

Ukraine Crisis Challenges and Strategies

May 2022

NOTE: We recognize that challenges related to the Ukraine crisis are a fluid situation, so we will continue to provide updates as they become available.

As the crisis in Ukraine continues to develop, it is having an increasing impact of the ability to mobilize and support talent. The following overview highlights some of the challenges that organizations may encounter when mobilizing talent in countries that neighbor Ukraine or that are key destinations for refugees.

Temporary Housing

Temporary housing, which includes hotels and traditional corporate apartments, are in very high demand as some companies are pre-leasing properties in certain markets, significant group moves from Russia continue, and governments take accommodations out of the market to support displaced Ukrainians. As a result, inventories may be limited or not available at all. Low inventory, coupled with high demand, means that costs are increasing as well.

Challenges

- Temporary housing will more than likely be higher than typical costs estimates used when creating cost projections.
- Low inventory means that employees may not have the variety of historical options and available housing may not meet their expectations.
- Inventory for two or more bedrooms is very low, so families may not be able to join the employee during temporary living.
- Employees may not be able to extend their temporary housing bookings because of the high demand.

- Rooms and apartments are not guaranteed even with a lease, as governments and local authorities can designate hotels or apartment buildings as a refugee status which would require all current tenants to vacate.

Strategies to Consider

- **Set expectations with employees** – Setting proper expectations with employees about the inventory, quality, timing, and role they play in the process can help alleviate anxiety and miscommunication.
- **Set expectations with stakeholders** – Setting proper expectations with key stakeholders and business leaders can help them understand the impact on employees, critical timelines, and overall costs.
- **Phased relocations** – Consider phased relocations due to housing inventory challenges.
- **Sense of urgency** – Reinforce the need to have urgency in booking quickly when there is housing availability.
- **Evaluate current processes:**
 - Set up or streamline exception processes to address contingency strategies in case employees are asked to vacate, as employees will typically need to move out quickly.
 - Update cost projections and accruals for increased costs.
 - Update stakeholders about reasons for increased costs.
- **Managed inventory** – Some organizations that move employees frequently into certain locations are booking rooms and/or apartments for a year and rotating employees into and out of units.

Permanent Housing

Permanent housing is also in high demand throughout Europe, so inventory may be limited or not available as more refugees find themselves making longer-term plans to stay in a location. Permanent housing options are now also being used to help support short-term refugee housing needs. Low inventory, coupled with high demand, influences increased cost as well.

Challenges

- Housing budgets may need to be modified to account for increased housing prices.
- Because of the high demand, landlords are bypassing standard listing approaches, so the typical sourcing methods may not provide the level of support needed to secure housing. Employees may need to take more of a role in sourcing housing.
- Some landlords may not be open to leasing to Russian nationals or may decline extensions/renewals.
- Some governments are providing landlords with generous nightly stipends for refugee housing which is increasing rent costs and enticing landlords to give preference to refugees vs. locals or expats.
- Lease requirements are changing:
 - Some landlords may require more of a down payment/deposit; in some cases landlords have asked for a full year up front.
 - Landlords may require a longer lease terms.
 - Lease break clauses may be rejected.
 - Some landlords may want the lease signed and paid for by the corporate client.
- Rental furniture is in high demand, so costs are increasing.
- Lease renewals may pose several issues:
 - Landlords may choose not to automatically renew a lease due to high demand.
 - Lease renewals may see large cost increases.

Strategies to Consider

- **Set expectations with employees** – Setting proper expectations with employees about the inventory, sourcing, timing, and role they play in the process can help alleviate anxiety and miscommunication.
- **Set expectations with stakeholders** – Setting proper expectations with key stakeholders and business leaders can help them understand the impact on employees, critical timelines, and overall costs.
- **Sense of urgency** – Reinforce the need to have urgency in booking quickly when there is housing availability.
- **Evaluate current processes:**
 - Identify the process for signing leases if there is not already a standard process.
 - Set up or streamline exception processes to address contingency strategies quickly.
 - Update cost projections, stakeholders, and accruals for increased costs.
- **Company leases:**
 - Some organizations may choose to lease properties in their names and have designated company housing.
 - Some organizations may choose to extend a lease and hold a property in their name so they can rotate another employee into the property vs. releasing the property.

