

global mobility:

13 trends to track



a 2015 special report from:

plus relocation®



contents

- **reporting on reinvention**

- **how programs are trending**

Trend 1	centralization, with a regional lens.....	page 3
Trend 2	transparent is the new black.....	page 5
Trend 3	ownership is changing hands.....	page 6

- **the science of global mobility policies**

Trend 4	on the wane: traditional global assignments.....	page 8
Trend 5	in country, in region, in alignment.....	page 10
Trend 6	core-flexing our policy muscles.....	page 11
Trend 7	lump sum (it's not as lumpy as it sounds).....	page 12
Trend 8	U.S. domestic assignments, STA and rotational.....	page 13
Trend 9	yes, we still track homeowners v. renters, but... ..	page 13

- **smarter mobility programs: compliance and cost management**

Trend 10	compliance is serious business.....	page 14
Trend 11	you're going where for how long? EBTs need a home.....	page 15
Trend 12	move over, GBO. BVO wants more attention.....	page 16
Trend 13	benchmarking benefits, best-in-class.....	page 17

- **takeout food for thought: recommendations and considerations**

reporting on reinvention

There's a lot of movement going on in the global mobility space. Your employees are more mobile than ever; last year, on average, you moved 15% more employees than the year before.¹ And that number is expected to rise. According to the 2014 PwC Moving People with Purpose: Modern Mobility Survey, nearly 90% of respondents anticipated expanding their ranks of mobile employees over the next two years.

Here's what you told us you're experiencing, and what we're seeing, too:

- more variety in your policies and assignees;
- a tangible need for sophistication on a regional basis, both with compliance issues, and with extended business travel;
- shorter, more cost-effective assignments; and
- an overall aspiration to define, organize, shape and align your policies to fulfill business and cost-saving objectives, enhance efficiency, support your culture and boost your talent mobility management programs.

The global mobility industry is a master of reinvention: it sparks new opportunities and calls for new solutions every year. Because it is so dynamic, is growing so quickly, and is so sensitive to slight yet meaningful changes in its complexion, it's essential to assess the environment with increasing frequency.

You know the drill: knowledge is power. Even better: knowledge clarifies and makes for a more powerful business strategy. With this report, we're shining a light on the research we undertake and the



**of respondents anticipated
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information that employers and industry experts share with us. We've identified 13 trends that are influencing, enlightening or transforming the way we manage mobility and are offering our analysis for your consideration. We like knowing that you'll give it a read and hope that when you do, you'll find a few thoughts that aid you in reinventing a program; that help make your work easier and more informed. Because helping each other is what this industry is all about.

¹ Plus portfolio

how programs are trending

The relationship between building an effective global leadership pipeline and a company's longevity and success is well-documented in today's business surveys and headlines. But doing it right—developing and maintaining viable global mobility programs and components, and supporting and tracking talent management—is a complex dance. Most understand the value of integrating HR and mobility; but few have achieved a seamless internal pairing and the realization of a true global mobility strategy.

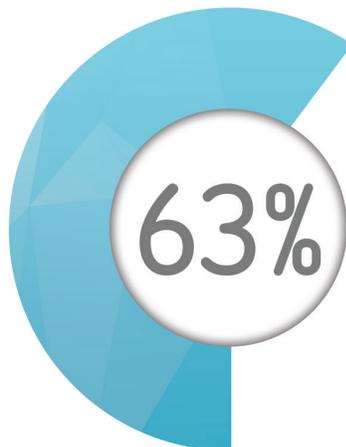
The study *Unlocking the Value of Cross-Border Assignments*, recently published by Harvard Business Review Analytic Services and HR consultancy EY, found that nearly half (43%) of global companies surveyed do not have a dedicated global mobility strategy, though 63% of executives say the call for globally mobile employees rose over the past three years. Even more significant: 72% noted that the demand for global mobility will be even stronger in the next two to three years. Still, companies are taking definite action to accomplish the program changes that are possible today and are keeping alive the vision of an eventual fully-integrated HR/mobility initiative.

unlocking the value of cross-border assignments

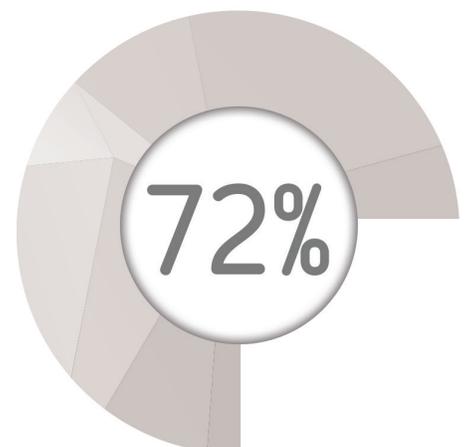
published by Harvard Business Review Analytic Services and HR consultancy EY



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1 centralization, with a regional lens

Change is both constant and rapid, which makes having an agile mobility program difficult when internal corporate hierarchy requires substantial vetting before shifting gears, however slightly. Many companies have found they can actually be more nimble by centralizing their global mobility programs and maintaining regional administration.

