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Talent Mobility

Cost Containment Strategies in Uncertain Times

July 2020

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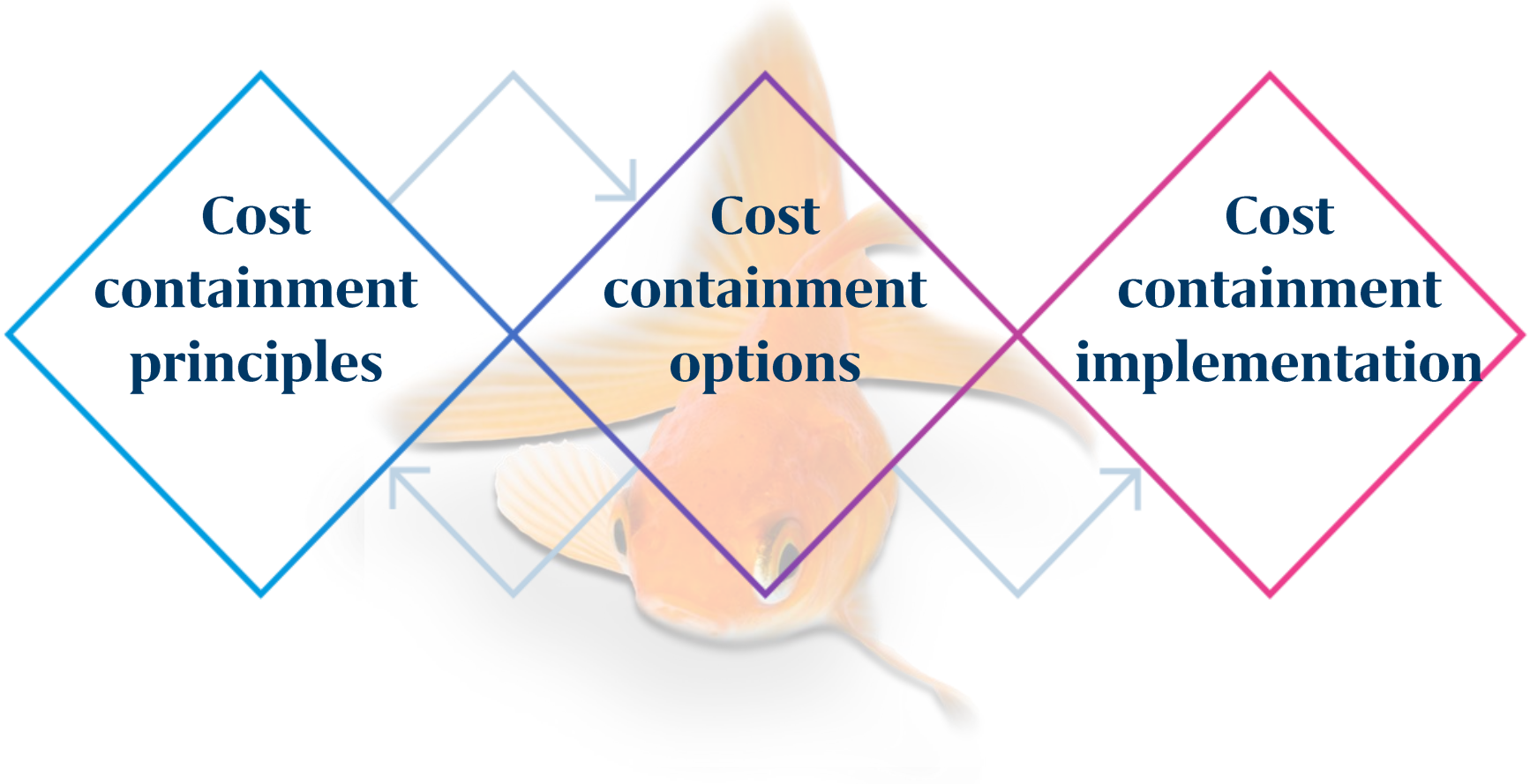
welcome to brighter

Cost containment strategies

Navigating uncertain times without sacrificing the essentials



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Cost containment principles

Moving beyond simple cost cutting

Anticipating the debate - don't wait for the axe to fall

Cost containment is one of top management's main concerns

Assignments patterns are changing even faster due to the impact of the COVID-19 crisis

The business case for traditional mobility is being challenged

Present options and metrics to management before they are being requested

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Perceived cost and value - beware imaginary monsters

Cost misrepresentations

Mobility pre-conceptions

Wrong narrative

Lack of clarity

Lack of perceived value

Cost split between units

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Time is of the essence - short-term cuts and long-term burden

The right short-term answer… might be the wrong long-term solution

Beware on-going costs

Temper with base salaries at your own risks

Reorganization of mobility could lead to loss of expertise

The cost of lost opportunities and lost talent

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Employee experience crashing down? Maintaining the balance

