

# Net Expat Newsletter

Expats Coaching • Dual Career Solutions • Expats Assessment

Offices throughout Europe, America, Asia



## Corporate Vision

# Which status for which Expats?

**Jos Umans**

*International Assignments Manager, Quest International The Netherlands*



**NET EXPAT:** what type of international manager do you employ at Quest?

**Jos Umans:** we have a mixed population, with three main groups moving around and operating under three different policies.

We have the "classical" Expat population, sent abroad by a home organization for a 2-3 year assignment with a "guaranteed" repatriation. In order to ease the mobility of these Expats we have a set of comprehensive supports, which can end up being expensive.

We have therefore created, next to them, what we call the "Local Engaged Foreigners" in short our "LEFs". As the name indicates,

these are employees coming from abroad, but paid and engaged on a local basis, on a local payroll. This was originally a Dutch concept within Quest but, since then, has gradually been adopted overall by the company. As the LEFs are employed on a more permanent basis, they do not benefit from the full Expat package offered to the

*We don't leave our "LEFs" on their own...*

first category. Like all our local employees, they have to look and pay for their housing themselves. But this does not mean either that we leave our LEFs on their own, without any support when they arrive in a new country: we have a system of allowances to cover specific identified needs, such as a schooling

allowance for the kids, and a job search allowance for those spouses who want to work. Also, as our LEFs are from abroad and on local contract, there is no concept of "repatriation".

**NE: How do you choose between the two kinds of status?**

**JU:** Our Expats are sent abroad in the context of a specific career planning perspective, and based on clear functional excellence. The focus is the individual and the choice of an assignment should be dictated by a mid- to long-term vision.

For our LEFs, the focus is the job requirements which are much more local. This is typically the case with a Foreigners Customer Desk, where lots of different nationalities are needed to deliver support to an international customer base.



## Editorial

# Coaching: Are you doing the right thing?

**Alain Verstandig**

*Managing Director, NET EXPAT*



fine-tuned. But feedback from the front line, information coming from local HR managers and the expats themselves, has not yet reached the eyes and ears of the people responsible for developing these new business models.

Regardless of statute, all these mobile managers are confronted with the same challenges: operating in a country that isn't their own. All are exposed to experiences that will take them out of their normal 'comfort

zone' and oblige them to call on reserves that they have rarely drawn on before. Moreover their families, their first line of support, are living through an equally unsettling time.

Personal coaching demonstrates its value in times of transition like these: the individualized approach, the empowerment of the coachee, and timely application make it the ideal support for the expatriate and his or her partner.

Have you discussed this with your HR strategists? ■

2004 will have been a good year for international mobility: an air of optimism has been apparent in all the large multinational corporations.

But one significant factor is evident. The distinctions between different kinds of status - true expats, 'local plus', commuters, etc - have multiplied and the relevant policies have been



Dual Career

Mobility

Integration

Talents

Supported by



■■■ The job is local but needs foreign competencies.

Next to these two types, we have our Short-Term Assignees. Their posting lasts less than a year. Their missions are straightforward and project-oriented. They stay on the home payroll, and receive a per diem allowance. This is fine as long as the assignment is less than one year. Unfortunately, a line manager will often describe a mission as a four-month one but, when it comes to reality, extensions are frequent and create a set of issues, among which the issue of taxation. This is why we encourage our line managers to plan assignments the right way from the outset. The choice of the right status is indeed the key.

## *We will still need Expats in the future*

**NE: how do you see this balance between Expats and LEFs evolving in the future?**

**JU:** I think that we will need these two types for a while. Even if the proportion of LEFs increased over these last years, we will still need Expats in the future: our business is international and we need people who have an international understanding of it, who gather the appropriate knowledge and experience to reach senior positions.

**NE: What is Quest's position regarding the dual career and dual income issue?**

**JU:** We work hard to facilitate dual careers whether the lead career is our own employee or the employee's partner. We prefer to offer specific services like the services of NET EXPAT, to help partners to secure additional incomes. We do our best to support our Expats and their families, but we always try to be honest and realistic about the challenges of mobility. And, so far, it has worked pretty well... ■

## Testimonial

**Emma Wilson**

*expat spouse  
from Procter & Gamble  
Geneva, Switzerland*

**NET EXPAT: Why it is essential for you to keep working while on expatriation?**

**Emma Wilson:** It is important to continue to work to gain experience as I'm still young. I also believe it is a good way of integrating into the community in Geneva: my fiancé has been living there for the past 18 months and has made his own friends through work and social clubs. I wanted to be able to retain some independence when I moved out, so that I wasn't entirely dependent on him to introduce me to people.

