

Net Expat[®] Newsletter

Spring 2008

Expatriate Coaching | Dual Career Solutions | Expatriate Assessment

Issue 33

Offices throughout America, Europe and Asia-Pacific



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Bacardi: Shifting budgets around to focus on real needs

Corporate vision



Gina Taylor

Global Director of Human Resources, Bacardi-Martini, Geneva

Alain Verstandig: *Gina, where does Bacardi come from in terms of international mobility?*

Gina Taylor: Bacardi has always been a very family-oriented company, with small teams and lots of interconnections between people. International mobility at Bacardi has evolved enormously in the last two years. At that time we handled a maximum of 8-10



moves per year: all support was largely organized locally, with fully fledged local HR teams welcoming and supporting the expat population. The local HR focus was more on the typical relocation side (household removals and housing), and the global HR focus was towards establishing an appealing financial package, hoping that the rest would follow. None of the so-called soft issues like spousal assistance, intercultural training or expat coaching were on the agenda. I have to admit

that, at that time, with only ± 20 expats around the globe and because of our unique family culture and the closeness of the line managers to relocated employee, we were able to identify potential issues in a very early stage and therefore could resolve them quickly.

Our new mobility program, aligned with our business expansion, has changed our whole approach to mobility: the driver behind this is our willingness to become a truly international group instead of a group of independent entities. The goal is to share knowledge, experience and best practice around the globe through our new centers of excellence. We currently handle centrally 50 transfers a year, on top of which we add the mobility driven by specific projects /business development.

We also now send our people to locations beyond our traditional

The global HR focus was towards establishing an appealing financial package, hoping that the rest would follow.

reach: Moscow, Czech Republic, Tokyo, Dubai and Shanghai. As you can imagine, on top of the challenges of these locations for our expat population, our local HR teams (even though enthusiastic) have little experience of managing international staff and the extra demands/requirements versus local employers. ■■■■

10 years of knowledge sharing

Editorial



Alain Verstandig

Managing Director, NET EXPAT

Yes, you have probably noticed some changes: our newsletter has been revamped after a decade of loyal service! And this brand-new NET EXPAT newsletter is more than ever driven by the quality of its content.

Our newsletter was launched 10 years ago: the objective was to gather best practices in international mobility. Success came in a few months as we reached 3,000 readers in Europe and America.

Today, we are read by over 15,000 corporate HR executives worldwide. Knowledge-sharing could not be envisioned without the precious contribution of consulting companies: we've been delighted to read articles from, among others, AirInc, Deloitte, E&Y, ECA, McKinsey, Mercer, ORC and PwC.

But what has made the success of this newsletter is the hundreds of NET EXPAT customers who, as corporate HR directors or VPs, have shared their insights on hot topics like expat selection, expat coaching, intercultural training – all topics which, more and more, make the difference. We have been fortunate to read articles from Airbus, Alcatel, Alstom, BMS, Colgate, Danone, DuPont, ExxonMobil, GSK, IBM, Kraft Foods, P&G, Pfizer, UPS, Sony, St Gobain, Total and VW, to name but a few. To the less experienced of our readers, they have brought years of invaluable know-how. And, to the most knowledgeable, they have offered a few "uh huhs" of recognition.

Thanks to all of them, and go on enjoying...! ■

Net Expat® Newsletter

■■■ The clear objective of the Bacardi Group to look for the best return on all its developments, made us realize that we had to drastically improve the support we give on the 'soft' side of mobility.

AV: *What was the reaction of your senior management and your HR colleagues to your new way of approaching mobility?*

GT: The reaction from our senior management was initially hesitant but, based on the first results, they are now convinced that this was right direction and they have since contributed a lot to the implementation of this new global policy. Many of our new senior management hires have also been expatriates

The new policy has shifted budgets around without increasing them: we just spend the money more conscientiously, efficiently and focus on real needs.

themselves, and thus they are more supportive of the new program and service being offered. I must say that I also have my personal experience as an expat, and can confirm how the stress on a family, an unhappy partner or inadequate cultural understanding can ruin an assignment, and therefore affect the business in the long run.

AV: *Gina, how did you manage to sell the financial side of this shift?*

GT: You must know that Bacardi (like all companies) focus on the bottom line. But, to be honest, money had been wasted in the past in purely financially driven expat packages, creating never-ending expectations. The new policy has shifted budgets around without increasing them: we just spend the money more conscientiously, efficiently and

focus on real needs. With the introduction of cultural training/coaching we have also been able to use this as part of our managerial development. So, with NET EXPAT, we have introduced things like 'inter-cultural training', 'Intercultural team building', 'spousal assistance' and 'Expat coaching', without increasing the cost of mobility. This has had an impact on the way our employees consider their mobility: they are delighted to see how much we care about the real challenges and those of their families, while we make it clear that the 'driver' for expatriation is not only money. All this also eases the repatriation process. A win-win approach...

