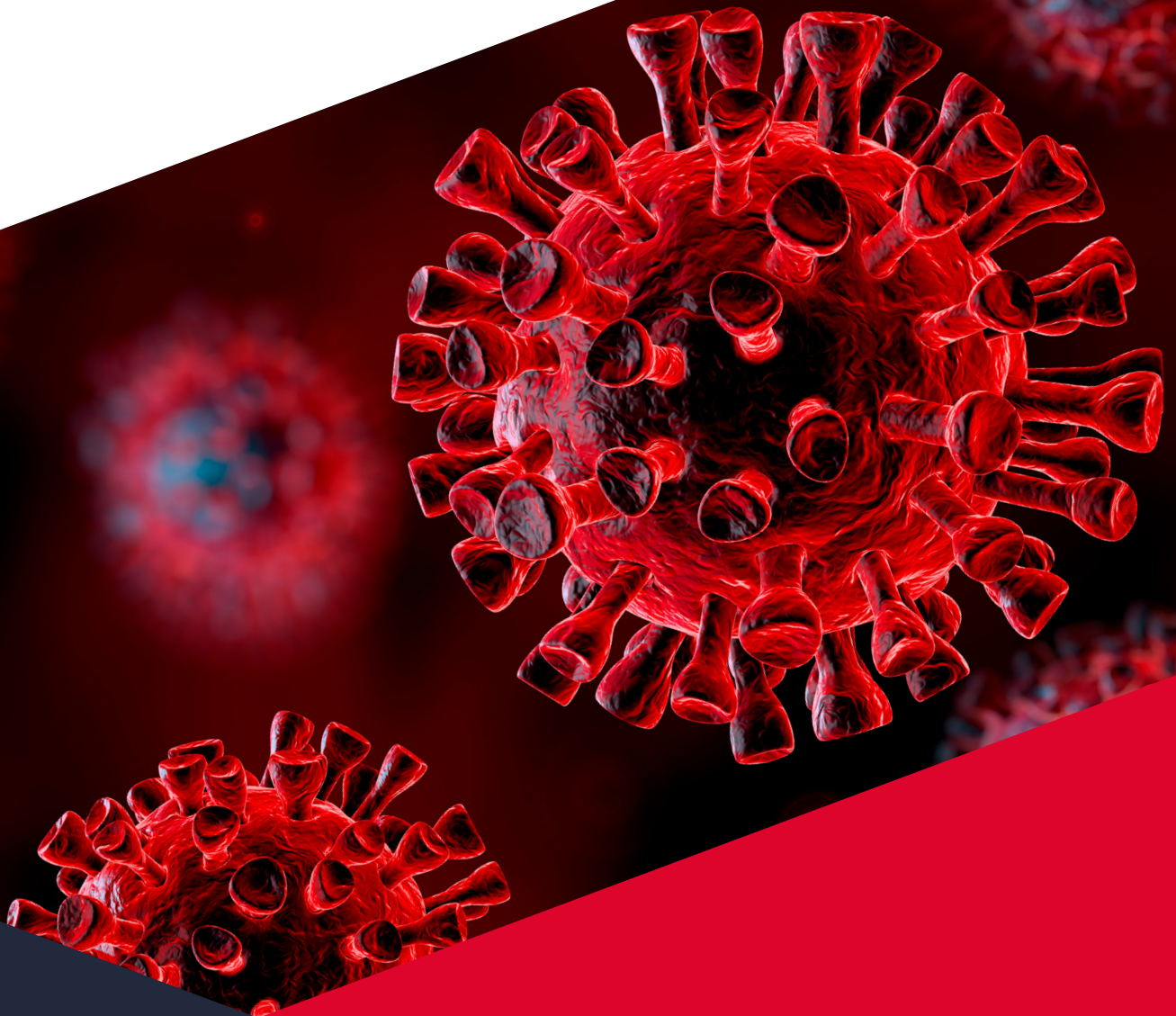


COVID-19 AND THE FUTURE OF FIDI'S MISSION

White paper – October 2020



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BACKGROUND

To say ‘things have changed’ is an understatement. 2020 has thrown what we considered as the established norm upside down, cancelling carefully crafted plans and strategies and forcing us to adapt without transition to a completely new way of working, communicating and living.

At FIDI too, we have had to adjust our ways of working. We decided to postpone our 2020 FIDI Conference in Osaka to 2021 early on, due to international travel restrictions and to ensure the safety of our attendees; some of our staff went into furlough during the lockdown period to cut costs; the FIDI Academy offered its online trainings free of charge to all Affiliates; and we adjusted our services to serve the immediate needs of our membership.