Sending the wrong signal

Benefits and allowances: duty of care is not optional

Risk of widening the say-do gap

Sign of supports are more important than the amounts spent

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Cost containment options

Analyzing cost saving paths and their implications

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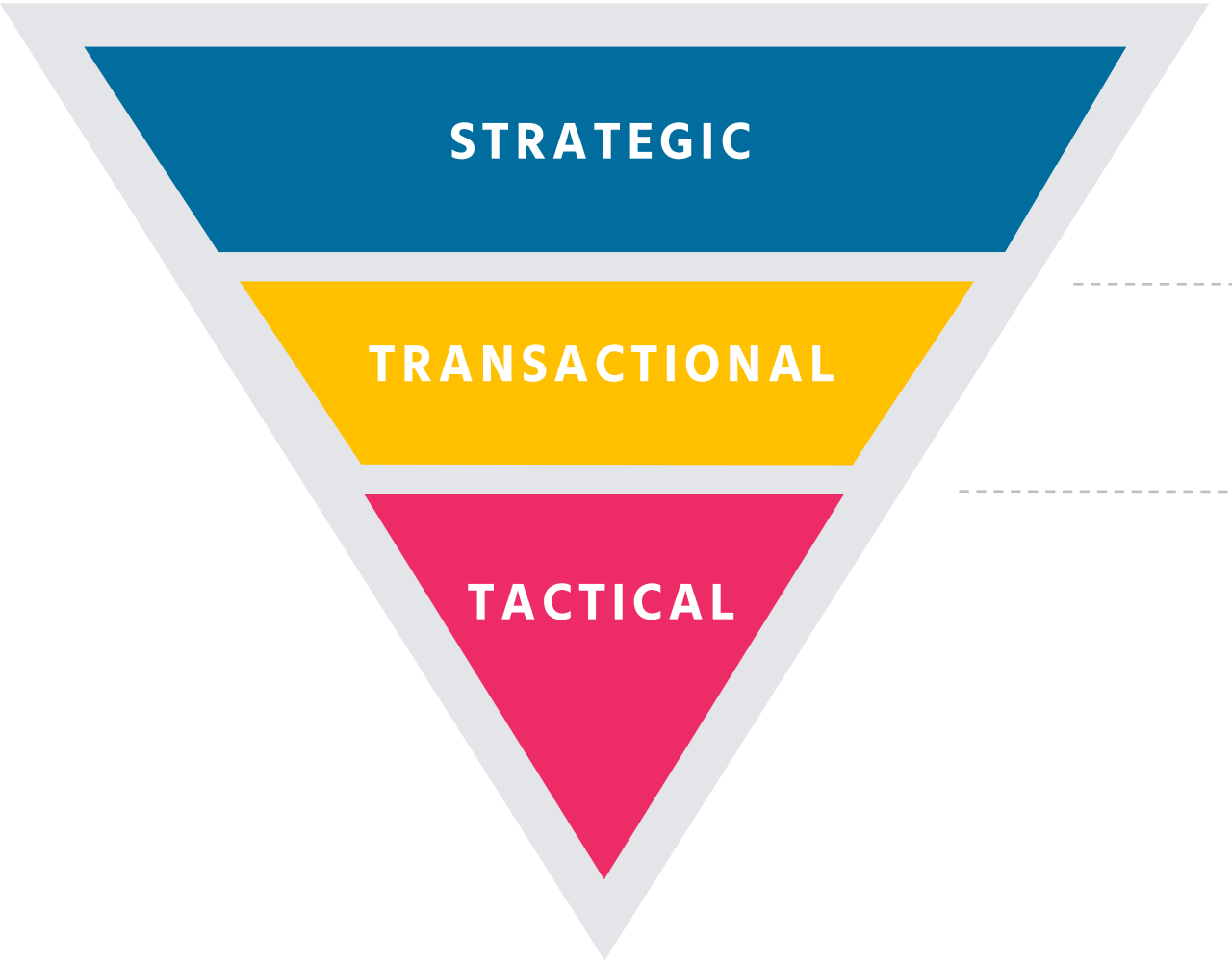
Cost containment options



Talent pools

Definition of mobility/Assignment types

Mobility management setup

Policies

Compensation approaches

Allowances and benefits

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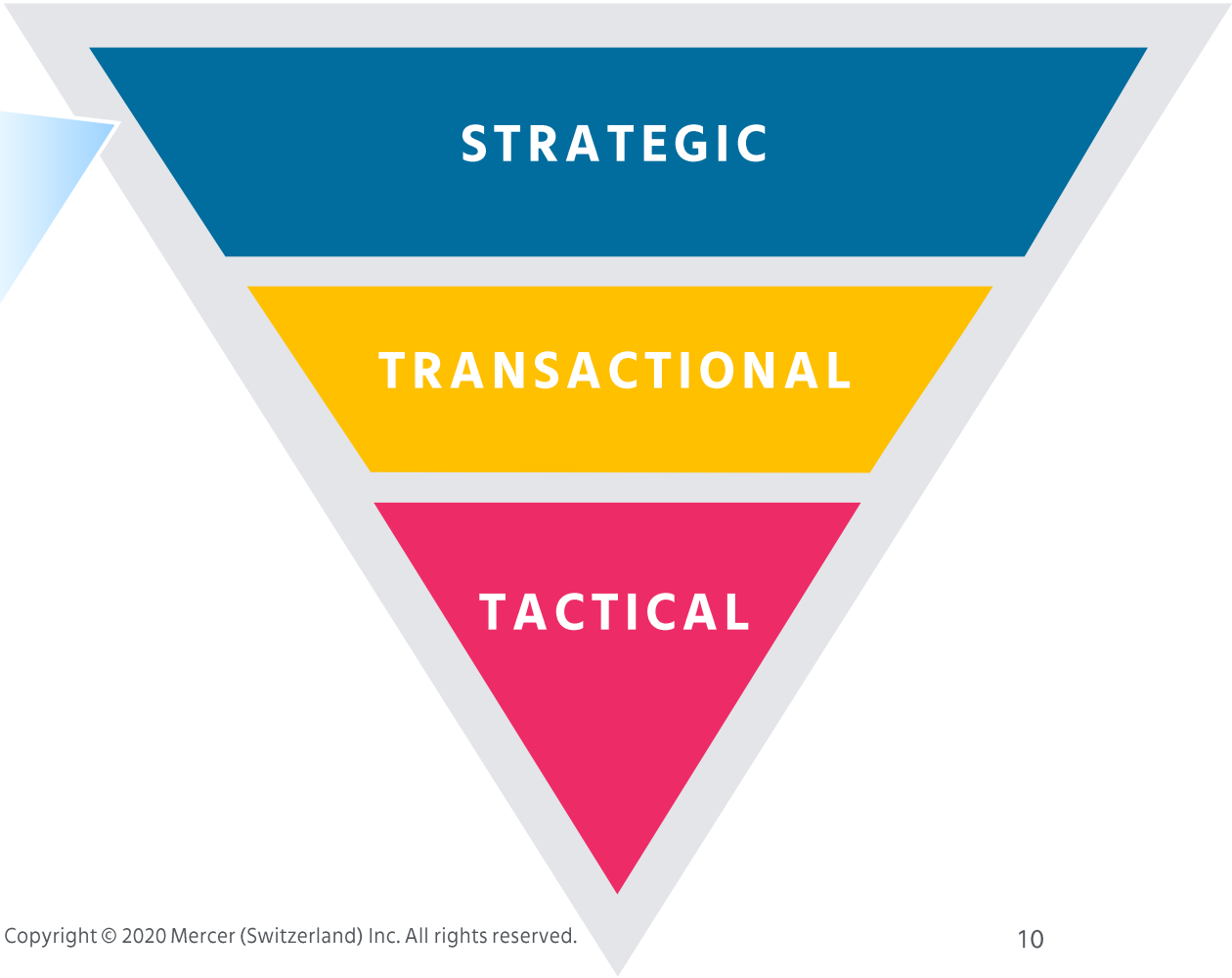
1. Managing talent pools

