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Success of foreign posting hinges on rigorous planning, support

HR staff study many issues, from taxes to laws, before an employee goes abroad

By: Sheila Livadas

The path to success with foreign assignments begins with finding the right people to do them, explains Paul Sartori, corporate vice president of human resources for Bausch & Lomb, where such assignments tend to last roughly three years.

“You need to be really willing to expose yourself, to be vulnerable and be adaptable and be open. Those people who are like that, I think, tend to be more successful” on the assignments, he says.

Determining whether a posting would be the right fit involves personal circumstances, since many staffers have families who would accompany them abroad, Sartori explains.

“You really need to be mindful of the longer-term impact of that as well,” he says.

Planning ahead

Spelling out the “end game,” or when, how and where the staffer will repatriate is another critical preliminary step, Sartori says. That involves significant pre-planning and defining how the assignments will advance firms’ overall business strategies.

“Typically, most corporations-in this day and age of emphasis upon efficiency and great return on investment-put someone in a place and... expect them to be up and running at 100 percent very quickly,” Sartori says.

Kristin Sampson, director of global human resources for Fairport-based Providium Human Resource Group LLC, agrees.

“It is important for the company to understand up front the cost of an assignment to ensure their (return on investment),” says Sampson, whose clients range from small manufacturers with a single global employee to Fortune 500 companies with dozens. Providium is a division of Gallagher Benefit Services Inc., an international firm.

In some cases, companies prefer to outsource foreign assignments’ human resources-related intricacies. Providium, for instance, markets packages of services to firms facing “global mobility” issues. One of Sampson’s key responsibilities is to determine compensation, which is not a rote calculation in the global economy.

For example, she estimates if an executive moves to Switzerland, for every dollar he would spend, the company would need to pay \$1.85 to keep the staffer’s standard of living whole.

Deborah Warfield, Rochester-based compensation manager for Danisco A/S' U.S. operations, says most firms look at foreign assignments through a no-loss, no-gain lens, meaning assignees should not be in any worse position financially for having gone abroad.

At the same time, there is not the intent for there to be a large financial windfall (for the employee)," she says.

Preliminary talks among the domestic and the human resources offices overseas, as well as the home and host business units, typically detail the assignment's purpose, time frame and numerous other issues, Warfield says.

"There are so many elements from a company's perspective, from an individual's perspective, from a legal perspective," she says.

Domestic human resources offices also must coordinate with their counterparts abroad, Warfield says. Danisco, which owns a biotechnology firm Genecor here, for example, has human resources representatives in Denmark helping staffers cope with the day-to-day challenges such as where to bank and shop.

Warfield declines to disclose how many staffers the firm has on assignments abroad, save for saying the highest numbers are in Denmark and China. On average, these stays last roughly three years.

Providium's Sampson says another one of her responsibilities is to determine the housing allowance clients provide assignees, which takes into account several factors.

"It's not just based on the house size, because in Asia the houses might be much smaller. But it's based on the family size, the location they're going to and what they call expatriate neighborhoods," which tend to have higher standards of living, Sampson says.

"The company pays for their home in the country they're going to and takes away from that what they would have paid had they stayed here. So, ultimately the employee pays (for) the amount of housing they would have paid had they stayed in the home country, and the company pays the difference," Sampson adds.

Also on human resources professionals' radar screen is the issue of totalization agreements, or determining whether U.S. citizens or resident aliens must pay foreign countries' social security taxes. The United States has struck agreements with some nations to avoid the double taxation; those include Canada, Japan and the United Kingdom.

Cultural Impact

Firms also tend to offer staffers some form of pre-assignment orientation. These programs vary but often touch on cultural sensitivity.

Still, staffers sometimes are “a little naïve about what they really need to understand about cultural differences, and they assume they’ll pick that up very quickly,” says Bausch & Lomb’s Sartori, who has lived in Europe. “It’s always very nuanced.”

He adds: “While cultural training programs are very helpful, it’s only once you’re living in a place that you understand how these things play out.”

Sartori declines to disclose the number of Bausch & Lomb staffers on foreign assignment. The firm’s largest ranks are in Europe, Asia and Latin America.

If staffers are not asked to stay put and localize, repatriation is an inextricable part of foreign assignments. Danisco’s Warfield describes human resources’ repatriation planning as vital, though the overarching approach is not always radically different from pre-assignment tasks.

“There’s also assistance in a certain time frame prior to the end of an assignment and making sure there’s a position available for the person going back or at least identifying where they are going to go,” she adds. “They may not go home.”

The Eyermans-James is now vice president for finance for Bausch & Lomb’s global vision care-have lived as both expatriates and repatriates. In the first phase of that journey, when the family left Rochester for Hong Kong in July 2005 for a three-year assignment, they soon discovered expatriation is not an experience that unfolds gradually.

“You land and you begin,” says Kimberly, who playfully describes herself as the “CEO” of the family.

Adds James: “The expectation of a family leaving cannot be that they will replicate the life they have in wherever they’re coming from, especially in the U.S.”

Despite the many initial challenges, from learning how to run the washing machine to mastering the kids’ school bus routine, the couple says the experience was remarkably rewarding.

“Every single school break and most long weekends we traveled to different places in Asia,” James says.

In terms of repatriation, James says the process can be harder on non-working spouses, than on working spouses, kids or the staffers themselves, who have a work or school schedule that “occupies their attention and energy.”

Kimberly, a non-working spouse, agrees.

“It’s a matter of reconnecting that... new you to what you used to have,” she says.

Still, Kimberly says she would have definitely stayed another year instead of returning to Rochester last summer. By the third year in Hong Kong, she says she felt comfortable and confident, often thinking, “We are definitely golden. This is good. We’ve got it down pat.”

Bausch & Lomb's Sartori says that sense of accomplishment is common among foreign assignees and their families. Those who take on the assignments often end up "stronger, better and more capable in the world we're living in today," he says.

Sheila Livadas is a Rochester-area freelance writer.