

Time For Global Mobility To Demonstrate Its Value To The Business?

The following is an extract from the 2015 Global Mobility Survey. The largest survey of Global Mobility explores four key trends affecting organisations worldwide and the challenges these present to their Global Mobility functions. A copy of the full survey report can be ordered via www.globalmobilitysurvey.com.

Virtually all Global Mobility professionals (93%) say that cost containment is important to their departments – and over half (53%) say it is very important. In fact, reducing costs is more of a priority than improving ROI, improving assignee satisfaction, or improving the perceived success of assignments.

There are many ways of course in which costs may be reduced. See Fig 16. An obvious way would be by reducing the number of assignments or sending more junior personnel. Of course, this assumes an alliance between the purpose and goals and objectives for the assignment. However, these are only initiatives for a minority of organisations (20% and 16% respectively). Instead the primary focus is on reviewing policies (44%).

A Paradigm Shift On Cost Focus Is Required

This focus on total cost reduction presents a potentially serious issue for companies as 'cost cutting' in isolation threatens to stretch limited resources even further, with

the prospect of damaging activities from Duty of Care provisions, to legal advice, to long-term performance planning.

It is also indicative of how businesses often view Global Mobility only as a cost authorisation rather than a value investment opportunity. Robust business case investment protocols would enable executives to articulate the payback from Global Mobility and recognise that Global Mobility are actually custodians of value not cost centres. The current state of affairs, however, is neither a healthy nor a sustainable way for Global Mobility functions to create value and thus we require a paradigm shift in focus.

Yvonne McNulty, Singapore Institute of Management:

“We will never be able to escape cost containment as a focus in Global Mobility, so it is at least good to see sense in the approach organisations are taking to achieve this.

- Policy review is always the number one way to do it – but be careful about the opportunity costs of cutting back
- Process efficiency is NOT a verifiable way to cut costs, nor is tightening the noose around vendor costs – the latter will incur opportunity costs that are not worth it in the long run
- Process efficiency is also the wrong focus – processes don't build a strategic mobility programme, people and experience and expertise do

- Cutting back on all the compensation costs is, again, not a good way to go – unless you can be absolutely sure there are no negative repercussions long-term.”

To do so, Global Mobility functions must switch from a reactive approach to a strategic approach – something that was an ambition for many Global Mobility functions in last year's survey. Whilst only 11% at the time were able to quote 'strategic workforce planning' as one of the top 5 activities involved in their job, 40% expressed a desire to make this a reality.

So what's changed over the past 12 months? Unfortunately, not much. The percentage of professionals listing strategic workforce planning in their top five tasks has increased, but only by 2% (from 11% to 13%). See Fig 17 on next page.

David Collings, Professor of HRM (PhD):

“For Global Mobility professionals to be seen to be adding value, involvement in strategic decision making can help raise their profile with senior management.”

With this in mind, the key priority for the next 12 months remains the same as last year – spend more time strategic workforce planning! In fact, it's growing in momentum – now representing a priority for 49% (previously 40%). See Fig 18 on next page.

Freeing Resource For Strategic Activities

By becoming more strategic, a range of benefits should emerge from closer alignment between Global Mobility and overall organisational strategy (only one quarter – 25.9% – currently say that their mobility strategy is very closely aligned with their organisation's strategy), to increased focus on, and ability to measure, Return on Investment.

However, as the past twelve months have shown, becoming more strategic is not easy nor something that can be expected to happen in a short period of time. In 2014, one of the key barriers identified as preventing organisations from becoming more strategic was a lack of time and resource in the Global Mobility function, and this year's findings reinforce this position.

Fig 16. Cost reduction strategies

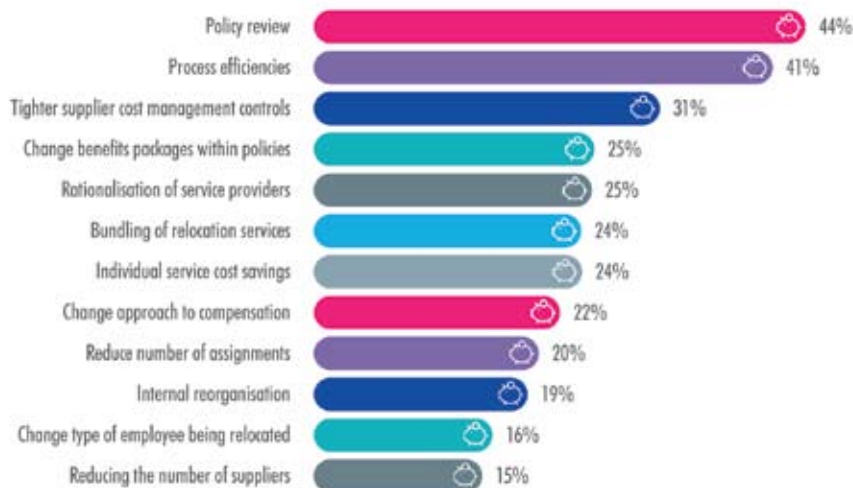


Fig 17. What activities occupy most time for mobility professionals?