Since the beginning of the pandemic, we have reached out to our Affiliates and partners, to get a feeling of the immediate and long-term challenges our industry is facing, and the opportunities that this global pandemic might offer to those agile enough to grasp them. This white paper is the result of these conversations and of our reflections on how FIDI as an organisation should adapt in order to better serve its Affiliates in a post-COVID-19 world.

For the end of 2020, FIDI intends to produce its first state-of-the-industry report. This will focus on the prevailing issues and trends in the business, particularly the effects of the ongoing pandemic on the worldwide moving industry and the significant implications it has for FIDI’s Affiliates and for FIDI as an association. This white paper also sets the scene for that report, with the aim of encouraging discussion and feedback from FIDI’s membership and partners.

Magali Horbert
Marketing & Communications Manager

SOURCES FOR THIS WHITE PAPER

In addition to the input of FIDI’s head office, this document draws on a number of industry sources, including comments made by industry leaders and other participants during FIDI’s series of COVID-19 webinars held between May and June 2020, and in reports on the pandemic that have appeared in the pages of *FIDI Focus* magazine and online.

INTRODUCTION

ONGOING CHANGE

The process of transformation in the moving and relocation industry during recent years is well documented. The traditional model of a one-size-fits-all family business using its own vehicles to move customers has shifted significantly - and is still shifting. Today, there are a range of different business models in operation, from asset-based to asset-light companies, and non-asset companies such as move managers and RMCs.

Many 'traditional' moving companies are now often providing a larger suite of services in addition to the actual move; including DSP, and visa and immigration services.

Entrepreneurial tech-based providers have entered the market to provide services and are among the new businesses that have facilitated a reimagining of the concept of a moving company. Meanwhile, the dynamics of the overall market continues to change, which includes a fall in the number of large corporate moves, and the age of the typical assignee.

Today's businesses face a market and competitive environment in a continual state of flux, where even the best performing companies must keep up with the rapid pace of change. They must keep moving to continue to thrive.

IMPLICATIONS FOR FIDI

For 70 years this year (2020), FIDI has been a leading source of guidance and collaboration, and more recently standardisation and certification, for the global moving industry. Its ongoing brief is to connect its Affiliates to the organisation and to one another; to provide them with a comprehensive portfolio of services; and overall to be a complete, industry-leading membership organisation serving the needs of the global business.

Today, FIDI has a strong base. It offers its membership a forward-thinking Board, a competent office, the world-recognised FAIM quality standard and a wide range of services and networking opportunities. It has steadily garnered an international reputation for excellence.

FIDI has progressively adapted and expanded its offer beyond the traditional 'mover only' model to remain valuable and relevant to its Affiliates. FIDI believes sustaining this process is essential to enable it to retain and expand its membership base; this in turn will safeguard its own future and position at the forefront of the industry.

DSP AND BEYOND

The most recent example of this adaptation is the addition of a DSP module to FIDI's FAIM audit; this has been piloted and received extremely positively by Affiliates who are looking for accreditation that covers their entire portfolio of services. The pilot was recently trialled and reviewed in the **August/September 2020 issue of FIDI Focus magazine**, where the module's first awardees stated that the accreditation of emerging services such as these gave them an essential differentiator in the market.

Broadening FIDI's offer with pertinent new activities, developing services that cater for further segments of the relocation industry, with new quality certifications in emerging fields of mobility had already developed into a central principle for the organisation. COVID-19 has boosted the importance of this further still.

