

SPECIAL SECTION: RELOCATION

CASE STUDY

Discovery Communication's Success In Outsourcing Is No Work of Fiction

AFTER SWITCHING PROVIDERS, MEDIA GIANT REAPS THE REWARDS OF AN OUTSOURCED RELOCATION SOLUTION THAT REDUCES COSTS. BY ANTHONY AMATO

Discovery Communications is the world's No. 1 nonfiction media company. Along with many other challenges in HR, our relocation needs had morphed and grown exponentially over a few short years. As vice president, benefits and corporate travel, I realized my team and I could no longer sustain the inordinate amount of time relocation was taking from my other duties to the organization and our people.

Previously, we outsourced our relocation program to a large service provider that seemed unable to meet our service and performance expectations in key areas. Employee complaints, incorrect billings, and no reliable means of obtaining critical information on short notice were increasingly sapping my department's time and energy. With the aid of an industry consulting company, we researched many relocation providers and, after a detailed selection process and site visits, selected Lexicon Relocation. That was three years ago, and the results of our partnership have exceeded our standards for performance and cost containment.

RESULTS ACHIEVED

In contracting Lexicon, Discovery Communications worked with the vendor to examine four critical areas involved with corporate relocation:

■ **International Policy Review.** During the implementation process for our domestic moves, Lexicon developed and implemented extensive interna-

and service delivery to our international employee population.

■ **Home Sale Policy.** We previously offered a direct reimbursement home sale program and paid significant dollars toward tax gross-up. While we were familiar with the tax benefits of the buyer value option (BVO) and other home sale programs, we did not want to

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tional policy parameter rewrites to support growth in Discovery's international business, the most rapidly growing horizon for our HR support. The vendor assisted with changes to our procedures in international tax consulting so that we smoothly transitioned to a compliant program that improved our cost

incur substantial risk or cost variation move to move. Lexicon helped us develop a program for the senior level policy tier that gave us the cost benefits of the BVO while solving our variable-cost issue.

■ **Expense Cost Tracking.** We incorporated cost reporting requirements for

relocation travel expenses managed by the company's travel department—a crucial component not previously tracked by our former supplier. Employees can now submit expense reports online and receive immediate reimbursements. If desired, employees can access their own expenses to date against their budget online to review how they are spending their relocation benefit dollars.

■ **Cost Reporting.** Highly detailed reporting by policy level and division has enabled Discovery to prepare easy and accurate annual relocation budgets. Lexicon's expense and activity reporting options, including online reporting capabilities, enable my staff to provide immediate, accurate information to our management.

REDUCTION IN SPEND

These changes have led to cost savings in a number of ways, including:

- The outsourcing service provider effectively reduced the overall program costs by implementing changes to payments for miscellaneous expense allowances and some other outsized benefits, which reduced the direct costs on some of our largest and most complex moves while also saving gross-up tax dollars.
- By changing to Lexicon's preferred transportation suppliers, we reduced the cost of household goods transportation by approximately \$1,000 per move and significantly reduced household goods claims worldwide.
- Our implementation of the BVO program at senior levels saved us approximately \$15,000 in tax gross-up costs in 2007 on each qualified home sale.

Our corporate benefits group now has a first-class relocation reputation throughout our company ranging from senior management to expatriates located around the world. Our staff spends much less time on relocation-related activities. Our management reporting modules on the provider's web portal eliminate the manual reporting done in the past by our own staff. The combination of its attention to policy detail and real-time technology applications, supported by a strong customer service for our transferees and hiring managers, has enabled me to focus on other critical areas of our growth. HRO

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