RATIONALE:

Lack of candidates drive costs up

Action points:

- ✓ Diversify where you look for talent
- ✓ Leverage voluntary mobility
- ✓ Foster knowledge transfer and upskilling of local employees



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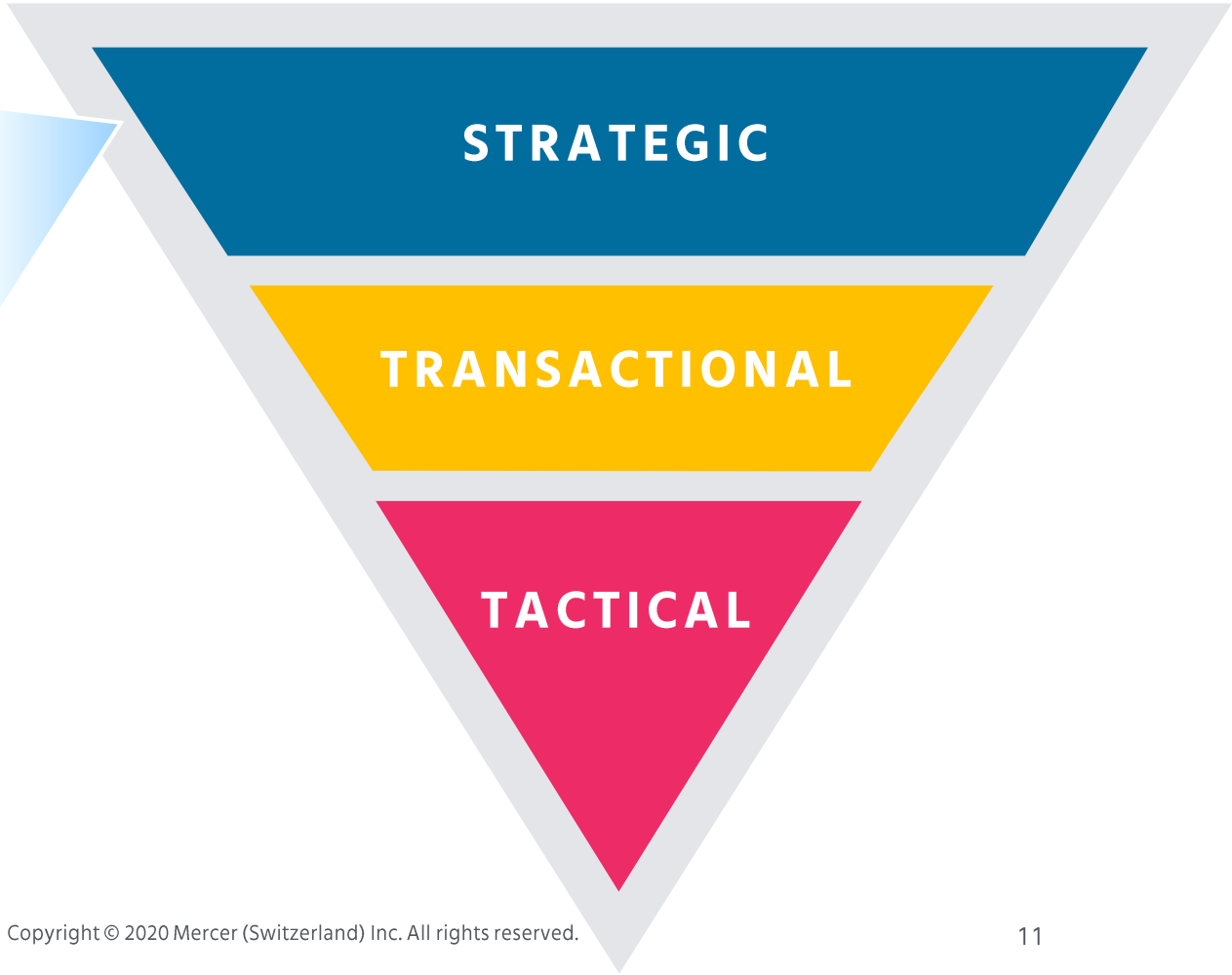
2. Expanding the definition of mobility

RATIONALE:

There are alternative to long-term assignments and to moving people to jobs

Action points:

- ✓ Shorter assignments
- ✓ Explore remote working options / Virtual assignments
- ✓ Moving jobs to people



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2. Expanding the definition of mobility - A new direction and saving opportunities?