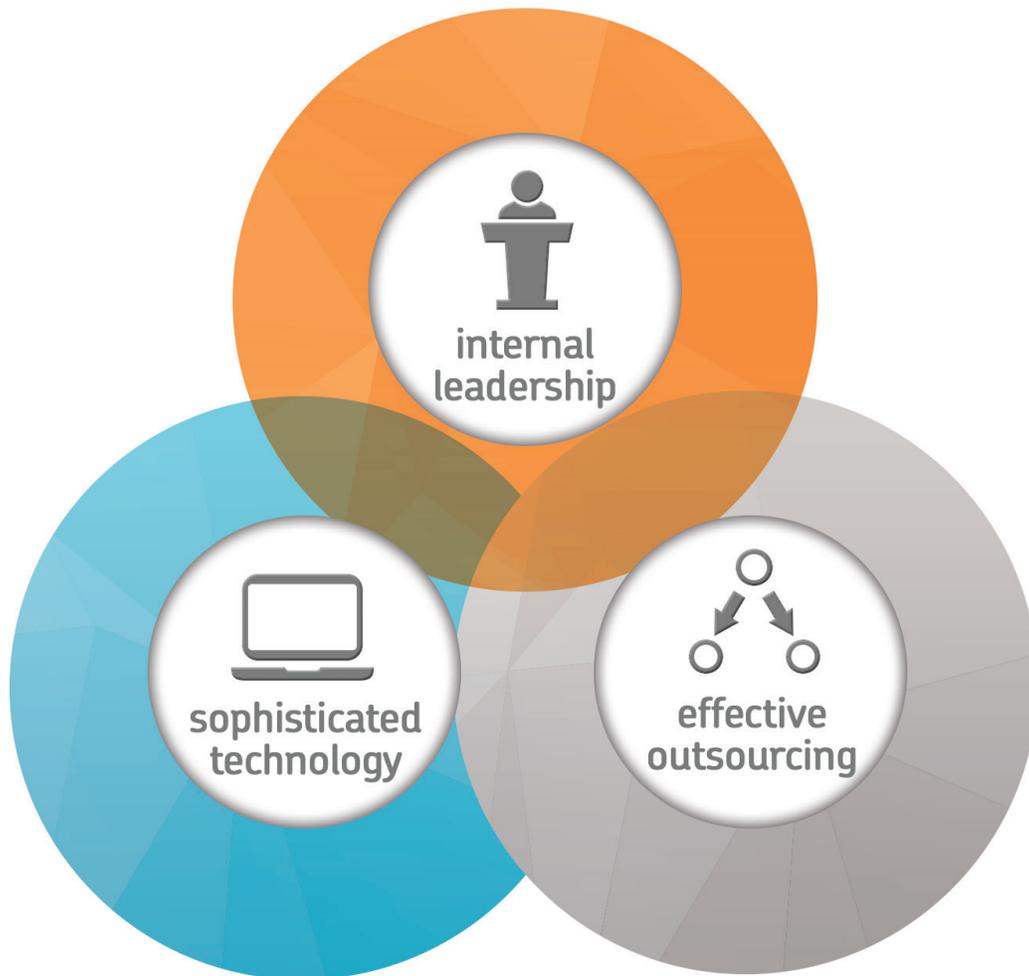
“Setting such a program up can be complicated, but our clients have found the benefits are worth it,” said Plus Senior Vice President, Global Relations Joe Benevides, SCRP. “On the challenging side, this approach requires careful calibration of more perceptible components like equity, structure, compliancy and oversight with harder-to-measure elements like flexibility, autonomy, local empowerment and regional realities/differences. And there is a significant time and effort commitment to develop or revise policies, structure operations, cross-train staff and secure global buy-in. But here’s the big payoff: keener oversight of global programs, and improved insight on current activity and performance. That means compliancy is improved, risk is reduced, and there is more ability to both monitor and assess the entire program. And clients also have noted that they’re more motivated to take on the challenges of centralized management when the outcome brings greater consistency.”

Happily, more centralization doesn’t diminish the importance of regional mobility teams. In fact, it further defines their value. They not only bring their regional experience and perspective to the table—which benefits employees and vendor management relationships—they also give solid internal support to their business unit managers.

“Setting up such a program can be complicated, but our clients have found the benefits are worth it... this approach requires careful calibration of more perceptible components like equity, structure, compliancy, and oversight...”

- Plus senior vice president, global relations Joe Benevides, SCRP

centralization with regional administration is enabled by technology and outsourcing



How is this special mix of regional administration and central program direction both possible and effective? With another great blend: expert internal leadership, sophisticated technology and effective outsourcing.

Fundamentally, companies are taking full advantage of sophisticated mobility and communications technologies that help global teams work together in real time, sharing screen views, chatting over video, and even getting to know each other personally through social media. These allow global teams to better collaborate, to view and assess the program holistically, and access tools to operate consistently and effectively on the local level. Even more importantly, global teams are wisely

leveraging global mobility outsourcing. A familiar business practice in the United States, until recent years, outsourcing has been less commonplace in other areas. Currently, we're seeing an outsourcing upswing in some regions (in particular, Europe and APAC).

Administrative consistency is one feature that makes this service appealing. Additional advantages include global reporting abilities and regional support to local HR; and other services that are increasingly requested are global compensation collection support, benefit in kind, and direct employee relocation or assignment management support.

2 transparent is the new black

“Transparency” is the watchword of the decade, and it’s increasingly essential to the workings of the centralized approach with regional representation and support.

Precise, easily obtained, rapidly analyzed, timely, targeted and more extensive data, metrics and reporting play a considerable role in the decisions made by global mobility professionals and their companies. Of course, cultural perspectives still have a strong influence on shaping company programs and initiatives, but increasingly, companies are leveraging mobility data to make policy and deployment decisions, create financial forecasts, and formulate projections about possible organizational and program outcomes. Accurate reporting and metrics that tell a powerful story are invaluable to secure senior leadership support for global mobility program additions or revisions.