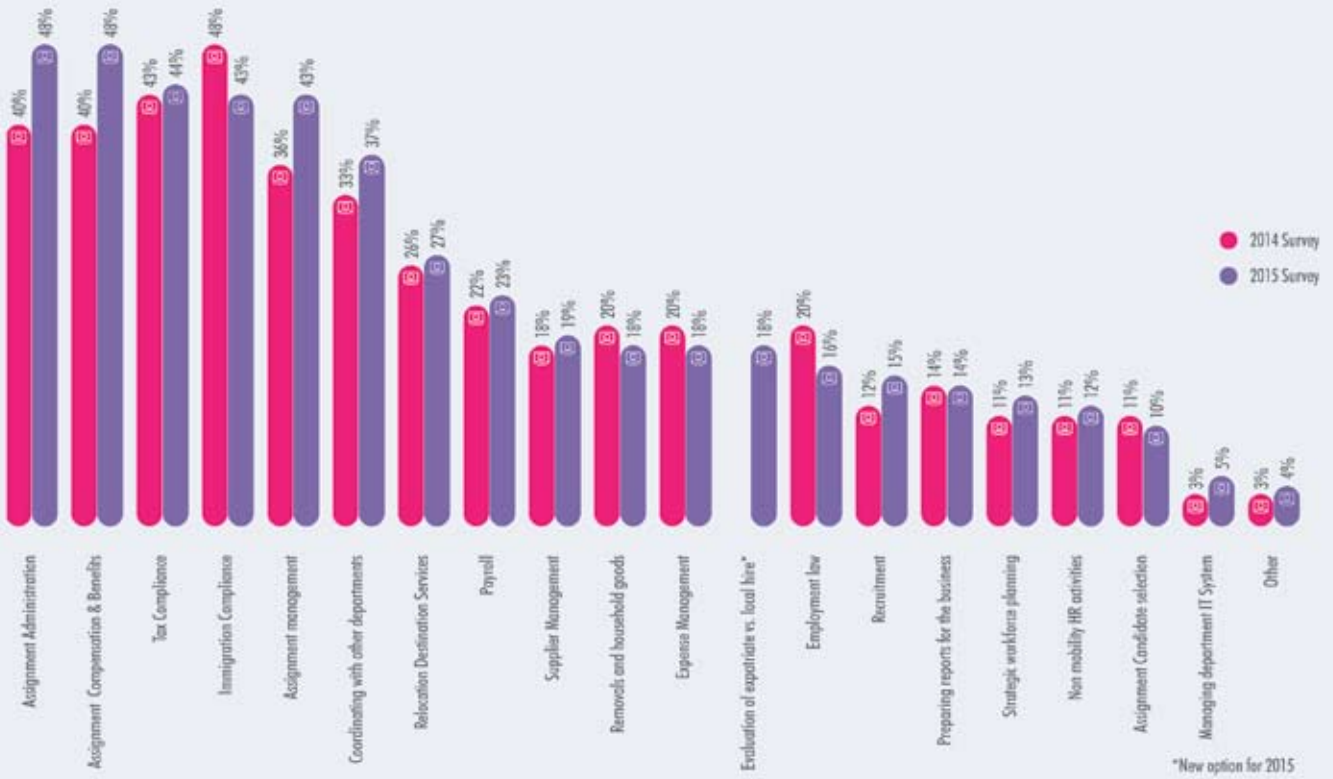