1990 Expatriate Management	2000 International Assignment Management	2010 Global Mobility	2020+ Distributed global workforces
One-size fits all	Multiple policies	Segmented policies	Integrated mobility management
• **Expatriates on long-term assignments**	• **Long-term assignees** • **Short-term assignees** • **Localized employees** • **Increasing number of home locations**	• **Traditional expatriates** • **Global nomads** • **Transfers** • **Employee-initiated moves** • **Foreigners hired locally** • **Commuters (cross- border or regional)** • **Multiple types of short-term/project/rotational assignments**	• **Moving people to jobs (traditional mobility including all assignments types detailed previously)** • **Moving job to people (job mobility)** • **Remote working/virtual assignments** • **Cross functional rotation/lateral moves** • **External mobility**

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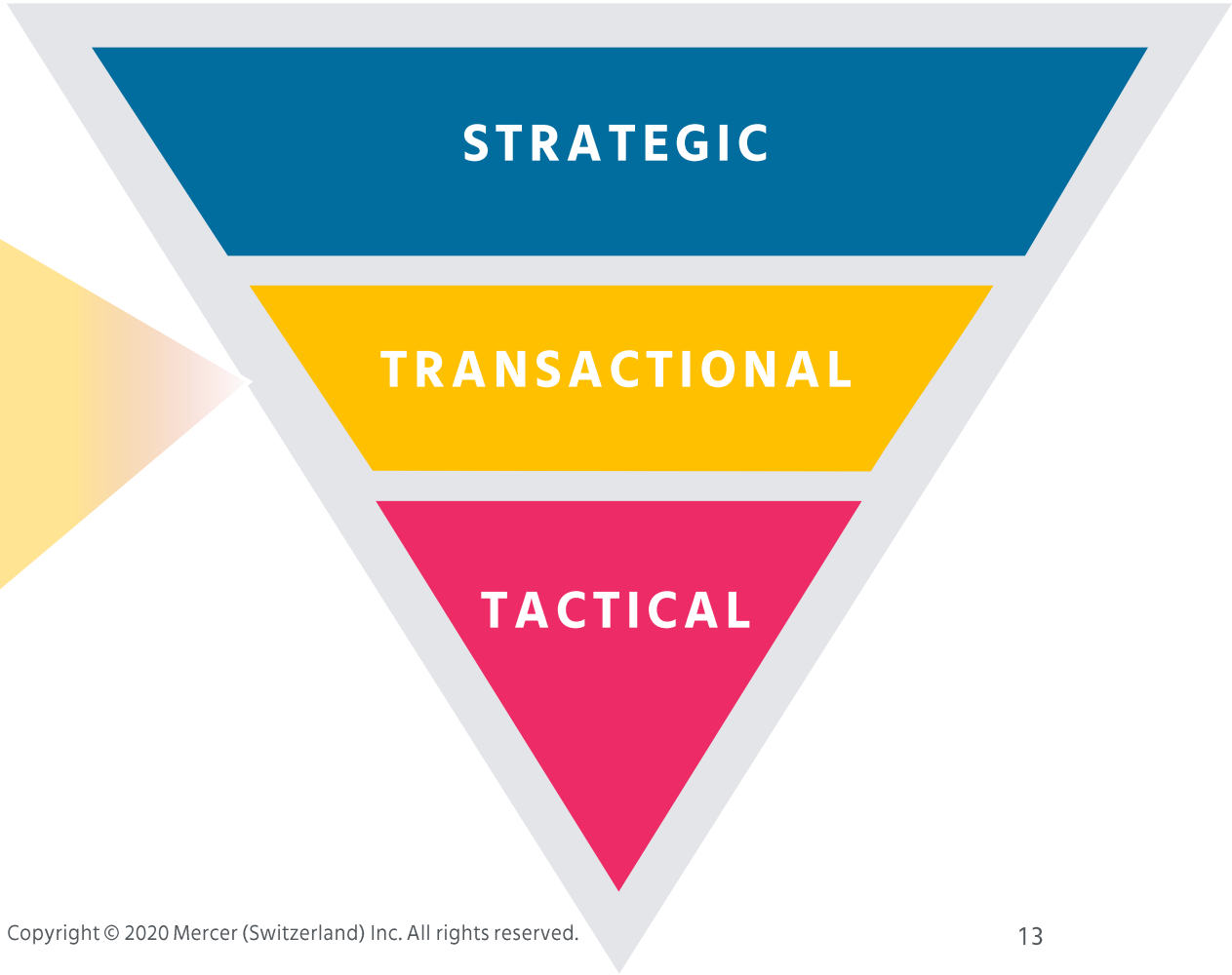
3. Organizing mobility management

RATIONALE:

Streamlining processes and mastering indirect costs

Action points:

- ✓ Analyze the best operating model: outsourcing/insourcing,
- ✓ regional hubs/centralizations
- ✓ Technology and duplication of tasks: workflow review
- ✓ Vendor agreements