Cost of Living

Challenge

Cost of living is increasing due to:

- High demand for goods
- Shipping challenges for goods
- High fuel costs and shortages

Strategies to Consider

- **Update your data tables** – COLA payments may need to be updated to reflect increased costs. Some companies are looking at a monthly update of temporary accommodation rates.
- **Temporary cash flow assistance** – It may be necessary to provide cash payments to impacted employees who need additional financial support before data tables can be updated.

Travel

Challenge

Modes of transportation will be in high demand for impacted areas, and availability challenges and rising costs for rental cars and airfares are also anticipated.

Strategies to Consider

- **Update your data tables** – COLA, per diems, and transportation allowances may need to be updated to reflect increased costs.
- **Changes in transportation support** – It may be necessary to provide a transportation allowance for employees to utilize public transportation and hired car services if rental cars are not available.
- **Use the company travel agency:**
 - Require employees to use the company agency for all relocation travel to allow the organization to leverage preferred pricing and volume discounts.
 - Leverage travel agency expertise to find the best pricing, most direct routes, handle last-minute rebooking due to cancellations, and provide guidance on requirements and regulations for travel.

Household Goods

The ability to ship household goods will vary by location. Transit times, complexity of routing, and higher expenses are all impacting household goods shipping at this time.

Challenges

- In some locations, traditional travel routes may not be available, and in some cases, shipping will be unavailable or prohibited.
- There is high demand for surveys and bookings (air, sea, and road).
- Timelines cannot be guaranteed.
- There are container shortages, staffing shortages for drivers and port workers, and fuel shortages and rising fuel costs.
- Airlines are cutting back flights and last-minute cancellations are common.
- There are potential storage and shipping material shortages and increased costs.

- Shipping delays or restrictions are impacting the ability to move into permanent or long-term housing.
- Shipping costs, storage costs, additional temporary living expenses, and delayed timelines are all increasing.

Strategies to Consider

- **Set expectations with employees** – Set proper expectations with employees up front about the potential challenges and contingency plans if there is a delay.
- **Set expectations with stakeholders** – Setting proper expectations with key stakeholders and business leaders can help them understand the impact on employees, critical timelines, and overall costs.
- **Make timeline adjustments** – Modify relocation timelines to take into account the impact of shipping delays.
- **Provide rental furniture** – Provide rental furniture in lieu of a shipment or while waiting for a shipment to arrive.
- **Furniture allowance** – Provide a furniture allowance for the employee to purchase basic furniture in the new location in lieu of a traditional household goods shipment. Some organizations have provided a furniture allowance along with a preset number of boxes for shipping personal items via FedEx.

Pet Shipment

The ability to ship pets will vary by location. Transit times, complexity of routing, and higher expenses are all impacting pet shipping at this time.

Challenges

- In some locations, traditional travel routes may not be available and, in some cases, shipping will be unavailable or prohibited.
- Timelines cannot be guaranteed.
- Airlines are cutting back flights and last-minute cancellations are common.
- Direct flights out of Ukraine & Russia to Europe and the US are no longer possible.
- Driving out of Russia is possible into Europe, and pets can then be exported from there.
- Ukraine pet shipment is not available.

Strategies to Consider

- **Evaluate each case** – Work with SIRVA and SIRVA's Pet Shipment provider to determine next steps and availability.
- **Set expectations with employees** – Set proper expectations with employees up front about the potential challenges and contingency plans if there is a delay.
- **Set expectations with stakeholders** – Setting proper expectations with key stakeholders and business leaders can help them understand the impact on pets, critical timelines, and overall costs.
- **Make timeline adjustments** – Modify relocation timelines to take into account the impact of pet shipping delays.
- **Alternate transit** – Out of Russia pet transport via land, and excess baggage via Turkey is possible.

What is SIRVA Doing to Address Challenges?

SIRVA is committed to communicating timely and effective solutions and will continue to:

- Monitor the crisis closely and keep you updated of any new changes or solutions.
- Work with our partners in key locations to see if it's possible to secure additional inventory.
- Partner with our expansive global network of suppliers to offer you and your employees the best customer experience and solutions possible.
- Assist you and your employees with planning support, next steps, necessary documentation, and tracking.