



World Mobility Perspectives: International Assignment Return on Investment

How the world works better
www.crownworldmobility.com



International Assignment Return on Investment



International Assignment-related Return on Investment (ROI) is a topic that the Global Mobility industry has attempted to get its arms around for at least a decade. The primary challenge is that, until recently, individual organizations—and the industry as a whole—have not agreed on how to measure this type of ROI. What we now know is that the measurement of international assignment-related ROI will vary based on each company's priorities, but it needs to include four key variables:

1. What are the organization's objectives for sending the employee on an international assignment?
2. How will the organization know if their objectives have been met at the end of the assignment (success criteria)?
 - Are any of the objectives long-term and do they need to be tracked following the assignment in order to measure them?
3. What are the employee's (and their family's) objectives and their motivation for accepting an international assignment?
4. How will the employee (and their family) know if the objectives and motivation have been met at the end of the assignment?
 - Are any of the objectives and motivations long-term and do they need to be tracked following the assignment in order to measure them?

Clearly, the act of setting up an ROI strategy for international assignments requires more than simply asking these four questions. The questions drive the next step, which is to develop an infrastructure to support a feasible, measurable ROI strategy in your organization. The strategy will vary depending on the company; there is a wide range of steps that can be taken to make the right kinds of investments and to strengthen the returns.

This article provides a snapshot of some of the best-practice approaches that companies are taking to support international assignment-related ROI, current data that drives such strategies and concludes with tips that mobility professionals can use to move their programs in an ROI direction.

Defining the Investment

Part of international assignment ROI's complexity lies in defining the actual investment. For many years there were those who tried to produce a quantifiable equation that would weigh the actual cost of individual assignments against measurable financial returns from the investment. When meeting people whose companies originally took that heavily numbers-driven path, many will say that they found it incredibly labor intensive and it was difficult to incorporate the less quantifiable returns that were also important to the equation. Most companies eventually decided that the effort didn't pay off and they gave up.

While increased data integrity through technological and administrative advancements has helped the mobility industry improve in its ability to more accurately predict and track many assignment costs, the variables of the total investment have expanded. Do we include the cost of administering the mobility program? Do we include the cost of backfilling an assignee's home position? Do we include the loss of a dual-career income for employees in that situation?

The Employee Relocation Council's (ERC) 2012 Mobility Survey of just over 100 global participants confirms what the industry consistently cites as the average cost of a long-term international assignment: at least two—and up to three times—the employee's annual salary.

- Two-thirds (66%) of companies report spending between two and three times the assignee's annual salary on traditional expatriate assignments
- Asian companies in the survey had the lowest average cost, with 53% spending two times an assignee's annual salary
- Almost 10% of European companies in the survey average four times the average annual expenditure per assignee
- The United States has the highest percentage (54%) of companies that average spending approximately three times an assignee's annual salary

ERC 2012 Mobility Survey

The justification of the investment for many companies has become more accurately defined as “the cost of doing global business.” That doesn't mean that cost doesn't matter, but that the investment, when thinking in terms of assignment-related ROI, is broader than a set of numbers. The investment continues to include cost factors, but with a more nuanced lens: would we spend the same amount for an early career or employee-initiated assignment as we would for a more senior-level employee filling a critical role? Do we expect the assignment to be a step in a longer-term career path or is the assignment specifically intended to meet a short-term business goal?

The Organization's Perspective:

Sample Decision Tree for Investment Factors in an ROI-focused Mobility Program

1. Why are we investing money in an international assignment?
 - What is the business need to be met? (i.e., business expansion, client need, skills gap, technology transfer, pipeline/career development, employee request, etc.)
 - Is there anyone local who can fill this role? (required question for all but developmental or employee-requested assignment drivers)
2. Determine the right type of assignment policy for the objective (type of assignment usually driven by length or objective)
3. Who are we investing the money in; is it a good fit?
 - Identify the employee with the best fit for the role, in terms of technical skills and/or career planning
 - Assess the employee (and the family, if accompanied) in terms of willingness to go, motivation, adaptability, cultural awareness, assignment fit, etc.





The Return

Measuring the return from the investment has also evolved. Considering the many drivers for international assignments and the many types of roles being filled, searching for a quantifiable financial return on an assignment proves to be myopic. That said, there are some types of assignment objectives that, on the surface, appear to be straightforward in how they could be measured.

