA and notebook computer also allow him to stay in touch with his clients independent of location



and to quickly answer their questions and close sales. In addition, Brian's mobile technology tools enables him to more effectively utilize his time while waiting to

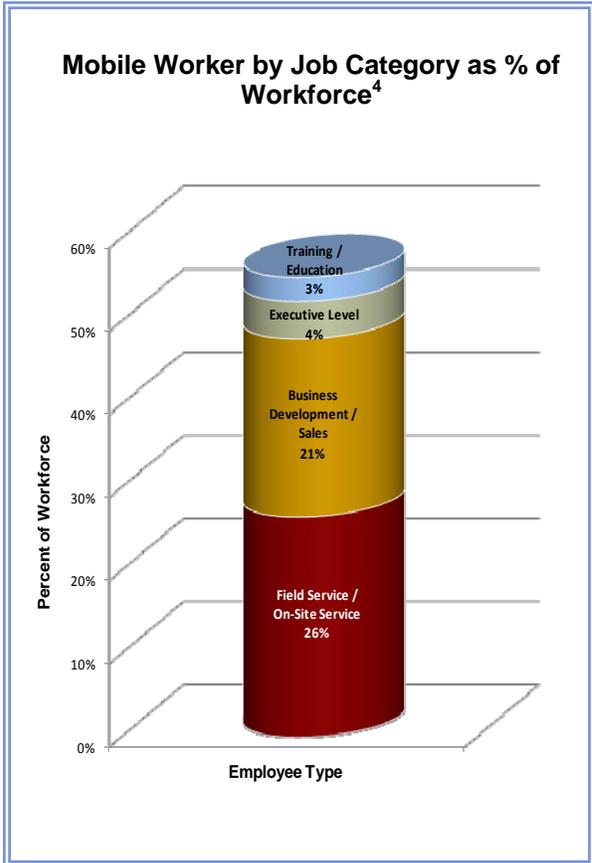
meet with doctors, thereby increasing his productivity throughout the day.

Brian is succeeding as a mobile employee and he's not alone. Across the country, the percentage of workers who are mobile is rising.

According to iGillottResearch, Inc., an Austin research firm, 56.6 million employees in the U.S. worked outside of the office more than 20% of the time in 2004. The research firm predicts that the number of mobile employees meeting this definition will increase to more than 61 million by 2009². Applying the same trend on a global scale, IDC, an information technology market intelligence firm, predicts that the mobile worker population is expected to increase from 650 million worldwide in 2004, to more than 850 million in 2009,

representing more than one-quarter of the global workforce³.

According to Runzheimer International's benchmarking study, 54% of U.S. employees today are in positions that are highly mobile⁴.



Companies That Invest More Grow Faster

Most leaders intuitively believe that companies that can quickly deploy and re-deploy their human resources to the places that produce the greatest value to the organization should achieve better results. So it is not unreasonable to ask if there is any empirical evidence to validate that organizations that invest more in mobility tend to have higher revenue growth rates. Runzheimer benchmarking results suggest the answer is yes.

Runzheimer's benchmarking study separated participating organizations into two groups. Those firms that reported revenue growth of 2% or less year over year were compared with firms with rates of year over year revenue growth equal to 10% or more. As measured on a per employee basis, and regardless of whether an employee is mobile, companies with high revenue growth rates spend more on mobility in comparison to firms with stagnant or declining revenue as the chart below illustrates⁵.

Average Mobility Cost Per Employee Low-Growth vs. High-Growth Companies	
Low-/No-Growth Firms (2.0% or less)	High-Growth Firms (10% or more)
\$6,119/yr.	\$9,566/yr.

Who "Owns" Mobility and What Are The Implications?

Joe, a vice president of mobility, works for a national insurance carrier, and either directly or indirectly is responsible for all employee mobility programs.

At Joe's company, a comprehensive employee mobility strategy is a key driver of success. All departments involved in employee mobility program administration fall under one umbrella and a consistent and systematic approach is taken in designing plans that address all aspects of employee mobility.

The example set by Joe's company is unique. Most organizations assign employee mobility ownership to several different departments and process owners, resulting in fragmented management and sub-optimized processes.

In contrast, the employee mobility management approach at a consumer products manufacturing company is quite different. The company's fleet and travel manager report to the vice president of finance; the corporate aviation director reports to the vice president of operations; while international assignments and domestic relocation groups fall under the vice president of human resources.