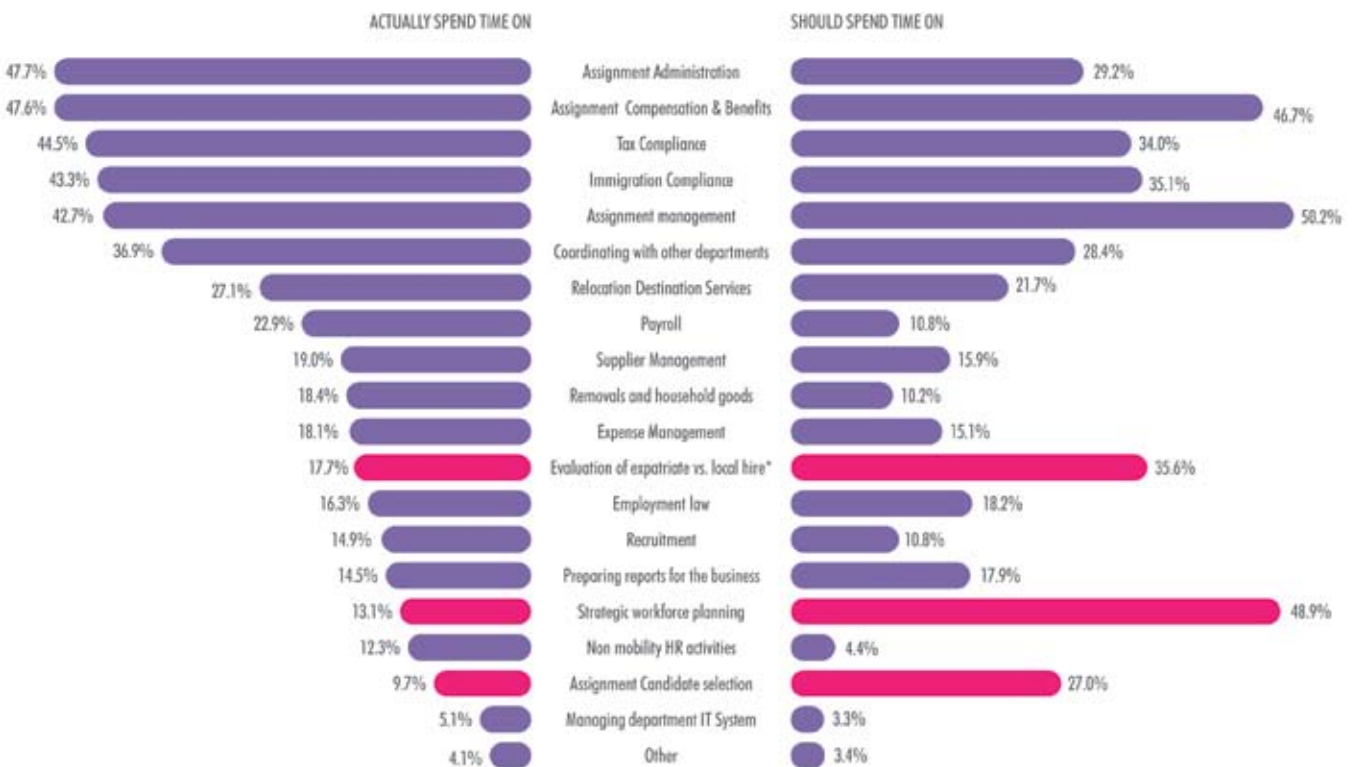


