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Mercer webcast



Maintaining Expatriate Assignment Costs in the Economic Revival

Today's speakers



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Agenda

- Current and anticipated changes on international assignment program
- Case Studies
- Looking forward in 2010

What happened in 2009 ?

- Reduced budget



- Cost control
- Localizations
- Less exceptions
- Review of policies
- Reflections about need for Expats
- Closer look at total costs

- Hiring freezes



- Better selection of candidates
- Local hires
- Inter-regional moves
- Moves from low paying countries
- Reduction of HR staff

What happened in 2009 ?

▪ Currency Fluctuations



- Split pay
- Negative COLA
- Better communication
- One time payments for special situations

▪ Moment of “philosophical changes”



- Segmentation of policies
- Stricter monitoring
- New nationalities
- Complexity of processes
- Centralization



What happened in 2009 ?

Movement of the housing market



- Several destinations became cheaper (Moscow, London, Dubai)
- Negotiation power
- “realistic budgets”

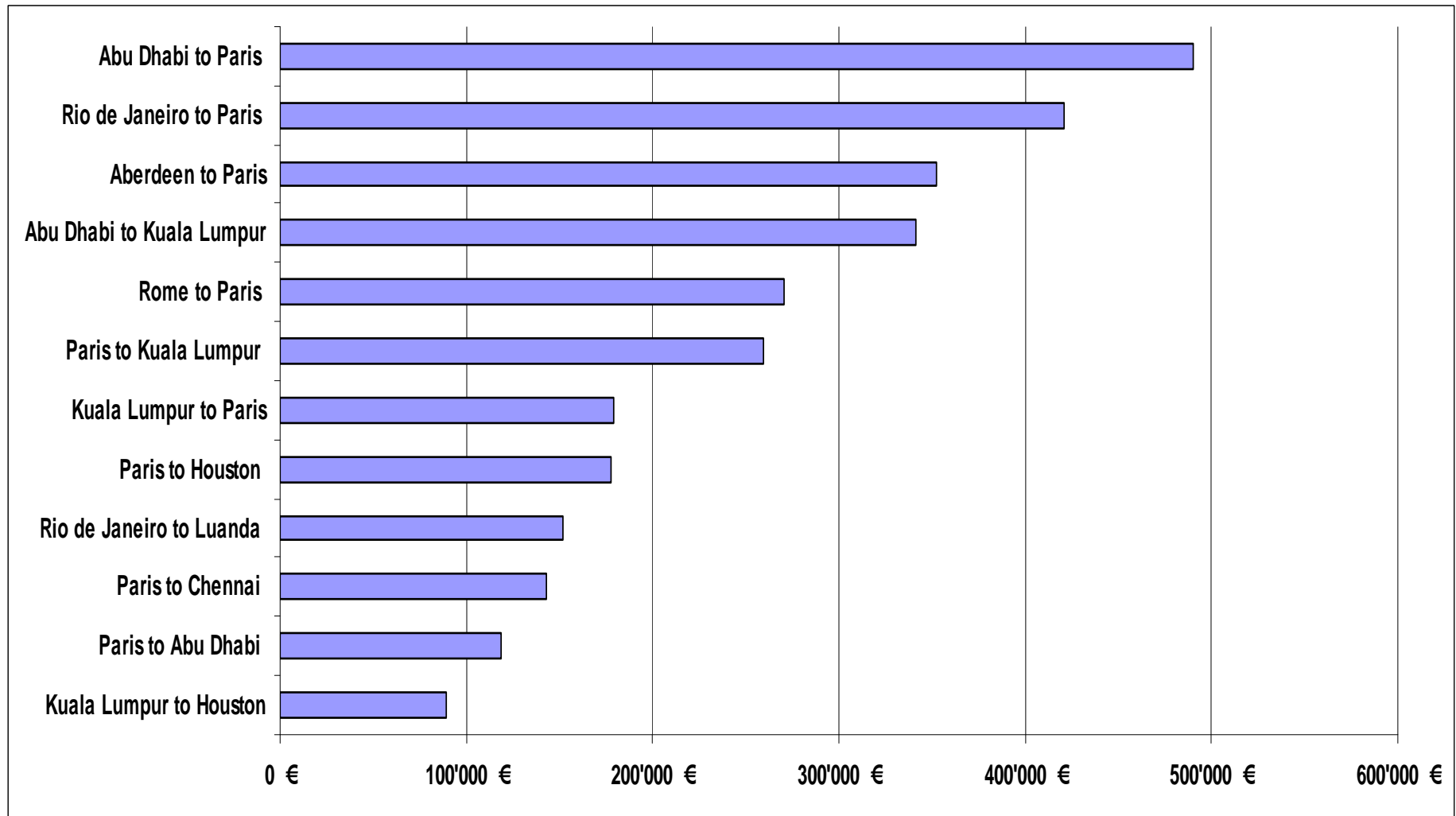
Globalization was boosted by the crisis



