Back to the Future: 2021 Business Trends

Prepare your company for what comes next with forward-thinking corporate mobility support.

This white paper looks at anticipated 2021 business trends, evaluating how mobility planning can help keep your company ahead of the curve in the following key areas:

Trend 1: Business Model Innovation

If 2020 was the year of shock and awe at how quickly long-term plans and corporate strategies can change, then 2021 will be the year of learning to be nimble by adapting quickly to changing circumstances. To be a step ahead of the new normal, growth strategy and execution should include detailed corporate mobility planning as business model shifts will inevitably result in office moves, store closings or relocations and employee relocation.

"A catastrophic pandemic is very likely to alter the preferences, habits and risk attitudes of consumers. What seems very likely is that many companies — both large and small, private and public, for-profit and nonprofit — will be prompted to reimagine themselves, to reinvent themselves, in order to survive and prosper in the future," says Wharton management professor Raphael Amit in a podcast interview about his book, Business Model Innovation Strategy: Transformational Concepts and Tools for Entrepreneurial Leaders.

Many companies are already responding to shifting customer preferences and needs short-term while weighing larger business model adjustments. Amit describes a business model as a "system of interdependent and interconnected activities that are designed to capture market needs, or perceived market needs, and create value for all stakeholders." Innovation, therefore, refers to a business model that is new to the industry in which the firm competes.

Depending on your industry, the best way to go about such innovation can range from incremental changes to a drastic leap of faith or a more measured targeting to seize opportunities as they arise.

Business Model Innovation Framework

Incremental Changes	Redefine the Value Proposition	Shift from Product to Service	Shift from Product to Experience	Shift from Product to Outcome
Leap of Faith	Support the Value Proposition with a NEW Operating Model	Build New Capabilities	Leverage External Partners	Redefine Interactions with Customers
Volume Chasing	Redesign the Model to Capture Margins	Redefine the Basis of Differentiation	Develop New Cost Model	Find New Ways to Monetize

Developing a business model mindset means company strategists must rethink the entire structure of the business and dissect how all activities are interconnected, Amit says. It's the ability to "jump" the level of analysis from a focus on individual products or activities to the system level.

Transforming your business model inevitably will result in changes, sometimes extreme, in how and where your employees work, requiring an adaptable corporate mobility strategy as part of the planning process.

No matter what your pending corporate move may look like, your goal is the same. Plan and execute the move as efficiently and as cost-effectively as possible with minimal disruption to normal business operations. It's crucial when choosing a moving provider that its network is comprehensive enough to ensure that your move isn't delayed or complicated.

Business model changes are an equalizer — available to everyone. You just need a strategy, both for how your business will evolve to meet customer needs and how you'll handle that change with corporate mobility planning once you choose how to move forward into the future.

One clear example of a business model shift is the retail pivot to online from in-store shopping that's already affecting major brands' strategies and real estate decisions. Retail brands are consolidating and relocating staff to save on office space expenses while investing in, or converting, store space into new fulfillment operations centers. The purpose for this is to meet the new consumer demand of making purchases online rather than in physical stores. If a similar shift in employee location or office building purpose is emerging for your company, ensure that your corporate mobility plan is developed along with the business model shift.

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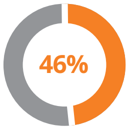
—Raphael Amit,
Wharton Management Professor

Online sales growth

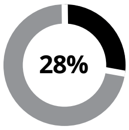
For retail operations, online growth is surging, with the sector seeing five years of growth in 2020 alone. Retail Economics and Natwest's recent report shows that last year, 46% of consumers shifted to online shopping and away from physical stores amid COVID-19 health guidelines and lockdowns.

Trends also point to an increase in consumer spending for 2021, with one in 10 expecting to spend more this year than in 2020.

