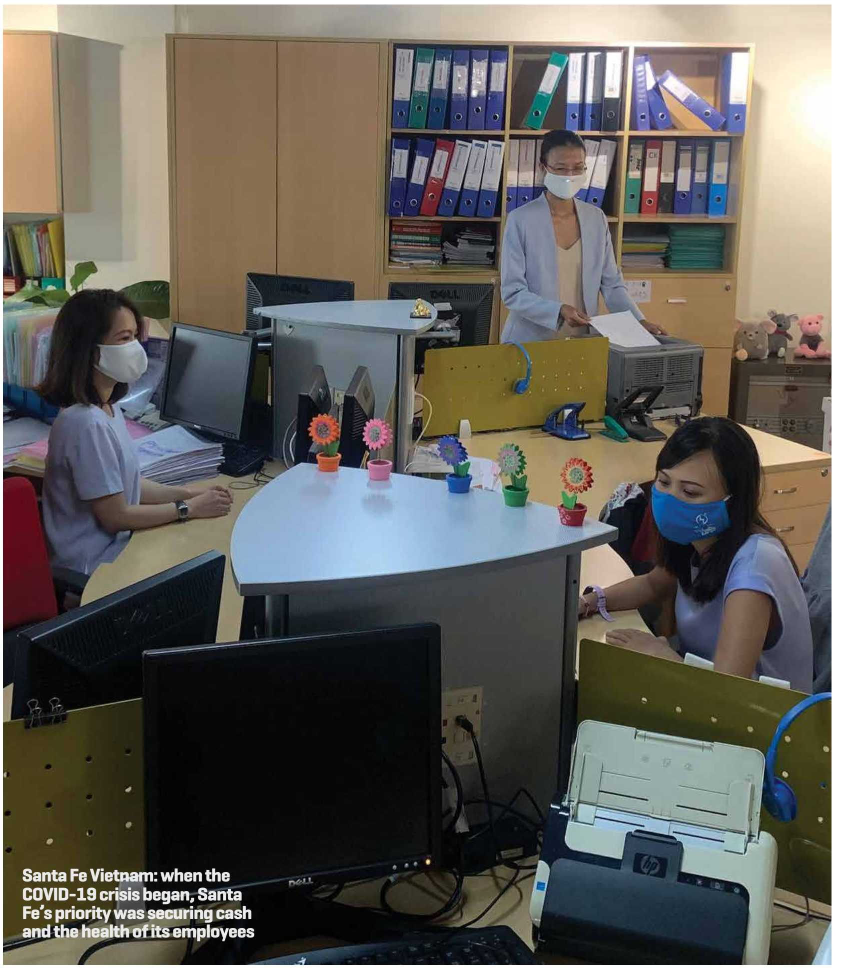
PUTTING RIGHT THE WRONGS

In the six months since *FIDI Focus* last spoke to CEO **Yann Blandy**, the Santa Fe Relocation business has had to face up to the challenges of COVID-19 and its Malaysia office failing its FAIM audit. Editor Dominic Weaver spoke to him about the failure, how coronavirus has affected the company's transformation plans, and what happens from here


Santa Fe Vietnam: when the COVID-19 crisis began, Santa Fe's priority was securing cash and the health of its employees

Following its sale to Lazarus Equity Partners in September 2019, Santa Fe Relocation had no sooner embarked on a carefully considered plan to consolidate and transform elements of its global business than COVID-19 struck. CEO Yann Blandy and his team had to review what they were doing immediately.

With operations in China, Santa Fe had early insight into the severity of the unfolding situation and swiftly initiated a three-point plan to mitigate the impact on the company.

First, says Blandy, was securing the health of the business and its employees, with an immediate review of the approach to cash in the business and the safety of its working practices against the new background of the pandemic. The team began by taking measures to examine permanent and temporary savings, deferred payments and borrowing, to ensure there was enough cash in the company bank accounts 'to weather the storm and ensure our resiliency throughout the period.'

'We identified what we believed we would need, and then went above and beyond,' says Blandy. 'We wanted to make sure that we have enough cash and, simultaneously, changed our operating mode to secure the health of our employees and of our assignees.'

Second, Blandy put in place tools to ensure – in a crisis that not only had wide regional differences, but was also in a constant state of flux – the company's global businesses could monitor and respond in real time. 'Here, we were looking, essentially, at how markets were closing and reopening, all the variables around immigration authorities, harbours being opened or closed, and so on. That helped our teams to manage this landscape and how we could restart our operations in each one of those markets,' he says.

