In this article, the first of a two part examination of a tough subject, Brookfield Global Relocation Services (Brookfield GRS) has invited the respected expert, Dr. Yvonne McNulty, to share with our readers the core and cumulative results of her research into the challenging area of the Return on Investment (ROI) to be achieved from expatriate assignments.

As a guest author, her thoughts start in typical direct style. She challenges us to make the shift from a purely financially based model to something more thoughtful, and directly relevant to the way international mobility is designed to work, and in fact, does work. In her own words, and based on 10 years of collaborative research, Brookfield GRS is pleased to present Dr. McNulty's new views on the perennial subject of expatriate ROI.

‘Hot Topic’, ‘Headache’ or ‘Holy Grail’

Whether we call it a ‘hot topic’, a ‘headache’, or the ‘holy grail’ of what a company’s mobility function does on a daily basis, one thing is for sure – no one has yet devised a persuasive formula that convincingly measures expatriate ROI. Determining how to justify the costs associated with deploying expatriates is one of the most challenging issues mobility managers face. For most companies, the costs are staggering. Consider the following:

“…we spend close to US$60M a year on 155 expats…”
Insurance Company, New York, 155 expatriates

“…we came up with a price tag of US$300M…”
Financial Services Company, London, 5,000 expatriates

“…it’s in the hundreds of millions, it’s very high…”
Business Services Company, Chicago, 14,000 expatriates

“…our expats cost us between UK£1-2 billion a year…”

But is it just about the money? Are expatriates nothing more than the cost of doing business? We don’t think so, and in this, the first of two articles, we’ll explain why. In the second article, we’ll also provide some practical guidance about how to attain the ROI organizations are seeking.

It would be understandable at this point to think that there is nothing new in this kind of rhetoric. If that’s the case, let me provide some reassurance: we’ve been deeply involved in researching expatriate ROI for over a decade and, having interviewed hundreds of companies and expatriate employees about this topic, we can report with some authority and certainty what works and what doesn’t when it comes to ‘getting inside’ this complex phenomenon.

First, the Bad News

Unfortunately, international assignments often provide little ROI for global firms. Brookfield GRS found in their most recent 2012 Global Relocation Trends Survey (2012 GRTS) that no company rated their expatriate ROI as ‘excellent’. While 44 percent rated it as ‘very good’ or ‘good’, 45 percent rated it as ‘fair’ and 11 percent as ‘poor’. It is telling in that this is the lowest self-rating of ROI for international assignments in the history of the report.

Worse still, only nine percent of companies reported formally measuring expatriate ROI. Of greater concern are the reported measures: four of the top six ROI measures assessed only financial ROI, including ‘compensation package’ and ‘costs associated with relocation support’.

Do Companies Measure ROI?
Clearly, what most companies want from expatriates extends beyond what they can generate in financial terms. Admittedly, profits, revenues, and increased market share are all important for the short term sustainability of a global business. But so is retaining an employee long-term, particularly one in whom companies have typically made a significant investment in developing a relatively rare international and intercultural skill set.

Our fundamental argument here is that how expatriate ROI is defined sets the scene for not only how it is measured, but also how it is managed. To define ROI adequately, we focus on five core areas: (1) identifying financial versus non-financial costs and benefits; (2) knowing the purpose of an assignment; (3) developing a long-term perspective; (4) linking the timing of ROI assessments to the purpose of an assignment; and (5) letting go of the myth that ‘one best’ ROI measure is attainable, which will be discussed in the second part of this two part article.

A word of caution first: If a company’s primary focus is immediate financial performance, the remainder of this article will likely not be of interest. This type of ROI can be found in any number of financial statements regularly generated on a monthly or quarterly basis by most companies’ CFOs. A short walk to their office will provide all the data necessary. If this is the prime directive, most companies can say goodbye to some of their most expensive employees because, unlike the company, these employees are not seeking out opportunities in the international labor market for financial reward alone. On the other hand, for companies that want something more from their investment than simply a good quarter’s figures, the remainder of what we have to share should make interesting reading.