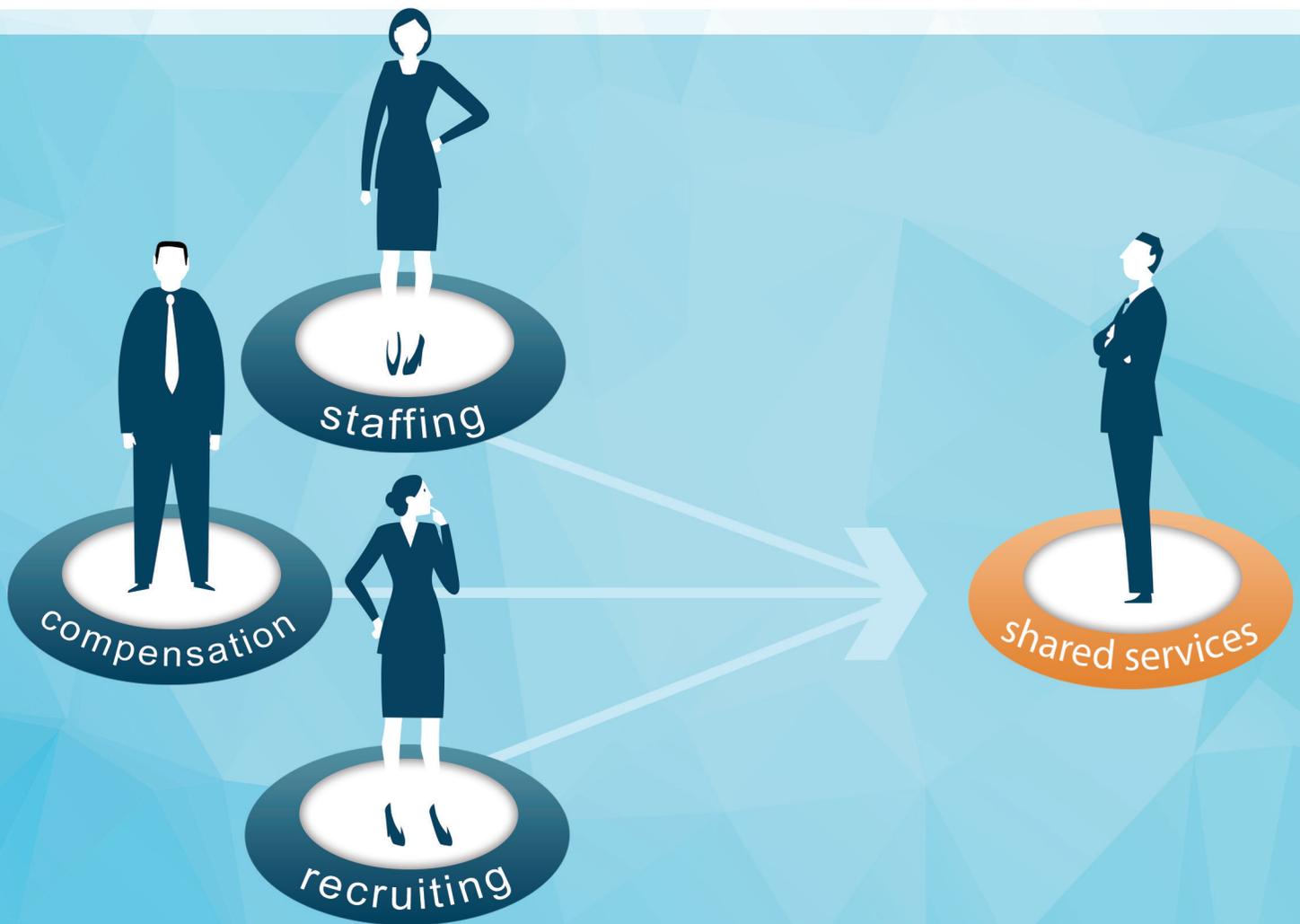
Transparency is driven by technology and reporting; senior management and other internal customers expect and need quick answers and valid data. So, companies are developing different processes to collect the right metrics and ensure the proper training is in place to apply these analytics in their decision-making, and to communicate those decisions throughout the organization.



3 ownership is changing hands

Earlier in this section, we noted that many companies are aware of the close connection between HR and mobility. There is also an understanding in our industry that recruitment and retention factor into a next-generation talent mobility strategy. Though we recognize that many companies lack a formalized global mobility strategy, we know this: there is movement on a number of levels toward that goal. We discussed centralization with regional operations, which allows companies the flexibility to adapt services and assistance more readily; and we noted the broader use of metrics and reporting to aid in HR/mobility decisions and provide more transparency.

We also are seeing a change in internal mobility program ownership that brings companies closer still to the HR/mobility integration goal. Global mobility programs have traditionally been housed in one of the HR “spokes” in an organization (recruiting, staffing, or compensation and benefits), or they may occasionally reside in the finance department.



Ownership is changing: we are increasingly seeing companies shift to an HR “shared services” model, with global mobility reporting in to this department. This not only establishes a setting for specialization, centralization and standardization; it also creates an opportunity to establish an internal customer service approach, with a more seamless transition and a warm hand-off to an outsourced provider.

