

## A BUSINESS CASE FOR PREVENTION



# CONTENTS

● INTRODUCTION	3
● EXECUTIVE SUMMARY	4
● COST EFFECTIVE CRISIS MANAGEMENT	8
● THE GOLDEN HOUR	10
● ACHIEVING SAVINGS THROUGH IMPROVED MEDICAL CASE MANAGEMENT	12
● PREVENT FINANCIAL LOSS OR LEGAL EXPENSES	13
● REDUCING COST OF BUSINESS AND TRAVEL	15
● POSITIVELY INFLUENCE EMPLOYEE WELLBEING	16
● MANAGING CRISES BETTER, IN A MORE COST EFFECTIVE WAY	18
● SECURITY ESCALATIONS	20
● REDUCED INSURANCE PREMIUMS	22
● COST CONTAINMENT	24
● THE TRUE COST OF A FAILED ASSIGNMENT	26
● LOOKING BEYOND THE FINANCIALS	29

# INTRODUCTION

## BUILDING A COMPELLING BUSINESS CASE FOR PREVENTION

We are clearly living in an era of increased global connectivity, with more and more companies deploying teams to various parts of the world. Yet as the global village is getting smaller, the risks are getting bigger.

Regional conflicts that become regional wars, political unrest that becomes violent, natural disasters, and a myriad of health risks can all compromise the success of a foreign assignment. Clearly, the safety and well-being of international business travellers and assignees has never been more critical.

In the quest for success on foreign soil, a comprehensive travel health prevention strategy emerges as a beacon of hope, promising to mitigate the inherent risks that come with international assignments. The burning questions on the minds of businesses are clear: Is investing in such preventive measures a valuable return on investment, and to what extent can they safeguard their personnel abroad?

In search of these answers, International SOS has partnered with market leading research firm Ipsos and global mobility specialists KPMG to conduct a comprehensive analysis of the cost-effectiveness of preventive measures for business travellers and international assignees.

Between June and September 2023, Ipsos conducted a ROI survey on behalf of International SOS, involving 255 current International SOS clients. The survey was shared worldwide. These clients represent senior decision makers responsible for risk management, health, safety and or security of people in their organisations. The resulting report delves into the intricacies of travel risk management and shows how the benefits of implementing a travel health prevention strategy outweigh the operating costs.



A study of how the benefits of a travel risk prevention strategy outweigh the operating costs.



# EXECUTIVE SUMMARY

As employee mobility surges, it's important to recognise that the investment required for international assignments can be substantial. But, to reduce the likelihood of mission failures, the implementation of a robust travel risk management system is imperative. According to KPMG's estimates (detailed in section 10 of this report), the cost of a failed international assignment can range from USD \$850,000 to \$1.25 million. This highlights the critical need to address deficiencies in health, security, and wellbeing prevention for both the company and the employees involved.

## INHERENT RISK

Business travel comes in various forms, encompassing different types of missions, destinations, and purposes. Yet, regardless of the specific nature of the trip, international assignments inherently carry risks for employees. Challenges include adapting to unfamiliar environments, fulfilling unique work requirements, communicating in foreign languages, assimilating into regional cultures, and coping with separation from the support systems of the company headquarters, as well as family and friends. These challenges contribute to the physical and mental stress of business travel.

During international assignments, the level of risk exposure for employees varies based on the location and duration of their stay. Health-related threats can stem from issues such as pre-existing health conditions or extended stays in high-risk, remote, or rural areas of developing countries. In such settings, employees face continuous health risks, including infectious diseases, extreme climates, and consumption of unsafe or poor-quality food and water. Many of these location-specific risks can exacerbate underlying medical issues that would otherwise pose no problem in more developed areas. This means that all travelling employees, irrespective of their purpose, may encounter difficulties and challenges abroad.

**To safeguard the well-being of employees and mitigate risks associated with their assignments, it is essential to establish effective and targeted health and safety prevention policies.**



## RISK MANAGEMENT STRATEGIES

Employers bear the responsibility for the health, security, and well-being of their international assignees and business travellers. Clear organisational policies and strategies are necessary to minimise risks and promote the health and safety of employees abroad. These strategies encompass defined selection criteria, comprehensive preparation and education of international assignees about field conditions and the enforcement of preventive measures before departure.