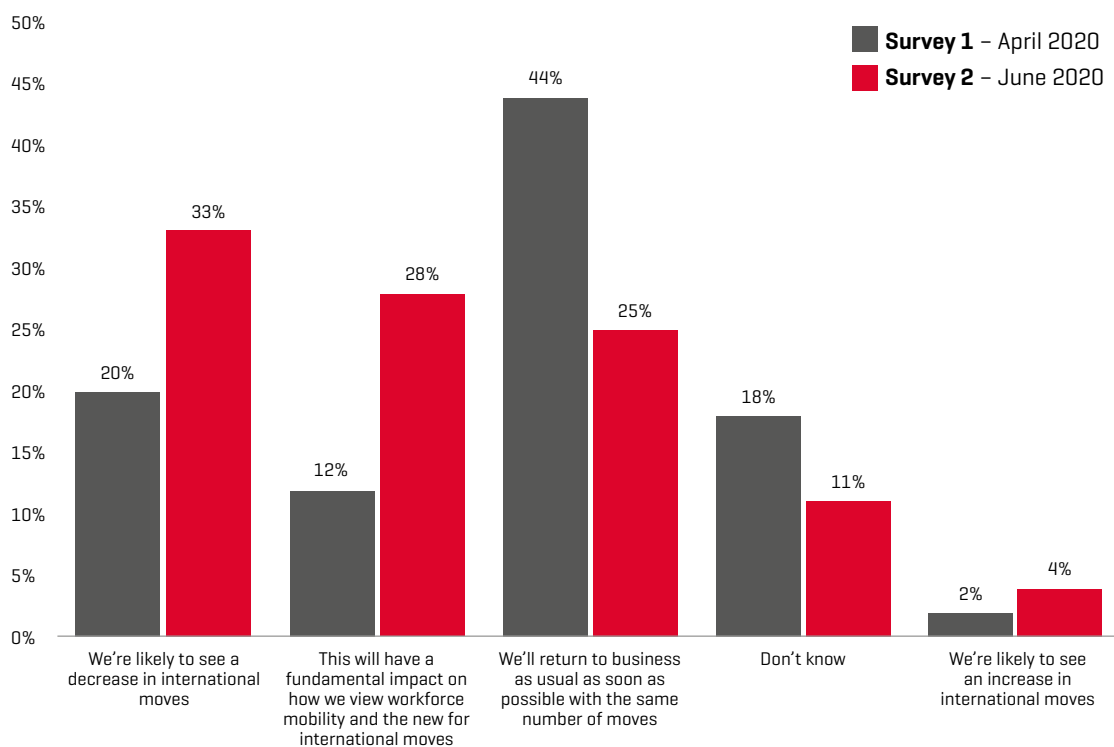
ANALYSIS

COVID-19

The COVID-19 pandemic caused delays and cancellations of moves or even temporary cessation of business for FIDI Affiliates across the world. Even those companies who were not affected directly by lockdown measures have had to take on the immediate costs and administrative burden of introducing new health and safety measures, including social distancing, and sanitisation of staff, equipment, and consignments. While these changes were introduced almost overnight, they are likely to be in play for the foreseeable future; and reviewed and refined as they become integral to the moving process throughout the world.

Two recent studies on the impact on global mobility of the pandemic by PricewaterhouseCoopers showed how businesses attitudes are continuing to develop. The 'Pulse' surveys of companies with internationally mobile workforces took place in April, not long after the start of the crisis, and again towards the end of June. In the first, 44 per cent believed they would 'return to business as usual as soon as possible'; however, in the second, this figure had fallen to 25 per cent. Meanwhile, in April, one fifth of companies said they expected the number of international moves to decrease; two months later, one third of companies did. Similarly, 12 per cent predicted a 'fundamental impact on how we view workforce mobility' in April; rising to 28 per cent in the June study.

Q: What impact do you think the outbreak will have on mobility at your company in the future?



Graph pictured from PWC study, June 2020

A NEW LEVEL OF RESPONSIBILITY

COVID-19 has brought with it a much higher level of responsibility for the moving industry, with health and safety now – at least for the moment – a main differentiator. During the first FIDI webinar **Strategies for Survival**, Chairman of Mobilitas Group Alain Taieb said clients will now want absolute confidence that the moving process is safe – in all regions of the world – not only for the goods being transferred, but also for the transferee, their families and the mover’s staff. ‘In the future, they will only trust highly professional companies with solid service offering and a team on the ground of the highest standards,’ he said. ‘The agenda has completely changed.’