Whether a company has a small expatriate population of fewer than 10 employees or a cohort of thousands, it really comes down to what is meant by the statement ‘we need a good ROI from this expensive mobility program’.

Let’s get to the heart of the matter. Expatriation is more than the costs associated with sending someone abroad - and what we expect in return is much more than simply ‘breaking even’. Unless a company is using a mix of predominantly TCNs, HCNs, and FELOs\(^1\) to staff foreign subsidiaries whose sole purpose is to save money for the organization as a cheaper staffing option, it’s likely that an average expatriate population consists predominantly of PCNs\(^2\) who are sent for a whole host of reasons that have little to do with generating massive profits. Running a start up, transferring valuable tacit knowledge, providing governance as a means to managing corruption, and building leadership skills to build a succession pipeline are among some of the most common reasons given for using expatriates. Eventually there will be a financial benefit from the valuable role these expatriates play in each location they live and work in, but the fundamental reason as to why they are sent has no initial direct bearing on financial gain, at least not in the short term.

In our years of researching this topic, we have found that most managers measure the ROI from expatriates almost exclusively in financial terms. For the past decade, more than 80 percent of companies surveyed for the Brookfield GRS agree with the definition of expatriate ROI as:

‘accomplishing the assignment objectives at the expected cost’

When we spoke to expatriates about how their ROI is measured they, too, overwhelmingly said that mostly only the financial objectives and outcomes of what they do are assessed. This seems not to tell the whole story, so let’s examine in detail the first four of the five core areas noted above with the final area covered in the second part of this article next month.

1 **Identifying Financial Versus Non-Financial Costs and Benefits**

Clearly, there is a disconnect between why companies use expatriates and how they measure the true value of expatriates to their organization. A fundamental problem is that most companies are still stuck in the traditional financial model of ROI where a financial outlay demands an equal financial return. That sort of thinking will never work where expatriates are concerned because what it costs a company to utilize expatriates and what the company hopes to gain by doing so are two entirely different things. What is needed is a paradigm shift from expecting the financial costs to provide a solely financial benefit. Consider an alternative definition of expatriate ROI which is widely cited in the academic field of study:

“A calculation in which the financial and non-financial benefits to the firm are compared with the financial and non-financial costs of the international assignment, as appropriate to the assignment’s purpose”.

Here, we capture the costs whilst also acknowledging the benefits. But we go one step further, and it’s an important step: accurate rates of return from expatriates are only possible when the benefits are compared with the costs, irrespective of whether a cost is financial (e.g. relocation support) and the corresponding benefit is non-financial (e.g. recruiting a local successor for a start-up subsidiary). Essentially, we argue against the view that proposes an accounting driven ROI where expatriates are concerned, but rather to a broader economic ROI that considers value in conjunction with profitability.

This approach is found in The Balanced Scorecard model pioneered by Kaplan and Norton\(^3\). Rarely though, do we see this approach adapted to global mobility programs.

2 **Knowing the Purpose of an Assignment**

It’s unlikely that expatriate costs and benefits can be identified if the reasons for having expatriates in the first place have not been clearly identified and articulated. In our research we found that many managers were not only cir-
cumspect about the specific reasons why expatriates are used (in one company, up to one-third of assignments fell into the ‘other category’ where the justification for these assignments fell outside of established guidelines), but alarmingly, so too were many expatriates similarly confused. Consider the following statement by the Regional Mobility Manager at a UK-based media and communications company:

“...I don’t think people have been paying a lot of attention to why we have an expat in the first place. I think there’s a history, a fairly ugly history, of the old boy’s network… to make a whole lot of money doing what you’re doing… we’re fighting the corporate culture where with expats it’s important to help out your friends and yourselves when you’re looking for a way to make some more money… [so] for a while it was harder to buy a laptop than to go on an international assignment… we were out of control… it was truly the tail wagging the dog, not the other way round as it should be...”