These measures encompass assessing destination-specific risks, such as vaccinations, healthcare availability, understanding the local security environment, road safety, and precautions regarding water and food. Additionally, they address individual profile risks, which may include pre-existing health concerns, considerations for female travellers & sexual orientations, mental well-being support, and disability-related support.



## DESTINATION SECURITY RISKS

- Cyber
- Petty Crime
- Road Safety Issues
- Terrorism & Civil Unrest
- Natural Disaster
- Hotel Safety



## INDIVIDUALS PROFILE

- LGBTIQ
- Pre-Existing Medical Concerns
- Mental Wellbeing
- Female Traveller
- Disability



## DESTINATION MEDICAL RISKS

- Poor Medical Care
- Infectious Diseases
- Air Quality
- Water Potability
- Extreme Heat

**FIRST AID**



## COVID-19 IMPACT

- Burden on Health Infrastructure
- Airport Disruptions & Supply Shortages



# COST EFFECTIVE CRISIS MANAGEMENT



Business continuity specialists had been warning of a pandemic for a number of years. On the 7 January 2020, International SOS sent an alert concerning an unknown virus in China's Wuhan region which kicked off our Pandemic plans. Continuous country updates and recommendations helped us steer through the pandemic for nearly two years, especially for business travellers. There are many other examples like the Ukraine crisis or Sudan's civil conflict. International SOS risk assessments and mitigation strategies have been invaluable to our organisation.

- International SOS Client, Ipsos ROI Study -



# 95%

of Risk Management Specialists\*, agree that organisations such as International SOS helped their business manage crises better, in a more cost-effective way.

# 76%

of surveyed professionals, agree that organisations such as International SOS helped their business manage crises better, in a more cost-effective way.

- Ipsos ROI Study -

\* LOW BASE.  
Risk management specialists (19),  
HR specialists (54)



# THE GOLDEN HOUR

## ENSURING OPTIMAL MEDICAL CARE FROM THE START

Evidence-based medicine emphasises the critical importance of the first hour, often referred to as the 'Golden Hour,' in achieving the best possible medical outcomes.

Calling International SOS ensures that a medical professional is supporting an organisation's employee and every decision they make in regard to their care from the very beginning, right through to conclusion. In fact, in most cases travellers, will only require advice or reassurance.

International SOS puts travellers in immediate contact with a medical professional who is familiar with their location and can in many cases provides advice and reassures the traveller, thus avoiding unnecessary visits to local doctors as well as the associated costs. The majority of these cases involve routine medical advice, such as referrals, handling common ailments like stomach bugs, headaches, and general discomfort. These services are included in the programme fee, reflecting International SOS' commitment to early intervention.

26%  
Outpatient

3%  
Inpatient

1%  
Evacuation & repatriation

International SOS Assistance case data, October 2022 – October 2023

70%  
of all cases managed by International SOS are resolved by our medical professionals at no additional cost to clients.



The interventions we take very early on in the course of a medical event have a significant impact on the ultimate medical outcome of a patient.

- Dr Neil Nerwich, Group Medical Director, Assistance Worldwide -



Early intervention is at the core of our approach. By addressing minor illnesses or injuries promptly, we can identify potential issues that might escalate into catastrophic events. This proactive stance allows us to take pre-emptive measures to prevent minor health concerns from becoming serious problems. The International SOS medical team plays a pivotal role in diagnosing and contextualising an individual's health status within the unique circumstances of their location.

74%  
agree that organisations such as International SOS have helped to reduce the length or frequency of disruption due to medical emergencies or incidents.

- Ipsos ROI Study -



# ACHIEVING SAVINGS THROUGH IMPROVED MEDICAL CASE MANAGEMENT

International SOS maintains active relationships with medical providers globally and annually effectively manages over 1.2 million medical cases, including more than 1,200 medical evacuations. This extensive case portfolio empowers International SOS to negotiate favourable rates and gain deep insights into prevailing service costs in various countries.

