Long Term Assignment (LTA) Policy Benchmarking

USER GUIDE

Many companies have to manage employees on Long Term Assignments (LTAs) at considerable cost to the company. Large global/multinational companies may have several thousand employees on LTAs at any point in time. Often products and services relating to each assignment – relocation, travel costs, tax advice, family support etc. are procured with little or no understanding of the richness or otherwise of the package on offer and the overall cost to the employer relative to other organisations managing a similar portfolio of assignees.

The challenges in formulating an LTA policy are :

- Making it competitive yet attractive to the assignee
- Managing the cost and not overpaying

Over the course of the last couple of years The RES Forum has collated data from over 80 global organisations on their LTA policies and allowed these organisations to benchmark (on an anonymous basis) their LTA Policy against others. The benchmarking is based on each participant company being asked 40 yes/no questions – each related to the provision of an individual support item as part of their LTA policy. Each support item had an associated cost (ranging from $500 to $200k) based on a typical 3 year assignment (UK to US), expat salary of US$100,000 and family size 3 (married couple with one child of school age). The modelling was based on estimates from the RES Forum team on costs associated with individual support items, normalized, and with a max of $1m over the 3 year period (i.e. this would be the projected cost if all policy items were provided at the assumed cost). The policy items were also assigned a weighting of 1, 2, 3 or 4 which reflected the level of support and associated perceived value of each item to the assignee (4 being most value, 1 being least). These weightings were determined from feedback from assignees. The scores were again normalized to result in a maximum policy weighting score of 100 (i.e. this is the score if all policy items were provided). The normalization of both sets of data (cost to employer and value to assignee) facilitates the relativity of the analysis rather than just looking at absolute scores. It also means the analysis applies to the overall LTA policy provision (which will be global) rather than individual transfers between any 2 countries (origin and destination).

The 40 questions cover the following main categories :

- Policy scope and objectives
- Pre-departure assistance
- Physical relocation
- Compensation and benefits
- On-going assignment support
- Repatriation, termination and re-assignment

Individual organisations who participated in the survey receive a unique identifier to ensure that survey results are kept anonymous. Results can be submitted as many times as required to allow modelling of potential policy changes to help understand the impact in terms of richness, associated cost and value to the assignee.

The power of the benchmarking tool is such that companies can :

- Identify expensive policy items which are not valued by assignees

- Identify lower cost policy items which are highly valued by assignees
- Position their LTA policy, relative to others – in terms of cost and weight
- Identify a 'strategic' target position – average, upper/lower quartile/decile in the cost/weight continuum
- Model scenarios/changes to their policy, to achieve that strategic target, but ensuring that they get the optimal balance between spend and assignee value.
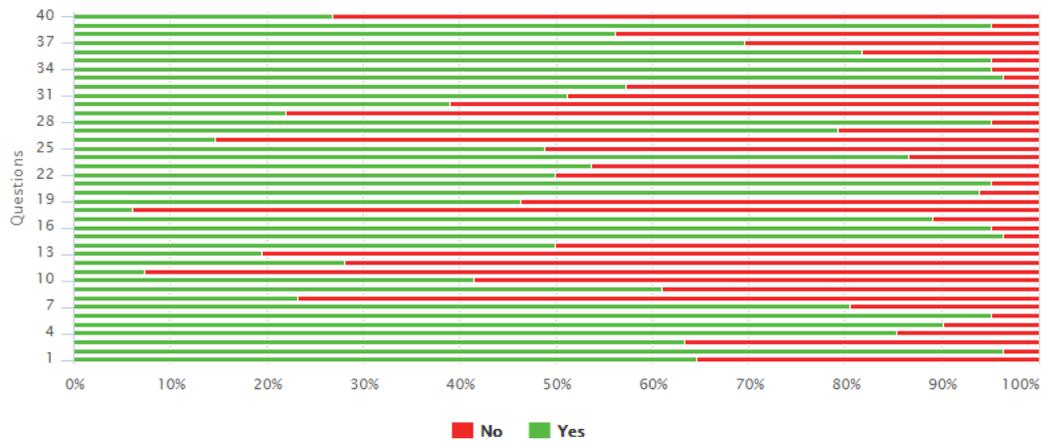
Results are displayed graphically:
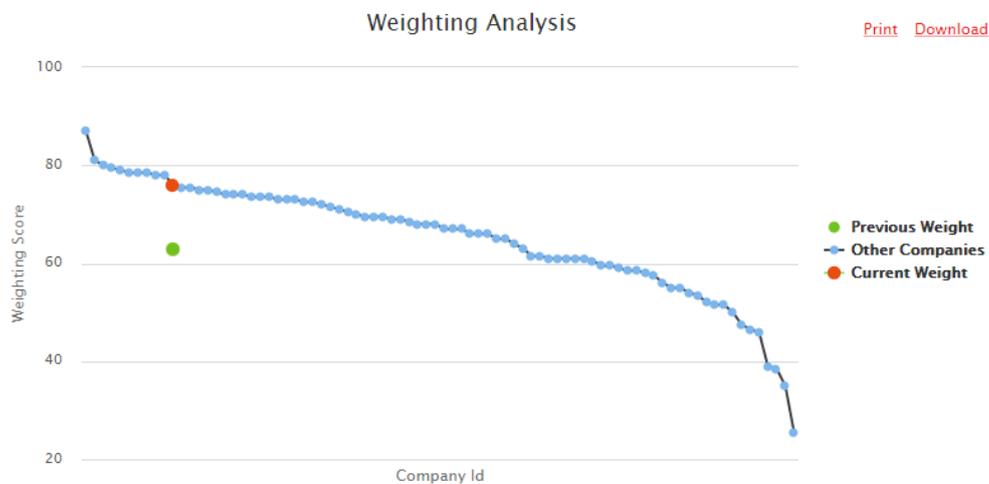
In terms of popularity of policy item support, the following graph displays the percentage yes/no responses to each of the 40 questions, and from this we can rank most popular to least popular policy items supported :