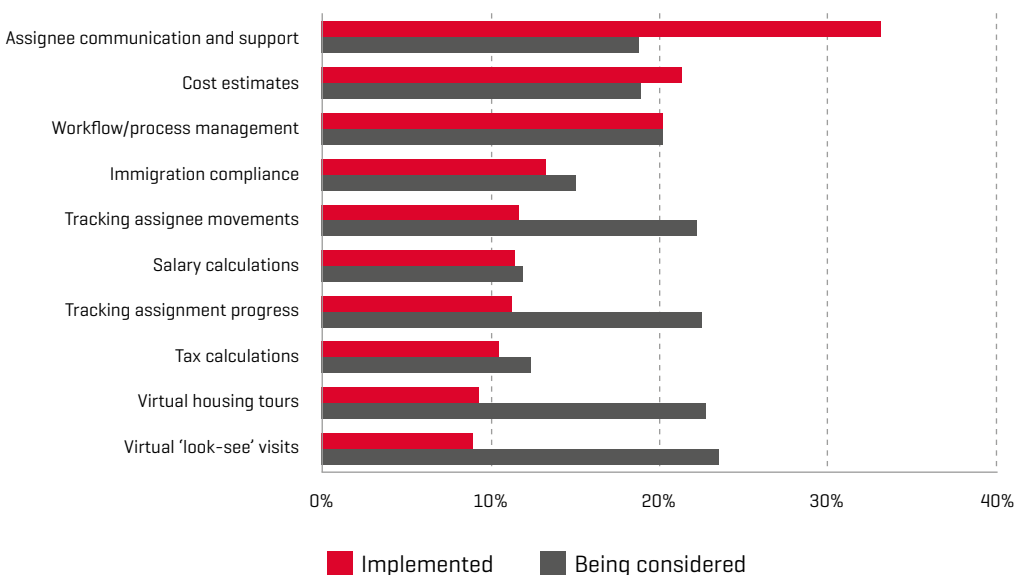
Graebel’s Chief Strategy Officer and FIDI Board member Dale Collins agreed, adding: ‘I am now persuaded that this aspect of supplier selection will garner more scrutiny from clients selecting their moving partners and other relocation service providers.’

HIGHER TECH

Hand in hand with new health and safety practices, COVID-19 has necessitated an immediate increase in the use of technology, particularly bringing forward the adoption of applications that reduce human interaction in the moving process. This includes carrying out surveys virtually rather than in person and introducing video conferencing and other online tools that allow office-based staff to work remotely.

According to a report by ECA International, a software business that provides data, software and assistance to multinational companies with international staff, COVID-19 has led to a third of businesses implementing additional tech solutions for communicating with their assignees and a further 20 per cent are looking at doing so; just one of a raft of new solutions implemented or being considered.

Additional technology solutions implemented



Source: ECA International report on COVID-19 impact August, 2020

FOCUS ON CASH

From the early days of the pandemic, moving firms have been forced to re-evaluate the role of cash in their business. This has included collecting monies owed, collecting receivables and negotiating new agreements on payables. In FIDI's webinars and interviews in *FIDI Focus*, Affiliates and other commentators have stressed the paramount importance of liquidity, not just for the duration of the crisis but also beyond it. Several argued that parts the industry have already endangered themselves with established unsound practices, particularly working with payment terms of 90 days or longer; the crisis makes these practices unsustainable.

Thorough and consistently good business practices are no longer optional but are essential to companies surviving.

THE IMPORTANCE OF A WORLDWIDE NETWORK

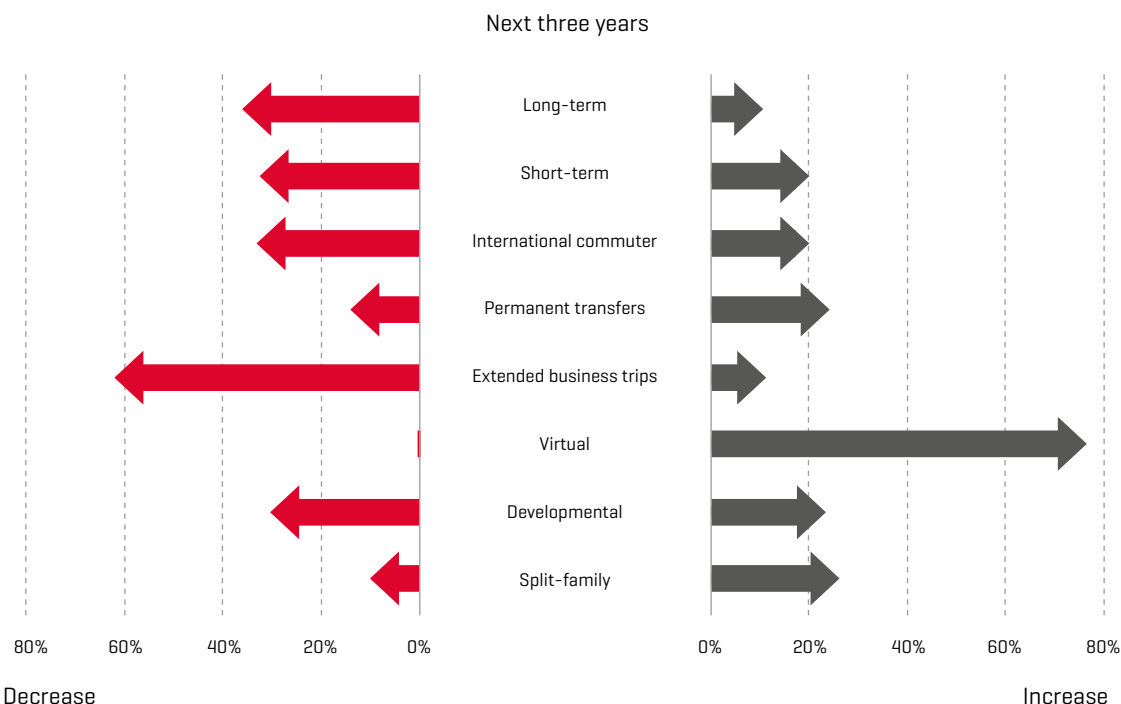
COVID-19 has highlighted that, now more than ever, there is huge value for movers to be a part of a reliable, well-coordinated, comprehensive network of industry colleagues across the world. Taieb illustrated this by saying that each of the 96 countries in which Mobilitas Group operates has had a different experience of COVID-19 - in terms of infection rate, government response and other location-specific factors. It is extremely important to have local and international knowledge; in a *FIDI Focus* interview Simone Percy, MD at DASA, spoke about the 'brilliant' results of inter-company information sharing facilitated by association networks during the pandemic.