- New markets
- New businesses (Energy, Telecommunication)
- BRIC countries
- China second largest exporting country

Case study 2009 – Total Cost Summary for a global Energy company

PC 57, including employer's Taxes and Social Security



Trends for 2010

After the crisis ?

- 36% of companies reviewed their international assignment policy in the last 24 months, 41% are currently reviewing and 14% are planning to review the policy
- Better selection process
- A new generation is entering the workforce – “not spoiling the kids”
- Segmentation
- Simplifications of expatriate management processes
- Total Costs
- Return on Investment

Reviewing International Assignment Policies

Questions for consideration

What drives your company to send employees on international assignments?

- Career and leadership development?
- Business expansion?
- Filling a position requiring specific technical skills?
- Fulfilling a specific project need?

Who are your expatriates?

- Seasoned executives?
- Skilled professionals?
- Rising talents?

Where are they coming from?

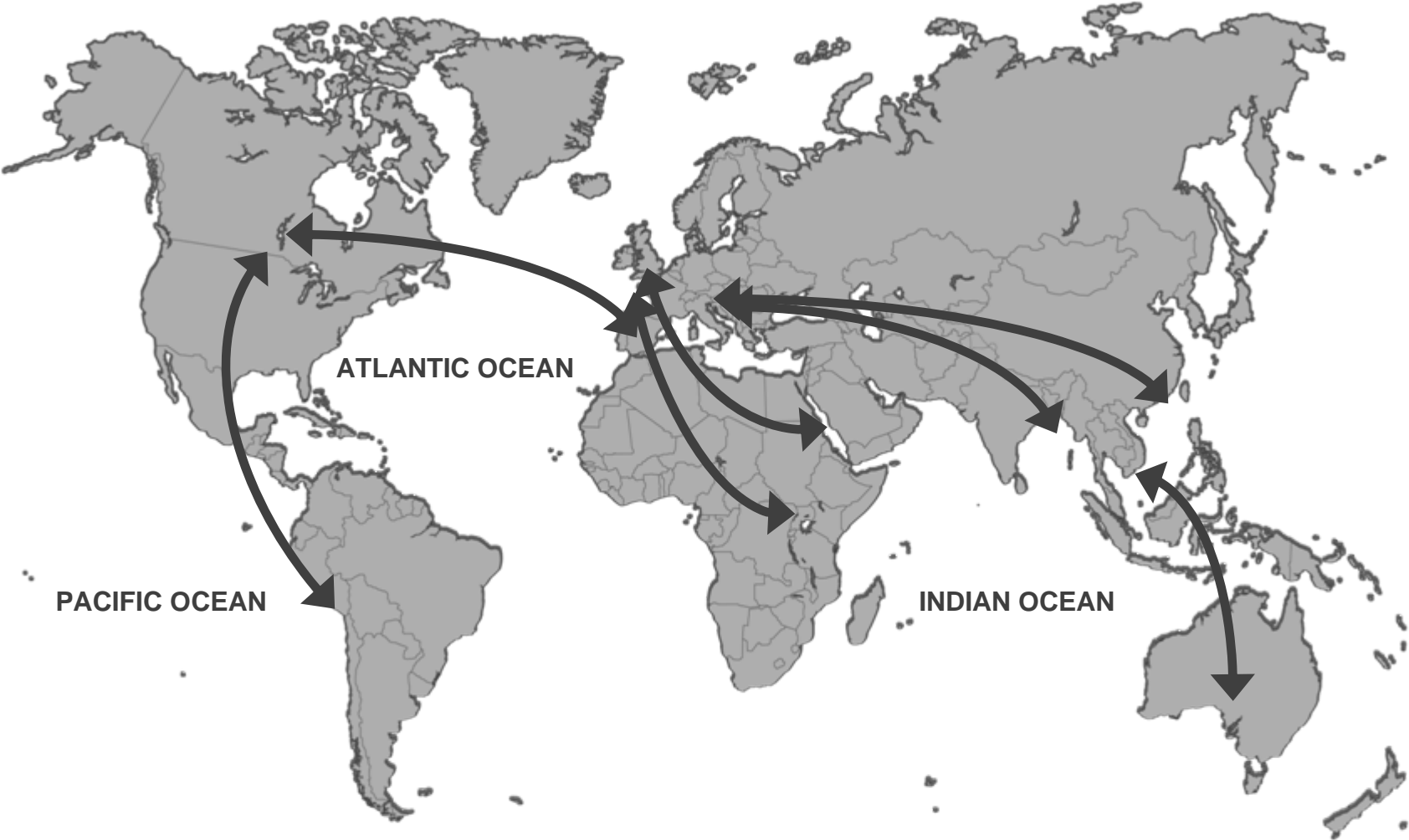
- Headquarters
- Operating companies
- Multiple locations
- International hires
- Nomads