Expat Support Item Analysis

The average percentage of 'yes' (i.e. provided) responses over the 80 companies was 63.7, with a min of 27.5, a max of 85 [a range of 57.5] and a standard deviation of 11.7. What this implies is that whilst there is a fairly rich provision (nearly 2/3rds) of policy items supported across the sample there is a still a wide range between respondents. Similar themes emerge on both costs and weightings. Therefore the scope to reposition your company on both the cost and weighting graph is significant. This is where the analytics are powerful – identifying current position, vs target and modelling different combinations of changes to achieve target, remain within budget and maximizing value to the assignee for the dollars spent.

Clearly, LTA policies don't stand still. Organisations will continually assess these and change the mix. As a result, the relativities of positioning are a moving feast. However, what the benchmarking tool will support is analysis at any given point in time.

To use the LTA Benchmarking tool, you'll need to be logged into the www.theresforum.com website. Once you have done this, click on the ANALYTICS icon on the menu bar :

This will take you to the ANALYTICS landing page :

Analytics

Long Term Assignment Policy Benchmarking

The RES Forum's LTA Policy Benchmarking module allows companies to compare (on an anonymous basis) their Long Term Assignment Policy against all other companies. Currently over 80 companies have input their data. There are 40 yes/no questions each with a weighting and an associated cost in $USD (based on a 3-year family assignment) UK to US. For those companies who have already input responses, they will have the ability to change these, model scenarios and see the impact on overall weight and cost of these changes relative to others.

Click on the first icon (the others are under development). If you or someone from your organisation has used the LTA Benchmarking tool previously, you will be automatically taken to the Results page with the graphics reflecting your company's current responses to the 40 Q&As. If you want to amend any of these responses, click the 'Update Responses' button. This will take you to the Q&A page and your current response set. You are able to edit single/multiple responses and resubmit these. The graphs will be updated, reflecting the changes and visually you will be able to see the impact of these changes on :

- Cost
- Weightings
- %Yes responses

In this way you can iterate round a series of 'scenarios' on items that you are considering introducing/removing and evaluating the impact of these against the 3 criteria.

If you or any other RES member from your organisation has not participated in the LTA benchmarking process, you will be automatically assigned Company ID # and taken directly to the Q&A page to input your first set of responses. Once you have completed the 40 yes/no questions (ALL ARE MANDATORY), you hit the submit button and you will be taken to the response/graphics page.

Note : you and your company's anonymity are protected throughout. You cannot identify other organisations identity – what you see are company ID #s, but no names. It is all about your LTA policy benchmarking relative to others, but on an anonymous basis.