Love It Or Hate It – Risk Is Here To Stay

Tracy Figliola, Director of Global Mobility at Equinix, and in partnership with Mobility Compliance Limited, tells you why risk is a good thing.

Business risk only comes in two flavours, good and bad, and trust me the only one you want to taste is good risk. Good risk is about taking on the global market place, seeing new opportunity, backing your hunches and doing things differently. You have to embrace good risk as it's the only way to success; for as Shakespeare pointed out "There is a tide in the affairs of men, which, taken at the flood, leads on to fortune…and we must take the current when it serves, or lose our ventures".

This is particularly true in my area of operation, Global Mobility. Shipping teams around the world to open and defend new markets is, by definition, at the exciting and profitable end of good business risk.

Bad business risk is an entirely different and less palatable mouthful. It's made a more bitter pill because, more often than not, it is caused by internal omission, and is something you could have avoided. For example, to stretch Shakespeare's time and tide analogy, sailing the Atlantic to discover America is a good risk, whereas the omission of not checking your boat is seaworthy before setting sail exposes you to bad risk. But as bad risk is not always as obvious as a leaky boat, it's not easy to avoid.

The first thing that can expose you to bad risk is the complexity of the world you're dealing with. All you have to do is look at the smart phone many of you are reading this article on, to understand the recent exponential increase in the volume data we all create everyday, and the instant speed we expect our business world to run.

This potential data overload is compounded in global mobility where the complexity of data is increased by individual countries differing and ever changing regulations around immigration, tax, data compliance and social security. Add into this that you are dealing with real people and, often, their families and the variables increase once again. And this is the heart of the problem, because complex data is the perfect hiding place for complex risk to lurk unseen until it is too late.

This complexity creates a confused global data trail is at best disruptive, leading to a loss of financial control, with the commensurate problems of increased costs, workload and audit complexity.

At worst, errors around global mobility can lead to compliance penalties for late or incorrect filing of data. At a personal level, badly handled Global Mobility data can disrupt talent management. Broken or unhelpful processes can result in assignees becoming disenchanted, enough to leave the company, which is ironic as they are the very people you need and are trying to support; and there's no one size fits all solution.

Taking The Bad Risk Out Of Global Mobility

The efficiency, visibility and instant compliance demanded by governments and shareholders around global mobility depends on four things:

- A clear understanding of the extremely complex disciplines of multi location, multi country, multi currency data collection and collation
- Developing efficient, measurable systems to approve and purpose the collected data to make accurate and timely payments, globally and in diverse currencies and for redistribution to meet the array of compliance demands
- And the ability to instantly and accurately report at local, national and global levels and to segment and distribute the data according to specific tax or internal requirements
- Making sure global mobility is not an afterthought but is fully aligned with your global business strategy and has full stakeholder engagement from the get go.

And the way we look to deliver the solution breaks down into a five-step programme.

Where Are We Now?

There's no point in building castles on sand, so the first thing we need to do is to ensure any current systems you have in place are robust and fit for purpose. As with any planning process, to create a solid foundation for sustainable growth, it is critical to have a clear understanding of the starting point.

The best way to do this is to carry out a diagnostic health check to determine the integrity of your current processes and the efficiency of your data flow.

There are often key indicators of problems. For example, a significant discrepancy between the balance sheet and actual expenditure may indicate inaccurately reported tax liabilities.

It's also a good idea to forensically follow the data trail from collection to final reporting to expose breakdowns, and their relative seriousness. Though this can be an extended process, you only have to do it once, and it is essential if you are to build on solid foundations.

This diagnostic process will give you a clear SWOT analysis of your systems as they stand and should highlight areas that need immediate, short-term and long-term attention.

The Right Tools For The Job

Once you know where the problems are in your current processes, you can then overlay the map of where you want to be and start to create the tools to do the job properly. This is a case of refining current and creating new tools so they exactly fit your need. The tools you'll be looking at include;

- Data collection including interface design enhanced user experience to increase quality of starting data
- Continuous and ongoing data tracking and validation
- Payment, disbursement and reconciliation
- Internal and external reporting, both planned, for tax and ad hoc
- Assisting the engagement of service providers through the procurement process
- Policies that match business needs.

Effective Reporting

No matter how good the integrity of your data, it is useless unless it can be dissected for effective reporting when, where and how you need it.

What you need is an analysis suite that will effectively deliver the main and standard reporting requirements such as funding and reconciliation, payroll and tax data.

But don't stop there. You should also have the facility to custom interrogate your data to provide feeds in formats acceptable to your accounting systems, MIS and other analytical tools. You should be able to analyse each global assignment for profitability case by case.

Effective Implementation – Will Anybody Use It?

Obviously it's no good building the perfect system if it doesn't get used. It's essential for you to get buy in from your key stakeholders and work with everyone involved in the chain to ensure smooth transition and implementation including:

- Your mobility team to create effective policy management
- Finance to put in place central, continental and local reporting
- All involved to implement effective control structures
- Procurement to design RFP's designed to find suppliers who exactly meet your needs
- Your HR colleagues around designing policies
- Last but not least you need the board, well, on board; if they're not committed then your efforts will wither on the vine.

The Only Constant Is Change

If there is one thing you can be sure of in life and business it's that the goal posts are always moving. If it's not better (or at least different) software then it's a change of legislation, or your company deciding to be represented in an emerging market.

The only way to keep your process up to date and your key stakeholders on side is to schedule regular review meetings, supported by a programme of mentoring and continuous development.

A Final Thought - Learn To Love Risk

So there you have it, you can manage global mobility risk in a way that allows you to make the most of good, entrepreneurial risk.

In fact, even thinking about managing bad risk is going to help you design more robust systems, so maybe bad risk is good for your business after all – just a thought.

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