Where are they going to?

- Assignment from where , to where?
- Home ⇔ host ⇔ home
- Location to location

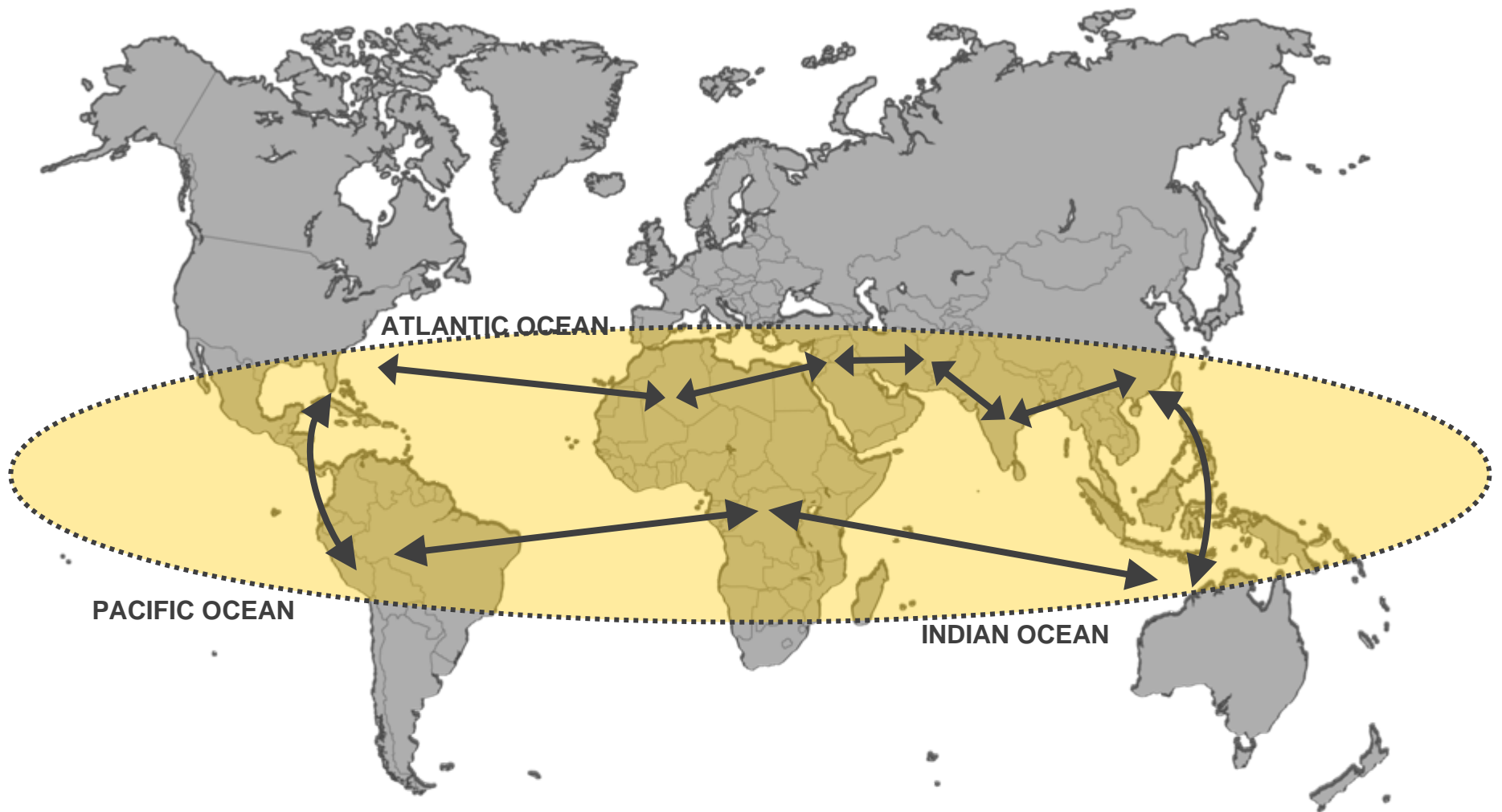
Previous Expat Movement

Longitudinal Mobility



To a New Dimension...