From expatriates we frequently heard comments along the lines of:

“There is no connection between why I was told I was sent here and what was put on my performance review as the job-related objectives I am expected to achieve”.

It is any wonder then that what gets measured with respect to expatriates’ contributions is predominantly financial despite the fact that many are sent abroad for a variety of other reasons? It goes to our point above, that if an expatriate is sent abroad for non-financial reasons but their performance is only measured in financial terms, what then is the real ROI that is expected from them? Where is the strategy driving these decisions? One senior manager at a major global food and beverage company got right to the point when he said:

“Some people have been asking the question how many assignments should we have? Well that’s not the right question. The right question is how can international assignments support our business strategies; if they can, then we should have more. If they are not a critical piece of supporting our business objectives then we shouldn’t waste the money. That’s really the question. The number of assignees should be driven by the business objectives, not the other way round.”

Furthermore, if a company sells an assignment to a candidate on the basis of the long-term intangible benefits that he or she is likely to gain by agreeing to go, but then measures what they achieve only by how the company’s share price increases quarter by quarter, what message is being sent about their long-term career prospects with the organization? Purpose is everything when talking about ROI. Without knowing the reasons why expatriates exist within a company, it’s not possible to capture what needs to be measured or to identify what is really meant by the statement that says ‘our company expects “this” in terms of ROI’. It’s clearly important that managers know the intent for using expatriates in order to then track the expected costs and benefits. Is this self-evident? Yes. Does it happen in practice? Unfortunately, not as often as we might hope.

3 Developing a Long-Term Perspective
In essence, we cannot measure what has not been defined. One problem overwhelmingly is that while companies recognize the long-term value of having expatriates, this acknowledgement is often lip service and many lack the resources or choose not to focus on anything more than the short-term gain from deploying them abroad. In contrast, expatriates view international mobility the opposite way: their motivation for agreeing to uproot their life and move abroad (with spouse/partner, children and family dog in tow) has very little to do with short-term gain, and everything to do with long-term career progression. What we have is a mismatch in expectations with far-reaching implications: on the one hand we have organizations that are focused on short-term ROI and on the other, expatriates who are focused on long-term ROI.

What is needed here is a clear understanding that many of the costs and benefits associated with expatriation are often non-financial in nature and only appear at, or after, the conclusion of an assignment. In some instances this may even be years later when the goals articulated in long-term strategic planning are realized in a solid competitive advantage, a successful senior management promotion, or the successful expansion of a key market. Our point is that accurate assessments of ROI are not likely to be made in the short-term if the long-term benefits cannot be identified in the period during which the assessment occurs.

4 Linking the Timing of ROI Assessments to the Purpose of an Assignment
This leads us to our fourth core area.

The timing of an ROI assessment is crucial. Consider, for example, that it would be pointless to include repatriation outcomes in an ROI assessment for a particular assignment if the purpose of the assignment does not include successfully finding a suitable position in the company for an expatriate when they return. In these instances the assessment of ROI could be made as soon as the assignment is completed because repatriation is never intended as a specific objective of the assignment. As logical as this seems, we nonetheless found that more than half of the companies participating in our research used repatriation turnover as the dominant – or only – measure of informal ROI. Furthermore, in all instances, repatriation turnover was not linked or considered within the context of the purpose of the assignment. Essentially, it was used as a proxy ROI measure because that data was easy to capture and measure. Relevance is therefore an issue.
The term ‘informal ROI’ is used because we do not consider repatriation turnover to be an accurate indicator of the real costs and benefits expected from an international assignment, and there is a reason for that: such a measurement only provides ‘lagging data’ that can be measured once an assignment is completed, and even then it is frequently evident and measurable only some years later. Because the data is gathered only when a repatriated employee leaves the company, there is no avenue to prevent the loss. The data comes too late to do anything about it. What is needed is to determine ‘leading indicators’ that allow the possibility of altering the outcome.