Fig 18. What activities Global Mobility spend most time on



Yvonne McNulty, Singapore Institute of Management:

“It’s no surprise that ‘assignment admin’ tops the list of current activities. This feeds into all the research showing that Global Mobility management is largely transactional, no matter how much managers or their companies would like it to be otherwise. It is not until item 12 that any kind of strategic activity comes into the job description – evaluation of expatriate vs local hire options.

In contrast, the ‘wish list’ of activities tells a much better picture re: where mobility managers would like to focus their time, energy and expertise. I agree that assignment management will always be the number one priority, and to some extent Global Mobility professionals will never escape compensation and benefits duties as these can, in many instances, also feed into strategic workforce planning.

However, I disagree with immigration compliance – this is better left to the professionals (i.e. outsourced). Overall, this question paints a much better picture of the intent, but it also highlights a massive gap between what professionals envision and the reality of their current role.”

In the rapidly growing Engineering sector only 1 in 7 organisations (14%) say that their mobility strategy is very closely aligned with overall strategy. As economic resurgence leads to increased opportunities – and increased workloads – this suggests that Global Mobility functions, in Engineering organisations without additional resources, may become less proactive and more reactive as they battle to meet the Global Mobility needs of their organisations.

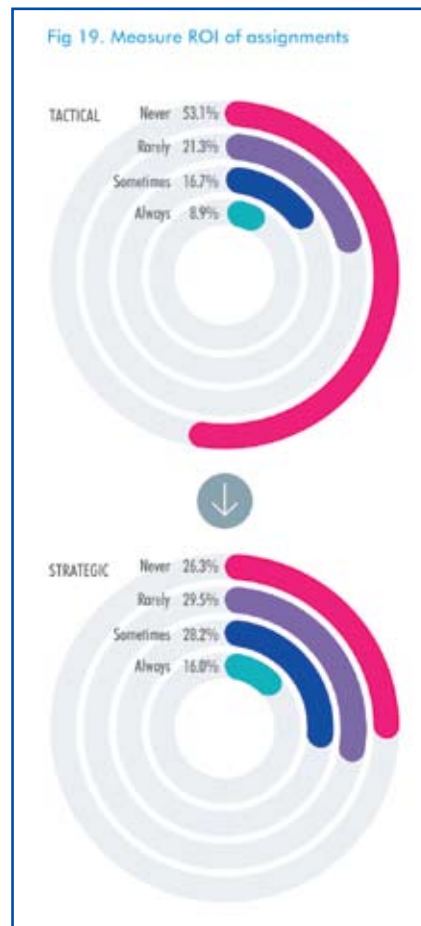
So as assignment activity continues to grow over the next twelve months, it is vital that organisations are able to dedicate increased resource to their Global Mobility programmes, allowing for more strategic focus.

Demonstrating Return On Investment

Part of the underlying reason why businesses typically view Global Mobility as a cost centre rather than a value centre is likely to be due to an inability to demonstrate the value of Global Mobility.

84.8% of Global Mobility professionals said they believe their Global Mobility programme delivers value for money. Yet few have the capability to articulate or demonstrate this value to their business.

A massive 72.0% of organisations said that they never or rarely measure Return



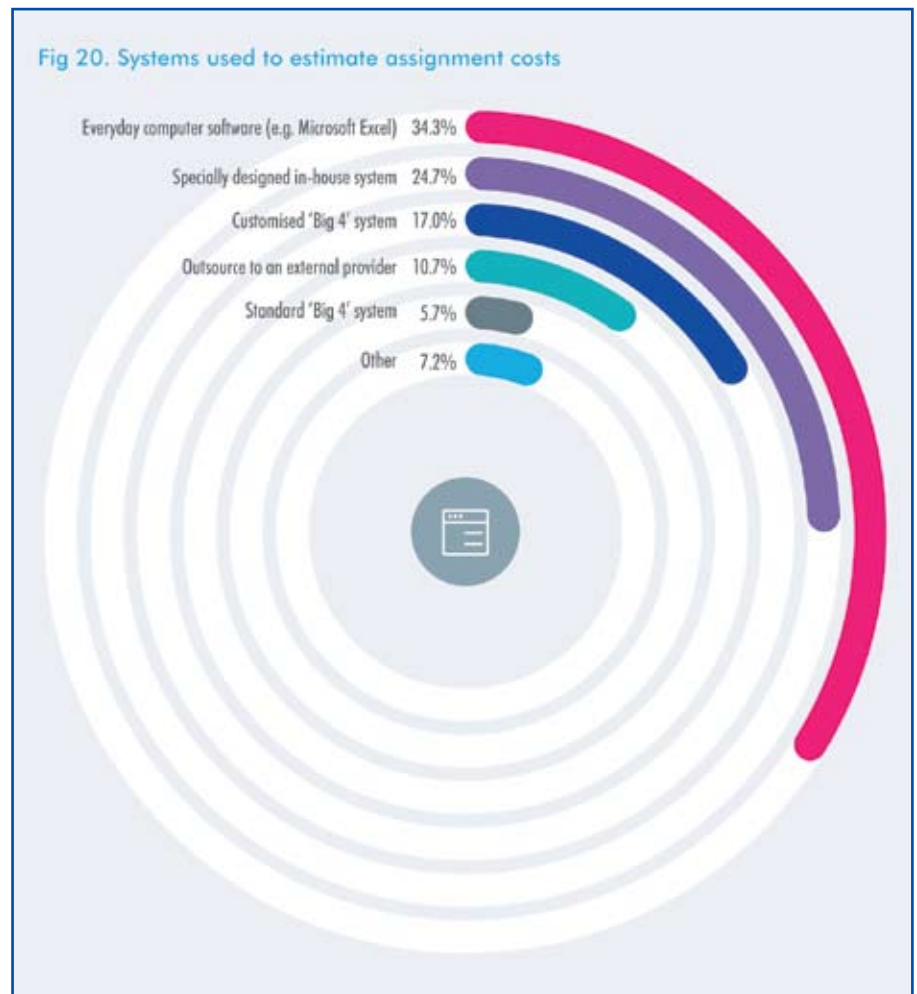
on Investment on their assignments, thus making it virtually impossible to be seen as a value partner or build a case for increased investment in the department.

However, there is a distinct divide between companies where the Global Mobility professionals are ‘tactically focused’ and those where they are ‘strategically focused’ (based on the activities they perform). ‘Strategic’ organisations are 26.8% more likely to measure ROI than their ‘tactical’ counterparts. See Fig 19.

