



International Mobility: Impact of the Current Economic Climate

Presented by:
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Global Relocation Trends Survey



- 14th year issued
- Industry's most reliable source of data and trends
- 112 questions
- 180 respondents:
 - 59% headquartered in Americas
 - 40% headquartered in EMEA
 - 1% headquartered in AP

International Mobility: Impact of the Current Economic Climate

GLOBAL RELOCATION TRENDS REPORT

International Mobility:
Impact of the Current
Economic Climate



Brookfield

Brookfield Global Relocation Services

- 3 Spotlight papers
- 3rd year
- Subjects suggested by the GRTS
- 2 cross-industry
- 1 industry-specific
- 17 interviews conducted



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Agenda

- Spotlight Purpose and Methodology
- Setting the Scene
 - The GRTS and the Spotlight Interviews
 - Spotlight Tells Why Impact is Less Than Expected
 - Four Important Themes
- Formal Responses to Current Economic Conditions
- Trends in Assignment Types and Candidate Profiles
- Assignment Governance and Control
- Balancing Short Term Pressures with Long Term Strategic Objectives
- Final Thoughts and Conclusions

Spotlight Purpose and Methodology

Spotlight Methodology

- Brookfield GRS Global Relocation Trends Survey (GRTS)
- Exploration of topical themes
- 17 Interviewees
 - Senior International Mobility (IM) professionals
 - Chosen for their strategic view and innovation
 - One hour interviews
- Results shared with mobility community

Setting the Scene

Although the current economic conditions represent powerful forces, it would be wrong to assume that they will have an equal impact on all International Mobility functions and programs. There is evidence that in this recession, a more mature approach to the changes in the economic environment is taken by many organizations.

Spotlight 2009

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The GRTS and the Spotlight Interviews

- Starting point is Brookfield GRTS
- Survey at height of economic concerns in 2008
- 180 respondents
- Signaled a more cautious reaction than expected
- Responses to volume:
 - 42% expect volume to remain unchanged
 - 25% expect volume to decrease
 - 33% expect volume to increase
- Spotlight uncovers some detail behind these statistics
- Asks what will this mean for IM?

Spotlight Tells Why Impact Is Less Than Expected

- Cost is highlighted and targeted, but ...
- Many companies have already adopted the 'best practice' of regular review
- General level of globalization has increased in many organizations
 - IM more important and now more enmeshed with organizational and management structures
 - IM more closely tied to financial success
 - Important to avoid actions damaging to mobility as part of longer term Talent Management

Four Important Themes from the Interviews

1. Formal responses to current economic conditions
2. Associated trends in types of assignments and profiles of candidates
3. Assignment scrutiny and approval processes; governance protocols and control processes
4. Balancing short term pressures with longer term strategic objectives

Formal Responses to Current Economic Conditions

“I’m not seeing a major panic in the market ... [most of us] have still got a lot of expatriates and if you are running a global business you probably need them and you need to treat them with a degree of common sense ... otherwise you may get short term gain in terms of reducing costs but long term, as soon as we get out of this current economic scenario, people will move on. People are trying to play a sensitive game in terms of ensuring that they can retain their long term talent”.

Interviewee Quote from Spotlight, 2009
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Impact on Volume

Four Possible Volume Scenarios

- Reduction in volume of assignments as a result of the recession
- Changes in volume of assignments not directly caused by the recession
- No impact so far but expecting a general tightening effect
- An increase in volume of assignments, regardless of the recession

Volume Reduction – Current Economy

- Some sectors clearly and significantly impacted
- Significant rationalization of assignments
- Assignment freezes
- Revenue generating Vs. non revenue generating
- Hiring freezes and hiring loopholes

Volume Change – Independent of Current Economy

- Impact not caused by the recession
- Prior mergers and acquisitions
- Mature, cost conscious mobility model
- Leverage existing cost focused processes
- Consolidation of autonomous business units
- Mobility necessary to grow the business
- Opportunity to bring familiar messages front and center

“.... [the] war for talent isn’t going to disappear. We’ve got to be sensitive to that.”

“.... we’re at an interesting stage in evolution, now coming to the end of the first stage, which was throwing money at people to go on assignment [the second stage is to consider] career management and global mobility aspects.”

Volume - No Impact Yet

- General tightening expected
- Some upside
- Certain industries not significantly affected
- Others benefiting from changes to economy
- Cost awareness
- Emerging markets
- Small but important and growing populations in large companies
- Impact of economic turmoil

Volume - Increase

- Regardless of the recession
- Rarer scenario
- Unique strategic drivers
 - Mergers and acquisitions
 - New international partnerships
 - Developing emerging markets
 - Organizational aspects of globalization:
 - More enmeshed into organization
 - More closely tied to financial success
 - Closing long term global capability and skills gaps

“.... we would look to have more local hires and to grow local talent but there are certain roles where it is critical to take an international manager.”

“.... We are using this time to position ourselves for the upturn. We have seen a lot of initiation of assignments that we would call overhead assignments [including] fast-track development assignments done for our talent - a re-purposing towards a strategy based on investment in talent and geography.”

