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# SMARTER MOVES

## Improving the value of global mobility by aligning strategy, investments and operations

BY JEFF SCHWARTZ AND GARDINER HEMPEL
> PHOTOGRAPHY BY MATT LENNERT

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## Improving the value of global mobility by aligning strategy, investments and operations

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**For many organizations, growth and even survival hinges on penetrating and scaling operations in rapidly growing and emerging markets unlocked by globalization. That's a tough challenge, especially when the critical market and production opportunities and critical talent are often not in the same country. Yet a surprising number of companies continue to handle international assignments in ways remarkably similar to how they operated decades ago.**

The traditional, and still the most widespread, approach to international assignments typically handles each case as a special event with expectations for comprehensive, high-touch service. This one-size-fits-all approach, however, increasingly overshoots the mark for many situations, unnecessarily raising costs. Additionally, it often fails to meet the specific needs of both the business and the assignee, leaving key business goals unfulfilled and key talent development priorities unaddressed.

More broadly, many executives are uncertain that they are receiving an appropriate return on their global mobility investment, or even that they can measure that return in a meaningful way. And global mobility is a significant investment – one that, in our experience, can easily top $1 million per assignment. It's an investment that can drive tremendous value, but only if leaders can effectively harness a company's global mobility efforts to pursue strategic priorities.

## THE CHANGING FACE OF GLOBAL MOBILITY

| Top emerging destinations for international assignments[1] | |
|---|---|
| CHINA | 7% |
| SINGAPORE | 6% |
| UNITED STATES | 5% |
| INDIA | 5% |
| UNITED ARAB EMIRATES | 4% |
| CANADA | 4% |
| UNITED KINGDOM | 4% |
| SAUDI ARABIA | 4% |
| BRAZIL | 3% |
| AUSTRALIA | 3% |

The results from a 2010 survey highlight the increasing reach of global mobility. Respondents reported that they expected countries such as China, India and the United Arab Emirates to emerge as important assignment destinations – taking assignees far afield from the more traditional destinations in the United States and Western Europe.

Figures represent the percentage of respondents identifying that country as an emerging destination

So what can leaders do to better manage—and improve—the return on their global mobility investment? In our experience, companies that gain the most value from global mobility show a high degree of alignment between global mobility and the larger business in three areas:

1. Business and talent strategies
2. Expected assignment value
3. Mainstream HR and talent operations

Achieving greater alignment in these areas can go a long way toward helping companies drive business value through global mobility at manageable cost levels.

## STRATEGIC ALIGNMENT

Aligning global mobility strategy with business and talent strategy means designing a global mobility strategy that supports both the organization's business goals—what it wants to accomplish in the marketplace – and its talent development goals—what it wants its key talent to learn about working in a global environment. In this way, global mobility evolves from a check-the-box exercise to a key enabler of business and talent development strategy. We know of several companies that are starting to use global mobility as a strategic tool, not only to advance business goals in different areas of the world, but to give future leaders the global experience and perspective that they will need to run a world-spanning enterprise. (Some of these companies even require that *all* of their top executives have prior experience working outside their home countries, a requirement that we expect more companies will adopt in coming years.) Employees themselves are often coming to view international assignments as a way to develop their skills and deepen their experience, creating a demand for assignment opportunities that an organization can use to its advantage.

Instead of occurring in an ad hoc, case-by-case manner, assignments guided by a strategically aligned global mobility strategy take place in the context of an overarching plan that considers how each move will help further the organization's overall business and talent development objectives. Leaders can then articulate the specific benefits that they expect each assignment to deliver to the enterprise, as well as the specific learning and development objectives that they expect each assignee to pursue while abroad. This, in turn, allows leaders to give each assignee clear direction on what he or she must accomplish – and to compare each assignment's actual results with the expected results, an essential part of measuring the global mobility program's return on investment.

One tool that can help leaders better align global mobility strategy with business and talent strategy is the global mobility framework shown in Figure 1. The framework is built around two key dimensions—business value and talent development value—which reflect the fact that different assignments can have different value for the business, as well as different value for helping employees develop new skills and capabilities. By categorizing assignments into the four quadrants shown in Figure 1, the framework can help leaders:

- Articulate the nature and extent of the value they expect to gain from the company's global mobility efforts, making it easier to set clear expectations

for assignees and measure their performance against expected results.