## COST AVOIDANCE – A PROACTIVE APPROACH

The medical monitoring and collaboration by International SOS with the treating medical teams ensures the delivery of optimised healthcare services aligned with best medical practise. This proactive approach prevents unnecessary services from being provided to the patient, leading to more efficient care. It also includes determining the most appropriate timeframe for discharge and, when necessary, arranging for the patient's repatriation to their home country, all while preserving the well-being and financial interests of our clients.



Our clients benefit from substantial savings, with an average global discount exceeding 9%, and an average discount of 37% in the United States.

- International SOS assistance case data -

57%

agree that organisations such as International SOS help to achieve savings through improved medical case management or optimised medical expenses.

- Ipsos ROI Study -



# PREVENT FINANCIAL LOSS OR LEGAL EXPENSES

"Prevention is absolutely the best way of mitigating the best medical outcomes."

- Dr Neil Nerwich, Group Medical Director, Assistance Worldwide -

In the wake of the COVID-19 pandemic, employee expectations for support have reached new heights. The recent International SOS Risk Outlook Report sheds light on a striking trend: travellers are now 2.1 times more likely to reach out for advice or assistance compared to the pre-COVID era. This culture of risk mitigation is significant in preventing financial loss or legal expenses.

The overall safety and risk-mitigation culture prevents many problems before they can even occur.

- International SOS Client, Ipsos ROI Study -



65%

agree that organisations such as International SOS have helped to prevent financial loss or legal expenses through proactive risk assessment and mitigation strategies.

- Ipsos ROI Study -





## MAXIMISING RETURNS THROUGH PREVENTATIVE HEALTH CHECKS

The Return on Prevention Study, conducted by Prevent and commissioned by the International SOS Foundation, reveals that every \$1 invested in preventative health check programmes yields an impressive return of \$2.53.



Pre-screening helps to identify medical conditions early.

- International SOS Client, Ipsos ROI Study -

\$1 invested in preventative health check programmes yields an impressive return of \$2.53.



# REDUCING COST OF BUSINESS AND TRAVEL

## THE EVOLVING RISK LANDSCAPE

In the past year, the convergence of factors such as mounting debt, geopolitical conflicts, infectious diseases, and inflation has profoundly altered the risk landscape for both domestic and international business travel.

In the last year, International SOS has proactively disseminated approximately 8.5 million medical and security alerts and special advisories each month to travellers and those responsible for safeguarding their well-being. In response to this dynamic risk environment, we've observed an 11% increase in the readership of our issued medical and security alerts. This trend underscores the growing importance of staying informed and prepared in an ever-changing world, and is supported by data sourced from International SOS Medical & Security Alerts issued in 2023.



I've been able to proactively alert our travellers of situations or potential situations that may impact their travel/itineraries. This translates to minimising exposure to risky situations.

- International SOS Client, Ipsos ROI Study -

# 64%

agree that organisations such as International SOS have helped their business to experience fewer incidents or critical events, reducing the cost of doing business and travel.

- Ipsos ROI Study -





# POSITIVELY INFLUENCE EMPLOYEE WELLBEING

According to the WHO, for every US\$1 invested in mental health and well-being, the return on investment amounts to over US\$4 in improved health and enhanced work capacity.

However, it's crucial for organisations to allocate their resources wisely and focus on support and interventions that will have the most significant positive impact on employee outcomes and mental health.

According to Dr. Rachel Lewis, an Organisational Psychologist associated with Affinity Health at Work and the International SOS Foundation, the choice of support and interventions is paramount in achieving these goals.



**The choice of support and interventions is paramount in achieving these goals.**

- Dr Rachel Lewis, Organisational Psychologist -



# 72%

of HR Specialists\*, agree that organisations such as International SOS have helped their business to positively influence employee wellbeing and resilience through access to mental health support programs and resources.