A FASTER PACE OF CHANGE

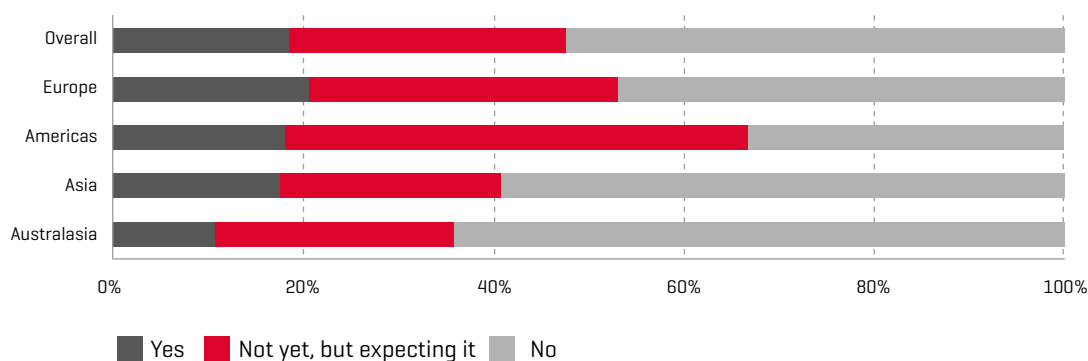
It is evident from speaking to business leaders that in the longer term this crisis has caused a magnification and significant speeding up of the transitional trends in the moving industry that are mentioned above.

This includes a fall in the number of long-term in favour of short-term assignments; a rise in 'international commuting'; more remote/virtual working; and, overall, a decrease in global mobility spending by international businesses.

Change in number of assignments by type [compared with pre-pandemic plans]



Companies required to cut global mobility costs due to pandemic



Source: ECA International report on COVID-19 impact August, 2020

The risk to Affiliates who are particularly exposed (see EY's recent FAIM 2019 **Financial Assessment report** on the industry for further details) has been heightened significantly. It is important to note that this in turn leads to a significant increase in the risk to FIDI as an organisation.

In general, businesses must pay much greater attention to aspects including cash flow and supply chain management – and the need for training and guidance in these areas has become even more critical to survival and success.

Sarah Lyrum, Group Director of Aspire, said: 'The crisis has pinpointed the inherent risk of complacency in otherwise successful companies. Constant innovation, development and expansion of service products, including virtual service solutions to improve our service delivery will be key areas going forward.'

'THINK LIKE A BIG SHIP'

FIDI's COVID-19 webinars illustrated how FIDI's Affiliates can learn from the approach of large companies. Consultant Mark Oakeshott, one of the panellists on the second webinar **Think Like A Big Ship**, said taking a structured approach to everything from cost control and staff to supply chain and risk management was essential at this time.

'This is about taking the practices and disciplines of large companies and putting them into easy actionable points for small- and medium-sized moving companies,' he said, 'you don't need to be a Cartus to maintain those disciplines... it's translating those disciplines into a smaller environment to make your company better, and stronger for the future.'

