



International Mobility: Introducing Flexibility into Policy Structures

Presented by:
Gill Aldred, Sr. Director,
Consulting Services
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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: Introducing Flexibility into Policy Structure

GLOBAL RELOCATION TRENDS REPORT

International Mobility:
Introducing Flexibility into
Policy Structures



Brookfield Global Relocation Services

Brookfield

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



Gill Aldred
Sr. Director, Consulting Services
London
(44) 20 7398 8644
gill.aldred@brookfieldgrs.com

Agenda

- Spotlight Purpose and Methodology
- Setting the Scene
 - GRTS and Spotlight Interviews
 - What the Spotlight Tells Us
- Strategic Considerations and Drivers
- Other Changes in Mobility
- Internal Business Drivers for Program Flexibility
- Mutual Benefit and Core Plus Approaches
- Key Considerations of Mutual Benefit and Core Plus
- Building Appropriate Relationship Management Models
- 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

It is clear that a desire to introduce greater flexibility into mobility programs for both temporary assignments and permanent moves has momentum within the industry. It is equally clear that in order to be successful, flexibility must be managed

Spotlight Tells Us

- Flexibility is part of the search for innovation in mobility – structure and management
- Business driven focus on flexibility
- How managed?
- Major challenges?
- How is the provision of benefits differentiated?
- What leads to the adoption, rejection or failure of flexibility?

Flexibility – Expectations and Policy Types

- Changing expectations between organization and employee
- Define & communicate the reasons for flexibility
- Basis of differentiation: need, assignment type
- ‘Negotiation’ and unintended consequences
- Two most common approaches to flexibility
 - Mutual benefit
 - Core plus

Understanding Strategic Considerations and Drivers Behind Program Flexibility

Flexibility Linked to Other Strategic Changes

- What are the underlying drivers in the organization that are leading to a requirement for more program flexibility?
- One of three strategic changes within Mobility
- Flexibility should be aligned with these strategic changes

Other Strategic Changes in Mobility

One of Three Strategic Changes

- Increasing control
 - Centralized oversight over mobility
 - Regularizing governance arrangements
 - Standardizing policies
- Reducing delivery costs
 - 'Lighter' program offerings
- Increasing program flexibility
 - Policy variations to match different drivers
 - Management and discretion that reflect balance of centralization or decentralization
 - Justifications for types of flexibility
 - Core considerations leading to rejection or failure of flexibility

Impact of Decentralization

- Options for flexibility dependent on levels of decentralization within an organization
- Explicit rules around discretion is not necessarily how decisions get taken
- Choices around program flexibility require two key judgments from the IM function
 - Assessment of where power resides within the organization
 - Historical growth pattern of organization; for example is there a dominant culture resistant to change?

Challenges Associated with Decentralization

- High level of decentralization
 - Manager/receiving business unit decide
- Medium level of decentralization
 - Manager in consultation with the local HRBPs
- Low level of decentralization
 - Central International Mobility function

Political Considerations of Introducing Flexibility

- Political considerations are important
- Critical to build consensus: stakeholders and influencers
- Secure and leverage leadership for vigorous support

Political Considerations

“we have been trying to harmonize and integrate our policies for over three years now – there is a high level of autonomy in Asia, Latin America and the Middle East however, now [in an environment of cost pressure and recession] seems the right time for us to actually do it.”

Interviewee Quote from Spotlight 2009
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Internal Business Drivers for Program Flexibility

Internal Drivers – Identification and Analysis

- Identify and understand the Internal business drivers to program flexibility
- Analyze each driver with respect to the challenges it poses
- Implement policy and process to address each challenge

Matching Flexibility to Internal Business Drivers

- Knowledge transfer building capability or filling skills gaps
- Expansion of business operations
- Resourcing into more challenging countries
- Alignment with Talent Management
- Cost reduction
- Changing assignee demographics
- Changing business, government or pan-national regimes

Mutual Benefit and Core Plus Approaches

Definitions – Mutual Benefit and Core Plus

- Simple names but actually complex
- Intended to convey a shift in expectations about what is offered and why
- Typical elements
 - Incentives removed for some types moves (self-initiated, career development)
 - Tax equalize different policy elements
 - A mix of reductions and improvements
 - Differentiate policy elements on basis of employee type, e.g. new hire Vs. existing

Basis for Differentiation of Benefits

- Key consideration
- Important to have clarity around basis for benefit differentiation
- 4 key logics identified through interviews:
 - Grade and seniority
 - Geographic market
 - Demographic segment
 - Type of transfer or assignment

Characteristics of Mutual Benefit Policies

- Self initiated
- Could apply in a variety of situations: Long Term; Permanent or Localization
- Win / win or developmental
- Reduced benefits
- Differentiated and offered based on need

