

Don't Shoot The Admiral!

“Dans ce pays-ci il est bon de tuer de temps en temps un amiral pour encourager les autres”. At least that’s the explanation given to Candide in Voltaire’s 1759 classic satire for the execution by firing squad of the Royal Navy’s Admiral Byng. Having warned that he didn’t have the resources to successfully carry out the mission, Byng was found guilty by court martial. The Articles of War decreed one law for all: the death penalty for any officer of rank who did not do his utmost against the enemy in battle or pursuit. Thus, Byng was executed in spite of pleas for clemency from amongst others, the Lords of the Admiralty. No exceptions.

Global Mobility professionals have for years been grappling with policies and exceptions (although admittedly few exception requests I have seen have resulted in quite so dramatic a conclusion!). In part, this has arguably often been simply down to a steadfast adherence to policy. As Dr. Pangloss remarks to Candide, “things cannot be otherwise than they are; for as all things have been created for some end, they must necessarily be created for the best end”. The policy is the policy. Everyone gets the same. This allows us to forecast and manage cost. No exceptions.

Many tenured Global Mobility professionals will have witnessed over time not only an evolution in the way in which exceptions and exception approval processes are managed, but also a plethora of techniques used to discourage assignees from requesting policy exceptions. The annualised, grossed-up figure, the Global Mobility Manager or their RMC representative tells the assignee, will need to be approved by your Vice President. So is your exception really necessary in the current climate, given our well-publicised corporate-wide cost saving target? The exception can then be routed for approval through the use of the latest Global Mobility technology and costings revised for appropriate budget forecasting. Exceptions can be tracked by policy area, service, business unit and location. They can be scrutinised to identify trends by RMCs seeking to provide consultative value-add and those within the organisation charged with bringing down the cost of mobility. A veritable cottage industry.

A one-size-fits-all (one law for all) approach will inevitably bring with it a flurry of exceptions because not every assignee is

the same. Questions therefore arise around the flexibility of policy and the nomenclature used to categorise exceptions. Let us firstly deal with the latter.

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Assignees looking to ease their transition into a new life in a new location whilst doing their ‘utmost’ in their day-to-day professional duties may require additional days in temporary accommodation or an additional day home search in a difficult market. This type of need appears to be less about making exceptions to a policy but finding flexibility within the policy to support personal circumstances. As opposed to classifying these types of additional expenditure as exceptions, it may be more

appropriate to classify them as deviations to policy. For the sake of policy evolution, there is still merit in tracking and reporting on policy deviations but the idea of striking a more conciliatory tone through the flexibility of deviations targets meeting assignee needs rather than salami-slicing mobility costs.

A well-structured framework of mobility policies which incorporates some degree of flexible elements can help negate the tensions caused by an exception management process and the cottage industry built up around it. This topic has come to the fore once again in Global Mobility circles and, a little bit like a Rolling Stones tour; newcomers to the industry aren’t the first generation of Global Mobility professionals to have witnessed it. So why has this concept re-emerged, why are some organisations embracing it and why are others more sceptical?

Why Provide Flexibility?

Globalisation has changed the way in which human beings interact with the world. Technology has brought information to our fingertips. Employee attitudes towards work and even nationality and citizenship are changing. One Global Mobility professional put it recently that “for younger generations in the workplace, cash is king”. Equally, employers’ expectations of employee skills, global mind-set and mobility are changing.

There is increasingly a greater awareness of the competitive advantages to an organisation of a truly diversified workforce and the benefits the varied skills that this workforce can bring. Through technology, organisations have better data to work with and as a result a clearer understanding of the make-up of their current globally mobile workforce. To address imbalances, organisations are seeking ways outside of traditional frameworks to make mobility appeal to and work for a broader demographic.

More generally, we find that organisations are talking with greater frequency and enthusiasm about the assignee experience. As one Global Mobility professional remarked to us, “if an assignee has a cat rather than a child, why should we not give weight to the importance that it may play in someone’s life?” In many industries virtual working and remote working are increasingly accepted as the norm, whereas the emergence of the gig economy looks ever more likely to become a new way of working for significant sections of society. In this context, many organisations are looking at talent in a broader, more holistic context. This means making an assessment of how

valuable an employee is to a project or role and the most efficient and effective means of getting them there.

Types Of Flexibility

Through our conversations with a range of corporates, we have identified a variety of approaches to flexibility within policy and have categorised these into eight different groupings, which are outlined below and summarised in table 1. In the approaches outlined we have deliberately avoided reference to Core/Flex, partly because this approach has been covered eloquently by other contributors to these pages, but also because to some extent these approaches can be seen as strains of Core/Flex. It is important, however, to make a clear definition between Compliance Core Services (i.e. tax and immigration services, which are now considered almost without exception by every organisation to be immutable in every policy scenario) and Core Services - those services which an organisation considers to be key to the success of an assignment or relocation. The flexible elements or services can then be treated in different ways dependent on the approach and context which we go on to discuss later.