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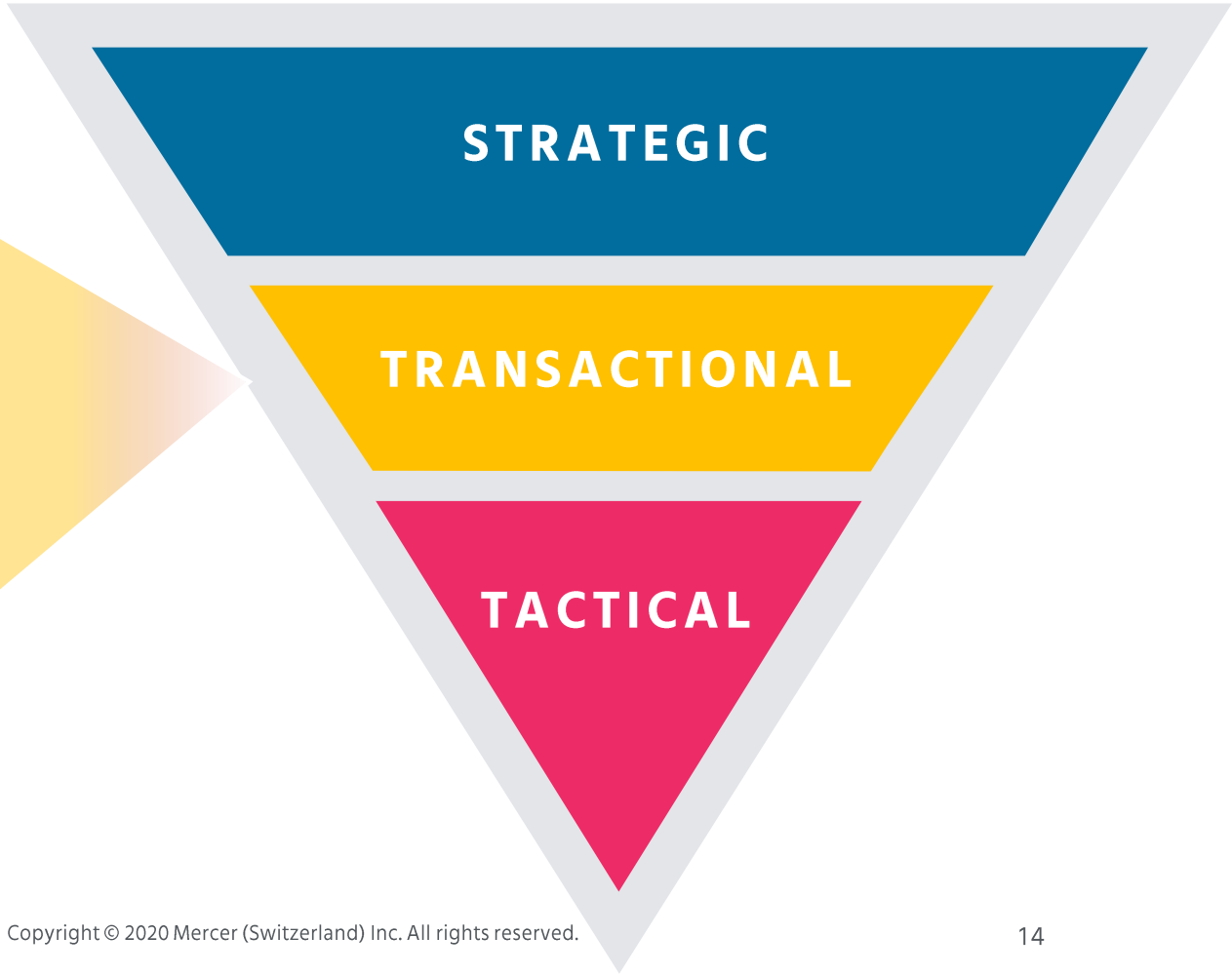
4. Mobility policies

RATIONALE:

Better segmentation and flexibility to save costs

Action points:

- ✓ Segmentation: allocating budget to business critical moves
- ✓ Track exceptions
- ✓ Introduce claw back clauses when possible
- ✓ Introduce flexibility



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4. Mobility policies
Spotlight on flexibility as cost saving approach

Flexibility for management and/or for employees

Pros:
- ✓ Adapt to local realities – pay for what is really needed locally
- ✓ Give options to local managers to adapt cost level
- ✓ Respond to request of specific employee group: greater personalization

Cons:
- ✓ Inefficiencies (tax, purpose of lump sums)
- ✓ Impact on employees motivation is uncertain
- ✓ Could lead to inconstancies and long-term costs
- ✓ Limit of flexibility: duty of care