AV: *Can you share with us some of the details of the SPIRIT project?*

GT: Project Spirit is an initiative aimed at transforming Bacardi's business processes and supporting those changes with an Enterprise Resource Planning (ERP) tool. The idea is to implement a common set of global processes, a more efficient organization by rolling out an integrated platform - SAP. The cornerstone of this project is a group of 41 Bacardi process experts whom we have relocated from Bacardi offices worldwide ranging from Germany to Mexico. The project is based in Geneva and will last approximately three years. For these experts we didn't have to use any financial incentive to raise their interest in this project, so it would be right to say that because of the challenge of the project Spirit and the supporting services provided we have been able to attract the right caliber of individuals.

We're very pleased with what we've put in place here, and we feel we are now in a much better position to face the future challenges of expatriation. ■

PricewaterhouseCoopers: Sustainable HR developments

Expert opinion



Nicolas Heron

Director International Mobility,
PwC, Paris

Alain Verstandig: *How is international mobility evolving, according to PwC?*

Nicolas Heron: A few new important trends have been emerging since 2001. The number of international transfers is on the rise, driven by business needs. International corporations have now acquired a much better understanding of how to move people around the globe, and have access to a series of specific HR tools supporting international mobility – assessment, training, coaching, etc – which did not exist before. More specifically, recruitment processes have been extensively adapted to tackle the challenges of sourcing internationally, while corporate communication has also been differentiated when recruiting internationally versus nationally. The challenge has also been placed largely on the shoulders of those who are responsible for designing international mobility policies. The objective is now to

keep the balance between cost effectiveness and attractiveness. The improvement of "local +" policies which were found not to be attractive for mobile candidates is a good example.



These changes have been largely caused by the growing impact of "the war for talent": international mobility is improving the attractiveness of employers for a branding of managers who increasingly value international exposure. Many surveys show that

Roche: The Role of Benchmarking at Roche

Case study



Mary Ellen Myhr

Senior Manager AIRINC,
Cambridge, USA

Monica Arosio, *Head of International Assignments, at Roche, Switzerland is interviewed by Mary Ellen Myhr, Senior Manager AIRINC, USA.*

Most companies periodically benchmark their international assignment programs, but what is the most effective way to use benchmark data? Monica Arosio, Head of International Assignments at Roche spearheaded a review of



candidates are ready to move, but not at any cost. This is where properly adapted incentives – not just financial ones – can

AV: *All this sounds like good management practice to me.*

NH: HR processes are indeed building the foundations for proper international HR management. In some ways, the HR processes are getting closer to the financial ones: cost analysis is getting more sophisticated. Expats are seen as ‘investments’, the whole context of their transfer – including the end of the cycle up to 2 years after repatriation – is taken into account in order to optimize the human capital investment. HR departments

invaded HR Departments in charge of international mobility. This HR management approach is not synonymous with reducing transferee support, but with optimizing it in the light of its contribution to the development of the company: what is the business case for an assignment where it is a win-win deal for the assignee, the home and the host country. This leaves room for higher value packages if the businesses ‘drivers’ are there. Measuring ROI on any assignment is still a challenge in itself. Efforts are constantly being

performance, and have had more exposure to best practices.

• **on the employer side**, PwC as an employer also identifies the benefits of sending its employees around the globe. PwC offices recognize the positive impact of international mobility on the quality of what we deliver, thanks to greater industry knowledge and expertise-sharing. This has a positive impact on the PwC brand and PwC clients. The strength and quality of the network depends mainly on the quality and the international culture of the women and men working at PwC. Enhancing assignment increasing volume of international assignment contribute to develop the power of PwC network.

This HR management approach is not synonymous with reducing transferee support, but with optimizing it in the light of its contribution to the development of the company



Many surveys show that candidates are ready to move, but not at any cost

made to summarize the impact of an assignment on all the parties involved: the employer, the employee and the company’s client. As we’re talking about mobility, this ROI has to include the home, host and global perspectives, it is globally a better resolution on a long term basis. We have conducted a study at PwC – Managing Mobility Matters 06 – and the results support the principle of international mobility:

Sustainable HR development

I would name these pragmatic new best practices “sustainable HR developments”. On the one hand short-termism and aggressive cost-cutting will have a damaging impact on future candidates for international mobility while, on the other, costly and unrealistic packages will ruin the chances of moving people around the globe. Sustainable HR development means optimized processes and packages, in order to support your company’s talents throughout their international transitions in an appropriate way. ■

‘enhance’ international mobility: partner assistance, intercultural training, and so on. Companies are now involving future transferees early on in discussions between HR and line management, and this positions these transferees as actors of their own mobility.

are also becoming closer business partners of operations. Control and follow-up throughout the whole assignment are now replacing the one-off short surveys that used to be done at the beginning of a posting. A typical ‘financial/management’ language has