Not all companies are jumping in to a shared service model with both feet, though; some are adopting a hybrid model that works for them, so that operationally, relocation is managed in a shared services environment, but policy is owned by a center of excellence.

Companies choose this approach because there is high potential in a streamlined, standardized, employee-centric model for: fewer customized policies and exceptions; greater employee support and satisfaction; more accurate mobility metrics; firmer compliance; and a deeper business understanding of the relationship and significance of mobility to talent management. And an added benefit: with a shared services structure, it might provide more time and flexibility for mobility professionals to develop and integrate a talent mobility strategy.



sweet news for the c-suite

We'll bottom-line this: in our Plus Global Mobility Outlook Survey 2014, only 11% of companies cited alignment with talent management as a current objective, but 33% are working toward this initiative in the coming year. Amazing shifts are happening: employers have the capacity to be new architects of global mobility programs that evaluate and consider the employee experience. They are effectively using outsourcing and improved technology tools within the industry. And in the process, they're influencing the way global mobility is unfolding.

It is a rewarding challenge to keep refining data and reports that help internal teams support and deliver on their company's business strategy. With compelling evidence of increased productivity, efficiency and stellar cost management, your senior management and C-suites will do a double-take when they see how successfully mobility can proactively support and grow a company.

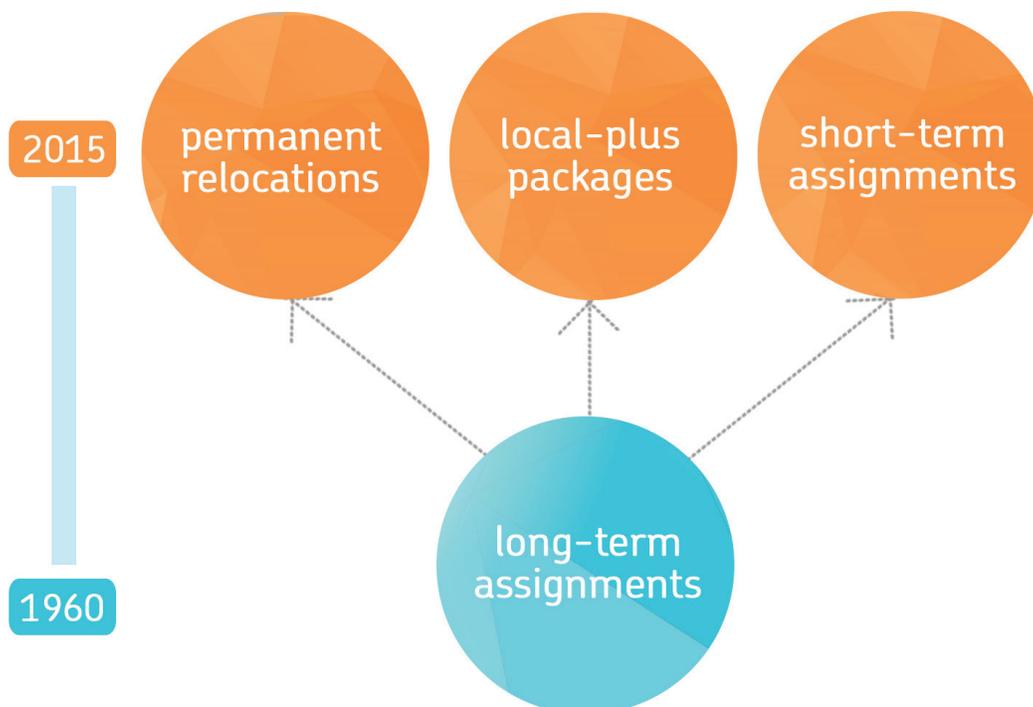
the science of global mobility policies

In all industries, particularly those with rapid-fire needs, cultural diversity and shifting influences, a certain amount of testing and experimentation takes place before the “scientists” (in our case, mobility professionals like you) find the right formulas that they can then continue to build upon.

The U.S. domestic environment experienced these transitions at the start of the industry – around the 1960s – when relocation policies began with a focus on real estate and the household goods movement, then expanded assistance as the market demanded. The global mobility environment, with its geographic differences, immigration specifics, skills gaps and other challenges, calls for the same, steady “research and development” focus to arrive at the right mix of policy elements and approaches for the times we are addressing. Here are some of our current observations:

4 on the wane: traditional global assignments

We’ve all seen the shift away from traditional long-term assignments (LTAs). They’re expensive, and often come with a price tag of a million dollars or more. They have their roots in a home-based equalization approach and an earlier time, when there was less data and flexibility to make today’s more customized and precise decisions. These days, we’re identifying other options that are stepping up to perform admirably and more cost-effectively for certain assignments: options like permanent relocations, local-plus packages and short-term assignments.



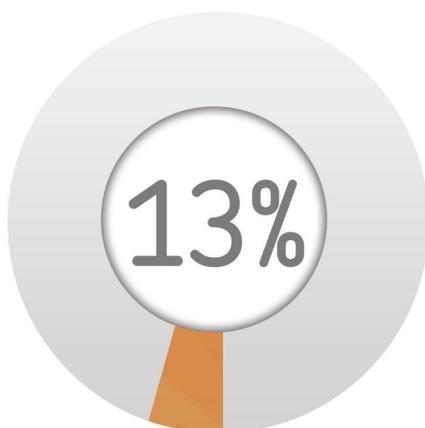
International permanent relocations increased 9%, rising to 84% in 2014 (by comparison, they comprised 65% of all international mobility in 2012). Long-term assignments took just 7% of the pie last year.