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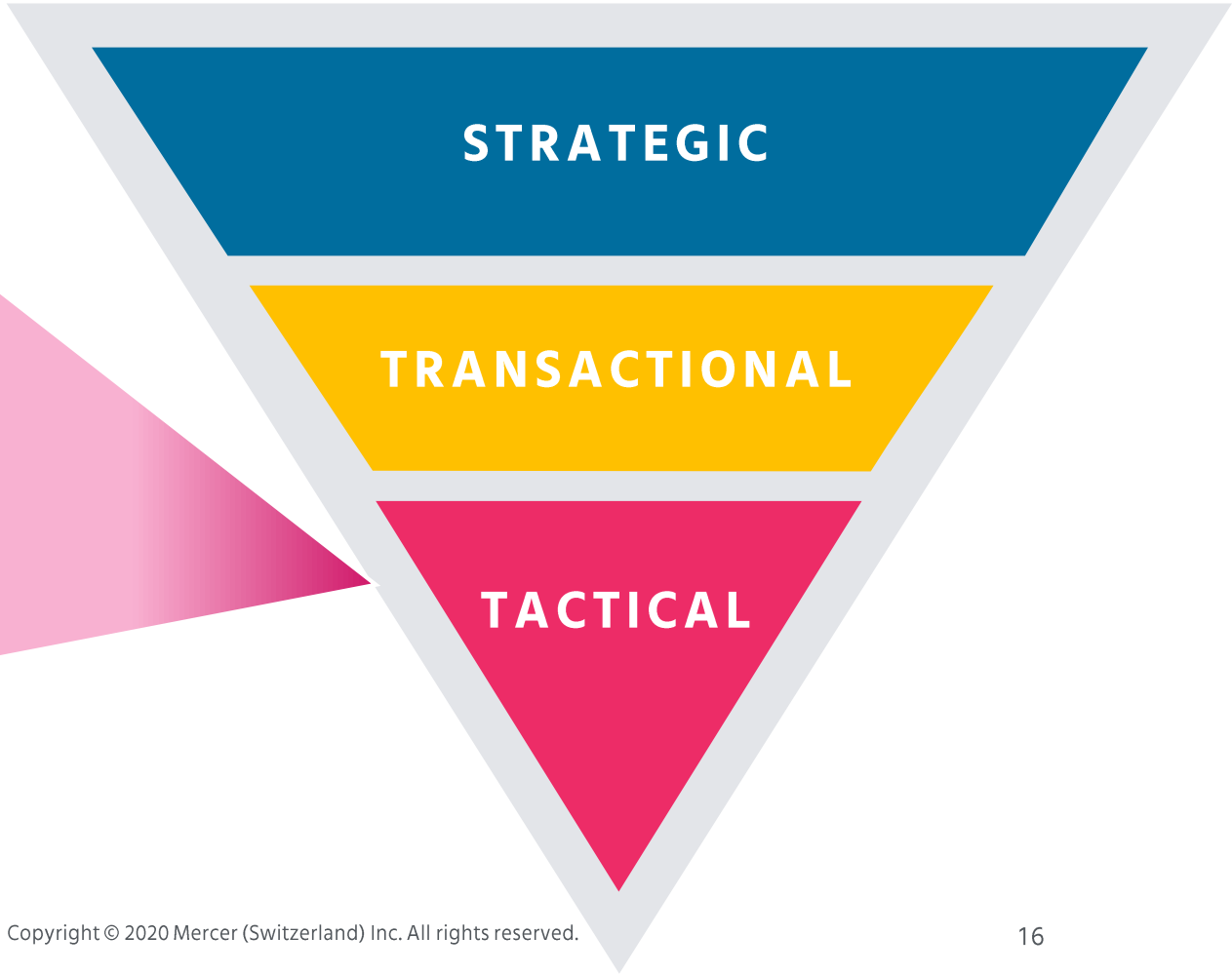
5. Compensation approaches

RATIONAL:

Finding cost effective compensation approaches for each type of assignment

Action points:

- ✓ Local plus and localization approaches
- ✓ Find cost savings in the balance sheet



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5. Compensation approaches
Spotlight on local plus as cost saving approach

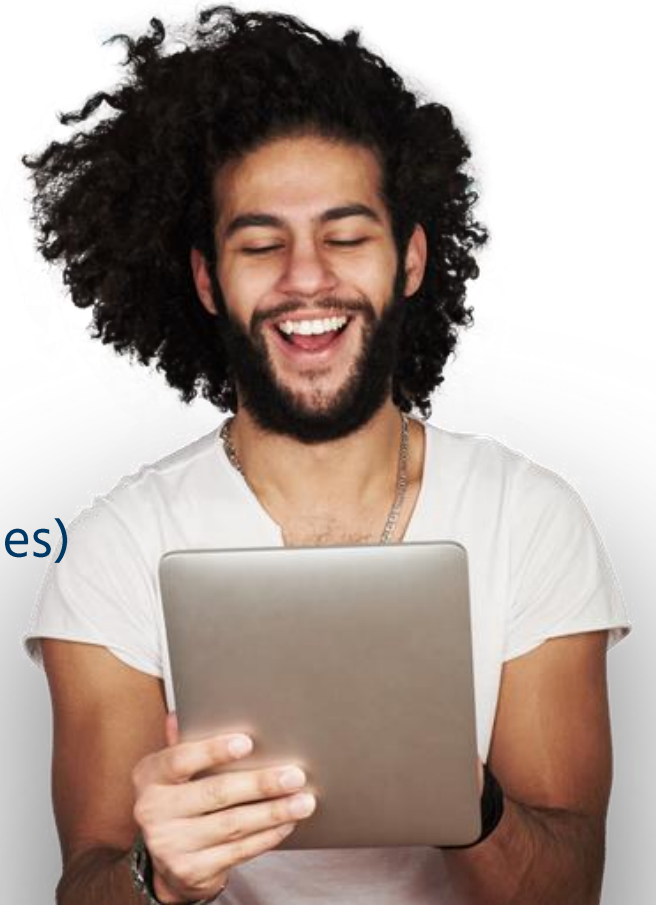
- Locally delivered pay/ benefits and selected additional benefits
- Viewed at times as the *"magic elixir"* of expatriate compensation, designed to strike a balance between local packages and expensive expatriate packages

Pros:

✓ Simplify administration
✓ Reduce cost for selected moves
✓ Alignment with local business conditions and requirements

Cons:

✓ Cost savings don't materialize for some moves (low to high paying countries)
✓ May trigger higher costs for highly mobile employees
✓ Could lead to inconstancies and on-going costs