Lateral Mobility



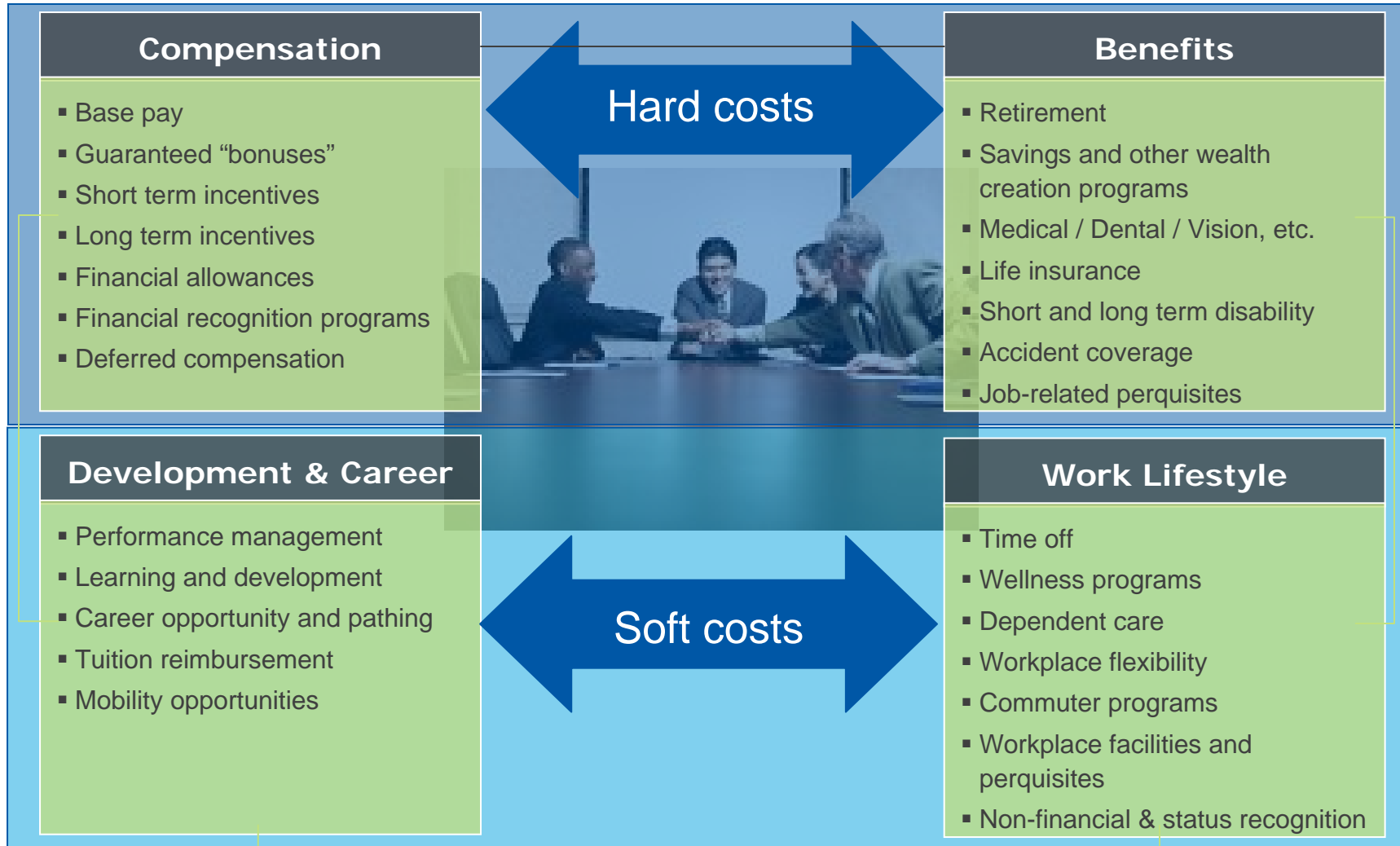
Virtual Teams - Enabled by Technology

Many interactions across borders – source of misunderstanding

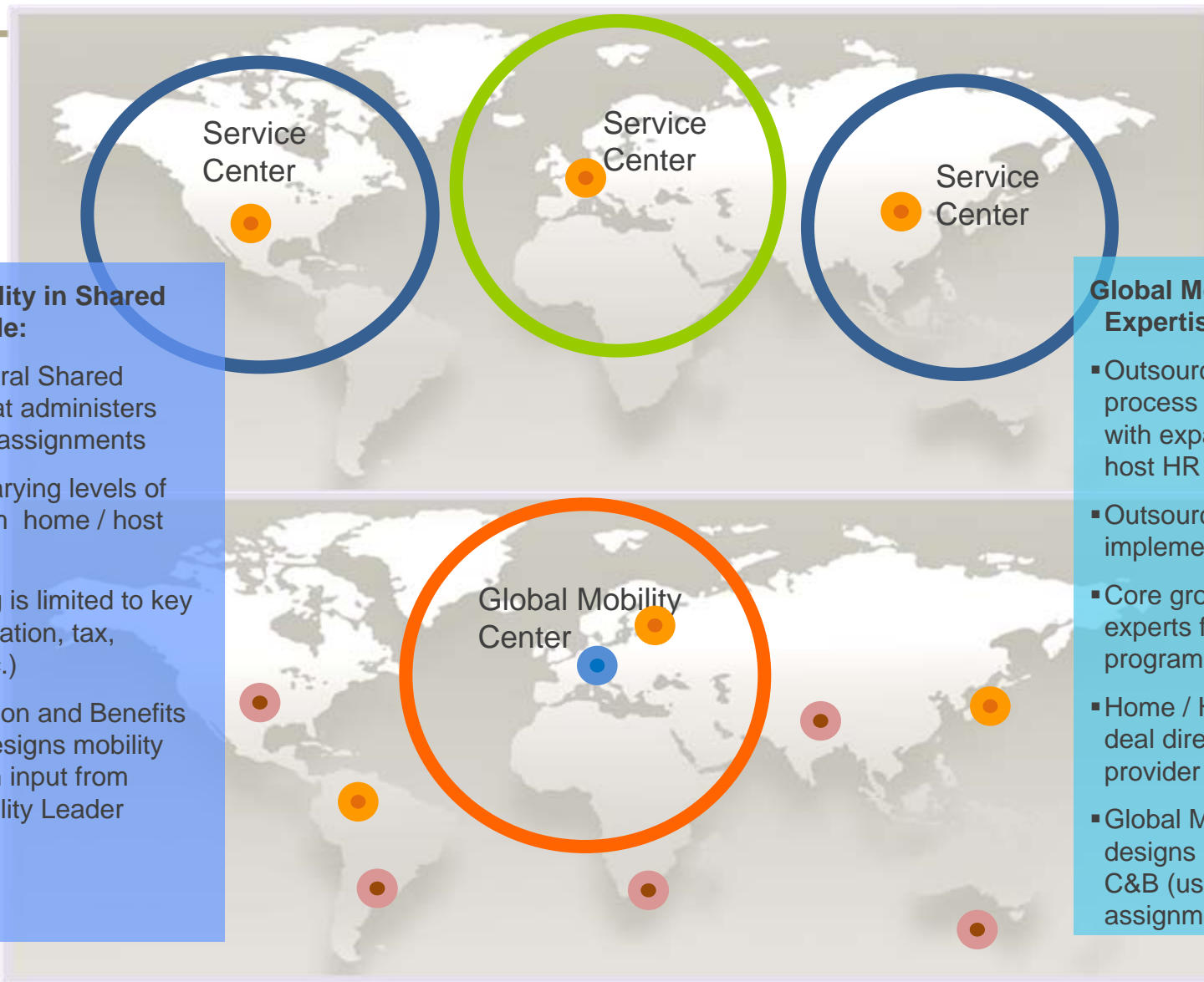


Consider all Elements of Rewards