According to the *2014 PwC Moving People with Purpose: Modern Mobility Survey*, 13% of companies expect to increase their international permanent transfer volume in the next two years. Now let's pair that statistic with a look at the landscape, because an interesting trend is taking place in front of us. Young professionals – more mobile than their established counterparts – expect and want global experience, and are also more willing to take an assignment without all of the enticements of a long-term assignment package. That means fewer obstacles to attract the right talent for overseas assignments, and lower spend per move, which opens the door to the ability to expend resources for more mobility and global growth. In most cases, we expect these assignments won't be truly permanent, with expats accepting, at some juncture, a one-way transfer to return to their home country.

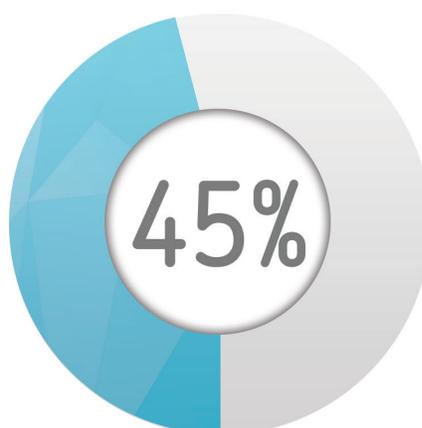
Reducing program costs is often a primary consideration, and in the case of global assignments, where types of compensation differ, there is also the need to be mindful of equality for the in-region workforce. Given these initiatives, it is understandable to see a rise in local-plus packages; in fact, in its *Modern Mobility Survey*, PwC said that 45% of companies expect to increase their local-plus move volume in the next two years. In our experience, they appear to be used primarily in two instances: either when hiring Third Country Nationals locally, or recruiting leadership development candidates who come in under a lower-cost long-term assignment. One trend we see continuing through 2015 is the practice of hiring previous expatriates as local employees, and converting assignments to local-plus structures.

The survey notes that 58% of companies expect to increase their short-term assignment volume in the next two years. Also a lower-cost alternative to LTAs, short-term assignments are gaining acceptance as an instrument to meet talent development objectives and have the added benefit of agility and speed to implement, which aligns well with the brisk pace of global mobility.

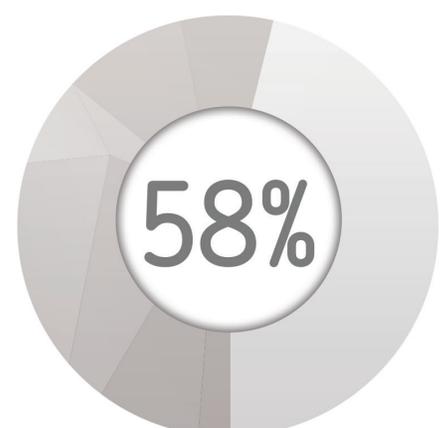
2014 PwC Moving People with Purpose: Modern Mobility Survey



13% of companies expect to increase their international permanent transfer volume in the next two years



45% of companies expect to increase their local-plus move volume in the next two years



58% of companies expect to increase their short-term assignment volume in the next two years

5 in country, in region, in alignment

We noted earlier that companies with talent deployed in major regions of the world are recognizing the value of the centralized mobility program model with regional support. They are also seeing that because employees must be moved into multiple markets, this approach can be complemented by the development of policies that are more versatile, country- or region-specific, and that consider local pay as well as workforce customs and issues. Policies that are in regional alignment help contain costs and position the employer in a competitive and appropriate manner for the market.

We are increasingly seeing – and helping to develop – policies for Intra-EMEA, Intra-APAC and China domestic needs. These more tailored policies give business units more options to address business opportunities, help target new types of moves for a company's program, and offer more flexibility to align with specific mobility scenarios.



developing policies for Intra-EMEA, Intra-APAC and China domestic needs

6 core-flexing our policy muscles

The 2013 Worldwide ERC® Relocation Assistance Survey reported that only one in six (16%) companies use a core-flex or core-plus style policy. Yet core-flex discussions, sessions and webinars are always a big industry draw, even if the methodology isn't yet widely used. Why? Because there's vast opportunity for customization and flexibility, with promise for the employer and employees. So, a number of mobility professionals are gathering intel on this program to see how to maximize its value without compromising benefits.

Here's our take on the core-flex movement:

- Core-flex policies allow employers to provide benefits based on actual employee needs: flexibility and customization rule!
- Programs can be more personalized.
- Spend is contained/reduced.
- Core-flex policies are a viable option for a new mobility segment: employees who had previously been eligible for lump sums. Like lump sums, a core-flex policy offers flexibility and cost containment, and can also provide supportive employee benefits (typically final move, temporary lodging or household goods shipment) beyond a sole cash payment.



only
16% of companies use core-flex policies, but the **customization & flexibility** mean more core-flexing employers are coming!

7 lump sum (it's not as lumpy as it sounds)

The awkwardly but aptly named “lump sum” policy is much more popular than its name implies! According to the *2014 Worldwide ERC® Transfer Cost & Volume Survey*, 25% of companies offer a lump-sum-only policy to some of their relocating employees, and 10% offer a lump-sum-only policy to all transferees. Nearly 80% offer a lump-sum policy to new hires with little or no experience and recent college graduates. 38% offer it to renters, and 28% to employees who request it.

