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## Does Your Expatriate Program Follow The Rules of the Road?

Even a properly handled international expatriate assignment is a complex beast from anyone's point of view; the procedural morass that confuses as well as frustrates, the emotional stress placed on the assignee and family due to being far away from home and adjusting to a new culture, the myriad details that could go wrong (and often do) and dealing with career risks inherent with being "out there". And to top things off the entire enterprise is extremely expensive.

However the need for companies to send employees overseas continues to expand, mostly for good reasons (skill development, setting up a business venture, organizing an acquisition, transferring knowledge through training and development, filling a skills gap, etc.). Thus it is imperative that any assignment be considered as an important Human Resources project for those responsible for its conduct, because assignment failure should never be considered an option. Failure is first and foremost very costly, as well as potentially damaging to the business, stressful on the people involved and an avoidable waste of talent.

Unfortunately it is all too easy for the train to go off the tracks, and the failure rate (assignee disengagement, ineffective performance, business objectives not met, family disruption, cultural incompatibility, etc.) remains a concern. Expatriate assignments are often compared to personal relationships, and those require effort and attention to succeed. I can point to no formula that will guarantee success, but certain common sense practices or "rules of the road" are available to help steer the adventure. If taken to heart by all the parties involved the road can be smoother.

**Sign Post #1: Have a policy and use it:** It is tempting for companies who are new to the international assignment experience to delay the development of written policies and procedures. With a thought of "we only have one or two people overseas" they deal one-on-one with individual employee situations and make decisions on the spur of the moment that affect only that one assignee. Such a practice ignores the broader view of standardized practice and is sowing the seeds for future problems.

Documentation establishes standard practice, provides a managerial consistency which enables you to deflect extraordinary exception requests and restricts (but does not eliminate) the "everything is negotiable" mentality. Lack of a written policy ensures the opposite. No matter the size of your expatriate program, making ad hoc or one-off special arrangements without broader consideration of other existing or future expatriates (setting the precedent) is always a recipe for trouble. While attempting to placate an assignee keep an eye that your decision does not aggravate others by creating a perceived atmosphere of special treatment.

# CMC Compensation Group

Establishing and requiring adherence to an international assignment policy will also help the company to lessen the impact of so-called “stealth expatriates”, those employees working in another country without being part of the formal mobility program. It is a common problem that well intentioned managers with a get-it-done attitude often send people abroad without going through formal channels. This casual approach to a complex issue usually results in a high rate of assignment failure, as well as additional complexities and the risk of costly penalties (i.e., compliance with tax and visa regulations).

**Sign Post #2: Require a Business case that Justifies the Expense:** Your procedures should require that requesting managers be informed of all projected costs associated with an assignment before an approval will be considered. Oftentimes a break down of these costs is buried among several budgetary line items, not readily evident to the casual observer. An inexperienced manager is usually unaware of the true costs involved. As a rule of thumb an assignee with family will cost approx. 3 times salary per year, while an individual assignee would cost 2 times. You should require the requesting manager to sign off on the expense projections – making their approval visible within the organization.

The business case should also demonstrate why an assignee is required (vs. a local employee), what the operational advantage would be for the business and how success of the assignment would be measured. Does the proposal show how the expense will ultimately deliver an appropriate ROI? Soft answers such as “developing talent” and “global exposure” should rarely be included in the top tier of business justification, unless cost considerations have been relegated to a lower level of importance.

**Sign Post #3: Stick to Your Approval Chain of Command:** Establish a clear hierarchy of who is required to formally approve both the assignment itself (not simply who supports the request) and the associated terms and conditions. You should operate on the presumption that managers, especially those with a tendency to use “stealth expatriates”, should repeatedly be made aware of who this “gatekeeper” is and what the requirements for approval are. A firm hand here will avoid repeated requests searching for someone to say “yes”, while providing an opportunity for the company to speak with one voice.

You should be cautious when dealing with demanding senior managers who support the request but in fact do not have the authority to approve the assignment. If not forced back to the Corporate Gatekeeper for adjudication and confirmation, these senior managers could potentially disrupt the process by their inadequate understanding of particulars, by confusing and aggravating the candidate (or their family) with mixed messages and by agreeing to terms and conditions for which they are not authorized.

