

HAVE DONE. WILL DO.



RENEGOTIATING LEASES FOR COST SAVINGS



Currency fluctuations can have both positive and negative effects on international assignee compensation and the costs of an international assignment.

For one group of Cartus clients, their volumes, locations, and employee concentrations resulted in cost savings when Cartus saw an opportunity to decrease costs on leased properties due to currency devaluation. The local currency was the Russian Ruble and leases were set in U.S. Dollars, which caused a variance when the value of the Ruble declined.

Working closely with our expert Supply Chain providers, Cartus Supply Chain Manager, Ben Foddy, put in place a monitoring plan to keep track of currency fluctuations. He and his team then began reviewing leases secured in stable foreign currencies, comparing exchange rates at the time of lease completion versus the exchange rate whilst the local currency was experiencing a prolonged period of devaluation. This allowed Ben and his team to identify situations in which landlords were benefitting from local currency devaluation and where we might be able to negotiate rental reductions outside of the normal lease renegotiation cycle.

We also took over making rental payments on behalf of the employees. The client's policy was that the employee received a housing allowance in the local currency (RUB) which they needed to exchange into USD to make payments for their rent. This caused some further exchange rate losses for assignees, so Cartus began making payments directly to the landlords to further support both the client and customer.

Keeping both client and assignee 'in the loop' during renegotiations was critical, as leases are typically negotiated only at the start and upon lease renewal, and everyone involved needed to understand both the reason for the off-cycle discussions and the dollar value, which has the potential for significant cost savings. Participating clients can review per-lease savings reports on monthly, quarterly, and annual timeframes. Cartus' active management of supply chain activities now includes ongoing monitoring of local currency fluctuations, in addition to the wide range of other conditions that are tracked on an ongoing basis.

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No matter how complex the relocation challenge, or how unusual the request, Cartus will find the solution that's right for you. Because in 60 years, we've found solutions for just about everything. Visit www.cartus.com/havedonewilldo to see how our "Have Done, Will Do" approach has translated into customized solutions that meet the unique needs of our clients and their transferring employees around the world.