- Ipsos ROI Study -

\* LOW BASE.  
HR specialists (54)

## INCREASED DEMAND FOR MENTAL HEALTH SUPPORT

International SOS has witnessed a 94% increase in requests for mental health support compared to the pre-COVID period, as revealed by assistance case data spanning 2020 to October 2023. This significant uptick underscores the need for not only providing medical and security assistance, but also comprehensive mental health support to assignees and travellers.



**Anything that can assist one with improving their health and productivity at home and work is always beneficial to ones wellbeing and growth.**

- International SOS Client, Ipsos ROI Study -



**It's hard to know the financial aspect of the service, but it is a good service to make business travellers feel more safe and cared for.**

- International SOS Client, Ipsos ROI Study -

# MANAGING CRISES BETTER, IN A MORE COST EFFECTIVE WAY

In the past year, the global landscape of business travel, both domestically and internationally, has undergone a profound transformation, bringing a significant increase in the complexity and nature of security risks.

David Johnson, International SOS Group Director for Medical and Security Assistance Services, explains that there are two main drivers for this. "Firstly, on the geopolitical side of things, whether it's the recent crises as we've seen in Sudan, Niger, Gabon or indeed Israel. And then secondly, climate change, where we've seen recent events in Florida, Hawaii and Taiwan, all of which have resulted in increasing complexity for our clients."

The complexity of the risk environment is substantiated by International SOS case data, comparing the current situation to the pre-COVID era. It now takes twice as many outbound calls from the International SOS Assistance Centre to effectively 'close the case' or provide the necessary assistance requested by travellers, assignees, or managers seeking our guidance or support.

## ACHIEVING RESILIENCE

This underscores the urgent need to address these the multifaceted risks facing businesses and their employees. "Crisis management is a crucial part of achieving resilience for any organisation," explains Johnson. "International SOS is able to assist its clients in firstly preparing for a crisis in terms of providing them with help, in terms of identifying particular threats to their organisation. Secondly, helping them in terms of their crisis management planning. And then thirdly, ensuring that those crisis management plans are regularly trained and simulated so they are fully prepared."



**Crisis management is a crucial part of achieving resilience for any organisation...**

- David Johnson, International SOS Group Director for Medical and Security Assistance Services -



## TIMELY AND ACCURATE INFORMATION

Johnson adds that accurate information, regularly updated local networks and a constant state of readiness are crucial components of this service. "International SOS further supports its clients by firstly ensuring that we provide continuous, timely and accurate security information analysis of those identified threats. Secondly, making sure we maintain a regular cadence of country visits to update our concepts of operations to revalidated, extend our local network of providers and capabilities. And thirdly, ensuring that at all times we are maintaining a ready to deploy multidisciplinary global community of crisis specialists who can either support clients directly or deploy as part of an incident management team into a location that is unfortunately suffered a crisis.

**of all respondents agreed that organisations such as International SOS helped to manage crises better, in a more cost-effective way.**



# SECURITY ESCALATIONS



**A YEAR IN REVIEW**  
**(2021 - 2023)**

# REDUCED INSURANCE PREMIUMS

## PEACE OF MIND

While half of survey respondents highlighted that International SOS services provide clients with lower premiums, many other's highlighted they used such services more for peace of mind and to meet their Duty of Care responsibilities.



**52%**

of HR professionals\* agreed that organisations such as International SOS helped their organisation secure reduced insurance premiums or coverage costs due to the risk management measures and support provided.

- Ipsos ROI Study -

\* LOW BASE. HR specialists (54)

Over several years, International SOS has partnered in studies with Hiscox, a diversified international insurance group and Chubb, the world's largest publicly traded property and casualty insurer, to understand the financial benefits to a preventive approach to travel risk management.



Hiscox Crisis Management clients who invest in International SOS' security solutions, could qualify for an enhanced risk mitigation allowance of circa 10%-20% of their premium spend. Eligible special risks policyholders can then reinvest this allowance in additional security related services, which in turn helps protect them from future risks and makes them better clients.

- Hiscox Crisis Management -



### REDUCED TOTAL COST OF RISK

A joint study\* by International SOS and a major international insurer found that 86% of calls from joint clients were resolved with no additional cost and a 51% reduction in the number of evacuations cases.