• **on the employee side**, 50% of returnees in 2005 progressed one year earlier to manager level. Former expats recognize that they have been able to improve their working

their international assignments program, and discussed the way she used benchmark data both during the policy review, and afterwards, in the on-going management of the program. Roche employs roughly 75,000 worldwide, of which 376 are on international assignments in 55 countries, originating in 35 home countries, and represent 141 country-to-country combi-nations. 315 of these assignees are on traditional long-term assignments, 48 on short-term assignments, 11 on Special Program Participant policy assignments, i.e. defined programs which include one (or

more) international assignments as part of their curriculum, and 2 on humanitarian assignments under the recently introduced Secondment

Benchmarking played a major role in the review as a tool to identify trends and to validate Roche’s view, not as a target to align with

Policy. The policy was reviewed in response to several factors:

1. Demographics – change in demographic with an increase in

dual career couples, single parents, and single assignees with aging parents;

2. ‘Personal’ vs. ‘Business’ – what had been considered traditionally as a ‘personal’ issue had become more a more a decisive factor in accepting an assignment and, therefore, was it to be considered a ‘business’ requirement for defining policy entitlements?

3. A reassessment of the basic principles underlying the policy – home-based approach, no financial incentive for an assignment, application of a Cost of Living Index (including negative COL adjustment), and the adequacy of assignment-related benefits. ■ ■ ■



Some Clients

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Diageo
DuPont de Nemours
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Euroclear Bank
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Gemplus
General Motors Belgium
Givaudan
GlaxoSmithKline Biologicals
Goodyear
Guidant Europe
Honeywell
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Reckitt Benckiser
Roche
Saint Gobain Glass France
Schlumberger
Sogem
Solvay
Sony
Standard Life
SWIFT
Tchibo
Tele Atlas
Tessenderlo
Thermo King
Total
Tractebel
Tyco-electronics
UCB
Umicore
Unilever
Unisys
UPS
Vallourec
Volkswagen
Whirlpool...

■ ■ ■ The International Assignments team began with feedback from their HR Business Partners and Line Management, assignees' views collected from an internal survey supplemented by ad hoc feedback, and the data from the Exception Management process – what exceptions had been requested, and whether each request had been granted or not. Benchmarking played a major role in the review as a tool to identify trends and to validate Roche's view, not as a target to align with.

Multiple benchmarking sources were used, including surveys on specific subjects, career support, and a traditional policy survey from a major consultancy firm that had been used before at Roche and, therefore, had in-house familiarity and credibility. Roche conducted an in-house pricing survey to validate cost-of-living data. Additionally, Roche used an online policy and practice survey that is one of the new ImpaQt tools that offered benchmark information that offered an

additional level of detail as well as a Policy Benchmarking Index, a metric that quantifies a company's relative generosity.

Details

The survey allowed Roche to drill down into details to more fully understand the practice of other companies. For example, a company may provide a payment for Partner Support. In conventional survey, this may appear as a similar practice to other companies. However, the ImpaQt survey includes questions about limits on provisions, which may reveal a program to be less generous. Additionally, the ImpaQt survey allows users to perform multiple data cuts on its live database. All of these features were used by Ms. Arosio and her team to understand how Roche program compared, not only to other pharmaceutical companies, but also to other leading companies.

Policy Benchmarking Index

The Policy Benchmarking Index is a quantitative measure of generosity

from the point of view of assignees. It is computed for the entire policy as well as for individual modules, such as Housing, Education, and Partner Support. When presenting recommended changes to HR Business Partners and the International Assignment Team, Ms. Arosio communicated the numerical index because it was a 'snapshot of generosity' and was an easy way to communicate where the policy was generous, where it was lean, and what the overall position was. Benchmarking data continues to be used in the on-going management of Roche's international assignments program, and is particularly useful when responding to requests for exceptions or interpretation of the policy. ■

For more information about Roche, go to www.roche.com

For more information about AIRINC, go to www.air-inc.com

For more information about ImpaQt tools, go to www.impaqt-online.com

Roche: Steps to follow whenever reviewing your policy

Corporate vision



Monica Arosio

Head of International Assignments,
Roche, Basel, Switzerland

1 Do a thorough needs assessment of your organization – make sure you understand the business needs driving mobility at your organization with you key stakeholders.

2 Use benchmark data to more fully understand your program and get ideas from other leading companies, not as a target to align with.

3 Be sure to know the cost implications of any recommended changes to the program, and make

a business case for their implementation.

4 Go back to the business needs driving mobility as the rationale for any recommended changes to assure your program is in alignment with those needs. ■

Roche (www.roche.com) is one of the world's leading research-focused healthcare groups in the fields of pharmaceuticals and diagnostics.



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NET EXPAT helps Corporations and Expat Families achieve successful expatriation through a series of Career & Life Transition programs in more than 41 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

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