This assistance model is well-suited to the current environment, which looks for cost-effective, flexible and easily administered mobility program options. So, though lump sums aren't the new game in town, they're trending as if they are – and we think we'll see more growth in this area in 2015.

What is on the minds of some companies, though, is removing some of the lumps from this policy experience. (Sorry, we couldn't resist.) The solution comes through technology: in order to achieve a satisfactory, high-touch experience from RMC supply chains and counselors, even in the face of a \$5,000 cash payment limit, a number of companies are providing self-service technology. When paired with lump sum assistance, these technological options equip employers to maximize the assistance they offer by helping their relocating employees find recommended suppliers, monitor their budget, learn about their new city, and more. This trend accomplishes two objectives: it addresses the need for low cost and low administration, and efficiently provides relocation and destination support to employees so that they are supported and able to manage their move more effectively.



8 U.S. domestic assignments, STA and rotational

Our statistics show that U.S. domestic assignments increased by 24% in 2014, a timeframe in which Plus developed an increased number of rotational and short-term assignment policies. Rotational and short-term assignments are an intelligent way for companies to build a solid leadership pipeline for succession planning. They help companies test and develop their high-potential talent and prompt management candidates to broaden their skills base, take business risks, gain experience and knowledge, and hone their individual leadership qualities.

Rotational and short-term assignments
are an intelligent way for companies
to build a solid leadership pipeline
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9 yes, we still track homeowners vs. renters, but...

The whole homeowner-renter thing isn't such a differentiator anymore when it comes to U.S. domestic mobility policies. For a long time, policy eligibility was determined largely based on departure status. But this is a new day, and determining policy based on one's owner or renter status is giving way to policy eligibility based on job grade or level.

The *2013 Worldwide ERC® Relocation Assistance Survey* reported that 79% of companies use job or salary level as the differentiator between policies. Not only do we think this majority will keep growing, we're also seeing less distinction between company- and employee-initiated moves. That's a fairly significant change, as it used to be a firm determinant of whether relocation assistance was justified or not. Why has it transitioned from a hard line to a consideration? Because if an employee-initiated move retains talent and fills a business need, it's a win-win!

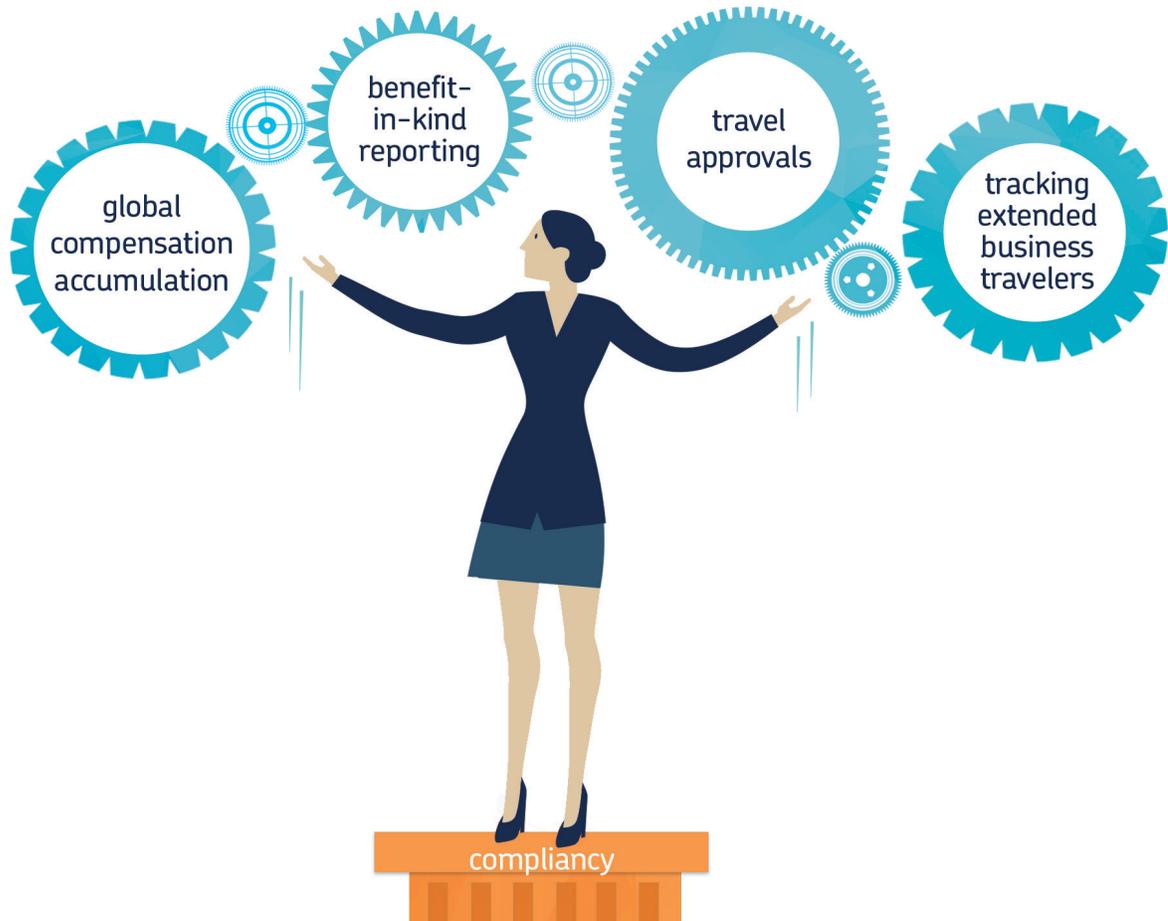
smarter mobility programs: compliance & cost management

10 compliance is serious business

It's the nature of global expansion that the risk increases exponentially with opportunities for growth. The more global and mobile the workforce, the greater the potential for immigration, tax, legal and regulatory missteps.