**86%**

calls resolved with no additional cost.

**51%**

reduction in number of evacuation cases.

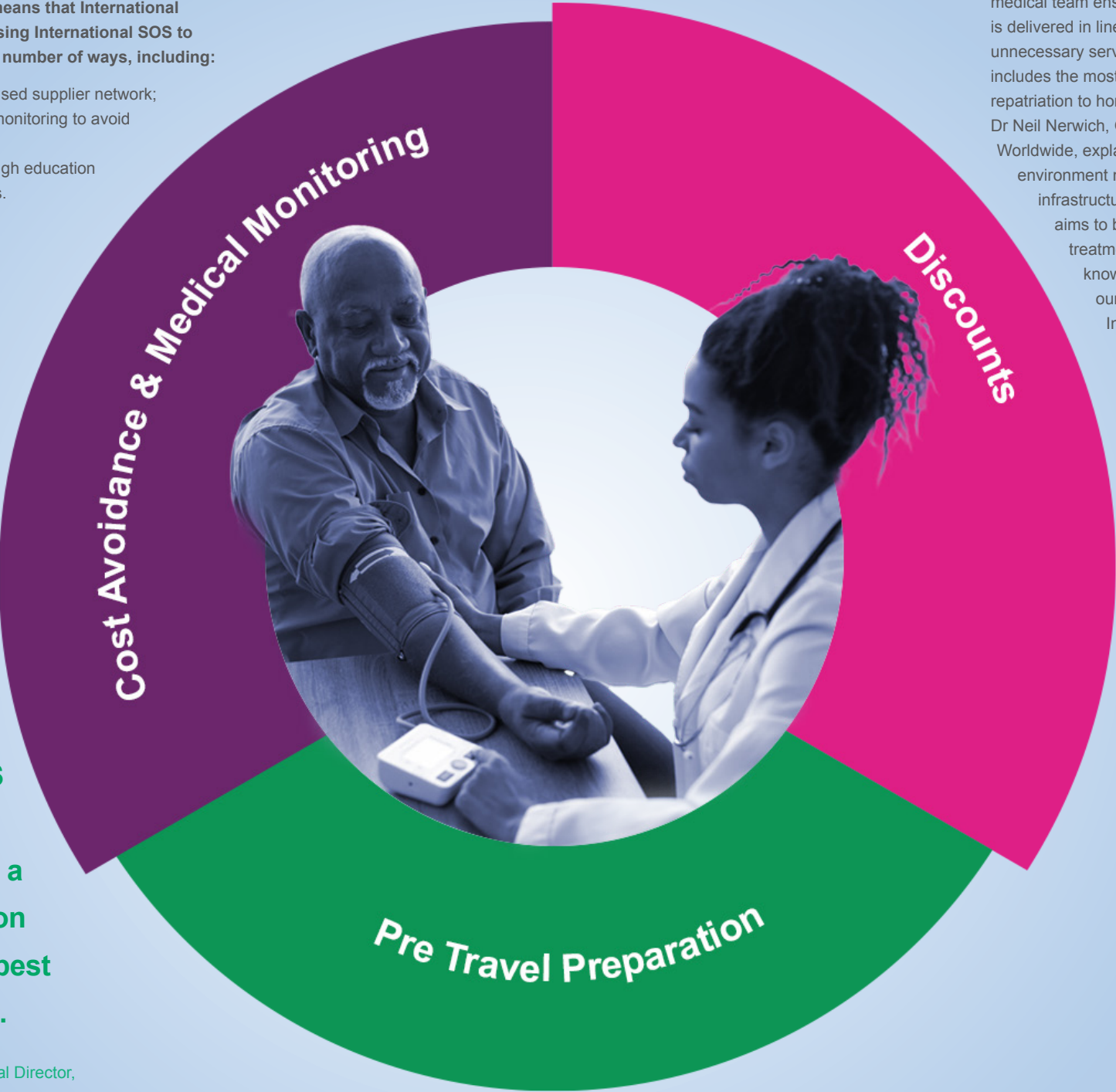
\*Risk Mitigation For Travellers, joint research project conducted by a major international insurer and International SOS, 2018.