- Decide what proportion of the company's assignments should fall into each category, depending on the organization's current and anticipated future business and talent development needs.
- Determine what kinds of employees would be most appropriate to send on which types of assignments.

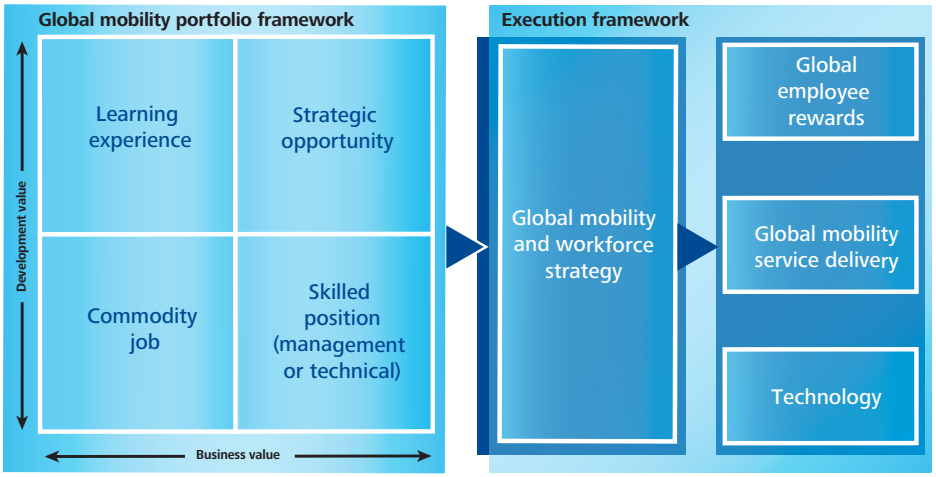
**Figure 1. Global mobility framework**


This framework can help a company avoid a "seat of the pants" approach to global deployment in favor of a deliberate process that views each assignment as an opportunity for the organization to further its overall strategic objectives. One global consumer products company, for example, used the framework to understand how its global mobility program could better support two of the company's

key talent management goals. The first goal was to develop future leaders with the international perspective and experience needed to effectively manage a global business. The second was to build stronger capabilities in various countries and regions where executives felt that the company's talent bench was weak.

Historically, the majority of the company's international assignments had been "skilled position" moves – short-term reactions to an immediate skill gap in the destination country. These assignments met a critical business need for a specific

**Figure 2. From strategy to execution**




Once the global mobility strategy has been aligned with business and talent strategy, companies can use four building blocks – global mobility and workforce strategy, global employee rewards, global mobility service delivery and technology – to execute the global mobility strategy.

type of talent but did not necessarily help develop the assignee's skills or enhance the local workforce's capabilities. Little thought was given to the impact of a move on an assignee's career or which individuals could best capitalize on the development opportunities presented by international assignments. Moreover, assignees were rarely chosen with an eye to the skills they could teach local talent.

Although leaders recognized that skilled position moves were and would continue to be important, they also realized that they were not the most effective way to either develop future leaders or transfer capabilities to the host country's workforce. The company therefore created a new global mobility strategy that specified that half of the company's total number of assignments should be distributed

among the "strategic opportunity," "learning experience" and "commodity job" categories. Each of these assignments would be offered to specific types of employees, and each of them would carry a different set of performance expectations as well as receive tailored support from the company to support the assignment's specific talent and business objectives.

By developing and communicating this strategy, leaders were able to give the company's managers effective guidance on how to use the global mobility program to support the company's key talent development goals. Business leaders and hiring managers can now take a more strategic approach on which employees to consider for assignment, where to send them, and what the company expects from them while abroad – all of which had previously been decided based on more limited tactical considerations.

## INVESTMENT ALIGNMENT

Much of a company's investment in global mobility consists of the cost of assignee rewards—typically the largest expense in a global mobility program's budget—plus the cost of the services and support (such as language training and relocation assistance) offered to assignees before, during and after the move. Thus, aligning global mobility investment with expected assignment value is largely a matter of tailoring the cost of each assignee's rewards and support package—the assignment policy under which he or she travels—to the value he or she is expected to generate while on assignment.