Depending on the countries and regions where one is conducting business, compliance challenges can be constant, subject to change, difficult to track and address, and administratively puzzling. The consequences of getting it wrong are costly, and could damage a company's reputation in a country – or worse.

We've seen some elements recently that support a company's ability to raise their compliance success, such as a more centralized global mobility structure, and better internal communication and awareness of areas where non-compliance might surface. Looking toward the future, there are processes that, if implemented, improve a company's ability to stay compliant, such as global compensation accumulation, benefit-in-kind reporting, travel approvals and tracking extended business travelers (EBTs).



1 | you're going where for how long? EBTs need a home.

During 2014, the percentage of business travelers increased 6.7% over the previous year, according to a study by the Global Business Travel Association (GBTA), which projects business travel spending will jump an additional 6.2% in 2015. EBTs or frequent business travelers (FBTs) continue to be a cautionary tale for companies – it's why PwC called them out in May 2013 as one of their *Top 10 Mobility Issues for Tax Directors to Think About*. According to the PwC report, "Business teams may incorrectly assume that if an individual spends less than a specified number of days in a particular tax jurisdiction (usually 183), there are no tax consequences resulting from the individual's activities. This is often not the case, since the frequent business traveler may not be resident in a treaty partner country that contains favorable thresholds for incurring tax. Or, depending on the structure of the assignment, an individual may not be eligible to use the treaty."

The adverse consequences that can arise around inbound and outbound internationally-mobile executives from improper EBT or FBT handling can be significant: incurring individual income taxes, corporate income taxes and VAT exposures in the host country, immigration issues...the list is considerable. Companies without a strong process for tracking such travelers and managing and reporting the associated expenses may not be fully aware of their FBT/EBT's whereabouts and length of stay in a region.



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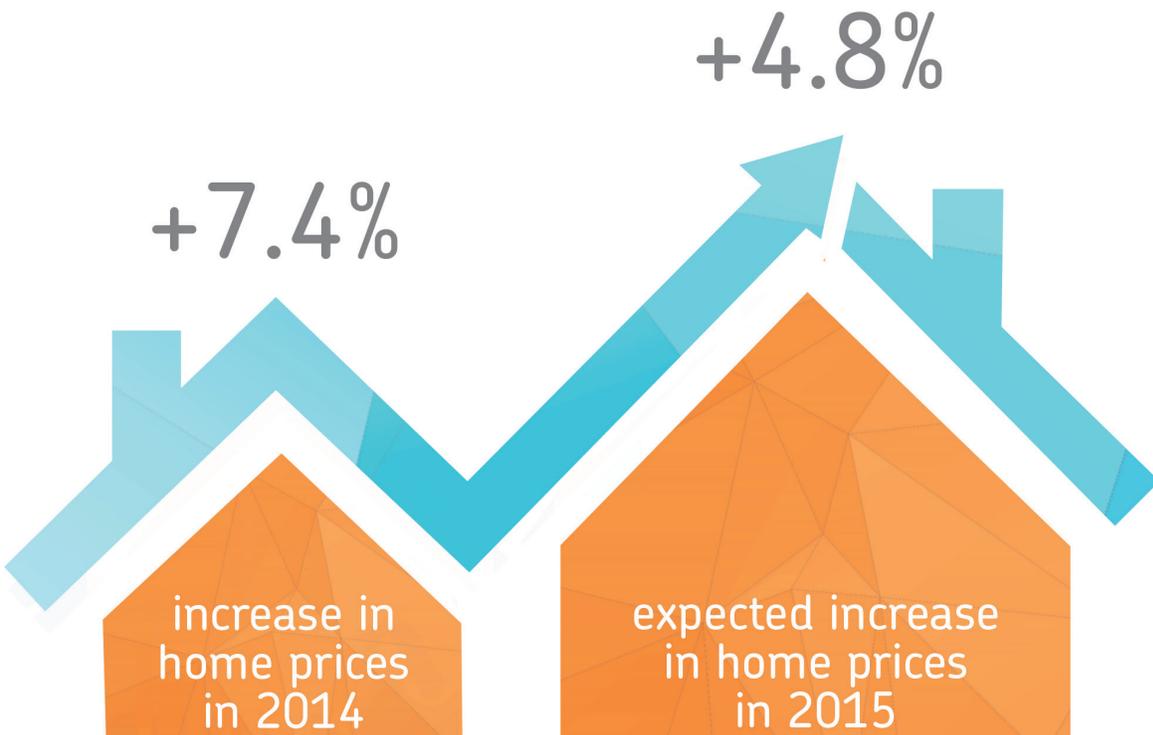
We are seeing a trend where companies that formerly overlooked this population of mobile employees are now leveraging their mobility management programs, partners and technology to give EBTs and FBTs a home. Such a shift can raise immigration and tax compliancy, help companies understand travel patterns and exposures, and incorporate careful tracking capabilities for time-in-region and business expenses incurred. With nearly 60% of companies anticipating an increase in their international extended business traveler volume in the next two years, it's reassuring to see that 48% expect mobility will manage the EBT program.²

² PwC Moving People with Purpose: Modern Mobility Survey, 2014

12 move over, GBO. BVO wants more attention.