It is not just about compensation and benefits



Global versus Regional Expatriate Management Administration?



Global Mobility in Shared Service Role:

- Strong Central Shared Services that administers expatriates assignments
- Receives varying levels of support from home / host HR
- Outsourcing is limited to key areas (relocation, tax, medical, etc.)
- Compensation and Benefits generally designs mobility policies with input from Global Mobility Leader

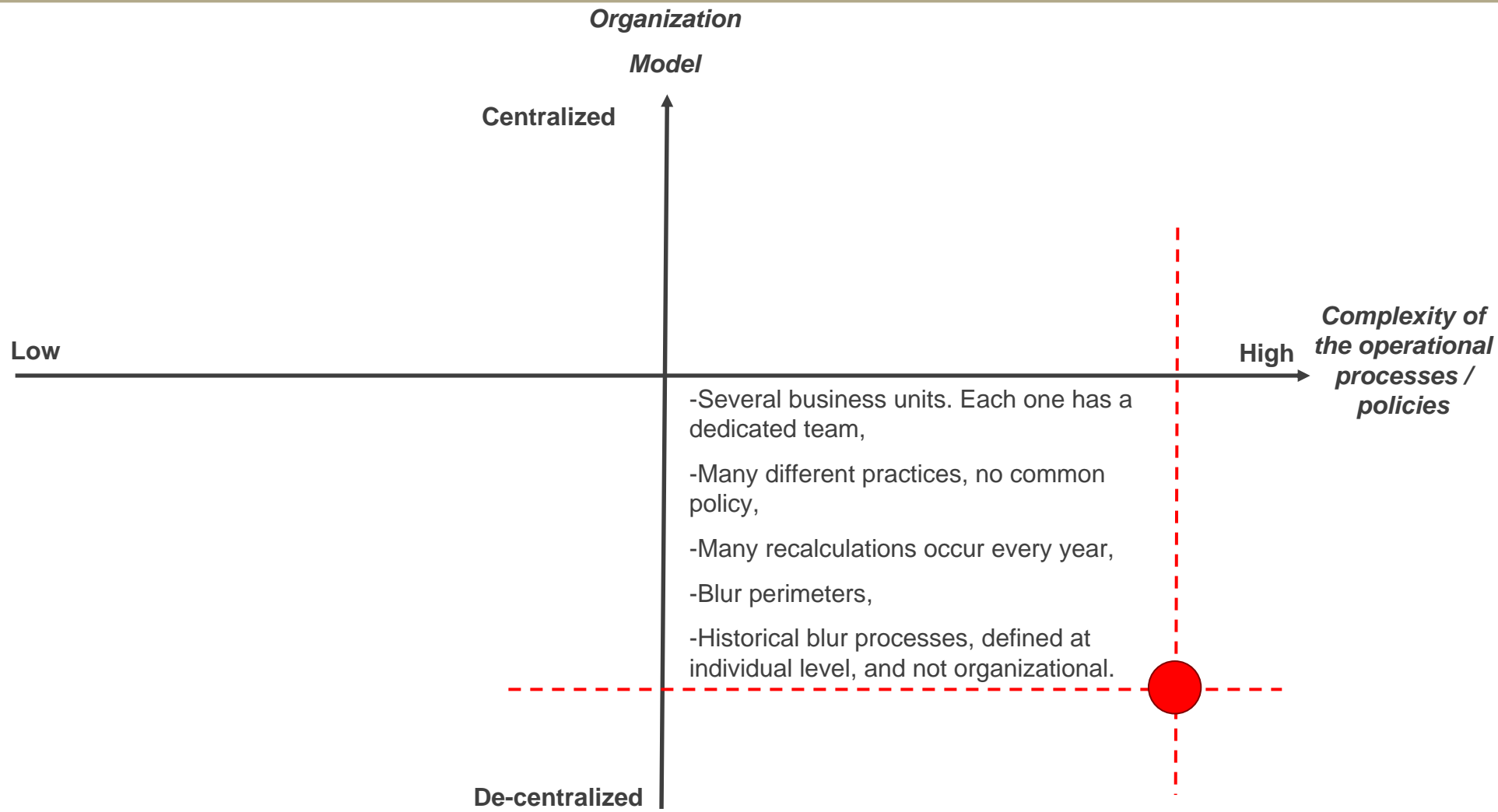
Global Mobility in Centers of Expertise Role:

- Outsourcing is end-to-end process that works directly with expatriates and home / host HR
- Outsourced Vendor implements design elements
- Core group of global mobility experts focusing on overall programme design
- Home / Host HR generally deal directly with outsourced provider for all needs.
- Global Mobility Leader designs policy with input from C&B (usually for Long Term assignments)



Case Study: Energy Company

Implementation of a tool in order to manage assignees



Case Study: Energy Company

Implementation of a tool in order to manage assignees

Rationale for Implementation

- Identify International Mobility stakeholders,
- Describe current roles, responsibilities and perimeters of the International Mobility stakeholders,
- List and formalize the operational processes,
- Identify main issues : blur perimeters, processes disruptions, etc...
- Is your International Mobility domain mature enough?

Plan Project Steps – HR-e

- Define clear project scope, requirements and goals,
- Harmonize policies and practices,
- Clarify perimeters, roles and responsibilities,
- Smooth operational processes, understand disruptions,
- Identify processes being supported by the tool,
- Anticipate change management,
- Implement the tool.

Case Study: Energy Company

Implementation of a tool in order to manage assignees

Implementation / Change Management

- Communication and buy ins from countries / business units / identified users,
- Communication to both managers, HRs and expatriates,
- Development of policy handbooks,
- Organize trainings,
- Roll processes and tool out.

Administration Management

- Track processes disruptions, exceptions to policy,
- Measure efficiency (time required to packages preparation, time required to send an assignee abroad, number of mistakes, number of disruptions, etc..),
- Analyze,
- Enhance.

Maintaining Expatriate Assignment Costs in the Economic Revival

Trends for 2010

- **Segment policy**
- **Long Term Assignments reduced to 3 years**
- **Don't extend Short Term Assignments**
- **Localize after 5 years**
- **Check local HR costs (housing budgets)**
- **Limit exceptions**
- **Select candidates well**
- **Consider local hires**
- **Clear responsibilities and roles**
- **Clear communication**
- **Look at efficient processes**
- **Track ROI and Total costs**

Questions and contacts



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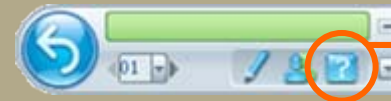


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