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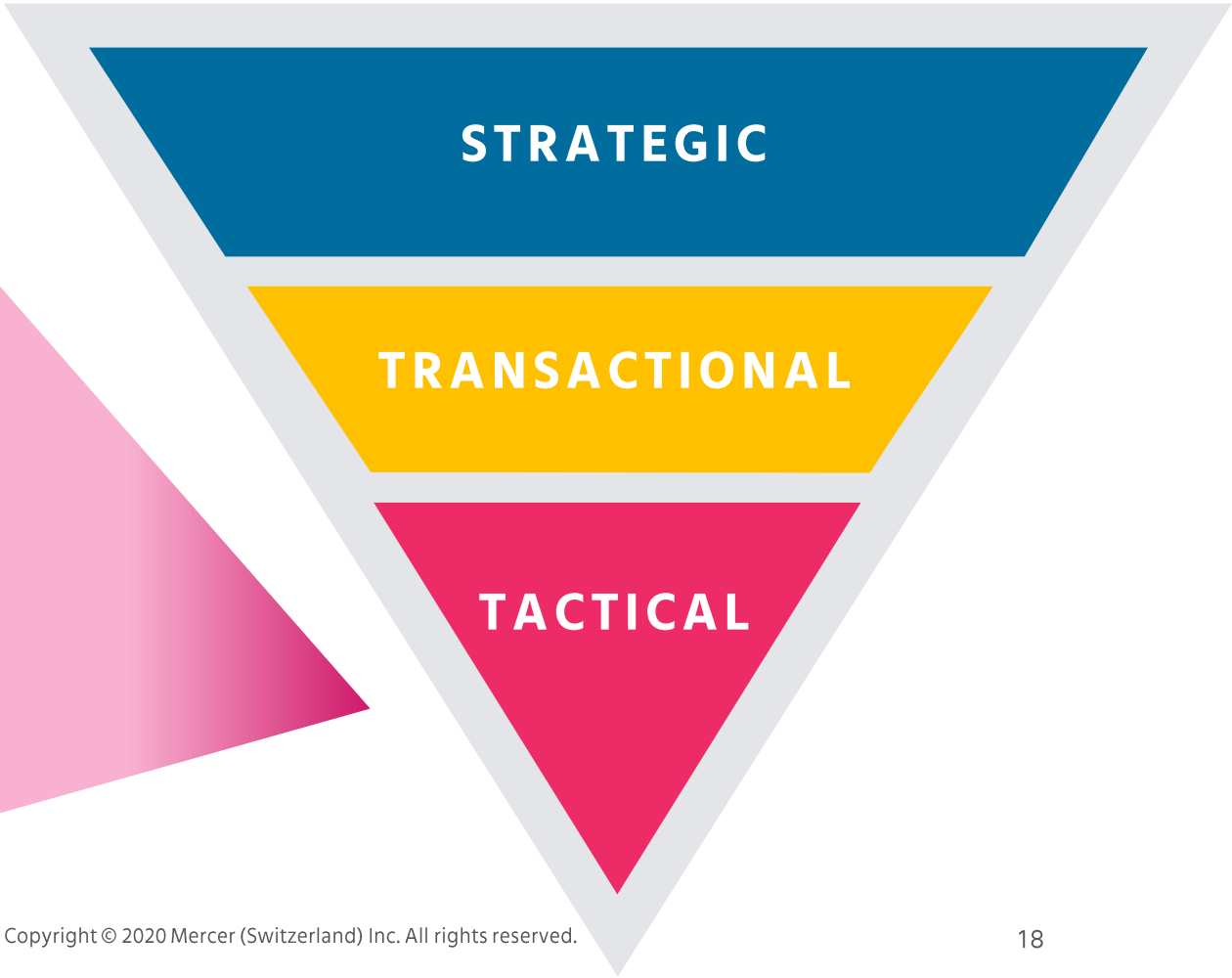
6. Allowances and benefits

RATIONAL:

Reviewing the logic of each package item to save costs

Action points:

- ✓ Revise assumptions/ Cap allowances
- ✓ Distinction between core equalization package items and flexible items that could be decreased
- ✓ Align Allowances and benefits with local cost level (e.g. housing)
- ✓ Assess quality-of-living to evaluate the need for an allowance or a benefit



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Implementing cost containment

Cost containment dashboard

Building the narrative

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Look at the dashboard before rushing ahead

Setting metrics:

- Duration
- Expected cost saving
- Expected impact on business and employee motivation
- Difficulty to implement

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Building a dashboard - Defining

Defining

Initial Determination	Financial Impact	Difficulty to Implement	Time to Results	Risk to Employees & Company
• **Initial determination** as to the value of exploring this option	• **Financial impact** (conceptual - relative to all others)	• **Difficulty to implement** the suggested solution	• **Time** to realize results	• **Potential negative consequences** of the suggested solution
• Not for Future Consideration	• Marginal	• More Difficult	• + 6 months	• Marginal
• Not for Current Consideration	• Meaningful	• Less Difficult	• 3 to 6 months	• Meaningful
• Need Additional Information	• Material		• 0 to 3 months	• Material
• Worth Further Discussion	• Considerable			• Considerable

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Building a dashboard - Sample

Key Considerations

- **Initial determination** as to the value of exploring this option
- **Financial impact** (conceptual - relative to all others)
- **Difficulty to implement** the suggested solution
- **Time** to realize results
- **Potential negative consequences** of the suggested solution

Action	Initial Determination	Financial Impact	Difficulty to Implement	Time to Results	Risk to Employees & Company
Mobility Policies					
	Better segmentation and flexibility				
• New policy segmentation	• Need Additional Information	• Marginal	• More Difficult	• + 6 months	• Material
• Track exceptions	• Worth Further Discussion	• Material	• Less Difficult	• 0 to 3 months	• Meaningful
Redefining Mobility					
	Exploring alternative to traditional long-term assignments				
• Exploring remote working opportunities	• Need Additional Information	• Material	• More Difficult	• + 6 months	• Material
Allowance & Benefits					
	Examine alternative delivery mechanisms, timelines of delivery and mix configuration of total compensation				
• Cap allowances	• Not for Current Consideration	• Marginal	• Less Difficult	• 3 to 6 months	• Marginal