Many companies maintain only a few types of assignment policies to deliver rewards and support packages to employees. Typically, these policies classify assignments by their duration so that, for instance, one policy covers short-term assignments, another covers long-term assignments, and a third covers permanent transfers. The problem with this approach, however, is that it fails to align the amount of the company's investment with the potential value an assignment can generate. For example, to use the terminology of Figure 1, both a "strategic opportunity" and a "commodity job" assignment may require an assignee to spend three to four years abroad. Under the traditional approach, both of these assignees would be transferred under the same long-term policy, even though the two assignments would be expected to deliver very different kinds of value to the business.

To help avoid mismatches between investment and prospective return, companies can create a wide range of global mobility policies, each of which offers assignees a unique set of rewards and support packages. Leaders can then choose which policy would be appropriate for a particular assignment based on the value the assignment is expected to generate. In particular, companies may wish to create

policies that align rewards and support packages with the four different types of value depicted in Figure 1:

- "**Strategic opportunity**" assignments have a significant and lasting impact on a company and should be reserved for a company's most valuable employees – the next generation of leaders. Policies for these types of assignments should make every effort not only to provide participants with a satisfying international experience, but also actively work to maximize development and retention. These policies are expensive, but rightly so – after all, they focus on delivering high business value activities and developing a company's most promising talent. The good news is that, for most companies, their existing global mobility infrastructure probably provides a solid foundation for this type of assignment. They simply need to increase their emphasis on development and retention.
- "**Learning experience**" assignments are most appropriately suited for rising stars: employees with long-term potential who are worth investing in, even if the immediate payoff is relatively low. Global mobility policies for these types of assignments might best be viewed as a scaled-back version of the current high-touch model. Although assignees would be well cared for, they would be expected to shoulder part of the burden and costs as a personal investment in their own capabilities and value. Hence, participants should expect fewer relocation benefits than with a traditional foreign assignment or strategic opportunity.
- "**Skilled position**" assignments center on filling workforce gaps with deep, specialized talent for a limited period of time. They are well suited for demonstrated performers with highly specialized skills – people who are already performing at or near their full potential. Policies for these assignments need to support the company's ability to deploy people rapidly, enable stress-free moves that let assignees focus on the job at hand, and repatriate assignees as quickly and painlessly as possible. One example of such a policy might be a commuter arrangement in which an employee lives in one country but works in another, either physically moving from country to country or collaborating virtually with his or her out-of-country colleagues.
- Finally, "**commodity job**" assignments are targeted at individuals who are interested in working abroad for personal reasons but do not need or expect much in terms of business perks and support. Relocation benefits and support for a "commodity job" would generally be minimal, with employees expected to handle most or all of their moving expenses.

The experience of one global consulting company shows how an organization can tailor its global mobility investments to match expected assignment value, driving down costs and improving talent development as a result. This company originally handled international moves through a handful of policies, of which by far the most heavily used were the company's "traditional long-term" and "traditional short-term" policies. Both of these offered assignees a relatively high level of support in terms of home leave, relocation assistance and other services, but many assignments fell short of leaders' and employees' expectations. The company also had a "short-term light" policy designed to send people abroad for short periods of time at moderate cost, but only a small percentage of the company's total number of assignees traveled under that policy.

To better align costs with value and enhance talent development, the company's leaders rethought the way they defined and selected the policies under which their assignees traveled. They redefined their universe of assignment policies to discriminate more precisely among assignments with different levels of business and talent development value. Rewards and support packages could then more closely match each assignment's expected value.

To this end, the company created two new assignment categories—a "strategic opportunity" assignment and a "high-support client need" assignment—to take the place of its traditional long-term policy. Both of these new policies offered assignees a similar level of financial support, but the career development support and justifying criteria for each assignment type differed significantly. Strategic opportunity assignments were meant for future company leaders, and assignment goals would emphasize gaining leadership skills and experience in addition to meeting immediate business needs. In contrast, high-support client need assignments were to be used for subject matter specialists sent abroad to fill urgent skill gaps, whose goals would focus on fulfilling business needs rather than on skill development.

The company also created categories for "capability building" assignments and "mid-support skill need" assignments to take the place of its traditional short-term policy. Capability building assignments were to be used for high-performing employees who could benefit from international experience; the goals for assignees deployed under this policy would emphasize skill development. Mid-support skill need assignments were to be used for mid-career specialists sent to fill moderately urgent skill gaps; these assignees' goals would focus on meeting business needs.