Zero Flexibility

This is the archetypal rigid approach to policy management represented by traditional long-term assignments. The 'use it or lose it' approach has widely fallen out of favour with the majority of clients we speak with. The one size fits all approach which Admiral Byng fell foul of fails to recognise that there are more nuanced, personalised ways of getting the right talent in the right place at the right time with the tools they need to do the job. Furthermore, it may be a more costly approach as assignees take up benefits or services which are really unsuited to them for want of alternative options.

Negotiated Flexibility

This is the approach nobody wants, with the exception of the senior executive who has negotiated additional policy benefits. Many Global Mobility professionals have a war story about value-creating coercive leaders who the business has to get in place at any cost. Whilst sparse, this type of flexibility still occurs.

Substituted Flexibility

The idea of substituting a policy benefit for something similar has been around for a long time. This type of flexibility works especially well for unaccompanied assignments or even when a family has a child away at university and the home leave expenditure can be transferred to the partner or child. Similarly, substituting an orientation or settling-in service for an additional day of home search may also be beneficial to some assignees.

Substituted Policy

Whilst less common, we have found examples where organisations have been able to substitute a short-term assignment for a commuter arrangement for an assignee. In terms of flexibility around the assignee's lifestyle, this approach can be a win-win for both employer and assignee. Much of course depends on the proximity of the home and host locations and the nature of the project.

Managed Service/ Cash Flexibility

The issue of whether or not to allow an assignee to receive cash in lieu of a benefit or part of a benefit is one which elicits forthright responses from each side of the debate. Sterling has worked closely with one organisation recently to implement a process where the assignee can receive an amount of cash when they don't take up a benefit in full. For example, an assignee choosing to fly economy class instead of business class is entitled to a cash amount. The intention is that this is cost neutral to the organisation in the worst case scenario. The important point to make is that this is a managed flexibility, so there are only a limited number of benefits where the assignee can 'earn' cash by taking a reduced benefit. Compliance related services are clearly protected, but the corporate has chosen to not allow services it deems to be beneficial to the success of the assignment to be cashed in. For example, cultural training does not fall within the boundaries of the scheme as, for this company at least, it is considered to be a core service. Separately, we are increasingly seeing organisations provide cash in lieu of a household goods shipment for some assignment types (refer to the section on 'Organisational Approach to Risk' for more on the merits and demerits of this approach). This perhaps recognises the changing demographic of assignees in the workplace.

The flipside of providing cash in lieu of some services (or acceptance of a reduced service) is to allow the assignee to seek out an alternative service for which they will be reimbursed. An example of this is around language training where there are an abundance of apps available to support learning outside of traditional service delivery models.

Managed Fund Flexibility

This tends to be a technology-driven low cost option which maintains the idea of providing the assignee with services as

opposed to cash (although we have seen examples where organisations will pay the balance of the fund in cash once the assignee has arrived in post and all relocation activity has been concluded). The organisation sets a fund limit with a cash or points based equivalent which the assignee can use to acquire services from trusted providers.

Near Total Flexibility

Outside of core services, the assignee is simply given a cash lump sum and left to their own devices. This is clearly the last word in flexibility, but in our experience this is generally a step too far for most organisations. Aside from the issues around risk we discuss elsewhere, there are arguments about the effectiveness in role of an assignee who is directly managing their own relocation. We have seen this approach used for returning home country nationals who have studied and been hired abroad by way of an example (see Table 1 on next page).

Context

Just as Admiral Byng was working in the context of a war with France, a shortage of resources and a political backdrop of a public holding the government to account, so organisations must contend with their own context. The extent to which an organisation is able to provide flexibility is dependent on a variety of contexts and factors.

Industry

The industry or sector in which the organisation operates tends to influence the overall approach to reward and as a corollary to that its approach to its Global Mobility policy. Industries which traditionally generate higher revenues and higher profits can naturally afford to provide larger packages to their assignees, and as a result flexibility becomes less of an issue because an all-encompassing package leaves little out. Industries which typically generate lower margins are far more cost conscious and this in some cases limits policy flexibility. Organisations operating in the oil and gas sector as an example often need to send assignees to remote and sometimes dangerous locations, again resulting in a policy approach which provides a minimum level of core support over and above that which might be found in other sectors. By way of a contrast, the technology sector typically attracts a different type of assignee. As a result, fewer incentives are required to make mobility attractive and once again flexibility may take a different form.