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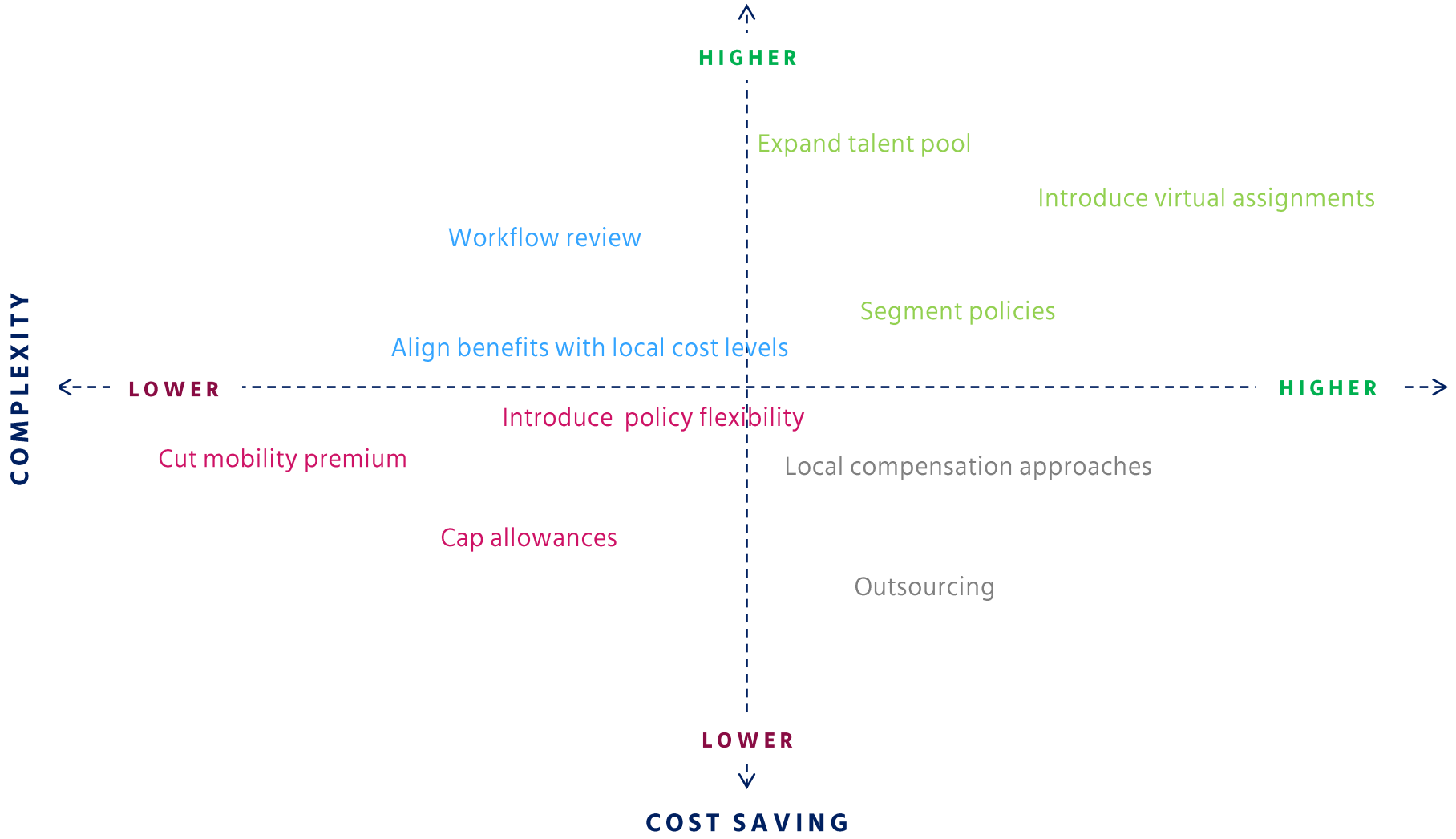
Visualizing options



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Building the right narrative

- ✓ Sending the right message: reviewing promises
- ✓ Mastering the elements of language: words matters
- ✓ The importance of fact-based narratives
- ✓ Controlling the ownership and flow of the narrative: circulating the message to stakeholders and assignees

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It is too late to complain about the fact that top management does not understand the value of mobility when the decision to cut assignment costs has already been taken.

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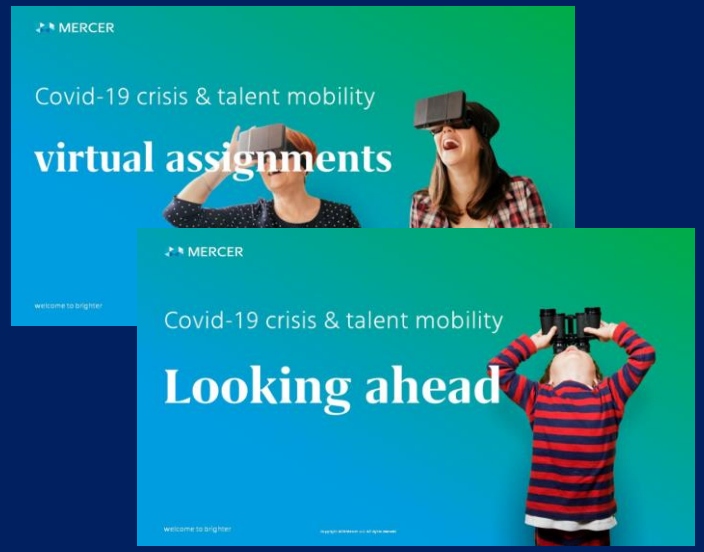
Q&A / Mercer COVID 19 resources

Mobility Exchange Talent Mobility page

- https://mobilityexchange.mercer.com/covid19



Upcoming webcasts Talent mobility Digitalization

September 3, 1pm GMT

Benchmarking

Pulse survey: https://www.mercer.com/our-thinking/career/covid-19-global-survey-coronavirus-impact-to-global-market.html

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