

***PLANNING EXPATS REPATRIATION
CONCEPTS, CASE HISTORIES AND DEBATABLE IDEAS***

Francesco Picconi



International Group 2012 Convention

Milan, April 16th, 2012

WHY PLANNING REPATRIATION IS IMPORTANT?

Repatriation phase is heavily underestimated by organizations

- 49% of returning expats leave the company within 2 years of repatriation (CIGNA, NFTL and World at Work study)...and expats are often key people
- 23% of companies start planning for repatriation 3 months in advance
- 21% of companies don't plan repatriation at all
- 66% of repatriated expats say their organization could improve repatriation programs (KPMG International HR Study)...repatriation phase is heavily underestimated by organizations
- Heavy investment in expats (up to 3 times the cost of the same employee as a Local National) is at risk...planning repatriation can save money



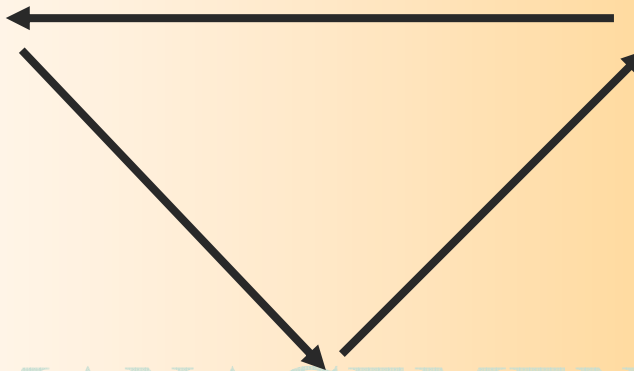
PLANNING REPATRIATION CAN SIGNIFICANTLY MITIGATE COSTS WHILE RETAINING KEY PEOPLE IN THE ORGANIZATION

THE EXPATRIATE CAREER CYCLE

SELECTION
SELECTION

REPATRIATION
REPATRIATION

MANAGEMENT
MANAGEMENT



TYPES OF GLOBAL ROLES

TYPE	TREND	COMP/BEN	TIMEFRAME	FAMILY
Long Term Ass.	-	Home	1-3 years	Yes
Short Term Ass.	+	Home	Up to 1 year	No
Local Plus Ass.	=	Host	Permanent	Yes
Commuter	+	Home	Weekly	No
Business Traveler	=/+	Home	1-2 Weeks	No
Global Nomad	+	A country	Career	Maybe



NEW “LIQUID” SOCIAL/FAMILY TIES + LOW COST TRAVEL HAVE FAVOURED DIFFERENT TYPES OF GLOBAL ROLES...NOT ONLY EXPATS

TYPES OF EXPATS AND POSSIBLE REPATRIATION ISSUES

1. TRADITIONAL EXPAT

A mid to senior level executive selected for his/her potential as a leader and sent abroad. Loyal and committed to the organization. Usually a family person

Possible repatriation issues:

- Financial expectations upon return not properly managed by the company
- Career expectations upon return not properly fulfilled / lack of career planning / no opportunities
- Perceived loss of autonomy, “Big Fish/Little Fish” syndrome
- Family difficulties to re-adapt to a different lifestyle back in home country



A GOOD REPATRIATION PLANNING CAN REALLY MINIMIZE ATTRITION RATE: COMPANY (SENIOR AND NEW MANAGERS, HR, MENTORS...) MUST BE FULLY MOBILIZED

TYPES OF EXPATS AND POSSIBLE REPATRIATION ISSUES

2. YOUNG GLOBAL PROFESSIONAL

Educated young professional at the start to his/her career. Self selected for an international assignment and employed by an international company as a local employee. Probably Gen X or Gen Y, loyal to the company as long as he/she sees their career expectations and personal/social motivation fulfilled. Usually single

Possible repatriation issues:

- Not necessarily interested in repatriation, may decide to be “loyal” to the host Country rather than to the Company (f.i. Western in booming China or Australia or Brasil)
- Other Western or Local MNC may offer career opportunities/ financial packages hardly matchable by the Company
- Rigid HR/Reward policies may create frustration as Young Global Professionals may be more focused on short-medium term opportunities rather than on a long-term career “pact”



A GOOD REPATRIATION PLANNING MAY LOWER ATTRITION, BUT YOUNG GLOBAL PROFESSIONALS CAN BE DIFFICULT TO ENGAGE. FLEXIBLE HR POLICIES

TYPES OF EXPATS AND POSSIBLE REPATRIATION ISSUES

3. CAREER EXPAT

Either a professional who has specialized in international business or a person who works in a specialist field which makes them highly mobile within their field. Of any age, loyal to the company as long as career/ reward expectations are fulfilled. Often “Global Nomad” with a family accustomed to the expat lifestyle. Their professional expertise, if coupled with leadership attitude, make them ideal Top Managers, thanks to multicultural/ global vision

Possible repatriation issues:

- Not necessarily interested in repatriation, may decide to be “loyal” to their profession rather than to the Company (f.i. Oil&Gas Exploration Engineers committed to a lifetime expat)
- Their professional expertise, coupled with their geographical flexibility may be hard to find on the market. Competitors may offer career opportunities/ financial packages hardly matchable
- Companies may need “lifetime expats” and may succeed in getting their loyalty if they are able to offer a good work environment and more flexible HR/Reward policies



**A GOOD GLOBAL CAREER PLANNING (NOT NECESSARILY REPATRIATION)
MAY SIGNIFICATIVELY LOWER ATTRITION**

REPATRIATING EXPATS: MANAGING EXPECTATIONS

- Reverse culture shock: Will I fit back in the Company after all these years?
- Reverse culture shock: Will my family fit back in the community after all these years?
- Will the Company, new Manager, colleagues welcome me/ care about me?
- Will they all recognize that in these years I have grown professionally?
- Will the Company keep its formal / informal promises made prior to departure?
- Compensation: will my new package reward my expat experience abroad?
- Career: will I get a bigger role/ a promotion when I am back home?
- Will I have a job back home at the end of the expat assignment (crisis, downsizings)?