To help managers select the appropriate policy for particular assignments, the company developed criteria for what types of employees and what kinds of assignments were eligible for each type of policy. A decision guide was then developed to match the appropriate category with each assignment opportunity, starting with the assignment's business and talent development objectives and drilling down

to specific policy options. By encouraging managers to plan assignments based on value rather than assignment length, the tool allowed the company to greatly expand the proportion of assignees traveling under the more cost-effective categories of assignment, with a corresponding reduction in the proportion of employees traveling under the more expensive policy types.

By allowing the company to allocate investments more appropriately among assignments that created different types of value, the new set of policies and the accompanying guidance on policy selection helped reduce global mobility costs by 15 percent of the total annual program cost within six months. Moreover, by identifying "strategic opportunity" and "capability building" assignments as such, the company has been able to set goals for these assignees specifically aimed at enhancing their development.

## OPERATIONAL ALIGNMENT

Global mobility is often perceived as a niche activity that requires expert handling in everything it touches. Because of this, the global mobility function has historically been asked to both oversee and deliver all services to expatriates. However, in recent years, many companies have adopted global HR service delivery and talent management models that include HR groups—such as regional or global HR service centers—that already do much of this type of work as their full-time job. In an age when many organizations have made substantial investments in HR infrastructure and operations, the time is ripe to begin integrating global mobility into core HR service delivery models. Although the details of moving employees from country to country may still require specialized guidance from the global mobility function, the HR function at most larger companies today has sufficient capabilities to take on much of the day-to-day work of executing global moves.

Transferring the global mobility function's routine responsibilities to HR can yield benefits in two ways. By relieving global mobility staff of many administrative duties, it can help refocus the global mobility function on higher-value activities, such as advising business managers on how to apply the company's global mobility strategy. At the same time, using the same infrastructure for global mobility as for mainstream HR activities can increase efficiency, reduce costs, streamline assignees' service experience and improve leaders' ability to track and manage globally mobile talent.

The following are four areas in which companies could benefit from integrating global mobility more closely with mainstream HR and talent operations:

## CASE STUDY: REALLOCATING THE WORK

One life sciences company's global mobility function was drawing criticism from both business managers and international assignees for unsatisfactory service. Business managers felt that they lacked guidance on how to effectively select assignees, plan assignments and choose assignment policies. Many assignees reported that in the initial conversations about assignment, expectations had not been appropriately set regarding the impact of the assignment on themselves and their families.

Upon investigation, the company found that the global mobility function was spending almost all of its time coordinating assignee services, with very little effort going toward offering business managers the advice they needed. Further, the global mobility function was often not even notified about assignments until the assignment was planned, the candidate selected and expectations already established.

The company realized that many of the coordinating activities that were being performed in the global mobility function could actually be done more effectively elsewhere. For instance, certain administrative tasks, including the recharging of assignment costs, could easily be taken over by resources in the company's HR and finance shared services organization (SSO). This would not only free up global mobility function staff to focus on advising the business and counseling assignees, but also improve administrative service delivery quality: The HR and finance professionals in the company's SSO would bring function-specific skills to their tasks that global mobility staff had historically lacked.

The company reorganized roles and responsibilities in the global mobility function and its SSO to move a number of transactional HR and finance activities to SSO staff. In addition, leaders hired outside vendors to perform some specialized activities formerly housed in the global mobility function. Meanwhile, to address the business'sww needs for global mobility advisory services, several global mobility staff were reassigned to business support roles that would work with business managers and HR personnel to plan and help manage assignments from a strategic perspective. And the company redefined the global mobility director's role as an "ambassador for international assignments," focused on educating and communicating with business leaders about global mobility and driving program innovation.

***Employee rewards administration:*** Although expatriate rewards programs require specialized business insights to design, they can often be administered through the same HR processes and systems that serve nonmobile employees. We have encountered many situations where the global mobility function maintains processes that parallel or even duplicate those already in place for local benefits administration. By leveraging its existing investment in local rewards administration to deliver services to assignees, an organization can reduce costs as well as potentially improve the quality of service. For example, one company's global mobility function had a dedicated process for handling benefits enrollment for assignees working in the United States – a process that essentially duplicated what HR was already doing for local employees. By focusing on better integration, the company and its outsourcing vendor were able to modify the process to accommodate enrollment for both U.S. and non-U.S. employees. This significantly reduced the amount of work performed by the global mobility function, as well as streamlined the enrollment process for assignees.