Obviously, if a key purpose of an assignment is the development of a global manager with an international perspective, then expatriate ROI clearly needs to include the costs and benefits associated with repatriation-related outcomes, such as the successful use (or lack of use) of the expatriate’s international skills, which may lead to labor turnover if they leave the company’s employ. These assessments would then be made at some point after completion of the assignment, and most likely a number of years later when a high level of retention would be critical for succession planning purposes.

In the second part of our ROI series, Dr McNulty will speak to the last piece of the ROI puzzle by discussing the reasons why searching for the ‘holy grail’ of ROI is unrealistic. Instead – she will provide evidence of alternative models of ‘so called’ best practices that have been adopted by a number of companies that are making inroads into better ROI management.

1 Third Country Nationals are employees originating from neither the home or host-country location and typically employed on local terms; Host Country Nationals are citizens of the host-country and employed locally; Foreign Executives in Local Organizations are a form of TCN.

2 Parent Country Nationals are traditional assignees sent abroad from the headquarters home-country location.


4 Research studies show that repatriation is only guaranteed for approximately 25% of expatriates for a job at the same level or higher, with a staggering 70% or more being offered no guarantee of repatriation to their home-country – see Mercer’s 2011 Worldwide Survey of International Assignment Policies and Practices Report for more details. This drives home the point that repatriation turnover as a measure of ROI is pointless because guaranteed repatriation is in rapid decline.

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This article was guest authored by Dr. Yvonne McNulty and co-authored by Gill Aldred, SGMS at Brookfield Global Relocation Services, LLC (Brookfield GRS). For questions regarding this article, or assistance in any other services provided by the Brookfield GRS Consulting Services department, please contact Jill Taylor at strategicadvisor@brookfieldgrs.com or 1-630-972-2280.

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In her first article as the inaugural guest author for the Brookfield Global Relocation Services (Brookfield GRS) April 2012 Strategic Advisor, the renowned expert in the field of international assignment management, Dr. Yvonne McNulty, provided an alternative model to examine and consider the reasons why a Return on Investment (ROI) formula to measure the success of expatriate assignments is so difficult to come by. In doing so, she presented a refutation of a solely financially based model and offered explanations and pointers towards a model that would enable mobility professionals to think about, and present, the ROI that their companies expect in a different form. This form provides a solid link between both the financial and non-financial resources expended and the financial and non-financial results achieved. Here, in the second article, Dr. McNulty encourages us to let go of the myth of a single best practice to measure ROI and shares with us a number of possible best practices that some companies are using to improve their performance in measuring ROI. Brookfield GRS is pleased to present Part 2 of Dr. McNulty’s new views on the perennial subject of expatriate ROI.

In our first article on ROI we proposed the discarding of financially based descriptions of ROI which we believe to be flawed. In that article, we also indicated a focus on five core areas, four of which were discussed, and we reached a number of conclusions.

The first core area involved identifying financial versus non-financial costs and benefits. Here, we argued against the view that proposes an accounting driven ROI for expatriates but rather to a broader economic ROI that considers value in conjunction with profitability. Doing so moves the ROI of an assignment away from the challenge of trying to create an ROI within the narrow confines of a purely arithmetic calculation. We concluded that this approach provides the opportunity to factor in the more qualitative aspects of the expatriate contribution but acknowledged that we rarely see this approach adapted to global mobility programs.

We then examined the importance of knowing the purpose of an assignment. This proved to be another area that yielded insight. We reached a strong conclusion that purpose is everything when talking about ROI. It sounds obvious, but without knowing the reasons why expatriates exist within a company, it is not possible to capture what needs to be measured or to identify what is really expected by companies in terms of ROI. Although it seems self-evident that managers must know the intent for using expatriates in order to then track the expected costs and benefits, our conclusion was that this is not practiced as often as might be expected.

Our third area concerned developing a long-term perspective. We concluded here that many of the costs and benefits associated with expatriation are often non-financial in nature and only appear at, or after, the conclusion of an assignment. We further recognized that in some instances this may even be years later. Our point is that accurate assessments of ROI are not likely to be made in the short-term if the long-term benefits cannot be identified in the period during which the assessment occurs.