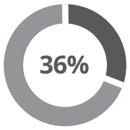
2020 spending trends



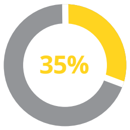
46% made an online purchase that would have previously been from a physical store



28% online sales in 2020 compared with 19% in 2019



36% of consumers say their spending habits have changed permanently



35% believe it will take more than a year for normality to return

Source: Retail Economics and Natwest

"As consumer expectations shift, retail and hospitality business must pivot toward a digital-first proposition that aligns to a new normal, says Richard Lim of Retail Economics. "Nimble businesses who are able to react quickly can grasp new opportunities in emerging markets, retain loyal customers and thrive as the industry is reformed."

Warehouse and fulfillment investments

Driven by online shopping trends, real estate publications are forecasting continued rent growth and high demand in the industrial real estate sector this year.

Even if e-commerce growth isn't as strong as in 2020, industry experts expect the demand for warehouse space will continue throughout 2021, according to the azbigmedia.com article "Industrial real estate future looks rosy."

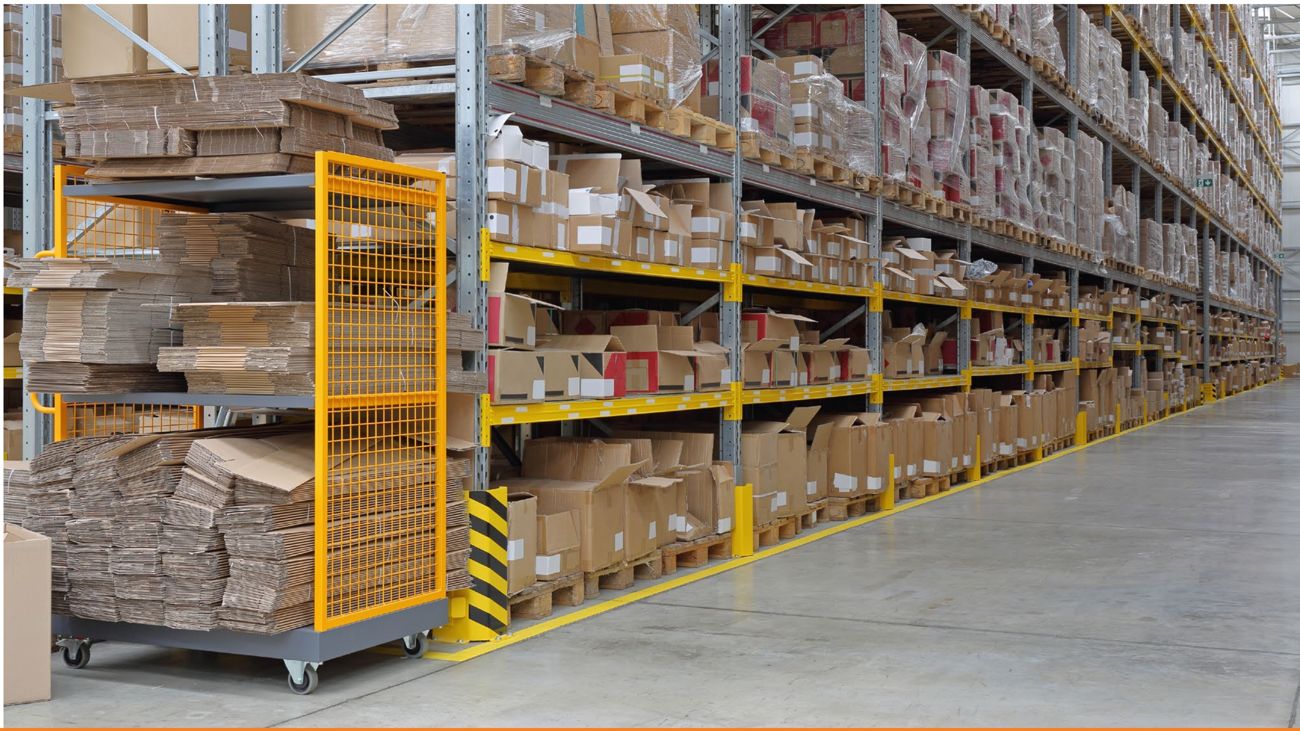
"Retail as we knew it has changed, and in its place warehousing and distribution have increased in importance," analysts say.

