



# Optimizing Expatriate Costs in a Down Economy

Shelia Hughes, Regional Lead International Mobility  
BP  
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# Agenda



- 1) BP Facts
- 2) International Mobility Program Facts
- 3) International Mobility Policy
- 4) Program Administration
- 5) Assignees
- 6) Service Providers
- 7) Tax

# BP Facts



- **One of the world's largest energy companies, providing its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items**
- **Operates across six continents, with products and services available in more than 100 countries**
- **Approximately 92,000 employees worldwide (at 31 Dec 2008)**
- **Global Headquarters – London**
- **US Headquarters – Houston, Texas**

# International Mobility Program



- **International Assignments – 2300 currently**
  - **Down from 3400 at the start of 2007**
- **Administration Handled In House**
  - **Shared Service Centers in US and UK (approximately 60 FTEs)**
  - **Imbedded IM Team in Most of World locations (approximately 30 FTEs)**
  - **Use of global process and technology**

# International Mobility Policy



- **Policy Framework**
  - **Consistent provisions**
  - **Appropriate assignment compensation -- not intended to enrich**
  - **Consistent allowance levels**
  - **Global governance standards**
  - **Three year assignment standard**

# International Mobility Policy



- **Current Policies and Use**
  - **Long Term Core**
    - Still needed for certain locations and assignments
    - Decrease in number of long term assignments
    - Increase in localizations
  - **Temporary International Relocation (TIR) or Expat Light**
    - Review of policy
  - **Short Term Policy**
    - Current increase in short term assignments
    - Used for developmental assignments
  - **Permanent International Relocation (PIR)**
    - PIR as opposed to assignment
- **Regular Policy Review and Benchmarking**
- **Exception Process**
  - Approvals
  - Tracking and Reporting

# Program Administration



- Planning and Preparing
  - Cost Projections for all assignments
  - VP approvals of cost projection
  - Assignment Business Justification documented in database
  - Exception approval at VP level
  - Cultural training required as a safety requirement
- HR International Mobility Advisors
  - High touch Service
  - Internal BP Advisor
  - Knowledgeable of Policy
  - Link with Business
    - By Business Unit
    - Understanding of Plans and Projects

# Program Administration



- Technology customized for automated standard operations
  - Cost projection
  - Compensation statement
  - Payroll Instructions
  - Assignment Checklist
- Program Governance
  - Assignment review at 3 years
  - Tracking and reporting of Exceptions
  - Approval process for new assignments, extensions and exceptions

# Assignees



- Right People, Right Place, Right Time
  - Assignment Business Justification
  - Approvals of Assignment Costs
  - On Assignment Review
  - Repatriation Planning

# Service Providers



- Regional Household Goods Providers
  - Economies of scale
  - Centralized authorization
  - Leverage pricing
- Consolidated Services with Single Providers
  - Leverage pricing
- Centralized administration of storage
  - Savings realized through stronger audit and controls
- Restructured self insurance program
  - Utilize service program to administer claims and manage company risk

# Tax



- Penalties and Interest Reduction
  - Analysis at year end to make Federal Tax Payments for certain assignees
- Comprehensive review of US Tax Eligibility list
  - Tax preparation for former expats who have significant foreign paid items in compensation
  - Removal of former expats with negligible foreign payment amounts

# Questions and Answers