# COST CONTAINMENT

For International SOS, cost containment is best achieved through proactive prevention, education and early engagement. This means that International SOS clients save money by using International SOS to proactively contain costs in a number of ways, including:

- Discounts through a recognised supplier network;
- Cost avoidance & medical monitoring to avoid unnecessary services;
- Pre Travel preparation through education and pre travel health checks.



International SOS approaches cost containment with a concurrent view on duty of care and best quality outcomes.

- Dr Neil Nerwich, Group Medical Director, Assistance Worldwide -

## COST AVOIDANCE AND MEDICAL MONITORING

The medical monitoring and interaction with the treating medical team ensures that optimised medical care is delivered in line with best medical practice, and unnecessary services are not provided to the patient. This includes the most appropriate timeframe for discharge and repatriation to home country where necessary. Dr Neil Nerwich, Group Medical Director, Assistance Worldwide, explains that while each country or each environment may have a very different medical infrastructure and culture, International SOS still aims to bring clients the correct and appropriate treatment. "We do so through a very deep knowledge of the local environments, through our extensive international footprint of International SOS centres, clinics, offices, boots on the ground around the world."

## A CASE STUDY: EFFECTIVE COST MANAGEMENT ACHIEVED THROUGH INTERNATIONAL SOS PROGRAMME

Prior to joining International SOS, an Australian organisation encountered frequent health issues in Peru. In a single year, 64 travellers from the same organisation required medical attention for gastro and altitude sickness. The local doctor charged them \$1,000 per person for treatment, accumulating to a total of \$64,000 over the year. There was uncertainty about whether the quality of care matched Australian standards and whether the diagnoses and treatments were accurate.

Although these costs were covered and reimbursed under their travel insurance policy, the organisation remained unaware of the potential overcharges.

Upon engaging International SOS, they initiated a review with the International SOS medical team. This review revealed that the local healthcare provider network in Peru typically charged around \$500 AUD for similar treatment, and that the medical provider worked with International SOS. The organisation had inadvertently overpaid for these services.

In subsequent cases, the organisation relied on International SOS for visibility regarding the accuracy of diagnoses and treatments, ensuring that the standard of care matched the medical condition.

This practical example demonstrates that an International SOS programme resulted in savings exceeding \$30,000. Beyond immediate cost savings during incidents, International SOS offer post-incident case reviews to assist organisations in better preparing for travel to high-risk areas. This proactive approach reduces the likelihood of future incidents, including those related to altitude sickness and local infectious diseases, such as gastrointestinal conditions.

As a result of our preventative advice on minimising or avoiding altitude sickness and infectious diseases, the number of actual incidents decreased further the following year. International SOS not only helps manage costs but also promotes the well-being of travellers through informed and proactive assistance.



# THE TRUE COST OF A FAILED ASSIGNMENT

When a company decides to support a long-term international assignment, the financial costs of the assignment can be significant. These costs include a multitude of items including salary, travel, accommodation, relocation, visa/immigration, tax, and other logistical expenses.

According to a report by KPMG, the cost of a failed international assignment can range from USD \$850,000 to \$1.25 million. The higher end of this range accounts for higher tax jurisdictions, such as Canada, the UK, Denmark, France, Belgium, and Germany, where tax rates can exceed 40% to 50%, depending on the specific location. In such cases, the costs can rapidly double when the company covers overseas taxes.

These expenses are categorised into four main components that the sponsoring entity typically bears when considering costs:

- 1. Base Compensation
- 2. Relocation Costs
- 3. Ongoing Assignment Support
- 4. Taxes

The financial impact to the organisation is the most obvious impact, with the cost of these assignments often reaching up to 5x the employee's base salary.

The cost of a failed international assignment can range from USD

\$850,000

to \$ 1.25 million



The following sections will cover some of the aspects that need to be considered when deciding to support a long-term international assignment.