In Houston, commercial real estate company Lee & Associates sees 2021 trends including:

- Continued growth in grocery delivery, including access to demographics not interested before the pandemic
- Companies will require larger warehouses and distribution centers to adjust for demand and supply chain challenges
- A growing interest in taller distribution buildings, with 40 feet tall as a new standard to make the most of industrial footprints
- A return to local manufacturing as supply chain adjustments go from global to local (see more on this in the Trend 3 section)

Reassessment of strategy will also likely translate to a new approach for corporate offices, physical storefronts and or warehouse or fulfillment spaces. Choose a corporate mobility partner that has experience handling warehouse equipment as well as sensitive IT systems, can guarantee access to labor and transportation capacity, has industry-leading technology, asset-based service delivery and market-based pricing.

Add another disruption from the pandemic — a trend toward hybrid work from home for office spaces — and you have another major 2021 trajectory that's still evolving: Reimagining work spaces.



Trend 2: Reimagining Workspaces

Planning and decisions regarding your company's physical spaces, including headquarters and office buildings, regional branches and warehouse space, are intertwined with your broader strategy and have more of a direct role in mobility planning.

While it will make sense for some companies with most employees working from home to consolidate office space and centralize operations, like Gap Inc. in San Francisco announced recently, others will see a need to move away from a large office tower and into smaller, regional branch offices with shorter commutes and more direct access to business activity centers to better achieve their goals.

Outdoor retailer REI is such an example when it changed directions on developing an 8-acre central corporate campus in Bellevue, Washington, in favor of a "headquarters that will span multiple satellites across the greater Seattle area," according to its CEO Eric Artz.

Corporate consolidations

Gap Inc. announced that Old Navy employees who now have their own corporate offices in Mission Bay, California, will be moving in with parent company Gap Inc. at its headquarters in the Embarcadero.

Gap positioned its move as fostering a more agile and collaborative work environment. Its consolidation is also aligned with other corporate efforts, including store closures, to cut costs and generate growth. Financial analysts note such moves as positives for the Gap margin as it also positions itself for more online sales with plans to build a new distribution center in Longview, Texas.

Any required corporate relocation will require operational and human resource changes that can affect a company's bottom line — and employee loyalty — for years to come.

In such cases, organizations will want to remain nimble in office relocation decisions while also coordinating such moves with human resource goals to retain top employees. Offering strong relocation benefits through custom, tiered plans, and working with global, established corporate mobility experts will help continue to build operational efficiencies amid your transition as well as company culture and employee loyalty.

In 2021, many companies are prioritizing building resilience after identifying gaps in business contingency protocols amid the pandemic. A way to stabilize benefits for employees affected by relocation is engaging with an external mobility provider with a well-established supply chain to ensure seamless transitions.

Allied Van Lines' parent company Sirva notes that mobility trends expected this year include leaner and more agile mobility services as well as an increasingly active role for on-demand mobility services in organizational strategy and oversight.

Work from home and mobility benefits

"The productivity metric is proving that remote work is working," says Erik Bradley, chief strategist at Enterprise Technology Research (ETR), in an article on Forbes.com. "So, we all thought that there would be some increase in permanent remote work, but we didn't expect that to double from pre-pandemic levels."