# CMC Compensation Group

Note: once an unauthorized member of management commits assignment terms and conditions to an expatriate candidate it will be difficult to correct any errors without compromising the initial goodwill established with that employee.

**Sign Post #4: Consider Non-Traditional Assignments**: While the traditional expatriate assignment lasts from one year to three and more, evidence is growing that companies are increasingly using shorter term assignments as a means to reduce costs, attract more interested candidates and improve the failure rate of assignments.

Obviously the shorter the assignment the lower the ultimate expense will be (taxes, allowances, gross ups, etc.). However it is interesting to note that the shorter assignment also becomes more attractive to candidates who would otherwise have passed on being overseas for several years. As a significant reason for assignment failure is the inability to adjust to the new environment, shorter stays in that environment would likely help alleviate potential assignee and family discomfort.

If the company's goal can be defined in narrower terms (knowledge transfer, specific projects, filling a skill gap, etc.) a shorter assignment, or even a series of extended business trips might be a more appropriate approach to the business case.

**Sign Post #5: Select Employees who will become good Ambassadors**: Whatever the technical capabilities of the person you select for an overseas assignment it is critical that they (and their families) have the right persona for the role they will play as ad hoc "ambassadors" for your company as well as the American people. While capability of performing the assigned role is paramount, assignment failure often occurs when the assignee or members of their family are unable to adjust to living in a foreign environment. Having a flexible nature, as well as at least a taste for adventure will go a long way in making everyone comfortable.

The assignee should live / reside as their local counterparts do, not as the expatriate is accustomed back at home (style and size of house, neighborhood, distance to work, etc.). Cultural sensitivities must be carefully considered, so the assignee may "fit" in with like jobholders. Your intent should not be to replace an expatriate's home country style of living. Working relationships can sour quickly if an expatriate Manager or Director lives markedly better than the local Vice President.

Provide cultural orientations and if necessary language lessons for all family members. Institutional differences (banking, medical care, driving, local bureaucracies, etc.) should be explained in advance. Surprises should be minimized, as they are usually negative experiences.

Note: simply because the locals speak English is not a reason to avoid properly preparing the expatriate for the overseas experience.

**Sign Post #6: Always have a Backup Candidate**: It is very important to avoid a scenario where management believes that only one person is capable of handling the

# CMC Compensation Group

assignment. If all your plans are dependent upon one candidate, and your choice discovers this (they usually do), the assignment from that point will likely become more contentious, problematic, internally disruptive and ultimately more expensive. You will have lost leverage when trying to apply Company policies, demands for exceptional treatment will increase, costs will rise as a result and the likelihood of equity issues with other employees will increase.

Having a second choice will enable you to more easily finalize an equitable package of terms and conditions, test the candidates' genuine interest in the overseas assignment and lower inflated egos back down to earth.

**Sign Post #7: Do Not Play “Let’s Make a Deal”:** Everyone tends to lose on this slippery slope. You should not lose sight of the fact that the expatriate community is typically a small group that will eventually learn of any special deals that someone received that others did not. While the expatriate policy document should provide a “safety valve” for approved discretionary exceptions covering extraordinary circumstances, be mindful of creating precedents where the sole reason is to placate an employee (or their spouse). This problem can be a major dissatisfier for the rest of your community. Explore cost sharing and trade-offs with the expatriate to mitigate the perception of inequitable treatment.

Certain employees, especially those with a sales background or like temperament, may view many aspects of the assignment terms and conditions as negotiable, simply because it is in their nature to question / challenge what they consider is the Company’s “initial offer”. A word of caution: if the employee considers the international assignment less as a wonderful career opportunity and more as a “favor” to the Company, the warning signs should be posted that this might not be a good match.