**NE: How was it to live with your partner in a commuting mode, seeing him travel back and forth from London to Geneva?**

**EW:** People tend to have a romantic notion of stepping onto a plane on Friday evening and spending the weekend in Geneva. However after a few months of commuting, the reality is far less endearing: that Friday afternoon panic as I rush through my work so I can leave

*After a few months of commuting, the reality is far less endearing*

on time to make it to the airport; Friday night meal, airplane food again, arriving in Geneva past 11pm. And of course when John came back to England, he had to endure exactly the same.

You have to work hard to make it work for you and, as long as there is an end in sight, it is bearable but of course it's not ideal.

**NE: What picture did you had of the Geneva job market before starting your coaching with NET EXPAT?**

## It's supposed to be fun!

**EW:** I had no particular preconceived ideas before I met with NET EXPAT, although I had been warned that it was more insular and challenging than London. I have however been shocked with the reality: I had a law degree from Oxford University and good references. I must admit that I had not given a moment's thought that I would not be able to find a job. The reality was that people felt intimidated by my background, particularly because I was female. I had one interview where the sum total of the questions I was asked revolved around my family life and whether I wanted to have

hard to take at the time! But looking back he was merely ensuring that I tailored myself to the Geneva market. That insider knowledge is something which you just can't appreciate

*That insider knowledge is something which you just can't appreciate on your own*

on your own, particularly when things operate so differently from back home. Because I was based in London whilst I was looking for jobs, Jacques maintained a phone/email relationship which meant that early morning phone calls before I left for work became the norm. When we did meet, he managed to speak to several of his contacts and set up a meeting for me where I was able to speak to somebody in the industry and ask questions as appropriate. This kind of experience was absolutely invaluable. The happy end is that I have now a job secured in Geneva where I will begin to work in February 2005.

**NE: How do you see the role of Procter & Gamble in your transfer?**

**EW:** I think Procter & Gamble has been excellent throughout the process. It is absolutely essential that a company looks after its employees and spouses: if the spouse isn't happy, it is unlikely that the employee will be. I think it is important that corporations understand exactly how big a move it is: for many transferees this is a move of necessity, not of choice, and therefore anything which can be done to make this easier is important. My advice to future expats and spouses: don't forget that this is supposed to be an adventure, it's supposed to be exciting and fun! It's easy to forget... ■



children - something which I had not given a moment's thought to! The other difficulty was because I was specialized: the job market is not very fluid, and jobs don't come available as quickly and frequently as they do in London. I had to remind myself not to get frustrated at times.

**NE: What will you remember from your coaching with Jacques Finet?**

**EW:** Jacques was very good because he was incredibly honest. He gave very full and frank feedback on my CV, covering letters and interview techniques - some of which was

# Newsletter

## Outsourcing

**Sarge  
Carlson**

*HR shared Services Leader  
& HR Manager IBM Business  
Consulting Services Switzerland*

### NET EXPAT: What is IBM Business Consulting Services doing in the HR shared services area?

**Sarge Carlson:** In 2003 P&G decided to outsource all its Relocation and Expatriate Services for P&G transferees worldwide to IBM Business Consulting Services. So today, we take care of the relocation, payroll, data management, compensation and benefits, and travel expenses of all P&G employees worldwide.

### NE: Quite a challenge, I guess?

**SC:** Yes indeed. The outsourced organization, about 700 ex-P&G employees, had to find its way in a new structure and face a different approach, shifting from "cost center" thinking to "profit center" thinking: how to deliver the same or often better service whilst respecting service level agreements, staying within the fixed boundaries of a cost structure

## Changes for a Win-Win

and starting to generate profit... This had to be done in a constant win-win context: even if the outline was agreed in 2003, we often had to read and interpret between the lines of this agreement and constantly redraw the boundaries of "who does what" when facing new tasks.