Selecting Appropriate Systems Is Critical

Amongst Global Mobility professionals who are trying to measure ROI, there is widespread recognition that these measurements still leave much room for improvement. Less than one in seven organisations measuring ROI (12.9%) believe that the methodology they currently use is very useful; one in four (24.6%) think it’s not very useful.

So where’s the methodology falling down? Perhaps part of the answer lies in the systems being used. Only 1 in 4 organisations (24.7%) are using specially



designed in-house systems. Instead, the most commonly used system is everyday software such as Microsoft Excel (34.3%), with Big Four solutions (whether standard or customised) also representing a sizeable chunk. See Fig 20 on previous page.

As a result, professionals are finding it very difficult to get timely, accurate insight, with common complaints including ‘patchy data’ and the need for ‘time-consuming manual analyses’.

Once the assignee is on location, costs then need to be monitored throughout the assignment’s life; and again, the most commonly used system for doing so is everyday software like Microsoft Excel (37.8%). Here also, this is often failing to live up to the task. Only 7.8% describe everyday software as extremely effective for monitoring their costs whilst over one third (34.4%) say it is not very effective.

Instead, the most effective method appears to be utilising the power of a system that is connected across the entire business. 88.1% of organisations using connected systems describe them as effective at monitoring costs.

Having a globally connected system opens new possibilities for companies. At a basic level it enables Global Mobility functions to provide reporting to the business of spend and performance. This can be used to build a business case to demonstrate how Global Mobility delivers value to the organisation which can be used to create business cases for investment in Global Mobility. Further ahead, there is even greater opportunity for utilising the power of ‘Big Data’ in relation to talent management and linking with other parts of the business.

Going forwards, measuring ROI will be vital for transforming business opinions of the Global Mobility function, for which connected systems and good data hold the key.

David Schofield, Strategic Business & Talent:

“Demonstrating value to the business is a topic which resonates across the HR profession. For me, the way forward for Global Mobility professionals to prove their value is partly around being in command of mobility data (numbers of assignees, cost of programmes, retention rates, return on investment etc.) and partly around having a commercial mind-set. Such a mindset means trying to think like a CEO, or a Finance Director or a Head of Operations. What are their priorities and how can a mobility programme help

Q46. What are the primary ways you calculate the Return on Investment of an individual assignment?



to address these?

Measuring ROI (Return on Investment) is very important, but in reality over-complicated approaches can sometimes make the task seem impossible. I have found with a range of companies that a simpler, business-driven approach to ROI can work well. The twin focus is on ‘Effective ROI’, i.e. whether the assignment achieves

its objectives, and ‘Efficient ROI’, i.e. whether the overall cost is in line with predictions. This approach treats a Global Mobility initiative like any other business investment, such as a new IT system or a marketing campaign and simply asks; ‘did it get the job done at the expected cost?’

This approach requires objectives to be set and costs to be measured – which of course are good things.”



John Rason, Head Of Consultancy Services, Santa Fe

The ability of HR and in-house Global Mobility functions to demonstrate the value they create for their business will define their effectiveness in the long-term. The results of the survey and my own personal experience of working with companies around the world indicate that those that are able to demonstrate their value to the business are less likely to be subject to continual cost cutting pressures and reduction in resources.

In my experience these companies are able to quantify the cost of Global Mobility, but most importantly they are able to link this to the results of the projects that their programmes have contributed towards and quantify this. For example; a project to support the opening of a new business project can be measured in terms of how much revenue the new business unit has generated, or the net savings created for the company; or the employee retention rates and the savings this creates. Being able to quantify these benefits is essential.

The other attributes these companies have in common are that their Global Mobility functions interact with the business units and they have the connections to collect the data necessary to calculate the ROI. Having systems that are linked to other parts of the business makes it easier and in many cases they have invested the time to set these up. The end result is that by focusing on providing tangible evidence of the value that they create for their business, the discussion has shifted from being a cost centre to a value centre. They are working on ways that they can invest in their departments to improve company performance rather than cut. Without the pressures created from cutting they are able to balance their time between planning and doing more effectively and ultimately are more able to work efficiently.



The Global Mobility Survey is the world’s largest and most reliable study of Global Mobility programmes managed by organisations worldwide. Commissioned annually by **Santa Fe** and conducted independently by Circe Research to ISO20252 standards. The survey includes input from an Expert Panel of some of the world’s most influential figures in Global Mobility. The Report is published annually to provide insight into; key trends, strategy, best practice and the latest thinking. Academics, International Business Leaders, HR and Global Mobility professionals will also be interested in the benchmarking site www.globalmobilitysurvey.com which enables results to be analysed further by industry sector, programme size, geographic scope.