EXPECTATIONS SHOULD BE MANAGED AND REPATRIATION ISSUES SHOULD BE CLARIFIED AS MUCH AS POSSIBLE BEFORE THE ASSIGNMENT LAUNCHED

REPATRIATION PLANNING CHECKLIST

Source: Bennett & Associates and Price Waterhouse LLP

- Communicate realistic expectations about re-entry to the employee at the time the role is offered
- Coordinate with home and host offices well in advance to identify repatriation date
- Design career tracking and pathing system that recognize and reward returning employees
- Appoint home and host mentors who are held accountable to track and support the expat employee during the assignment, and to identify potential positions at re-entry
- Encourage employee to maintain visibility thru regular trips home and to return for home leave
- One year prior to return, arrange a networking visit home to establish visibility with line/HR Mgrs
- Timely arrange repatriation “logistics”, shipments, house hunting, schooling, temporary living...
- Timely manage administrative matters: tax clearance/return, process relocation payments
- Circulate resume to all potential hiring units, assist with resume polishing and interviewing skills
- Establish fallback position and offer outplacement if no job is available (crisis, downsizings)

FEW KEYS TO SUCCESSFUL REPATRIATION

1. Ensure expats keep their network fresh and make the most out of home visits
2. Appoint an executive level sponsor with accountability for a suitable successful post-assignment position
3. Set clear expectations about post-assignment career opportunities
4. Establish a plan for repatriation *prior* to going on assignment; revisit and adjust regularly or as required by emerging business conditions

REMEMBER THAT REPATRIATION PLANNING MEANS:

- Minimizing attrition...repatriation is the most critical phase in the expat cycle
- Protecting investment, as expats cost up to 3 times the equivalent Local National
- Even if some Companies have an “opportunistic” approach (the expat goes there, fixes problems and then repatriation is mainly his/her issue) Company actions/behaviour will set the tone for all future expats

CASE HISTORIES AND DEBATABLE IDEAS





CASE HISTORY: GE'S LOCALIZATION INITIATIVE (1998-2000)

Case Description

In 1998, after a trip to Asia, Jack Welch, then GE's CEO, was impressed by the number of Western expats in GE's Asian operations. The following Monday the Global HR Community (including myself) received an handwritten fax signed "Jack" in which he personally divided a blank sheet in three, asking every HR Leader worldwide to list ALL the existing expats in their organization:

1. A top 33% of expats who will remain in the host Country as long as needed by the business, explaining for each of them the rationale for their long-term presence
2. A middle 33% of expats who will remain in the host Country for a maximum period of 2 years, specifying for each of them the name of the Local National who will replace this expat within that period
3. A bottom 33% of expats who will be repatriated immediately (within 6 months)

The project was sponsored by Welch himself and Championed by the SVP Corporate HR, while HR Leaders worldwide were measured against the delivery of this Localization project. Milestones tracked monthly by the Global Project Office



CASE HISTORY: GE'S LOCALIZATION INITIATIVE (1998-2000)

Positive Outcomes of the Localization Project

- Career opportunities of Local Nationals boosted dramatically
- In every Country Session C (Talent Review) was centered on Local Nationals, while pipelining Local Nationals for Key roles was carefully planned and executed
- Many cases of “lifetime expats” were carefully reviewed and Line Managers and HR Community were pulled out of their “comfort zone”, assuming risks with Local Leaders
- Early repatriation of many expats brought significant financial savings, as Local Nationals total costs were 1/3 of the equivalent Expat cost in Western Countries and 1/3 to 1/10 in Developing Countries



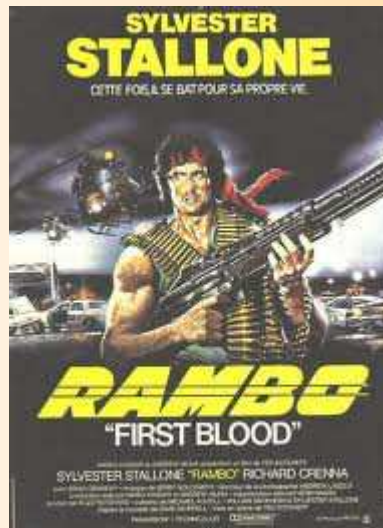
CASE HISTORY: GE'S LOCALIZATION INITIATIVE (1998-2000)

Negative Outcomes of the Localization Project

- Accelerated repatriation planning for 1/3 of the global Expat base at the same time resulted in some cases in difficult business situations, whereas Expats “owned” technical know-how and key customer relationships
- Specularly, Local Nationals in some cases were not ready to take over Key roles at Country level, or the Talent pipeline was simply dry, or technical know-how was neither easily nor rapidly transferrable from the Expat to the Local National
- Early repatriated Expats in some cases had relocations problems within the Company in their home Countries because of:
 - obsolete know-how
 - difficulty to adapt to a changed environment
 - limited job openings vs. too many contemporary repatriations

SUPPORT YOUR EXPATS IN THE REPATRIATION PHASE

“Back there I could fly a gunship, I could drive a tank, I was in charge of million dollar equipment, back here I can't even hold a job parking cars!”



In today's weak economy, with crisis/ reorganizations hitting Expats, managing repatriation should be one of every good Company's priorities