

Global Mobility 101: Planning Scenarios and Estimating Costs



Basics and Best Practices for Global Mobility and HR Professionals

Technology has made business collaboration across regions and time zones routine. But multinational companies still need to move talent both domestically and internationally — to help unify their culture, build the agility to respond to fast-breaking trends in emerging markets, and nurture a worldwide bench of talent.

Nearly 40% of CFOs at the largest 1,000 public and private companies in the U.S. have worked abroad, and that figure is expected to rise.

Source: Korn/Ferry International

As essential as overseas postings are, they can be expensive for the business, and their costs aren't easy to predict. Every move involves assembling and evaluating a unique mosaic of variables: location, project scope and duration, employee family considerations, relocation support, tax implications, and other factors. Inaccurate cost projections can lead to flawed decisions that negatively impact the bottom line. Accordingly, early in the planning cycle, the business needs a clearly-defined picture of expenses for each assignment.

This is where the global mobility team can add strategic value, with comprehensive, well-prepared cost estimates — for every move from standard domestic relocations to multi-year international transfers, complex tax structures and varied compensation packages.

Why Good Cost Projections Are Essential

Deciding whether to send or not to send

Expenses sometimes make all the difference. For example, a three-year international posting for a senior executive may deliver good value on a \$1.3 million budget. However, if the price tag comes to \$2.4 million instead, the cost/benefit analysis would likely yield a different conclusion.

Choosing whom to send, where, and for how long

Is a mid-level manager right for the assignment, or would a director be better? Perhaps send one of each plus a financial analyst? Should the posting be to Singapore, Tokyo, or Sydney? HR's #1 candidate has a family of four; a close runner-up is single. On balance, who is the best choice?

For considerations like these, expenses are a major factor, and often the overriding one. This is why multiple scenario estimates are critical for making good decisions and securing management buy-in.

Demonstrating the value of global mobility programs and policies

Thorough and accurate cost projections help global mobility leaders illuminate the business benefits of relocation, and strengthen management support. On the other side of the coin, if estimates are careless or superficial, actual expenditures can greatly exceed budget outlays, eroding the business value of assignments and weakening the credibility of the mobility team.

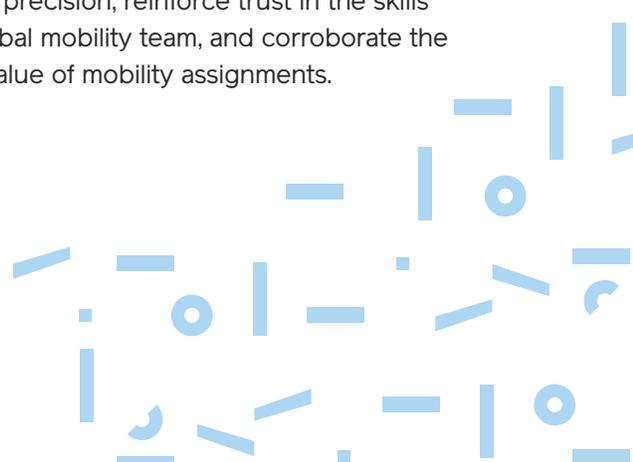
Pricing bids to customers

In such industries as engineering and construction, scenario planning is part of the sales cycle. Proposals must specify on-site personnel, and you need to know these costs upfront to fix a bid price. A lot depends on getting these projections right: Estimate too low, and unforeseen expenses will eat into your margins. Err on the high side, and you could over-price the job and lose it to a competitor.

Cost awareness and control

Detailed mobility estimates enable the various cost items to be allocated to appropriate business units. They also provide the best safeguard against unexpected overhead and cost overruns.

As an assignment is rolled out, be sure to follow up with a "budget to actual" review. This process will validate the estimate's overall reliability, reveal processes or calculations that need adjustment for greater precision, reinforce trust in the skills of your global mobility team, and corroborate the business value of mobility assignments.



What Goes into a Good Cost Estimate

An effective mobility cost estimate is clear in structure and meticulous in detail, with specifics broken out by category. Pre- and post-move expenses are enumerated along with those to be incurred during the assignment. Relevant tax items and implications are included and explained. Depending on the nature of the move, several alternate scenarios are presented for comparative review.

The Five Main Cost Categories

Compensation

This grouping covers salary, bonuses, and additional allowances such as cost of living adjustment (COLA), expatriate allowance if applicable, and location allowance.

Annual expenses

Included here are lodging, utilities, children's education, vehicle and medical insurance, home leave, tax return preparation assistance, and storage of employee belongings.

One-off expenses

These are costs incurred on behalf of the employee and family members: a pre-assignment visit, medical exam, immunizations, and airfare; language and cultural training; visa and work permit fees; temporary accommodations; shipment of possessions and furniture; and destination services.

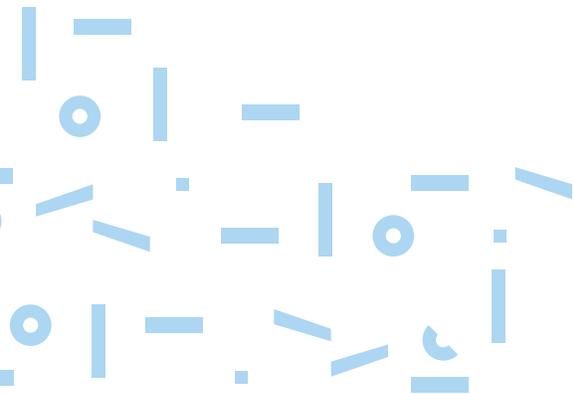
Tax and social security

An explanation and itemization of how home country and destination fiscal laws will be harmonized to deliver employee compensation and benefits in the most tax-efficient way.

Fees for assignment-related services

Expenses paid to relocation companies, immigration offices, tax advisors, and others for services and consulting required during the course of the assignment.

What Goes into a Good Cost Estimating Tool



Watch this concise [video demo of Topia Plan](#), the forecasting tool that lets you instantly create, calculate, and share highly detailed and accurate cost estimates for relocation scenarios.

Topia is the leader in Global Talent Mobility.

We empower enterprise HR teams to deploy, manage and engage employees anywhere in the world. The Topia Global Talent Mobility platform enables businesses to deliver mobility as part of a broader talent and business strategy with enhanced employee experiences. This drives competitive advantage by ensuring the right people in the right place at the right time. The Topia platform automates the entire global talent mobility process, from scenario-based planning, compliance risk management, expat payroll, reporting and more.

Our *Topia Plan* solution can help you produce accurate, fast, and highly effective cost estimates and scenario plans. We support tax logic for an ever-growing list of over 100 countries and territories in terms of home, host, hypothetical, social, and other tax considerations.



Contact

info@topia.com