Mutual Benefit Policies Case Study #1

- Example from a pharmaceutical organization
- Mutual Benefit used to extend opportunities to emerging talent on reduced benefits basis
- Provided reduced benefits: flights and destination support but not housing
- Experience will change future mindset and expectations around entitlement

Mutual Benefit Policies Case Study #2

- Example from a telecommunications organization
- Mutual Benefit used to avoid costly flexibility through the 'back-door'
 - Consistent exception request patterns accommodated through flexibility
 - Considered various rationales for differentiation
 - Offered based on reasons for the assignment: developmental; training; business critical

Characteristics of Core Plus Policies

- Less common option
- Assumption of core or required benefits in any given assignment scenario
- Other elements added on the basis of need
- Possibility of additional elements added as an incentive
- Move away from ideas of entitlement

Core Plus Policies Case Study #1

- Example from a financial and information services company
 - Primary level of differentiation based on 6 assignment types; business critical / developmental / employee-requested
 - 6 fixed points along a continuum of benefit availability (as well as hybrid positions in between)
 - Non-negotiable elements (tax equalization) and lean core
 - Challenge to avoid cherry-picking
 - Assignee primarily responsible for choosing options
 - More focused management of components in package; transparency of discussions; avoidance of equity problems

Core Plus Policies Case Study #2

- Example from a high technology organization
 - Provides flexibility of support that can be offered
 - Non-negotiable elements: immigration; tax; cost of living allowance and mobility premiums
 - Other elements offered on basis of assignment location and personal circumstances
 - No personal negotiations
 - No cash in lieu of the benefit

Key Considerations Surrounding Mutual Benefit and Core Plus Flexibility

Managing the Risks Inherent in Flexibility

- Seven considerations
 1. Link to talent and career management
 2. Transparency, judgments about equity and corporate reputation
 3. Maturity level of operations and local HR Business Partners
 4. Attitudes towards providing cash in lieu of benefits
 5. Impact of unintended consequences and duty of care
 6. Guarding against creating undesirable future behaviors
 7. Attitudes towards a suitable level of personal support

The Link to Talent Management

- Determine extent of link between flexibility and talent management or career development
- Focus on certain elements of policy and process: authorization process; pre-assignment support
- Make changes or alignments necessary to accommodate developmental or rotational / succession plan related mobility

Transparency and Equity

- Significant inhibitor to flexibility
 - Employee relations
 - Culture of mistrust
 - Discrimination
- Alternatives
 - Centralized management of exceptions

Maturity of Operations and Local HR Business Partners

- Awareness of broader organizational needs of business unit requiring flexibility
- Variation in ability to negotiate across the available options
- Ability to assess and balance the benefit to the business and individual assignee
- Training of related core competencies important for HRBPs

Cash in Lieu of Benefits

- Invokes a variety of considerations / problems
- Underlying principles
 - Entitlement Vs. need
 - Compensation Vs. reward or incentive
- Flexibility speaks directly to need
 - No need, no entitlement, no cash equivalent
- Corporate culture
 - Externalization of 'self-worth'
 - Value assumptions
- Local differences

Impact of Unintended Consequences and Duty of Care

- Flexibility may transfer risk to the assignee
- Diversity – disparate impact over time
- Duty of care

Other Considerations

- Guarding against 'bad habit' behaviors
 - Inappropriate flexibility
- Alignment of flexibility with overall HR philosophy
 - e.g. high touch Vs. self service

Building Appropriate Relationship Management Models to Manage Flexibility

Relationships to Manage Flexibility

- Implications to various stakeholders: line management, corporate HR, HRBP, IM and assignees
- IM becomes a constant within the flexible environment by delivering service with a consistent look and feel
- IM and stakeholders collaborate in new ways, formal and informal
- IM has new two-way relationship with HRBPs
- Recommend case-based service delivery rather than hand-over models

Final Thoughts and Conclusions

Final Thoughts and Conclusions

- Flexibility is not a single, isolated challenge
- Flexible offerings should reflect:
 - Balance between centralization and decentralization
 - Governance philosophies
 - Cost considerations
- Policy variations aligned with internal drivers
 - Knowledge transfer, expansion of business, etc.
- Guard against
 - Negative impact on duty of care
 - Discriminatory impact

Final Thoughts and Conclusions

- Clearly articulate the basis for benefit differentiation
- Structure governance around the seven key considerations and audit again them
- Consider more collaborative cross-functional approaches to
 - Candidate selection & assignment planning
 - How decisions are taken around flexibility
- Flexibility has momentum within the industry
- Must be managed with fairness and equity
- Mobility part of the engine to drive and support superior selection, motivation and deployment of key talent

Thank You!