Table 1: Types of Flexibility

Approach	Defined as	Employer Perspective
Zero Flexibility	The “use it or lose it” approach	<ul style="list-style-type: none"> • Equitable • Financial gain when assignees don't use full entitlement. Financial loss when exceptions are approved. • Ease of administration
Negotiated Flexibility	Power exerted by value creating assignees for strategic assignments	<ul style="list-style-type: none"> • Inequitable • Precedent creating • Financial loss when exceptions are approved
Substituted Flexibility	Policy benefits are substituted for similar benefits	<ul style="list-style-type: none"> • Aims to be cost neutral • Relative ease of administration
Substituted Policy	One policy is substituted with another to achieve the same business outcome	<ul style="list-style-type: none"> • Aims to achieve the same business outcome at a broadly similar cost
Managed Service Flexibility	Core compliance services provided. Some core services provided on a 'use it or lose it' basis. Flexibility to claim reimbursement for some policy benefits outside of core.	<ul style="list-style-type: none"> • Maintains compliance • Preserves services considered to be key to success and have a duty of care element • Aims to be cost neutral or even beneficial • Preserves the 'ethic' of providing services rather than cash • Relative ease of administration
Managed Cash Flexibility	Core compliance services provided. Some core services provided on a 'use it or lose it' basis. Flexibility to cash some policy benefits outside of core.	<ul style="list-style-type: none"> • Maintains compliance • Preserves services considered to be key to success and have a duty of care element • Aims to be cost neutral • Relative ease of administration
Managed Fund Flexibility	Core compliance services provided. Organisation sets a fund limit with a cash or points based equivalent which the assignee can use to acquire services from trusted providers.	<ul style="list-style-type: none"> • Maintains compliance • Preserves the 'ethic' of providing services rather than cash • Relative ease of administration • Provides a low cost option
Near Total Flexibility	Core compliance services provided. Cash provided to cover all other requirements.	<ul style="list-style-type: none"> • Maintains compliance • Empowers employee • Potentially abdicates duty of care • Superficial ease of administration • Provides a low cost option

Organisational Context

Some organisations, by dint of their industry and global footprint, walk a well-trodden path from a Global Mobility perspective, whilst others are sending assignees into emerging markets which may require additional support services and policy benefits.

Business Driver for Mobility

Our interactions with corporates lead us to believe that the business driver for mobility is a significant factor in both the degree of flexibility and the type of flexibility organisations provide in their policy. Increasingly organisations are structuring mobility in such a way as the business driver sets the policy framework as opposed to traditional perception of time bound assignments.

Strategic assignments naturally tend to involve a senior employee further on in their career and often fall into the traditional home based, tax equalised long-term assignment category. The perceived value that the assignee creates for the business places a lot of power with the assignee resulting in richer mobility packages. Flexibility therefore in this context leans towards policy exceptions as the business driver is simply to get the employee in situ. Examples are multitudinous, but one which showcases the impact of organisational

context and the mobility business driver is a senior manager moving into an emerging market location who successfully argued that as his family was forced to forego the income generated by the partner's career which paid for their children's nursery fees, an out of policy exception for payment of nursery fees was approved.

Short-term assignments tend to lend themselves more towards the substituted flexibility and substituted policy discussed under Types of Flexibility. For example, home leave benefits can be substituted for partner or child flights to the host location. Many organisations now draw a distinction between an unaccompanied short-term assignment up to six months and an accompanied assignment between 6 and 12 months.

Temporary assignments for non-executive moves have greater scope for policy flexibility. For many organisations, these types of moves have already been cost optimised either by making them temporary host based assignments or localisations from the outset. It is with these assignment types, we often see Managed Service and Managed Cash Flexibility being increasingly used.

Finally, there are cost-conscious developmental assignments and self-initiated moves. The generational nature of

assignees moving under these policy types may drive organisations more towards cash based policy support.

Organisational Approach To Risk

Duty of care plays a significant role in the degree of flexibility an organisation will permit within its policies and is one of the reasons why organisations insist on some core services outside of the standard compliance services and some organisations are reluctant to provide cash alternatives. The extent to which an organisation feels that it is obliged to ensure that an assignee moves into a safe area (again this is contextual for different locations), avoids scams, doesn't tie himself into a pernicious lease and uses quality service providers is a substantial determining factor in the structure and flexibility built into all policy types.

Organisational Approach to Career/Talent Management

Career progression in some organisations can be dependent on an employee's international experience and exposure to the wider global business. Without this, the path into senior roles within the organisation is blocked. Incentivising a certain cadre of employees to take up international assignments is therefore not an issue. That isn't to say that flexibility

is entirely negated but it may influence an organisation's approach.

Organisation Culture

Some organisations naturally take a more paternalistic approach to the relationship they hold with their employees which may have an influence over the approach to policy structure and the degree of flexibility within that structure.

Conclusion

Managing an exceptions process is in itself a form of flexible policy management which recognises that an assignment policy cannot possibly cater for every scenario but it can be cumbersome and may set the wrong tone for assignees as well as creating the anathema of precedent setting. A policy framework which builds in elements of flexibility may be more conducive to meeting the changing mobility needs of a multi-generational workforce. Ultimately, there is a need to strike a balance between meeting these needs, cost, and duty of care. There are a variety of contexts which influence the extent to which flexibility can be achieved and numerous approaches which can be taken. As always, what works for one organisation may not be directly replicable in another.

Policies shouldn't be the end goal in themselves but a means of providing the

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right combination of services and benefits to give the assignee the tools to relocate and the organisation to move talent effectively. If Admiral Byng had had access to the right resources and the flexibility to use them, things might have turned out very differently.



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If you would like to discuss any of the points raised in this article or learn more about Sterling, please do not hesitate to contact Stuart Jackson at stuart.jackson@sterling.com.

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