For example:

- Increase product sales in Germany by 20%
- Open a new office in Kuala Lumpur and staff it in the next 24 months
- Install our new technology platform in the Toronto office and train the local employees to use it over the next 3 months

There are other assignment objectives that are quantifiable, but will require more defined milestones and a breakdown of behavioral examples and goals in order to measure them.

For example:

- Strengthen the relationship with our joint venture partners in Egypt
- Develop a broader perspective of our business across Asia
- Understand our corporate culture and take it back to your home country in order to increase global integration and consistencies
- Increase your global leadership competencies

What we now know about measuring the return is that there have to be systems in place to actually capture and measure what we define as the desired outcome.

A separate 2013 ERC study, “Support and Retention Strategies for Cross-Border Assignments” with just over 120 participants, sheds an interesting light on some of the contradictions in the current state of measuring international assignment ROI strategies.

How do companies define International Assignment Success? Before you can determine the return on the assignment investment, you need to determine what it is that you are measuring. The recent ERC study results provide insight into how companies are defining success and how well they are able to measure it at this time.

Success Factor: Retention of Repatriated Assignees

- More than 70% of participants state that the employee staying in the organization a certain number of years after repatriation is part of success for any type of assignment
- 86% of participants do not track repatriated employees at their organizations

Success Factor: Leveraging International Experience Post-Repatriation

- For executive-level assignees and for developmental assignments, 82% of participants state that leveraging the international experience gained on the assignment into another role is part of success for those types of assignments
- 94% of the participants do not have programs in place to leverage the experience of the returned assignees

ERC 2013 Study “Support and Retention Strategies for Cross-Border Assignments”

It is also of interest to note that, with repatriation stated as a significant area for measuring assignment success, only 3% of participant companies in the above-cited study begin to plan for repatriation at the beginning of the assignment and more than 80% of the participants do not have a formal repatriation strategy that links to talent management and retention.

Repatriation and Retention – Best Practice Examples

Although repatriation and retention are at the end of the life-cycle of an assignment, it is a good starting point for discussing a strategy because they are increasingly recognized as central to the way that international assignment ROI could be measured. The challenge for Global Mobility remains that, in most companies, once an assignee has repatriated to their home country or localized in the host country, they are no longer under the umbrella of the Global Mobility program. As a result, unless the Global Mobility function is strongly aligned and linked with other areas of HR and their business partners, it will not have responsibility for or jurisdiction over post-repatriation and retention strategies. That said, the Global Mobility team can be an advocate for ROI in the organization by articulating the benefits of repatriation and retention strategies and influencing decision-makers. Below are a few examples of ways to measure and capture repatriation and retention data.



Best Practice: Tracking Post-assignment Retention

Adjust the organization's exit interview questionnaire and/or form to capture whether or not the employee has ever been on an international assignment with the organization. If the answer is yes, add a field or question that captures in what years, to what host location(s) and what type of assignment.

In its simplest form, this practice is probably something most organizations could implement. This starting point would at least allow an organization to track and capture quantifiable retention data.

It is interesting to note that when a company says that their retention numbers for repatriated assignees are the same as for the general population, it should be a red flag, since many repatriated assignees, like a high potential for whom the organization has paid to go through graduate school, would represent an investment.

Depending on the level of interest that the organization has in this area, once accurate retention data is being tracked through the exit process, more complex strategies could then be added:

- HR systems that can be triggered by the exit data, signaling that an employee with international assignment experience is on the way out of the organization; this could be followed by a more in-depth interview to identify the factors for leaving the organization
- Hold managers of repatriated assignees accountable for communicating to key stakeholders when a repatriated assignee is leaving the organization and their reasons for leaving
- Provide a formal mentor or sponsor to repatriated assignees in the first two years following the assignment and require quarterly conversations about their post-assignment reintegration

Best Practice: Repatriation Support

For ROI purposes, companies cannot wait until the assignment has been completed in order to provide strategic repatriation support if they want to ensure a supported and more successful post-assignment integration and the ability for both the repatriated assignee and the organization to leverage the international assignment experience. There are targeted ROI events that can occur throughout the international assignment process:

Prior to the assignment

- Provide a "Discussion Guide" to the candidate and sending manager that includes tips on how to discuss any objectives that are more long-term for the employee and the organization and ways that the assignment might impact career planning
- Require a sponsor for targeted assignees (some organizations have up to three sponsors for executive-level assignees) who will be a regular contact for the assignee to discuss career planning and prevent "out-of-sight, out-of-mind" syndrome