### *Shifting from "cost center" thinking to "profit center" thinking*

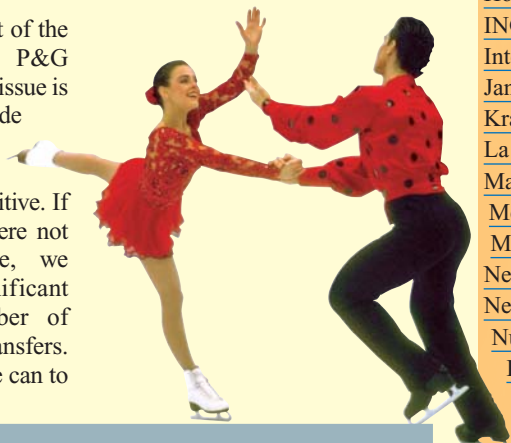
### NE: How important is the support given to Expat Spouses in all this?

**SC:** It's an essential part of the support offered to P&G families: the dual career issue is recognized at world-wide level by P&G, but the situation in Geneva makes it even more sensitive. If the Dual Career issue were not properly tackled here, we would face a significant increase in the number of employees refusing transfers. This is why we do all we can to

help expat spouses/partners pursue their career in Geneva, and why we work together with NET EXPAT.

### NE: Your targets for 2005?

**SC:** To ensure we deliver the P&G account with the highest levels of customer satisfaction which will allow us to position IBM on the international scene as a partner for other international corporations and service providers. We want to give a clear message of partnership: our goal is to deliver the best services to P&G ... and to our future new clients. ■



## Pitfalls and Hidden Costs

**Karen A.  
Reid**

*Worldwide ERC®  
Washington,  
USA*



Respondents to surveys conducted by Worldwide ERC in Singapore (March 2004) and Brussels (June 2004) predicted an increase in short-term assignments (STAs) in 2005 (89 percent posited such an increase in the EMEA region and 73 percent predicted an increase in STAs in the Asia-Pacific). Global workforce professionals are, however, examining the cost assumptions behind this trend. Assignments must be structured to ensure compliance with tax and

## Short-term Assignments

immigration laws. Assignment extensions can easily result in inadvertent, costly non-compliance situations. As more business is conducted across borders, companies also must avoid creating

### *Increased preparation of employees may reduce the need for assignment extensions*

"stealth expats" - employees crossing borders to do business without the HR department's awareness. Stealth expats are at even greater risk of inadvertently

failing to comply with tax and/or immigration laws.

The question of compliance is complicated, as tax and immigration laws vary widely from country to country. Global mobility professionals are advised to consult with tax and legal experts to ensure that STAs and extended or frequent business trips comply with all applicable laws. Areas of concern include obtaining and retaining appropriate visas, compliance with tax laws (both as a business and by the individual expatriate), and conformity with applicable employment laws. ■ ■ ■

## Some Clients

3M
Advanced Elastomer Systems
ACNielsen
AMIS
Alstom
AVIVA
BBL International
BD Biosciences Europe
Borealis
BP
Brady
Bristol-Myers Squibb
Bull
Cadbury Schweppes
Cargill
Colgate Palmolive
Cordis
Corus Group plc
Delhaize Group
Dexia
DuPont de Nemours
Electrabel
Euroclear Bank
ExxonMobil
Gemplus
GlaxoSmithKline Biologicals
Guidant Europe
Honeywell
ING
International Paper
Janssen Pharmaceutica
Kraft Foods
La Poste
MasterCard
Merck Sharp & Dohme
Methanex
Nestlé
Newell Rubbermaid
Nur
PerkinElmer
Pfizer
Procter & Gamble
Quest International
Reckitt Benckiser
Saint Gobain Glass France
Schlumberger
Sogem
Solvay
Sonaca
Sony
Swift
Standard Life
Tele Atlas
Tessenderlo
Thermo King
Total
Tractebel
Tyco-electronics
Raychem
UCB
Umicore
Unilever
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■ ■ ■ Mistakes in this area can be costly. Short-term assignments that require (as they sometimes do) extended separation from family may have deleterious effects on the employee, the spouse or partner, and any children. This is particularly true when separations are longer than originally intended. At stake are employee productivity and retention.

