Policy benchmarking
A new approach
27–30 October 2013
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Session objectives

► Discuss traditional benchmarking approach
► Preview new EY policy strategy
► Obtain feedback on EY methodology
Traditional benchmarking
In a changing business environment, global mobility is forced to balance three key priorities

The key challenge is to improve in all three dimensions while retaining the right balance for the organization

- Be effective in driving forward the business (administrative role)
- Promote strong governance and control in the organization (operational role)
- Be efficient in the operation of the mobility function (strategic role)
### Policy benchmarking

#### Why do companies develop a written policy or review their existing policies?

<table>
<thead>
<tr>
<th>Business</th>
<th>HR</th>
<th>Assignee</th>
</tr>
</thead>
<tbody>
<tr>
<td>► Ability to deploy specific skill sets globally to achieve critical business objectives</td>
<td>► Globally consistent rewards strategy and culture</td>
<td>► International career opportunities and learning</td>
</tr>
<tr>
<td>► People cost control</td>
<td>► Talent development and succession planning execution</td>
<td>► Attractive and competitive assignment package</td>
</tr>
<tr>
<td>► Cost, social security and tax savings optimized</td>
<td>► Transparency and equity in employee treatment</td>
<td>► Hassle-free assignment experience for assignees and their families</td>
</tr>
<tr>
<td>► Efficient mobility support processes enabling focus on business performance</td>
<td>► Efficient tools and assignment processes</td>
<td>► Equity among assignees</td>
</tr>
<tr>
<td>► Minimize business compliance, financial and reputational risks through proactive compliance management</td>
<td>► Minimized tax, payroll and immigration compliance risks</td>
<td>► Minimized personal tax and immigration risks</td>
</tr>
</tbody>
</table>

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**Policy value proposition**
How do you measure the success of a global mobility policy?

Alignment with business strategies

- The global mobility policy must support the business in achieving specific strategic goals.
- It is therefore critical to understand the overall business strategy, expectations and needs of the business managers, HR business partners and talent management representatives in relation to the global mobility policy, processes and risk management concerns.
- Some of the key questions to be asked may include:
  - What are the main business cases for assignments?
  - What types of assignments are expected to increase?
  - Do the policies in place reflect all types of assignments? Is there a need for additional policies?
  - How do we measure the ROI on assignments?
How do you measure the success of a global mobility policy?

Alignment with HR and talent management

► The policy should reflect your corporate HR strategy and culture as well as with your talent management program. Consider the following:
  ► Are our current policies in line with the overall HR and compensation strategy?
  ► Do we have a balance in the policy overall?
  ► How do we attract the best talent globally?
  ► Is the assignee selection process linked to the company’s broader talent selection pool and process?
  ► Is international experience critical to develop our future leaders?
  ► Do we need a special talent policy to facilitate global moves of high performers and future leaders?
  ► Are the performance and career management processes efficient?
  ► Is it critical for the company to retain globally mobile talent?
  ► What is the post-repatriation retention and career progression success rate in our company?
How do you measure the success of a global mobility policy?

Competitiveness and consistency

► The policy should be competitive, not only in terms of the external market through benchmarking and leading practice analysis, but also in terms of internal equity.

► The policy needs to be seen as competitive and fair to attract and retain your global talent.
  ► What benefits are competitors providing?
  ► What levels of these benefits are they providing?
  ► Are there similar cross-over industries that we are competing with for talent?
  ► What are companies as a whole doing?
How do you measure the success of a global mobility policy?

Management commitment

► Management commitment and buy-in is crucial to the successful implementation of the policy. It is often the management who is the client of the program as well as the first communicator of the policy.
  ► What is working for management today?
  ► What isn’t working for the business?
  ► What are the future goals and objectives for mobile employees?
  ► Do they need more options (shorter assignments, local hires)?
## Current benchmark approach

<table>
<thead>
<tr>
<th>Item #</th>
<th>Policy section/ description of provision</th>
<th>Benchmarking data/trends</th>
<th>Modification(s) to consider</th>
<th>Expected results</th>
<th>Action required to effect change</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Policy section (e.g., section number, title) and provide brief description of the provision</td>
<td>Benchmarking data on the provision under consideration</td>
<td>Policy modifications to consider</td>
<td>Expected outcome of implementing the policy modification</td>
<td>The anticipated action required to implement the modification</td>
<td>The decision made on the policy recommendation (e.g., implement, do not implement, make a different modification to policy)</td>
</tr>
<tr>
<td>2</td>
<td></td>
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</tbody>
</table>

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We are looking at only a piece of the puzzle
New integrated approach
Proposed approach

- View each policy element with a view of where you want to be when compared to:
  - Cost
  - Competiveness
  - Assignee acceptance
  - Risk
  - Business purpose

- Ranking by policy element:
  - Comparison to where you want to fall on continuum
  - Comparison to benchmark group
  - Comparison to entire database
Proposed approach

► Ranking by “benefit family”:
  ► Holistic view of benefits to avoid “cherry picking” and increasing isolated benefits
  ► Strikes a balance on related items

► Ranking by total policy elements:
  ► Takes a total picture of where the entire policy stands with regards to desired results
  ► Comparison to policy benchmark
  ► Comparison to entire database
Proposed approach

- 10-point scale with 5 as most favorable to the employee and -5 most favorable to the company
- Ranking by policy element
- Ranking by benefit family
- Ranking by total policy elements

Cost minimization

<table>
<thead>
<tr>
<th>Cost minimization</th>
<th>Assignee acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single benefit composite</td>
<td>-5 -5 0</td>
</tr>
<tr>
<td>Benefit family composite</td>
<td>-5 -5 0</td>
</tr>
<tr>
<td>Overall policy composite</td>
<td>-5 -5 0</td>
</tr>
</tbody>
</table>
Policy component analysis

- 73 policy elements
- 13 benefit families
- 8 benefit parameters:
  - Provided (Y/N)
  - Time constraint
  - Dollar amount
  - Dollar cap
  - People covered (family members)
  - 3 other categories
Benefit families

- Compliance
- Tax
- Risk (termination, United States Foreign Corrupt Practices Act (USFCPA))
- Family
- Destination services
- Relocation
- Home country residence

- Transportation
- Compensation
- Host country housing
- Miscellaneous
- Health
- Process
Project phases

► Phase one: long-term assignment policy
  ► Global Mobility Policy Advisory (GMPA) task force input
  ► Working prototype
  ► Minimum 50 companies
  ► Results by February 2014

► Phase two: complete database build-out
  ► Add additional EY Human Capital task force members
  ► Add client task force members
  ► Finalize all reports and outputs
  ► Refine scoring methodology
  ► Add 50 to 75 policies to database
  ► Results July 2014
Project phases

- Phase three: add short-term and business traveler/commuter policies
- Phase four: add tax equalization (TEQ) policies
- Phase five: add cost components from compensation reporting database
Linking policies and effective planning

- Workforce and people planning — mobile talent segments
- Job families/roles requiring international experiences
- Attrition/turnover
- Retirement
- Acquisition/divestiture
- Business forecast (e.g., new markets)
- Specialist skills prioritization and shortages
- Bench strength/leadership development (senior executives, high potential employees (HiPos), emerging talent)

Results in...

- Internal supply needed to meet mobile talent segments:
  - By job, job families, specialized skills, competencies, location, job/market experiences, etc.
- Candidate profiles:
  - Mobile talent
  - Individual performance
  - Cultural adaptability
  - Readiness
  - Individual preferences
- External supply due diligence for emerging markets

... the right people with the right skills in the right position at the right time, doing the right things, at the right cost.