The final area that we examined related to linking the timing of ROI assessments to the purpose of an assignment. Many companies use rates of expatriate attrition as a kind of proxy or informal measurement of ROI. In more than half of the companies participating in our research, repatriation turnover was used as the dominant – or only – measure of informal ROI yet in all instances, repatriation turnover was not linked or considered within the context of the purpose of the assignment. Essentially, it was used as a proxy ROI measure because data was easy to capture and measure but the relevance of data was an altogether different matter.

Here, in Part 2 of our series, we examine the final core area of ROI in terms of letting go of the myth of a single ‘best’ ROI measure. We will offer a fresh perspective based on the experience of a number of companies that have implemented alternative models of ROI management that draw on a more rounded definition and measurement of the core principles that have been identified as signifiers of a true ROI.

5. Letting go of the Myth of ‘One Best’ ROI Measure
There is no ‘holy grail’ when it comes to expatriate ROI. We know from our years of presenting at conferences to live audiences that this is a very unpopular view on our part when we are asked the ‘silver bullet’ question. The reality is that there can never be ‘one best’ ROI measure when so many reasons exist for utilizing expatriates. Measures of expatriate ROI will differ not only from one company to the next, but also from one assignment to the next in the same company because the objectives of each assignment are likely to be different. Consequently, these differences reduce the usefulness of a ‘one best’ ROI formula that expects iden-
tical costs and benefits to be calculated for every assignment. Doing so would be pointless. One very senior Global Mobility Director at a major pharmaceutical company in the UK summed this up well when he said:

“[The measure] depends on the organization and what drives their expatriate policy. If you look at oil and gas companies, by and large, their expatriate policy is driven by the fact they need people to work in Nigeria and all sorts of other parts of the world. Ours is slightly different. Ours is designed by and large to develop our talent within the organization. So when a person comes and says we are looking for a measure, you will never get a measure for a return on investment because what you’re looking at is companies who have got different end points that they wish to achieve and for some it’s not actually repatriating people… it’s fatally flawed to think that one answer suits everyone because it doesn’t.”

We would further argue that the end goal of attaining the elusive ‘ROI measure’ really misses the whole point of ROI because of the narrowness of that goal. We have learned from our years of research that knowing the ROI from an assignment is one thing, but knowing how and why that particular ROI outcome came to be is another entirely. Put simply, what value is an ROI statistic of 65 or 70 percent if the goal is to achieve 85 percent ROI and nobody knows what causes it to fall short? Similarly, if ROI exceeds project-ed targets, wouldn’t it be useful to know how that was achieved so as to emulate and replicate those practices? A mobility manager in a US-based IT software company expressed it this way:

“If you had a really consistent method of measuring it… you could say my return is 60% [and] I then could identify what are those measures to make that 70%... It wouldn’t change the fact that you must have them. Management wouldn’t say the return is so poor I’m going to give up having expats, because if you need them you need them. But it may make you evaluate what are those things that are causing it to be 60% versus 70%, or 70% versus 80%.”

Best Practices
So how can you take this information and the experience of others and use it to make an impact in your own organization? We want to share a variety of good and best practices from companies that are making inroads into better expatriate ROI management. There are some important changes that companies can make that can help align global mobility to ROI outcomes and, although an improved ROI outcome may be the focus, many of these changes will provide additional benefits that are valuable in other ways. We outline below a number of important areas.

Business Justification and Approval Process
Recent economic hard times have stimulated an increased desire for companies to better govern and regulate expatriate policies and practices. As such, this continues to be a good time to introduce and embed better practices with regard to the processes and approvals required to put an assignment in place. We recommend the following practices:

- Clearly articulate the business justification for approving assignments with the intent of providing greater visibility of costs and activity through a more thorough selection and approval process.

