

Exception Management



The Issue

Sure, consistency in your program can help contain costs and budget more effectively. However, not everyone has the same needs, some families or individuals MAY request exceptions to address their unique move requirements.

Factors impacting how we work and move – like rising costs, WFH and hybrid work arrangements, and shifting employee needs – have increased the number of exceptions for many companies, and mobility managers fear that these deviations will overwhelm budgets and stakeholders and hurt program efficiency.



The Mobility Impact

Exceptions are a key metric within mobility programs because they shed light on how adaptable and efficient a relocation program is. Effective management of exceptions allows businesses to facilitate a more seamless transition for employees, while also ensuring costs are kept in check and policies are consistently followed.

And, like it or not, employees do talk among themselves, especially when it comes to who got what in their relocation package. Sometimes an exception granted for one employee may not be warranted in another employee's circumstances, but the perception of inequity can still occur and create morale issues, or worse.



Exceptions - Finding the Right Balance

Aiming for minimal exceptions, a lack of requests could indicate too lenient a policy or a rigid “no exceptions” culture. Identifying a balanced rate of exceptions and approvals ensures transparency, proper budget allocation, and support for both employees and the business.

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By the Numbers

Limited industry data on the exception process has been published. However, we found that the rate of exceptions in fully outsourced global programs is typically 2-3%, and according to our targeted benchmark of organizations (shown in the table), with an average mobility spend of \$22.7 million, the average exception rate is even lower at 1.03%. Exception rates will differ to reflect the variety of policies, scope of benefits, company culture, and program governance.



In our targeted benchmarking, household goods were the most common exception request. Within the overall Weichert portfolio, temporary living is the most common exception request.

Weichert Benchmark Group *(average mobility spend \$22.7 million)*

Industry	Rate of Exceptions (percentage of total annual relocation spend)
Auto Manufacturer	0.1%
Consumer Products	0.2%
Transportation & Logistics	0.3%
Consumer Products	0.3%
Pharmaceutical	0.5%
Electronics Manager	0.5%
Agriculture	0.9%
Energy	1.9%
Oil & Gas	1.9%
Oil & Gas	1.9%
Pharmaceutical	2.8%

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Client Impact

One Weichert client was keen to understand how their performance—i.e., the ratio of exception spend to total spend—stacked up to other companies. Performance metrics showed that in the prior year, exceptions represented 1.9% of total spend, however, they wanted to look closer at where they ranked compared to other companies, the factors influencing their expectation rate, and any improvement opportunities.

Weichert's Advisory Services used a 360-degree approach to benchmarking for this request:

- We conducted a targeted research effort, looking at our client portfolio to curate a list that mirrored the size and scope of the client's program. We examined the exception activity of companies with similar spend, policy scope and geographic dispersal of move volume that aligned most closely with the client. The final list contained ten world-class companies.
- We looked at secondary research for any data and trends in the mobility industry that may impact the rate of exceptions now or in the future.
- We reached out to our Client Services teams for further insight into the data and governance of the exceptions among companies in the benchmark.



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We analyzed each of the companies in our benchmark for their total annual spend, exception spend, satisfaction rates, and year-over-year trend analysis.

This benchmarking analysis confirmed that the client's exception rate of 1.9% performs better than or equal to three of the peer companies and above the remaining seven. In the process, we also uncovered some interesting commonalities. The Weichert's Client Services teams that work with the companies with the lowest exception rates cited company culture, astute counseling, and account governance as key to the favorable exception rates.

Our secondary research supports the client's performance metric as lower than average. Just a reminder, when it comes to exception rates, "lower than average" is good! Across all clients, regardless of exception rate rankings, the primary nature of exceptions was in temporary living extensions and charges related to household goods storage. These categories have been consistently highest over the last four years, reflecting the effects of widespread housing shortages and shipping delays. These were the top two areas for the client as well, which gave them further confidence that they were not experiencing anything particularly unusual in their program.



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Our Recommendations

As our Advisory Services team has performed other benchmarking exercises around best practices for exception management, here are some common themes that they have uncovered:

- **The simple act of effectively setting expectations is powerful.** Those companies with the very lowest exception rates have a near “zero-tolerance” approach, which is communicated to transferees up front and reinforced through policy language and governance processes to virtually eliminate the situations that lead to exception request
- **Sometimes, flexibility is the answer.** Weichert’s Client Services teams cited the implementation of flexible programs as a reason for the low rate of exception requests, with one reducing exceptions by an astonishing 85% in their first full year of a flexible approach.

- **"No" isn't always a bad word.** Ready for a surprise? The companies with the lowest rates of exceptions reported some of the highest employee satisfaction rates, even with a conservative exception approach. In fact, the company referenced reduced their exception spend by 85% and achieved a substantial increase in the employee Net Promoter Score of their program during that same period. By designing a flexible program that lets employees choose benefits that best meet their needs, they achieved two goals: fewer exceptions and a better employee experience.



Weichert's Tech-Powered

Solution: We’ve recently enhanced the functionality of the Move Wizard in our Weichert Go system to allow clients on-the-fly policy change capabilities during the move authorization process. These “pre-approved exceptions” provide a smoother employee experience and maintain process integrity.

The ability to make quick changes drives faster policy development (no more agonizing over finalizing one or two benefits!) and expedites implementation.



The Key to Going Further

A common myth in the mobility industry is that when it comes to policy exceptions, the goal is to achieve an exception rate of 0%. But we like to remind clients that life happens, especially when you're moving!

All companies deal with exceptions; it's a natural part of the mobility process. So, instead of striving for zero, it's best to stay flexible and redirect your energy to learning from the exception requests that come your way.

References:

[Core/Flex Mobility Programs – Educational Video Series: Core/Flex Mobility Programs](#)

[Flexible Programs Strategy Guide: Controlling Costs the Flex Way](#)

[Research Report on Flexible Programs: A Pathway to More Flexibility in Relocation Policies](#)

Weichert Workforce Mobility has prepared this information from the most current data available. However, the client is advised to consult with their own tax and legal counsel with regard to any interpretation of IRS regulations or subsequent changes in policy.



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