We know what happens in the mobility industry: when the going gets tough, the tough (that would be us!) get creative, and develop solutions for the issues that arise. When things get better, it's just as important to look at the assistance that was put in place to overcome a mobility obstacle, and ask the question: do we still need this program at all, or in the same way that we used it before?

As U.S. real estate market conditions improve, days-on-market are falling in many markets. Home prices increased 7.4% in 2014, says CoreLogic, and according to its *December Home Price Index*, are expected to increase 4.8% in 2015. So, companies are making some proactive policy changes that bring cost savings after asking the "do we still need this" question about their U.S. domestic home sale programs, replacing guaranteed buyouts with the Buyer Value Option (BVO), and removing other home sale incentives that aren't needed in a healthier, faster-paced market.



13 benchmarking benefits, best in class

Analytics, metrics, specifics...words that end in “ic” are playing a big role in policy development and strategy! We’re learning how to select, manage and use big data to analyze operations and cost-effectiveness, boost benefit utilization reporting, and support program decisions and policy changes. The outcome? Policy benchmarking is more meaningful.

New and better metrics up the stakes for all businesses, and help them get a clearer read on where the opportunities lie for competitive advantage. In a business environment that is growing more metrics-reliant and metrics-focused, the companies with the best numbers – the most accurate and relevant analytics – will be the big winners. Operative metrics help companies develop and maintain policies that are effectively benchmarked, cost-effective, talent-management-driven...and significantly, best in class.

Another area where companies are aspiring to best-in-class performance is with their internal partners, as finance, payroll, and accounting become more critical and visible stakeholders in global mobility programs. The ability to forecast, budget, and accrue for mobility spend demands close and healthy collaboration between the global mobility department, finance, and suppliers. It’s a partnership that calls for exceptional calibration of how costs are budgeted, when they accrue, and when expenses are invoiced; as well as the ability to design sophisticated forecasting models and exceptional tracking tools.

big data creates meaningful policy benchmarking



takeout food for thought: recommendations and considerations

One of the most remarkable characteristics of professionals in the global mobility industry is the sincere desire to share what works and what needs to be worked on. In that spirit, we offer a “takeout” summary of the tips and recommendations in this report.

global mobility program trends

- Companies have found they can be more nimble and consistent by centralizing their global mobility programs and maintaining regional administration. More administrative pre-alignment is required, but centralization improves compliancy, reduces risk, helps monitor and assess the entire program, and leverages regional insight.
- Increased global mobility outsourcing (in particular, Europe and APAC) brings more administrative consistency, improved global reporting abilities and regional support to local HR.
- The transparency gained through more and better data, metrics and reporting plays a considerable role in the decisions made by global mobility professionals and their companies, and help secure senior leadership support for global mobility program changes.
- Internal program ownership is changing: we are increasingly seeing companies shift to an HR “shared services” model, with global mobility reporting in to this department. This sets the stage for more specialization, centralization and standardization, and offers more potential for a solid internal customer service approach with a more seamless transition to an outsourced provider.

global mobility policy trends

- The shift away from traditional long-term assignments (LTAs) has given way to assistance for permanent relocations, local-plus packages and short-term assignments that perform well and are more cost-effective for certain types of employees. On the increase: tailored policies for Intra-EMEA, Intra-APAC and China domestic needs, which give business units more options and flexibility.
- Core-flex policies allow employers to provide benefits based on actual employee needs and provide flexibility, risk management, cost-effective outcomes, and customization options.
- There will likely be more growth in 2015 in the area of lump sum assistance, which offers cost-effective, flexible and easily administered mobility program options. More companies are pairing their lump sum approach with self-service technology to maximize the assistance offered.
- More U.S. domestic assignments are being addressed with rotational and short-term policies, which help companies test and develop their high-potential talent and build a leadership channel for succession planning.

- Increasingly, policy eligibility is determined based on job grade or level rather than on an employee's homeowner or renter status. In addition, there is less distinction between company- and employee-initiated moves, as companies see the benefit of both retaining talent and filling business needs.
- Young professionals are highly mobile, want global experience, and are willing to take an assignment without a robust long-term assignment package. That translates into fewer talent obstacles, lower spend per move, and more mobility and global growth.
- Stronger internal partnerships in finance, payroll, and accounting improve the ability to forecast, budget, and accrue mobility spend and the ability to design sophisticated forecasting models and exceptional tracking tools.

compliance and cost management

- Some elements that support a company's ability to raise their compliance success include a more centralized global mobility structure and heightened awareness of areas where non-compliance might surface. Other processes that can be implemented to improve a company's ability to stay compliant include global compensation accumulation, travel approvals, and tracking extended business travelers (EBTs).
- The adverse consequences that can arise around inbound and outbound internationally mobile executives from improper EBT or FBT (frequent business traveler) handling can be significant. Companies that once overlooked this group of mobile employees are now leveraging their mobility management programs, partners and technology to improve compliancy, monitor travel patterns and exposures, and incorporate tracking time-in-region and business expenses.
- Companies are making policy changes to save costs on unneeded elements of U.S. domestic home sale programs, replacing guaranteed buyouts with the Buyer Value Option (BVO), and removing other home sale incentives that are superfluous in a strong market.
- Better analytics and metrics are making benchmarking more meaningful and improve competitive advantage by helping companies develop and maintain policies that are effectively benchmarked, cost-effective, and best in class.