The ability of those sent on STAs to achieve the desired business objectives also is questionable. Executives on STAs do not always receive cross-cultural or language training, yet are expected to complete their assignment quickly. This presents a challenge especially with assignments that require training or managing a global team. Increased

preparation of employees sent on STAs may reduce the need for assignment extensions. Analysis of the assignment objectives, tax and immigration



ramifications, the likelihood of an extension, and individual characteristics of the assignee (previous cross-cultural experience in the region, for example), will help organizations choose the best assignment type and improve the likelihood of success.

*Worldwide ERC is a membership organization of professionals who manage and service a global workforce, which provides benchmarking, networking and training on global mobility issues. Survey data on practices regarding assistance for short-term assignments may be obtained by emailing [ERCeurope@erc.org](mailto:ERCeurope@erc.org)* ■

## Survey

# Expatriate remuneration: trends and challenges

**Emily Tuite**

Head of Communications,  
ECA International,  
London, UK



The pay system of choice for international assignments continues to be the home-based system, and nearly two-thirds of companies surveyed in ECA's Expatriate Salary Management Survey 2004 use this approach no matter what the home and host locations.

The enduring popularity of this system can be attributed to a number of advantages it affords over the host, dual or hybrid approaches. Firstly, it offers a rational and consistent approach. Secondly, the package is easily quoted in home- and host-related elements, which means that the host part can be adjusted to reflect local inflation, and the home element protected from economic vagaries. Thirdly, as a net-based system, it aids tax planning and in turn, cost-containment.

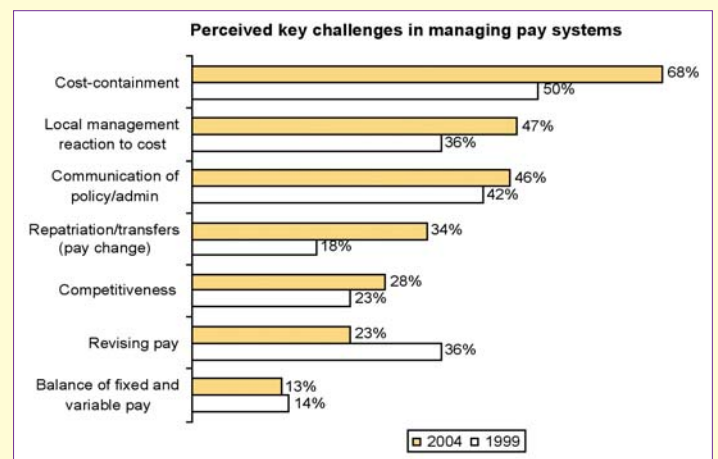
Furthermore, the home-based system is reported by users to be the most easily communicated to both local HR and the expatriate; the simplest to revise at salary-review time; and the best way to preserve a link with home salaries, facilitating repatriation where the expatriate must be re-integrated into the home payroll.

The dual approach has seen an increase in popularity (+11% over the last three years), a fact which can be explained partly by the need for cost-containment, but also by the expansion of international operations into developing countries. This approach, which adopts the higher of home or host salary, means that companies who transfer assignees to countries with a high standard of living, such as the USA, can provide a salary comparable with local peers by using the host approach; they can also protect the same assignee's spending power if transferred to a country with lower national salaries by awarding a salary based on the build-up or balance sheet approach.

Caution must be exercised in talking about the host-based approach, however. 70% of companies using this system (a mere 9% of participants use the host system only) pay additional allowances and benefits; and in some cases, particularly where the host country is a developing country, the "host" data referred to is actually the expatriate market rate.

Whilst the issues of equity will always prevail, choice of system is driven by a number of other factors, within which framework the best compensation methodology must be found.

The main challenges quoted by companies earlier this year were as shown in the graph:



*ECA has been conducting its Expatriate Salary Management Survey since 1991 and will be again in early 2005. Any company with expatriates is invited to take part, and will receive the results free of charge. To register an interest, please email [emily.tuite@eca-international.com](mailto:emily.tuite@eca-international.com). Further information about ECA International can be found at: [www.eca-international.com](http://www.eca-international.com).* ■

*We help you expat your talents*

**NET EXPAT**

NET EXPAT helps Corporations and Expat Families achieve successful expatriation through a series of Career & Life Transition programs in more than 42 countries. Two programs have been specially developed to facilitate international mobility of your Expats while four other programs help partners of your expats find work in their future host country • Web site: <http://www.netexpat.com> • e-mail: [info@netexpat.com](mailto:info@netexpat.com)