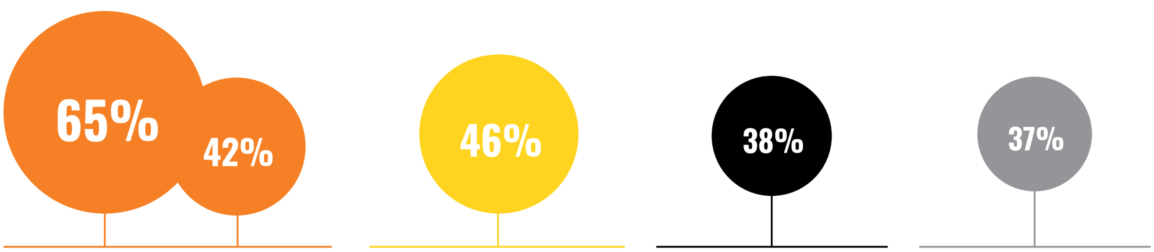
An ETR survey recently showed that it is expected to double, with a Gartner CFO survey noting that 74% of CFOs plan to permanently shift employees to remove work after the COVID-19 crisis ends, with Big Tech companies like Google, Uber, Zillow, Twitter and Square leading the way.

As your operations and HR teams review and adjust corporate benefits to fit the times, keep three points in mind.

Retaining top talent will continue to be a priority. With more companies embracing a flexible work from home model, highly qualified employees will have even more options to choose from to enhance their quality of life. Conduct internal research or poll current high value employees and candidates who are most critical to your company's success for their career motivations and goals to inform any benefit adjustments.

Work from home habits and preferences are likely to outlast the pandemic. As employee demands and needs continue to evolve, 2021 will bring new virtual work policies and company benefits to accommodate new ways of working such as remote office setups, travel policies and moving benefits.

For insight into what other companies are thinking, Sirva conducts regular mobility outlook market surveys. As recently as Q4 2020, results show:



65% of executives and 42% of middle-management employees will continue to relocate

46% are still unsure if they will allow permanent work-from-home in lieu of relocation

38% believe relocation volumes will return to pre-COVID levels in 6-18 months

37% are struggling to hire local resources in the host/destination location

Nimbleness is key, as 2021 is likely to be another year of major transitions. Some analysts make the case that supporting remote work and more flexible benefits as a long-term strategy can serve as a standard for greater business resilience to any future disruptions.

Erica Volini, the global human capital leader at Deloitte, says in a recent ABC News article that in Deloitte's 2021 Global Human Capital Trends report, just 15% of the 3,600 senior executives who responded felt that they were prepared for the pandemic. Those leaders also noted that the ability for their workers to adapt, learn new skills and take on new roles are top factors in their company's ability to navigate future disruptions, even more critical than access to capital.

So as high performers continue to drive adaptability and progress, how do we support them fairly through flexibility in benefits such as mobility programs? Should companies pay for (or partially pay for) employees who want to relocate away from a corporate office for an enhanced quality of life?

HR teams for larger organizations often establish tiered benefits packages for employees based on factors including tenure, purpose for relocation (personal or business-driven), destination location and employee preference.

Sirva.com's article on considerations in tiered mobility programs offers a way forward and examples of ways to build flexibility and fairness into corporate benefits.

Trend 3: Rebalancing the global-local supply chain

The COVID-19 pandemic also accelerated challenges in global supply chain planning and execution, requiring some industries to adapt their structure and models to more capably ensure dependable supply of critical components and services.

Stronger e-commerce traffic, rancorous politics and an uncertain global tariff climate as well as strong competition for labor and warehousing space all contributed to the challenging 2020 environment.

Many companies are developing new approaches, such as moving some manufacturing operations back to the United States, seeking out new, non-Chinese sources of supply and transforming physical stores into storage and fulfillment centers. A heavier investment in technology and automation is expected in 2021 as well.

We know corporate relocation can be unrelenting, often time-consuming, and that it's only one of your many responsibilities. No matter the driving factors for your company's need to shift warehousing locations, make sure to choose a moving company that offers custom, single-source, managed, end-to-end service — including storage solutions — to satisfy your global workplace mobility needs.

Forces of change

According to the article, "Supply Chain Redesign: Expecting the Unexpected," these five forces of change are transforming supply chain network designs in 2021.

Geopolitical disruption. Global tariff uncertainty and Brexit complications will continue, and incentives from the new U.S. to source locally will benefit some companies.