**Sign Post #8: Focus on the Details:** Oftentimes during the course of an assignment it is those terms originally thought safe that rise up and cause difficulties. Whether it be the calculation of the COLA , expenses that are assumed reimbursable, the specifics of what is included with “home leave”, or even what is covered by the housing allowance budget, the expatriate’s family can become quite worked up with feelings of being aggrieved by the company. To remedy this, you should carefully document the terms and conditions of the assignment. Items that should be included in the assignment letter are: host location, expected duration of assignment, title, remuneration (based on home country practices), benefit coverage, home leave, foreign service premium (if applicable), transfer of goods, settling-in allowance, cultural orientation, tax preparation, initial COLA (as appropriate), housing allowance, repatriation and if necessary schools, language, loss on sale of automobile(s), rental management of home country residence and any agreed upon extraordinary terms.

If other terms have been discussed and approved they too should be documented in clear language.

# CMC Compensation Group

The assignee-candidate should understand the definitions of each item before they sign on the dotted line. And they should be required to sign. This reduces the likelihood of contentious misunderstandings later on. Once the assignee is on the ground overseas the company loses leverage when negotiating disputes, as the natural tendency is to not upset the assignee. An upset assignee serves neither the company nor the employee well.

**Sign Post #9: Have a “Hand-Holder” in Place:** Another key to a successful assignment is to provide a ‘go-to’ person in the host country for the myriad questions that will crop up as soon as the assignee arrives. Set up a local contact point for host country issues, expatriate experiences and administrative fulfillment of the assignment terms. Insist that the assignee utilize this person, not their manager, co-workers or even well-intentioned HR people unfamiliar with the expatriate program. This go-to person should have the authority to make decisions, to “handle” whatever the question might be.

While this sounds like an easy step do not assume that anyone would automatically take this task to heart. On their own host country employees often find it difficult to invest the time to help assignees understand local business conditions and culture. Thus you need to make it someone’s responsibility.

Likewise there should be a contact person in the home country as well, a specialized person prepared to handle policy interpretations, provide advice on navigating procedures and being responsible for the home administration of the assignment terms.

**Sign Post #10: Do Not Forget That They’re out There:** A successful assignment requires constant attention from both the home and host country contacts. Communication should be frequent, as should the “check-up” calls to gauge the assignee’s temperament. For example, does the assignee understand the COLA calculations, have any payroll or currency exchange issues arisen, is the family acclimating well, are there issues the assignee would like to discuss? A key source of dissatisfaction for assignees and their families is a feeling of being “out in the provinces” and therefore out of touch with what is happening back at the office they have left. Make every effort to ensure that they do not feel marginalized, taken for granted or forgotten.

Make sure the assignee has a Mentor (as compared to a hand holder) back in the home country as well, a Senior Management-level individual charged with representing the assignee’s career interests during the assignment. This person should schedule periodic career discussions with the assignee.

**Sign Post #11: Have an Exit Strategy:** All too frequently companies are at a loss as to what to do with expatriates who have successfully completed their assignments. It is not uncommon for assignees to leave the Company upon their return from

# CMC Compensation Group

overseas or within the following year, because either no suitable position was available in the home country or what was available was a diminished or less visible role.

After incurring the huge expense for an employee to develop deeper and broader competencies on the international stage, it is a wise business practice to pay close attention as to how best to utilize that increasingly marketable (and therefore valuable) talent when the assignment ends. Without due care and planning the career cycle of an assignee is left as an afterthought, one that usually crops up late in the assignment; meanwhile the assignee has been worried (and thus distracted) for a much longer period of time.

While there are typically no guarantees that future positions will be available back home for employees presently working overseas, the original international assignment letter should at least state that the Company will attempt to secure a “mutually agreeable position of similar stature” upon completion of the assignment. It is in the best interest of the Company and the assignee to carefully plan for a successful repatriation.

The road ahead has curves, dips and more than its share of bumps and potholes. However if you manage to keep these sign posts in mind (commit them to memory, post them on the wall, send and resend them to managers) the experience does not have to be an endurance course for all concerned.

You will need to keep at it though (persistence is its own reward), because there is no pill or “Easy Button” that will magically ease the journey. There is no cure for the realities that expatriate assignments will always be costly, procedurally complex and a personal as well as professional risk for those involved. But by adhering to your own “rules of the road” your expatriate program can reap significant benefits: lower assignment costs, business objectives achieved, satisfied employees and host management, retained and developed talent and ultimately greater overall business success. It can be done.