- We suggest that current assignments be re-appraised which may involve reviewing every existing assignment to understand the specific purpose and then planning specific action for that assignment within a two-year time frame. We saw this in action in a media and communications company wishing to reduce its expatriate population by 25 percent. During the re-appraisal process, existing assignees were categorized according to four specific outcomes within a two-year time frame, including ‘immediate repatriation’, ‘eventual localization’, ‘eventual re-assignment’, and ‘stay where they are’. Another company in the consumer electronics industry recognized that a lack of monitoring leads to ‘abuses’ and over-extensions of assignments:

“Because we’re not necessarily monitoring some of these assignments as closely as we should there are some efficiencies that we’re not gaining. Like I know that there are people who have been on assignment for multiple years that we need to make a decision about whether they need to be pulled back in and hire somebody locally, or they need to be made an offer to transfer to a local package. So I think there’s abuses happening which is why I wouldn’t say that [our ROI] is very good.”

- Build a business case for every assignment which specifies the business driver. The analysis should include an explanation as to why a local employee is not the preferred option.

Goals, Objectives and Assignee Development
It is not uncommon for assignments to begin without specific objectives or deliverables being established. In our research with companies, there were often times when an expatriate was sent to a location quickly (within a matter of weeks) with little advance planning. This means that, by definition, a significant part of what enables ROI to be measured is, in fact, missing! To overcome these challenges, we suggest the following:

- Track and measure specific objectives for each assignment. This requires establishing processes to define specific assignment objectives or deliverables and then consistently measuring those objectives throughout an assignment.

- Even if after the fact, determine specific and measurable objectives for the assignment and when they should be achieved and measured. This could be tied to the annual performance review or be a separate assessment. We noted one IT company in Asia Pacific that preferred separate assessments as a way to monitor assignment objectives on a quarterly basis. These assessments were then incorporated into the annual performance review to determine bonuses and other reward benefits.

- Build a development plan for assignees that incorporates not only the existing assignment, but potential future assignments. These can be developed for graduate programs and other high potential categories of employees both pre-expatriation and on-assignment. A US-based pharmaceutical company used such planning to great effect:
“We’ve got a global talent review system... people on assignments continue to sit within that process... we know at what level people are operating, across functions, across the world... it helps the business pinpoint people with potential and to what level should they next be considered.”

Cost Management
While we advocate for a mix of financial and non-financial ROI outcomes, we nonetheless recognize that the cost of expatriation is foremost for most companies. Indeed, the Brookfield GRS survey for 2012 indicates that ‘cost management’ is one of the top three concerns for mobility managers. That being so, it is still surprising that many companies do not estimate costs and of those that do, many do not then follow up by comparing original cost estimates to what is actually then spent, as one mobility manager in a US-based chemical company explains:

“We have all the data in the systems which are trackable, all the costs are trackable, and that’s no issue because we can call them out of the system without much difficulty... it’s not difficult to do. But we don’t do it I’m afraid to say... it’s all basically perception.”

Clearly, although we are advocating against a wholesale reliance of an ROI calculation based on numbers alone, cost is still an important input and requires data. To overcome this challenge consider the following:

- Having developed a vetting process that ensures assignments are reviewed and approved at the right levels, do not then allow costs to significantly exceed budgets without managements’ knowledge or approval.
- Put in place a system for business units to track and capture mobility costs to ensure these units accept responsibility and ownership for the costs associated with using expatriates.
- Regularly review assignment approvals, particularly ‘exceptions’. We found in one large IT hardware company headquartered in the US that up to one-third of all approved international assignments fell outside of established strategic guidelines for using expatriates. This problem was legitimized by allowing business units that could not find a business justification within the scope of four established reasons (developmental, skills-based, project-based, short-term) to then choose ‘other reasons’ as a category for approving assignments. These types of exceptions increase mobility costs significantly, whilst also creating other issues, as the mobility manager explains:

“Probably a third of all our moves fall into this mystery ‘other’ category; employee convenience. Employees are holding their managers hostage. They say I’m a good employee and my spouse is moving to another country; I think the firm should pay for me to go and be with my spouse’. According to our executives we should not pay for that, we have no strategy around it, we have no desire to invest in that kind of relocation but it’s about 25-30% of our moves... we don’t have any dollars we want to invest in it, yet it goes on every day.”