China Plus One and re- or near-shoring. After the late 2019 coronavirus disruption in China, many companies added at least one other source of supply from other countries. Along with the China Plus One approach, companies are moving their supply chain operations in closer for more control. "For many companies, reshoring has become a very real and recognizable item on executive agendas," says Rosemary Coates, executive director of the Reshoring Institute.

Balancing cost, service and profitability. The immediate demand for essential goods that stressed supply chains in 2020 provides good lessons in how to balance cost, service and profitability in a challenging environment.

One popular adaptation is converting a portion of physical store space into micro-fulfillment operations dedicated to buy online/pick up in-store. Other companies are purchasing now empty retail space and using it to get fulfillment operations closer to the end customers.

Location changes to make better use of local suppliers can be supported by partnering with a corporate mobility provider who can handle all changes efficiently, no matter when or where you're moving.

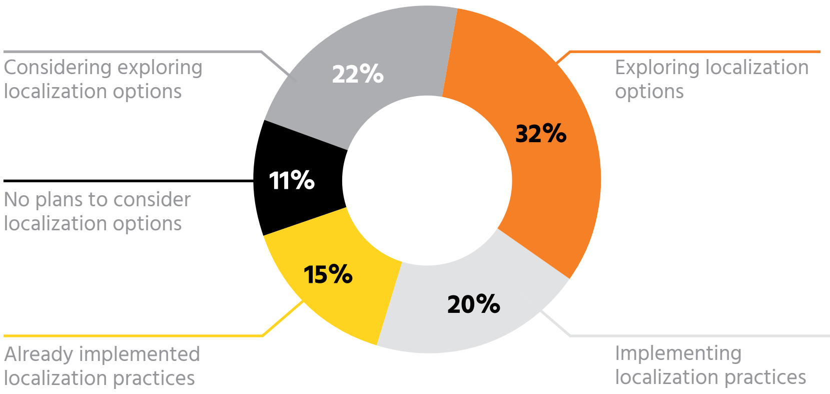
Leveraging advanced tech to improve resilience. Combining artificial intelligence with real-time data will improve forecasting and allow organizations to even out supply chain disruptions to meet consumer needs.

Your mobility partner's advanced technology will support your company's move throughout your workplace and workforce relocation and moving processes. Allied revolutionizes the way companies are handling their workforce and workplace mobility, including receiving reporting regarding commercial moves in real time via its patent pending technology CommercialConnect™.

Preparing for more macro and micro shifts. With few certainties at hand, companies are putting customers first when redesigning their supply chains, focusing on short-term investments and building in flexibility to supply chain solutions.

Pre-COVID, a trend toward multi-localism was prompted by rising political risks, shifting consumer preferences, advancements in technology and shifts in corporate governance structures and attitudes, according to a 2018 Kearney report.

Is your company pursuing or considering pursuing localization practices?



Source: 2018 A.T. Kearney Foreign Direct Investment Confidence index.

Building in resiliency

A recent Gartner survey finds that 87% of respondents plan investments in supply chain resiliency within the next two years. Yet 45% surveyed also continue to believe that lower prices continue to be more important to customers than paying a premium for items sourced or manufactured within the U.S., complicating solutions.

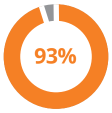
U.S.-based legal group Baker McKenzie's report, "Supply Chains Reimagined: Recovery and Renewal in Asia Pacific and Beyond," recommends companies working to build resilience focus on regionalization, diversification and digitization.

Regionalization, or bringing manufacturing capabilities "home," or closer to where the product is needed, will require balancing higher manufacturing cost against capability to deliver and supply. Sustainability and recycling also play into this shift, with local supply chains more capable of the circular concept of waste being recycled or reprocessed within cities or regions.

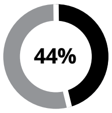
Diversification is needed to avoid the risk of single-source suppliers that can result in temporary or longer-term shutdowns of production facilities, as was seen in 2020.