***HR service delivery:*** Many companies can find a number of opportunities for integrating global mobility service delivery more fully with broader HR processes and infrastructure. For example, apart from relocation, most international assignees have essentially the same basic HR service needs as other employees in the host country. Rather than handling assignees' day-to-day inquiries and requests through the global mobility function, a company can both reduce costs and improve assignees' service delivery experience by allowing assignees to use the same resources and tools that local employees use.

***Talent management:*** At many companies, assignees essentially drop out of the company's standard talent management processes during their time abroad. The frequent result is that companies must scramble to find assignees a position when they return home – and the position that the assignee eventually winds up with may not use his or her new skills to their full potential. To combat such issues, we suggest setting up mechanisms that allow international assignees to stay appropriately plugged in to their home country talent management processes. One way to do this is to designate an assignment sponsor or assignment supervisor in the assignee's home country who would represent the assignee in the talent management process (e.g., performance reviews and end-of-year evaluations). The assignment sponsor would also be responsible for working with the home country's talent management group to find an appropriate position for the returning assignee, as well as for monitoring the assignee's progress toward development goals.

It's also important to make sure that assignees stay on the radar of the enterprise's overall succession planning and long-term talent management processes. Ideally, the talent management and succession planning processes would have full visibility into the total population of assignees—the countries each has worked in, their performance at home and while abroad, their probable career paths—so that internationally experienced talent can be quickly identified and deployed as necessary. An enterprise's talent management and succession management processes should not only be able to find an assignee an appropriate role immediately upon his or her return, but proactively plan for how the assignee might be deployed three, five or 10 years in the future.

***Technology:*** Companies may need to deploy specialized global mobility technology to satisfy unavoidable requirements specific to mobile employees, including complying with certain types of taxes and regulations or managing multiple performance reviews for managers in multiple countries. But they should also try, whenever possible, to leverage the HR technology being used by other employees to deliver services to the mobile workforce. For instance, a company could build integrated online self-service applications that allow mobile employees to manage work/life events (such as childbirth or illness) in the same way that local employees do.

Using the same systems to deliver services to assignees as to the nonmobile workforce can reduce the need for manual processing by the global mobility function, thereby reducing costs and freeing the global mobility function to focus on more strategic issues. It can streamline service delivery to assignees, reducing their administrative hassles and providing a more pleasant assignment experience. And it can give leaders a more complete view of the global workforce, helping the business more effectively deploy returning assignees to appropriate positions.

## WHY ALIGN? THE BENEFITS

In our experience, companies that take steps to better align their global mobility programs in the ways described above can enjoy a number of benefits:

- Aligning a company's global mobility strategy with its business and talent strategies allows leaders to use the global mobility program as a focused tool to pursue both business and talent management value. It can help the company define and effectively pursue specific business and talent development goals for each assignment, improving leaders' ability to understand the value global mobility delivers and the global mobility program's return on investment.

- Aligning a company's global mobility investments with the value each assignment is expected to yield can help keep costs in line with the global mobility program's business and talent development returns, while still meeting assignees' needs during and after their deployment abroad.
- Aligning global mobility operations with mainstream HR and talent operations can help reduce costs, give assignees a smoother service delivery experience, and refocus the global mobility function from administration to helping the business think through strategic talent issues. It can also help companies take better advantage of its mobile talent by improving visibility into assignees' performance and career development.

Given the central role of global growth across all aspects of business in the coming decade, we think that global mobility should be a priority for any internationally active company. And to do global mobility well, it is vital to achieve alignment in all three of these areas. Such alignment, in our view, is key to a company's ability to make smarter moves.

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***Jeff Schwartz*** *is a principal with Deloitte Consulting LLP and U.S. leader for all talent services and solutions.*

***Gardiner Hempel*** *is a partner with Deloitte Tax LLP and leader of the Global Mobility Transformation practice.*

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Endnote

1. "Global Relocation Trends: 2010 survey report," Brookfield Global Relocation, 2010.