There was also discussion about the flipside of this – the advantages of being small – which included being able to provide a personal service to their customers. Larger businesses can also learn from the smaller ones.

NEW STANDARDS

Whether newly introduced health and safety measures or new tech, or a different approach to managing cash, formalising new procedures that arise from the pandemic will be vital, said Collins. 'Clients are asking and wanting to know that you have a formal process. Is it written down? Can it be communicated?' he said. 'If you don't have that, it's going to be very difficult to engage with the client base, at least at the corporate level, because they're demanding that we can show them, country by country, how everything is being handled.'

Standards for the emerging new normal will help with this process, he added. 'The good practices are going to become standard – and these

standards will be the minimum requirements across organisations. And it will be imperative for all FIDI members to be able to adapt their organisations to these - that then simply become the entry point.'

A UNIQUE OPPORTUNITY

As documented above, the necessity for change already existed for the industry. The 'threat' posed by the pandemic presents an exceptional opening to ensure that the extensive change that lies ahead is positive change.

In the second COVID-19 webinar, Oakeshott said: 'This is an unprecedented event in our history... This is shifting the industry, and responding accordingly means sustainable actions going forward. I truly hope that the industry has learned lessons from the weaknesses that the pandemic has exposed in many companies: that discipline in controlling cash and costs will lead to a more stable business environment in the future... and that companies understand the need to diversify.'

Thijs Deweerdt, of EY, agreed: 'Far-reaching change is inevitable for every business. Leaders and their teams are exploring ways to prepare for the upcoming period of volatility. It is critical to navigate disruption and maintain business continuity. Business leaders have to be proactive in their decision-making, act fast and prepare for the new normal by reshaping their businesses.'

Rob Chipman, CEO of Asian Tigers, emphasised that the pandemic has provided an opportunity to examine long-standing issues that will otherwise simply impact on the business later. 'It's going to force us to examine things like our cost structure, our operational structure, and to look for any efficiencies, with a sense of urgency that we wouldn't have if we weren't in a crisis,' he said. 'If you don't make the changes that come, even without this crisis, you wouldn't be able to keep up.'

And, with a final thought, Collins: 'This event has widened gaps between those well-prepared and those who are not well prepared. If you survive through this and you prosper, you need to make sure you do all the right things in terms of running an effective business. As FIDI members, we want to make sure that we know and understand an effective way to go forward in a changed world.'

CONCLUSIONS

WHAT NEXT FOR FIDI?

FIDI has also suffered in the crisis. It has faced stretched resources as the result of the cancellation of its annual conference and other cost pressures. Meanwhile, its workload has increased considerably as it tracked the pandemic and worked to keep Affiliates connected and informed.

The dramatic acceleration of existing industry trends and emerging new practices in the wake of COVID-19 now significantly increases the pressure on FIDI's timetable for change. FIDI must keep pace, adapting and bringing forward its own changes to ensure it provides the guidance, support and services its Affiliates need and to safeguard its own viability into the future.

Those movers who stick to the traditional 'move only' model and fail to address the greater threats to which their businesses are now exposed risk becoming casualties of the crisis. Meanwhile, those who fare better are likely to be those who respond quickly by strengthening and diversifying their businesses into the wider world.

FIDI must strengthen and diversify, too. This means holding on to its existing membership, retaining their interest and remaining relevant to them. It also means attracting new members from different sectors – with whom its membership can learn new disciplines and business practices, and share experiences and information.

Bringing new sectors into the FIDI fold, and extending its reach in mobility further, will allow it to develop services and standards across the relocation spectrum. This will take in areas mentioned above, such as enhanced health and safety, business best practices and emerging technologies, developing the FAIM audit and other services, to give the organisation a portfolio that spans the length of the relocation supply chain.

Serving businesses of all models and sizes will help FIDI survive, thrive, and maintain an industry leading position for the benefit of everyone involved.

WHAT NEXT FOR AFFILIATES?

FIDI needs to move quickly with bold decisions from its Board and membership to map out and embark on this new direction.

It now needs Affiliates to provide feedback to this white paper and inform our state-of-the-industry report, which will be published in December. This will help us define and implement the future of FIDI of which they will be a part. Please submit your comments on this white paper to Dominic Weaver, *FIDI Focus* editor at dominic.weaver@cpl.co.uk, or Magali Horbert, FIDI Marketing & Communications Manager at magali.horbert@fdi.org, by 15 November, 2020, at the latest.



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