## 1. BASE COMPENSATION

Many organisations, when budgeting for the cost of the long-term international assignment, tend to focus on the costs of the Ongoing Assignment Support, Relocation Costs, and Taxes, which represent the incremental cost of the assignment. As it relates to the employee's base compensation, organisations tend to consider this as a net neutral cost in the planning phase, as the compensation cost of hiring an employee locally for the open position is already accounted for in the assignment location. This, however, is not the case when the sponsoring location's compensation structure varies materially from the employee's sending / home country location, so it is important that Global Mobility professionals consider the compensation structures between the sending and receiving entities, and to advise the internal decisions makers accordingly.

Based on data provided from a KPMG study, the average salary of a long-term international assignee was USD \$189,195 per year. In locations where the local compensation and benefits structure is materially lower, paying for an employee at an out of market rate could represent a considerable increase to the budget for the position. Conversely, where the local compensation benefits structure is materially higher, sponsoring an employee at an out of market rate could represent a savings to the compensation budget for the position.

These discrepancies between the home and host location compensation structures can lead to perceived inequity between the employees on assignment and local employees, so discretion needs to be exercised when handling budgeting and chargebacks.

Depending on the requirements to delivery pay locally, the latter could result in a situation where the assignee is out earning their supervisor in the local country. These can be difficult situations to navigate and require experience and nuance to get it right. Where these costs are borne, whether it be home country, host country, or shared can have a significant impact on the tax costs of the assignment.

Lastly, as it relates to base compensation, there are instances where employer contributions to the home country pension/retirement plans or health benefits are considered taxable compensation in the host country, so reviewing these with your mobility tax provider in advance of these assignments should be prioritised to ensure there are no tax surprises.

## 2. RELOCATION COSTS

When budgeting for relocation costs, which are typically transactional in nature, organisations will rely on their Relocation Management Company to assist in sourcing these costs. As these costs are often budgeted based on hypothetical scenarios, the tolerance for variance between the budgeted cost and actual cost of providing these services is relatively high. For example, if the cost of the outbound shipping of the employee's household goods is higher than originally budgeted, the organisation views these variances as a sunk cost, as there is little the Relocation

Management Company or the organisation can do to influence the cost at the point of service. That said, when the organisation does incur these actual relocation expenses, it is industry best practice to review these outbound relocation costs against the original budgeted amount and update the end of assignment accruals for these transactional services.

## 3. ONGOING ASSIGNMENT SUPPORT

The next category is Ongoing Assignment support. This category typically includes recurring costs associated with the employee living outside of the home location. These benefits/provisions are often designed to off-set the incremental to the employee for living in the assignment location. The intent behind these benefits is to equalise the employee's purchasing power and protect the estimated net savings, had they remained in the home location.

These items may include Cost of Living/Goods and Services allowance, housing and utilities assistance, hardship/danger pay, transportation, home leave, and educational assistance for school aged dependents. Depending on the home and host locations, as well as the employee's accompanying family, these costs can add up quickly.

In many cases, the cost of the ongoing assignment benefits can quickly approach or in many cases exceed the employee's base compensation.

Based on the representative data leveraged for this study, the average cost of these ongoing assignment benefits was \$181,783 (see table breakdown below).

Category	Description	Avg. cost of benefit p.a.
Cost of Living/ Goods and Services allowance	Allowance provided to offset the difference in the cost of goods and services between the home country and host country location	\$43,258
Housing and Utilities Assistance	Allowance provided to cover the cost of housing and utilities in the host location	\$60,780
Transportation	Cost of host country transportation	\$13,132
Education Assistance	Cost of equivalent education for accompanying dependents in the host location	\$51,868
Home Leave	Cost for the employee and accompanying family to return to their home location, typically offered annually for each year the employee is on assignment	\$6,673
Other (Hardship/ Danger Pay)	Includes Hardship/Danger pay, mobility premium, and other cash benefits paid to the employee	\$18,444



In addition to the ongoing assignment benefits and provisions paid during the assignment, there is a cost associated with the administration of the global mobility programme supporting these employees while overseas. Depending on the organisation's desired operating model, these costs are often comprised of the internal operating costs and the cost of outsourcing some of the mobility support functions to third parties. These suppliers typically have specialised knowledge in particular areas of mobility, which can be difficult for organisations to source or build internally. These subject matter experts include (but are not limited to): immigration providers, destination services providers, shipping companies, emergency evacuation services companies, relocation companies, payroll and tax providers.