Mobility Program and Policy Review
Mobility programs and the policies that underpin them should be frequently reviewed to ensure that they are aligned with the way the organization as a whole does its global business and the way that it develops the people that can make that business a success. After all – what is ROI if not a measure of performance and success? As such, a well honed mobility program that reflects and promotes the organization’s overall goals and objectives is essential. Consider the following:

- Streamline expatriate policies down to those that are absolutely essential and eliminate the rest. Policies that are beleaguered by frequent exception requests specific to the requirements of each and every assignee are an administrative burden for the mobility function and lead to widespread inconsistencies in benefits across all levels of assignees.
- Consider limiting policy options to the following: four long-term policies for (1) senior executive assignees, (2) executive assignees, (3) career expats, and (4) self-selected employees; one short-term assignment policy; one graduate policy; and one legacy policy from which expatriates transition to any of the above.
- Consider moving to a centralized system of mobility management with the intention of having a corporate-wide influence over how mobility is managed and costs are controlled. The following mobility manager in a Europe-based manufacturing company summed up this approach well:

“Our general managers tend to have a lot of power and of course therefore they tend to start writing their own packages, which is unacceptable... we found we were losing control. We ended up having 100 different policies or variations thereof, and then everything was on the table for negotiation. Why should I move? I’m getting a better deal here, blah, blah, blah. It was hindering mobility... [now] it’s a very centralised function... there are 230 expatriates who are employed by a central company... one of the biggest advantages is that it allows centralised management. It ensures consistency of policy application.”

Mobility Philosophy and the Role of Leadership
Without a doubt, mobility programs are more effective when top management support is in place, not only in terms of developing an ‘investment’ mindset but also to guard against reactive (and oftentimes damaging) reductions in mobility activity during economic downturns. Countless times during our research we came across companies where top management is a hindrance, rather than a help, to further the international goals of a particular organization:

“We’ve got to turn our mindset to investment... we need to know our costs but then we have to understand our costs become investment. We have to make that paradigm shift, and that hasn’t been made yet... it is still a battle.”

Consider the following in terms of improving top management buy-in:
Have senior management articulate a new philosophy towards international mobility, with the intention of tightening the alignment of mobility to talent and diversity agendas. The result will be to steer international assignments towards career development as a stepping stone within an individual’s personal development as the primary motivation for using expatriates. This will shift the traditional driver from ‘making a quick buck’ to one that is instead focused on gaining experience. Company materials, websites and mission and vision statements should reflect this new philosophy. Where possible company initiatives should make explicit the role of mobility and its link to talent management in the vision of success, as the following US-based electronics company shows:

“Our senior managers are very supportive of focusing time on mobility and improving it; they see the problems of occasionally losing a really great person who came back because they were so frustrated with the process.”

Final Thoughts
To be sure, the implementation of these types of changes by individual companies will be challenging, but for many organizations they are necessary. During our research we saw these changes beginning to take effect in some companies, with strong results. Clearly, there will be the positive effect of greater consistency amongst benefits offered to expatriates on the one hand, but there will likely be some attrition as well among those expatriates dissatisfied with new terms and conditions and approaches to their mobility who may subsequently elect to leave the company as a result. What is important is for mobility to lead this change process with the support of top management, whose fundamental goal should be to significantly increase total mobility cost savings whilst also increasing the ROI from mobility through tighter alignment with the company’s broader organizational objectives.

Undoubtedly, these changes will create some tension among business units where little discipline around mobility is an instilled habit. It is important to be committed to the concept that a new process is critical if an ROI agenda is to be established. The positive results will eventually outweigh some of the negative side effects. When senior managers begin holding each other accountable and actively seek out data from the mobility function in order to make better informed mobility and other strategic decisions, companies may be more confident that they are heading in the right direction and that they can have more confidence in the way the return on the company’s significant investment is being managed.

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