Fragmented employee mobility management often leads to inefficiencies and unnecessary costs in processes ranging from employee communication, vendor management, expense management, audit and compliance, to change processing and asset tracking.

An Example: The Mobile Worker's Perspective

Ann, an account manager with an advertising agency, received the following message two days before an important business trip:

"Dear Ann,

You recently received an e-mail from our corporate credit card provider welcoming you to the wrong corporate card program. Your existing corporate credit card has expired and you should have received a different card. The e-mail was sent to you in error, and we ask that you please return this card to our Finance Department.

This error should in no way impact the status of your frequent flyer United Mileage Plus account, but if you have any concerns about this, please contact our travel agency.

I have also heard that some travelers are experiencing difficulties with viewing their travel itineraries on their PDA's. Please contact the Help Desk in our IT department if this is the case as they will be prepared to help you.

I am sorry for all of the confusion. Please be assured that we are taking the necessary steps to prevent this type of issue from occurring in the future.

*Sincerely,
Sarah K., Corporate Travel Manager"*

The last thing we want mobility programs to do is generate confusion, aggravation, frustration and disengagement, but this is often inevitable with a fragmented management approach.

The Benefits of Integration

CEO's seeking new opportunities for cost savings, revenue generating capabilities, and greater organizational agility must look at how their mobility programs are managed. Leading organizations that have taken the first steps are making significant gains.

One example is Schering-Plough, who took a cohesive approach to its travel and virtual office program management and created a reporting dashboard that tracks the number of trips by duration of overnight stays as well as use of travel alternatives such as audio, video and web conferencing tools for each business unit. As a result of this effort,

Schering-Plough successfully achieved a 20% reduction in the number of business trips of zero to one night in duration.

Another leading organization, Wal-Mart, has taken a consolidated approach to its entire travel spend, including transient meetings and relocation-related travel, allowing it to take advantage of volume discounts in applicable markets. Furthermore, its travel data feeds directly to the organization's security team, who then use the information to issue traveler communications and alerts as needed.

Other Fortune 2000 organizations are following suit, from launching integrated expense reporting solutions for all of their mobile employee expenses to putting processes in place that provide their employees with the most reasonable transportation option available, whether it be traveling by commercial airline, corporate aircraft, or vehicle.

Performing a TEM[®] Assessment

For organizations that are striving to improve their employee mobility management, recommended steps include:

1. Assign an executive sponsor to review all aspects of employee mobility management. Ensure this person has the confidence of the top leaders.
2. Establish a team that includes leadership in all areas of employee mobility management.
3. Review the existing state of employee mobility program management, including capturing all program costs of administration, management, and direct spend.
4. Benchmark programs with other organizations. Seek outside expertise to achieve objective opinions.
5. Identify the top three areas of opportunity and build plans for improvement.
6. Execute the changes and communicate, communicate, communicate.

Conclusion

In the 21st century, being out is in. An integrated approach, when properly executed, yields competitive advantage. But as with any improvement initiative that involves many different areas in the organization, transformational improvements are only possible when a senior executive pushes for change. In the absence of this leadership, the gravitational pull will always be toward marginal gains.

If cost savings, greater agility, and better employee relationships sound attractive and if a 1% to 4% improvement in operating income is appealing, the case for action is strong.

End Notes:

1. *Employer Health Benefits 2007 Annual Survey*, The Kaiser Family Foundation/Health Research and Educational Trust (Kaiser/HRET), September 2007
2. *U.S. Mobile Worker Forecast 2004*, iGillottResearch, Inc., <http://www.bizjournals.com/austin/stories/2005/03/28/daily52.html>
3. *Worldwide Mobile Worker Population Forecast and Analysis 2005-2009*, IDC, <http://www.idc.com/getdoc.jsp?containerId=prUS00254405>
- 4,5. *Total Employee Mobility[®] Benchmarking Report*, Runzheimer International, October 2008 (based on a limited sample size)

About the Authors



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About Runzheimer International

Founded in 1933, Runzheimer International serves 60 percent of the Fortune 500 and numerous government agencies. Recognized for providing innovative solutions relating to Total Employee Mobility[®], Runzheimer is the global leader in workforce mobility programs including business vehicle, business travel, corporate aircraft, employee relocation and compensation, and virtual office.

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