While these costs can vary from employee to employee depending on the support required for their international assignment, the average administrative costs for the data set reviewed was estimated at \$30,588 per year of the assignment.

#### 4. TAX COSTS

The last category to consider is the tax costs associated with the delivery of assignment related allowances or benefits-in-kind. While there are some tax jurisdictions that will provide relief for assignment/relocation related expenses, most tax jurisdictions will consider items paid directly to the employee and items paid on behalf of the employee as taxable compensation.

As a result, not only do the assignment/relocation related allowances/benefits-in-kind consider income resulting in higher taxes, but any tax costs paid on behalf of the employee are also considered compensation, whereby compounding the tax costs. In some jurisdictions, where the top tax rates can reach 50%, this can double the cost of the assignment, when you consider the tax on the tax.

Therefore, it is strongly recommended that any new cross-border move be discussed with a mobility tax expert in advance of the relocation to take advantage of any tax planning opportunities and to ensure the organisation is satisfying their global tax obligations.

#### RISK OF ASSIGNMENT FAILURE

While assignment failure rates are typically low, given the substantial investment the organisation is making in the employee related to the cost of the assignment (multiple times the employee's base compensation), anyone can understand why it is critical to do everything they can to reduce the risk of assignment failure. There are numerous reasons why assignments may fail, but the most frequent reasons given are:

1. Career impact
2. Family Concerns
3. Spouse/Partner dissatisfaction

When considering the impact of an assignment failure, the organisation needs to consider both the direct and indirect costs of failure. The financial impact to the organisation is the most obvious impact, with the cost of these assignments often reaching up to 5x the employee's base salary. When considering the average base salary for these international assignments is approximately \$190,000, this cost quickly approaches \$1 million dollars for each failed assignment. Aside from the financial impact, other direct impacts would include: training/replacement costs, lost productivity, cost to source the position, and loss of time.

The indirect costs to the business could have an impact on remaining employees, impact on organisational resources, reputational damage to the organisation and mobility programme, and impact to the sponsoring location's morale.

Should an international assignment fail, this will often impact the employee's future with the organisation. The employee may be embarrassed by the assignment failure or lose self-confidence in their ability to meet the organisational expectations. This could lead to the employee carrying the mental burden of the failed assignment, which may ultimately lead to the employee leaving the company altogether.

Furthermore, the home country organisation has planned for this employee to be in the sponsoring location for the duration of the assignment and are left with the responsibility of trying to reintegrate them into the home country organisational structure, where their role has already been filled.

#### REINTEGRATION RISKS

Furthermore, it is important to remember that when an individual returns from a successful assignment, they have had a life-changing experience that their colleagues have not shared.

It is important to ensure that from a talent planning standpoint, the employee's experience from their assignment is leveraged and considered in their repatriation. Even if the assignment is considered a success in terms of the specific assignment goals, if the employee leaves the company following their return, then the cost of the assignment and investment by the company can be for naught.

# LOOKING BEYOND THE FINANCIALS

International SOS generates cost savings for its clients; however, its value does not exist in monetary terms alone. International SOS generates a great deal of qualitative value for its clients by providing safety and security to people across the globe. A few clients discussed this type of value as a part of their open-ended responses on the ROI survey.

**I don't generally view our contract with International SOS as one designed to or resulting in cost savings or reduced expenses. It's a cost, but much like an insurance policy we see it as one we're very willing to pay to help keep our employees safe during periods of business travel.**

- International SOS Client, Ipsos ROI Study -



**This is not an answer but not sure why this is focused on cost/financials - we focus on people impact and operational impacts and do not quantify in terms of cost.**

- International SOS Client, Ipsos ROI Study -





- International SOS report partner Ipsos -