NEXT STEPS

After taking these steps to secure the short-term future of the business, Blandy and his team began the difficult process of weighing up the possible impact of COVID-19 in the long term – and, in light of this, re-evaluating its existing transformation plan.

The company had already begun engaging and involving its customers, and consulted about 50 customers and other industry contacts to build a comprehensive picture of the outlook, reworking its original strategy over an eight-week period against a number of possible scenarios.

'We said the only thing we know is that we don't know and, based on that, we need to be able to manage the unexpected,' says Blandy. 'So, essentially, we don't have a new strategy – we have a set of hypotheses about what could happen and a clearly identified set of measures that we would put in place for each of these.'

While the exact scenario is uncertain, it's clear that most elements of Santa Fe's original turnaround strategy will remain, albeit with its


YANN BLANDY, CEO OF SANTA FE RELOCATION

order of priorities revised and often accelerated in the light of COVID-19.

'There are going to be things we stop completely. Instead, there are new things that we need to prioritise,' says Blandy. 'Our initial strategy focus, about not being everything to everyone everywhere, is even more relevant now, as is reviewing our geographic footprint and being even more digital in our service delivery.'

REPAIRING RELATIONS

During the crisis, Santa Fe has been able to focus on its customer relationships and speed up the process of repairing some of the damage done previously. 'We reached our highest customer satisfaction ever during COVID-19,' says Blandy. 'Being that partner to customers in a difficult situation really reinforces the fact that this is a people industry. Our people helped customers who were in crazy situations – who needed urgent repatriations, impossible extractions out of countries, and very complicated immigration matters that had to be dealt with extremely quickly.'

People have been at the centre of Santa Fe's strategy before and during COVID-19, and Blandy says that his role as CEO was 'just to get out of the way and let the professionals do their job. They know exactly what they have to do'.

Santa Fe is aiming to achieve its targets with its existing team, making limited redundancies (of which there have been fewer than 100 out of 1,700 employees since the sale) and streamlining parts of its management. Blandy says this means accepting that the business is smaller than it once was and, accordingly, the group leadership team has been reduced from eight to five members. At the same time, Blandy has enlisted the help of a number of moving and relocation industry veterans, 'who know this industry inside out', onto a new 'GLT plus' – an expanded global leadership team – to help give strategic and operational advice, and keep the leadership team grounded in the realities of the market.

Recruiting experienced individuals from within the company has been a key tenet of its approach to people. 'We don't really need to add massive amounts of new staff; we just have to make sure that our team players play in the best position they can,' says Blandy.

CONSUMER INVESTMENT

The advent of the pandemic has also accelerated Santa Fe's investment in its consumer business – a digital sales and marketing engine – to help it capture leads and opportunities, and transform them as quickly as possible.

Blandy says: 'We are going to dramatically accelerate this investment because, through the crisis, this part of the business hasn't been as hard hit as the rest of the business. So it is clearly something we will continue to invest in.'

For its corporate business, the company has a 'plug and play' digital strategy, rather than trying to build bespoke platforms, says Blandy. This aims to 'offer the best customer journey and digital experience, and the best efficiencies in the background'.

Coronavirus has added an element of digitisation not previously on Santa Fe's agenda – remote working. About 1,100 of the business's 1,600-strong workforce are office-based, and adapted quickly – and well – to working from home, presenting Blandy and his team with a clear opportunity to allow staff to work more flexibly and make savings in the process.

'I don't think it's necessarily sustainable to have everyone working from home all the time,' he says. 'However, to maintain office space for 1,100 people globally all the time is not sustainable either, so we are going to reduce that office footprint quite significantly.' Blandy forecasts that this reduction will be somewhere between 30 per cent and 50 per cent of the current office space over time.

'We've been looking at our geographical footprint in terms of which countries we are in, or which countries we should not be in, and which business lines we're in or not in - but we have not really looked at it in terms of office space,' he says. 'Now, it's become a natural part of our thinking.'

SANTA FE MALAYSIA

Despite the progress Santa Fe made in responding positively to COVID-19, one of the business's problems of 2020 has come not from the virus, but from its Malaysia office, which failed its FAIM audit earlier in the year.

Blandy says that, in the same position, any company may be tempted to blame the auditor or the process. Santa Fe accepted the result and has learned from the experience.