A stronger focus on **digitization** allows global buyers to improve forecasting, react more quickly to market, environmental and other sustainability challenges and implement and scale up new manufacturing processes.

Surveyed business leaders are increasing resilience in supply chains and production through multiple strategies.

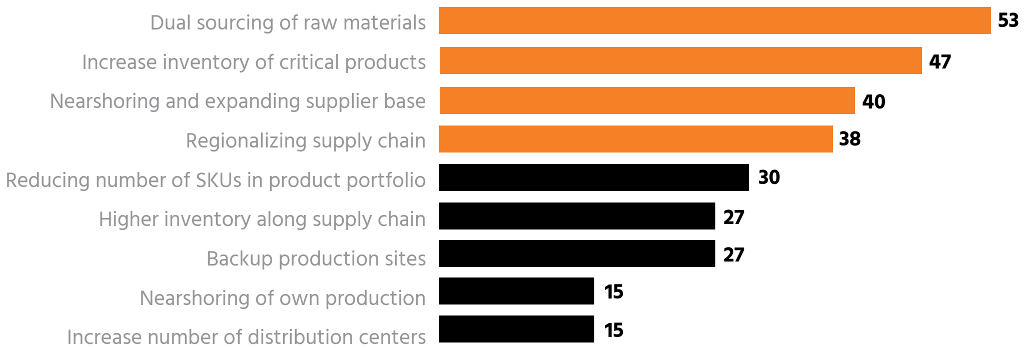


of global supply leaders are planning to increase resilience[1]



would increase resilience even at expense of short-term savings[2]

Planned actions to build resilience
% of respondents[1]



1. McKinsey survey of global supply chain leaders, May 2020.
2. McKinsey survey of business executives, May 2020.
Source: McKinsey survey of business executives, May 2020 (n=605); McKinsey survey of global supply chain leaders, May 2020 (n=60; McKinsey Global Institute analysis

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The Houston commercial real estate company Lee & Associates foresees that essential items will not only be "made in America," but will also transition to even more local sourcing such as "made in Texas."

An increase in local and state manufacturing, some driven by state tax incentives, would increase leasing and drive local industrial real estate markets. Whether your company has moving plans that affect mainly storing or relocating manufacturing equipment and materials, or you're moving global employees back to the United States, you'll need a custom plan, and mobility advisers with decades of experience, to help you navigate new challenges this year.

Trend 4: Diversity, Equity and Inclusion

While companies work to reimagine business models, work spaces and supply chain logistics to become more resilient to disruptive events in 2021 and beyond, the human element is always the key in planning for a bold and nimble future in all areas.

Companies who invest in their workforce, through strong benefits including a strategic, flexible and fair corporate mobility plan, will continue to attract and retain the right people to execute on their ambitious goals.

According to a recent Harris Poll and Glassdoor survey, 76% of employees and job seekers consider a diverse workforce a vital factor when evaluating companies and job offers. Because of that, Glassdoor has recently added workplace factor ratings by disability, gender identity, race/ethnicity, sexual orientation and more for more than 3,300 companies.

Among U.S. Employees and Job Seekers...

	Overall	White	Black	Asain	Hispanic	LGBTQ	Non-LGBTQ	Men	Women
A diverse workforce is an important factor when evaluating companies and job offers.	76%	75%	80%	75%	80%	79%	76%	74%	80%
My employer should be doing more to increase the diversity of its workforce.*	63%	58%	71%	63%	72%	72%	63%	64%	61%
I would be more likely to share experiences and opinions on diversity and inclusion at my company if I could do so anonymously.*	71%	70%	73%	71%	71%	74%	71%	71%	72%
I feel equally valued and respected as any other employee at my company.*	82%	84%	79%	78%	80%	75%	82%	82%	82%
I have quit a job after witnessing or experiencing discrimination at work.	41%	38%	47%	35%	49%	60%	40%	45%	37%

*Among U.S. Employees only.