At the start of the assignment

- Encourage the uptake of intercultural training and spouse/partner support that provides opportunities to discuss the personal and professional objectives and motivators for the assignment and strategies for developing new skills and competencies while on the assignment (some companies require intercultural training for any assignee with a developmental objective or a senior-level position as part of their ROI "insurance" strategy)



During the assignment

- Make sure the performance management process includes questions about the international assignment experience, competencies and skills being developed as a result of the assignment, etc. (some organizations expand the general population's performance review template to add assignment-related fields and questions that will ensure that this happens)
- Have annual home leave travel planning trigger reminders to assignees that reinforce the business objectives of the home leave and how repatriation planning should be incorporated into the itinerary annually, not just in the last year of the assignment

Upon repatriation

- Provide guidelines or a workshop for receiving managers of key repatriating assignees in order to emphasize the organization's international assignment ROI goals along with typical repatriation challenges to be aware of and suggestions on how to on-board the assignee onto the team while tapping into the international assignment experiences; most receiving managers have never been on an international assignment themselves and this is a key stakeholder to support
- Develop a network of global leaders, repatriated assignees and HR partners who are scheduled to reach out to key repatriated assignees monthly during the first 6 – 12 months to check in on them and show support (this concept could be adjusted to fit the corporate culture and size of the repatriating population; emails, phone calls, one-on-ones)
- Encourage the uptake of repatriation briefings and spouse/partner support typically offered as part of a repatriation program; one-day briefings that provide facilitated discussions for an assignee and spouse/partner to think through the international assignment experience and capture key skills, competencies, changes and experiences. It provides focus on next steps and how to apply the experience to post-repatriation situations. Spouse/partner support can be targeted at job finding, integration into the new community, adjustment to post-assignment lifestyle, etc.



Conclusion and Tips for Global Mobility Professionals

The cost of an international assignment is always going to be part of how organizations think about their “investment” in an international assignment. However, today the definition of the return and what organizations and employees want to get out of an assignment are much broader than ever before. Developing the right international assignment ROI strategy will depend on the culture of the organization, priorities around Global Mobility and defining the short- and long-term returns that are valued.

Consensus is gathering in our industry around the fact that an organization's ability to set short- and long-term assignment objectives at the start of an assignment, support and measure an assignee's performance on the assignment, as well support and track what happens to the assignee after an international assignment ends, are important ROI factors.



Not all Global Mobility teams are asked by their leadership to develop international assignment ROI strategies, but as practitioners, we can all increase our knowledge about the topic and begin, in small or large steps, to bring greater attention to this area.

Below are six questions to ask about a Mobility Program that can help to move a strategy forward. Pick one to act on right away in order to get started; pick three and you have planning for an international assignment ROI strategy well underway.

1. **International Assignment Objectives:** Are your international assignment objectives clearly positioned to all key decision-makers and stakeholders, so that long-term Return on Investment objectives are acknowledged, supported and tracked before, during and after an international assignment?
2. **Executive-Level Assignments:** Do senior leaders in your organization go on assignments intentionally, as part of a targeted long-term succession or career path, or do these assignments tend to occur more randomly as the need arises?
3. **Retention Data for Repatriated Assignees:** How can you track retention data? Who in your organization can you talk to in order to move forward with this? Are you clear on why this is linked to international assignment ROI and can you speak about it comfortably?

4. **Planning for Repatriating Assignees:** Do you know who is out on assignment and who is repatriating this year? Can you get managers of those assignees to identify which ones have ROI priorities in terms of post-assignment roles, career planning, value to retain, etc.?
5. **The Value of International Assignment Experience to your Organization:** Do your Global Mobility stakeholders (business leaders, HR, sending and receiving managers, assignees) know the value of international assignments to your global strategy, pipeline planning, leadership development, etc.? Do they know on which types of assignments you most want to measure ROI? Would they know what metrics are important for your organization to track? Start a conversation.
6. **Data from Repatriated Assignees:** What do your current assignees and your repatriated assignees think about their international assignment ROI? What is/was the value of their experience to them, to the organization? Survey them; gather data that can be used to help prioritize next steps and communication.

This Perspectives article from Crown World Mobility is intended to further the discussion around international assignment ROI and provide examples of ways that companies are addressing this issue. We hope that it also serves to support your own considerations as you assess your Global Mobility strategies.



To contact Crown World Mobility please email us at:

EMEA: crownworldmobilityemea@crownew.com / Americas: crownworldmobilityamericas@crownew.com

Asia: crownworldmobilityapac@crownew.com / Pacific: crownworldmobilityanz@crownew.com