'We screwed up entirely – it was 100 per cent our fault,' he says. 'The principle of an audit is that the auditor shows up any day and doesn't have to warn you; you should be ready to meet those minimum requirements at any time. It's a mindset. We should have been ready, and we were not. We screwed up, period.'

Blandy makes no bones about the extent of this failure – there were many areas of non-compliance, he says, involving documentation, processes and management. 'You can fail by a little or you can fail by several miles – and we failed by so many miles. It is not one or another element that was not in place, it was almost all the elements.

'Being compliant in one country does not automatically mean we are compliant everywhere ▶▶


A member of the Santa Fe Thailand workforce

"Being FAIM compliant in one country does not automatically mean we are compliant everywhere, and I think this realisation was a pretty big wake-up call for the business"

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'While we have failed the audit in Malaysia and will be operating the business in Malaysia without a FAIM certificate, this will not stop us addressing the findings. We have reorganised our management structure in the South Asia cluster and immediately deployed seasoned industry employees to rectify the situation. We are fully committed to delivering services to our customers and partners in line with the standards set out as industry best practices until we can formally gain our certification back in Malaysia.'

As Santa Fe now seeks to improve its Malaysian office, FAIM will be an important benchmark to ensure quality is consistently high across the group. 'We're not going to take this business down market and FAIM allows us to monitor that we are performing to the highest possible standards,' says Blandy, who adds that it was for the same reason that Santa Fe agreed to take part in FIDI's DSP audit pilot.

GROUP CERTIFICATION

Further ahead, Blandy says the group's ambition is to gain certification based on consistent quality across the group. 'If you come to Santa Fe, you should be able to expect the same quality and processes whether you are in Malaysia, Budapest, wherever,' he says.

To ensure this happens, a group task force, Move Excellence, has been defined, taking responsibility for ensuring Santa Fe meets its FAIM standards across the world. This team will have the authority to run internal checks in the same manner that FIDI does its audits – at any time or in any office.

While the focus is currently on ensuring the company's performance is improved to FAIM standards in Malaysia and in 'a couple of other countries', Blandy has his sights set on attaining his group goal. 'It's going to be a journey,' he says. 'We are not ready to be group certified yet, but we have a clear ambition to achieve this down the road.'

Blandy is also heading up a programme of one-to-one conversations to rebuild previously damaged relationships with agents and partners. This predates COVID-19 and is ongoing – with the face-to-face meetings planned now replaced with a 'US virtual tour' consisting of telephone and video calls. These are usually initiated by Blandy himself or Doug Slusher, who spearheads Santa Fe's agent and partner efforts, and involve Santa Fe's teams in Europe and Asia discussing the relationship – what has worked and what hasn't.

'So far, it's working quite nicely. I've realised that it's going to take time with some of our historical partners, but we have started the long journey back,' says Blandy.

In tandem, Santa Fe is revisiting its executive sponsorship programme, with senior leaders directly involved and speaking to customers in quarterly business reviews. Blandy is executive sponsor for seven or eight of the company's largest customers as part of the process of ensuring that customers get the attention they deserve.

Parts of Santa Fe's transformation plan have been accelerated, while flexibility has been incorporated to manage the unexpected

A TWO-WAY PROCESS

The process of repairing relationships with some of the customers will involve tough conversations on both sides, often on the subject of payment terms. While this was important before COVID-19, it is now essential says Blandy.

'We are trying to repair the wrong we may have done in the past with some customers – but, at the same time, not everything was our fault,' says Blandy. 'There are situations where we're basically just going to have to call it for what it is. If you have owed us money since 2018 and you demand that we serve you before you even give us a PO number, well, we're not going to do that any longer.'

In summary, says Blandy, COVID-19 slowed down the work in progress at Santa Fe significantly. However, he adds, with economists' predictions of a 'return to normalcy' standing at somewhere between Q1 2022 and Q1 2023, depending on the scenario, the company is well on track to service demand as it recovers. If, as Blandy forecasts, demand and capacity fall by 20-30 per cent, Santa Fe will also be looking to capture additional market share.

'From an organisational standpoint, we have reorganised, with two global lines of business – essentially, move services and relocation services, under which we have destination services, immigration services, assignment management, and so on – as well as a separate consumer business. We have one common leadership to ensure that we can deliver an integrated one-stop shop service to our customers, rather than managing several separate lines of business.

'So, we are better integrated, better organised and more agile to deliver services to our customers.' FF

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