Interviewee Quotes from Spotlight, 2009
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Volume Increase – Case Study

- Example from a professional services firm
- Rapid expansion into emerging markets
- Distinctive client service
- Standard methodologies
- Need for knowledge transfer
 - Increased mobility
 - Global tools, processes and programs
 - Cohesive culture, global leaders
 - Create a global employer brand
- Mobility as global business process

Volume – International Mobility Focus

- What does this mean for IM?
- Leverage current circumstances
- Emphasize good practice
- Service delivery models
- Efficient use of suppliers
- Improve existing processes
- Introduce more global standardization and consistency of processes

Trends in Assignment Types & Candidate Profiles

Assignment & Resourcing Changes

- Candidate profiles and assignment types becoming very company specific and strategic in nature
- More mobility at lower job levels in several sectors
- Inconsistent with GRTS, industry specific
- Longer durations for all assignment types, driven by:
 - Cost considerations
 - Requirement to provide stable leadership
 - Strategy to build up capability levels within key strategic projects
- Globally mandated business model changes
 - Mobility levels more resistant to the downturn

Trends in Assignment Types - Case Study

- Example from the Telecommunications industry
- Pattern of international work
 - Significant volume
 - Operations and entire functions relocated
 - Rapid growth in new markets
 - Poaching of key talent
- Response to current environment
 - Change in expatriate profile
 - Some assignment types rejected
 - Duration getting longer

Trends in Assignment Types

- Key conclusions
 - Internal business drivers
 - Some response to the new economy, but ...
 - Mostly a fundamental restructuring of work

Assignment Governance & Control

Realignment of Process to Reduce Assignment Volumes

- Pressure to realign process and to reduce expatriate numbers by using:
 - Scrutiny – why the assignment is happening
 - Approval – put the assignment and the candidate to the test
 - Governance – the framework of rules
 - Control – using process to work through the assignment “lifecycle”

Key Associated Developments

- Additional review around the purpose
- Better cost processes
- Tighter exception management
- Promotion of flexible assignment packages
- Process improvement and data capture
- Higher level approvals required
- Reduction of overall program costs

Candidate Selection & Assignment Purpose

Candidate Selection and Assignment Purpose – Case Study

- Example from information services sector:
 - Review and rationalization of existing population
 - New approval requirements and process
 - Expatriate Vs. local employee
 - Talent profile
 - Performance
 - Readiness for progression
 - Detailed cost projections
 - ROI
 - Achieved an 18% reduction in expatriate numbers

“... In the past, there has been ‘lazy resourcing’ to plug gaps. Part of the review was to bring more rigor into the approval process and produce a business case for each international move. We don’t want to block them but to make people go through the right thought processes for filling a job with someone from another country to make sure they put in the right resource.”

Interviewee Quotes from Spotlight, 2009
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Managing Assignment Execution & Costs More Effectively

Managing Assignment Execution and Costs More Effectively

- The two closely linked
- Cost not always the primary driver

Case Study #1

- Company in expansion mode
- Overriding need for expertise 'in-market'
- Additional criterion to measure effective assignment execution
- Developed formal succession plans for all assignment

Case Study #2

- Lower volumes allowed time to review costs
- Assessed assignment costs on both individual and business segment basis
- More prepared for financial discussions with business
- Driving return on investment from mobility

Organizational Effectiveness

Organizational Effectiveness

- Opportunity to 'tidy up the shop'
- Tackle efficiency and effectiveness issues
- Leverage the recession, legitimate to re-advance arguments
- Reinforce or implement basic disciplines

Ensuring Continual Alignment of Desired New Behaviors

“ ... we’ve tightened all the control processes to drive change. We’ve tightened the authorizing processes and people have to go through a more rigorous process to get things signed off. Once we are sure we have people with the appropriate attitudes, the processes can subsequently relaxed by the HR Business Partners. It’s a way to get the organization more mature.”

Interviewee Quotes from Spotlight, 2009
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Ensuring Continual Alignment of Desired New Behaviors

- IM function take a more organizational development perspective
- Questions to ask:
 - New behaviors, develop and manage?
 - Dysfunctional or negative behaviors?
- Hidden impact, guard against:
 - Blocking or rejection of assignments
 - Travel bans
 - Early termination
 - Poorly managed repatriation

Balancing Short Term Pressures With Longer Term Strategic Objectives

“... We are far too quick to react to short term pressures and the whims of senior management ... I am concerned we will lose our focus on long term goals If you truly want to achieve a better cost equation for your expatriate assignments do more around the topic of engagement [with expatriates] and understand where they see value in your processes. ...longer term strategic goals get sidelined in the desperate rush to bring costs down.”

Interviewee Quotes from Spotlight, 2009
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Balancing Short Term Pressures With Longer Term Strategic Objectives – IM Focus

- Manage cost reductions
- Draw attention within organization to broader strategic context of mobility decisions
 - Increased level of globalization
 - Mobility more important and enmeshed within organization and management structure
 - Mobility significantly linked to long term Talent Management
 - Demonstrably linked to financial success
- Communicate with expatriates
- Repatriation issues
- Talent pipeline and alternative resourcing plans

Final Thoughts and Conclusions

Final Thoughts and Conclusions

- Impact is complex
- Plan for more change
- New business models
- Talent management
- Pressure on volume will continue
- Range of expectations of mobility
- Balance the short and long term
- Focus on the broader strategic context

Thank You!