Source: Glassdoor

"Increased transparency can show us where we are strong and where we are weak," Glassdoor CEO Christian Sutherland-Wong said in a statement. "It can help job seekers discover opportunities where they can thrive, and it can support employers in creating more equitable workplaces and communities."

Investing in people

Josh Bersin's report Elevating Equity: The Real Story of Diversity and Inclusion, notes that demand for diversity, equity and inclusion (DEI) in the workplace is now ubiquitous and matters now more than ever. Diverse organizations have fared far better during the COVID-19 pandemic than non-diverse ones; these companies have managed to foster an engaged workforce even while working remotely.

DEI benefits include:

- Diverse companies outperform their non-diverse counterparts.
- Diverse companies report greater levels of innovation, customer service, employee engagement, employee retention, and long-term growth.
- Diversity can improve financial performance by as much as 25%.

This year is a good opportunity to build DEI efforts into your short- and long-term business strategy and planning. According to the Bersin report:

- 76% of companies have no diversity or inclusion goals at all.
- Only 12% of companies hold managers responsible for recruiting diverse candidates, and only 11% of recruiters are evaluated based on sourcing from underrepresented groups.
- 75% of companies do not have DEI included in the company's leadership development or overall L&D curricula. Rather, DEI is treated as a compliance issue.
- Only 32% of companies mandate any form of DEI training for employees and only 34% offer such training to managers.
- Only 22% of companies believe they are recognized by their employees, customers, or suppliers as leaders in DEI.

Putting it into practice

Allied's parent company SIRVA launched a webinar series specific to HR mobility leaders, Mobilizing Diversity: Client Conversations, to understand best practices of its clients and gain new ideas that all companies can bring back to their organizations.

Reasons to engage with this series include:

- Learn how other organizations are evolving with their diversity, equity, and inclusion programs
- Gather best practices you could use in your own organization
- Hear from talent leaders on how they see DE&I intersecting with mobility and talent management

The first interview is with Kia Motors. Ishirah Marchan and Anne Savitch from Kia Motors North America share learnings from recent changes to their company's cross-cultural diversity programs with SIRVA leaders in video interviews.

Kia Motors North America made the decision to shift inclusion and diversity from a compliance or legal area to human resources where the practices and programs would gain more support and become more of a nucleus of the organization, Marchan says.

Savitch noted that naming inclusion first was intentional to emphasize its importance in the organization while also recognizing and valuing the diversity of the team. The organization internally invests in recruiting and marketing efforts to present the company as a place where everyone belongs, and externally is also building a structure to ensure supplier and partner relationships are representative of the greater community and recognize inclusion as a core company value.

"We are really striving for a cultural change and not just a program," Marchan says. "We want to recognize that inclusion and diversity and equity and belonging are at the heart of everything that we do to ensure that we are providing the best culture for our team. A culture that will foster safety and honesty and growth within the organization."

Allied Van Lines is committed to helping corporate and nonprofit clients and partners develop a comprehensive and inclusive recruiting and retention structure and offer tiered and flexible mobility planning to help any company, small or large, through the coming challenges and transitions.

While 2021 promises to be another year of change, it also offers companies a unique opportunity to reimagine how best to serve market needs through business model innovation, reimagining workspaces and rebalancing the global-local supply chain. When developing a forward-looking strategy this year, savvy companies will put people first, using the climate of change to improve workplace culture and build a stronger, more resilient workforce through diversity, equity and inclusion efforts, including comprehensive mobility benefits.

To ensure quality and consistency of service across all areas as your company innovates this year, weigh the benefits of partnering with Allied Van Lines for all of your corporate mobility needs, from strategy and planning to seamless, experienced, technology-driven execution.

Allied has complete downline visibility to the crew level, enabling it to manage and track, in real-time, the service you are receiving anywhere in the world.

For more information visit **www.allied.com** or contact your local Allied agent.