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COST EFFECTIVE EXPATRIATE TRAINING:

NEW PERSPECTIVES

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CONTENTS:

The cost effectiveness of intercultural training for expatriates is based on several factors. Let's begin with the overall context, the cost of this training *as a percentage of the total cost* of an assignment abroad. The total annual cost of an assignment is always a six-figure number, rarely less than $300,000. In a few cases it approaches $1,000,000. The cost of expatriate training and support also varies depending largely on how many days of training are provided. (The optimal training package includes pre-departure, post-arrival, and repatriation programs.) Consider these calculations:

Case 1: An expensive assignment supported by minimal training

Cost of *minimal* cultural training	$3,500
Annual cost of *expensive* assignment	$850,000
Total cost of three-year assignment	$2,550,000
Cost of cultural training as percentage of total	0.14%

Case 2: An inexpensive assignment supported by optimal training

Cost of *optimal* cultural training	$13,000
Annual cost of *inexpensive* assignment	$300,000
Total cost of three-year assignment	$900,000
Cost of cultural training as percentage of total	1.44%

Intercultural trainers point out that the cost of their service usually is less than one percent of the total cost of an assignment. Indeed, if we stipulate a *four*-year assignment in the above figures, Case 1 yields a percentage-of-total that is only one-tenth of one percent. Case 2, which illustrates an especially high percentage, comes out at almost exactly one percent.

Good intercultural training helps to increase overall expatriate effectiveness and productivity. It enables the expatriate to quickly adapt professionally: structuring supervisor-subordinate relationships appropriately, being effective in meetings, negotiating well, interacting with the opposite sex as expected, etc. It also eases the geographical and social adjustment of expatriates. Training helps prevent that most costly of failures: an expatriate's early return home.

Good training invariably addresses the leading cause of expatriate "brownout": spousal dissatisfaction. Show us a firm that purchases intercultural training without fully involving spouses, and we'll show you a firm that does not have cost effective expatriate training.

FALLACIES THAT UNDERMINE COST EFFECTIVENESS

The cost of training is a tiny fraction of an expatriate budget, but it's still a cost. In addition to including spouses, what can globalizing firms do to insure that the money and time they devote to training is well spent? What factors help to make intercultural training cost effective?

"INTERCULTURAL RESEARCHERS HAVE DEVELOPED A BODY OF KNOWLEDGE ABOUT SUITABILITY FOR OVERSEAS ASSIGNMENTS THAT CAN BE PUT TO A COMPANY'S USE WHEN CANDIDATES ARE BEING SELECTED."

To answer this question, we must tackle head-on three fallacies about overseas assignments, fallacies that arise frequently because they appeal to common sense. When it comes to people crossing cultural boundaries, however, common sense is not necessarily the best guide to action.

Fallacy 1: Anyone with the necessary technical expertise can get the job done overseas.

This would be true if jobs overseas brought expatriates into contact with only machines, materials, and money. But even engineers and accountants come into repeated contact with *human* counterparts whose values, thought patterns, and social skills were developed in the local culture. Some people are reasonably able to handle the resulting complications and frustrations. Others are not suited to do so due to temporary family issues or permanent personality traits.

Most people can do reasonably well on an overseas assignment; training improves their effectiveness and reduces the risks they face dealing with a new culture. But some people simply are poor risks. To paraphrase Shakespeare, intercultural trainers cannot make a silk purse from a sow's ear. The good news is that intercultural researchers have developed a body of knowledge about suitability for overseas assignments that can be put to a company's use when candidates are being selected. The cost effectiveness of training improves when, with guidance from interculturalists, company authorities identify candidates who are poor risks — or whose spouses are poor risks — and encourage them to withdraw from consideration.

Fallacy 2: Training prepares people to be effective as soon as they arrive overseas.

This fallacy leads to the common decision to purchase only pre-departure training. Pre-departure programs last from one day to a week or more. Firms that purchase the more extensive programs evidently believe their expatriates are going to "hit the ground running" when they arrive abroad. They assume that pre-departure training deals with every eventuality.

The truth is more complex. Consider this: When families receive pre-departure training, they are preoccupied with the endless number of arrangements that necessarily attend moving abroad. And except for a brief visit to meet colleagues and find a place to live, most have little or no personal experience in the host culture. When they leave the training room, they are in their familiar place, dealing with people who share their cultural values and patterns.

Now consider the learning opportunities four to eight weeks after expatriates arrive in a new location: They are not preoccupied with preparations, and by this time they have taken care of pressing settling-in tasks. These tasks, as well as the normal course of daily life in the community and office, constantly expose them to a variety of local people. Perplexed about some things in their new surroundings, upset about others, excited about still others, the expatriates have questions, lots of them, about actual people, patterns, places, and events. When they leave the training room, they are instantly reimmersed in the new culture, able to apply at least some of the awareness and skills they have just learned.

When held four to eight weeks after arrival, post-arrival training is one of the most productive learning opportunities available in any walk of life. In terms of efficiently bringing people up-to-speed in an unfamiliar culture, such training has no peer. This is true for Americans recently arrived abroad, and for employees from abroad recently arrived for assignments in the U.S.A.

Fallacy 3: To return home after an assignment abroad is to return to the familiar.

"20% TO 25% OF ALL AMERICAN RETURNEES LEAVE THEIR COMPANY WITHIN A YEAR AFTER THEIR RETURN."

The final fallacy leads companies to ignore repatriation programs. Yet one must ask why 20% to 25% of all American returnees leave their company within a year after their return. (Think of the waste of investment and talent this represents!) There are several reasons for the high turnover, not all of which are addressed by intercultural training. But one reason is addressed by training: Coming home after several years abroad is, quite surprisingly, a disorienting and profoundly upsetting experience for many people. It's upsetting because they never imagined they'd feel so foreign in a place that superficially seems so familiar.

Returnees possess knowledge and expertise finely honed by actual operating experience in international markets. They are, or *should* be, a company's offensive A-team in its quest for global profits. Companies that recognize returnees as a precious resource are lining up for repatriation training in order to help protect their six- or seven-figure investment.

THE COST EFFECTIVENESS OF OPTIMAL TRAINING

"COMPANIES THAT RECOGNIZE RETURNEES AS A PRECIOUS RESOURCE ARE LINING UP FOR REPATRIATION TRAINING IN ORDER TO HELP PROTECT THEIR SIX-OR SEVEN-FIGURE INVESTMENT."

Optimal training includes pre-departure, post-arrival, and repatriation programs. How should a company allocate its training budget among these three areas? Here's what we advise our clients: Divide your budget into six equal parts. Allocate approximately *one*-sixth to pre-departure, *three*-sixths to post-arrival programs, and *two*-sixths to repatriation programs. This deliberately unequal split is your best bet for using the budget wisely.

In 1990, Cornelius Grove and returned expatriate Paul Seever wrote a short paper entitled, "Estimating Financial Savings from Intercultural Training." They based their calculations on a model of adjustment that assumed moderate gains — 10% to 19% — in expatriate effectiveness resulting from intercultural training. Their paper includes a one-page worksheet that anyone can use to estimate savings due to intercultural training of expatriates.

One of Grove & Seever's examples is the basis for Case 2 at the beginning of this article. Their model predicts that, over a three-year assignment, the average expatriate's greater on-the-job effectiveness due to optimal training would yield a 14% savings. That translates into $113,000 in savings: $900,000 x .14 = $126,000, minus $13,000 for the training = $113,000. That's cost effectiveness worthy of note: a $13,000 investment yielding $113,000 in productivity savings while also reducing the risk of an expatriate's early return home.

Cornelius Grove and Willa Hallowell are the partners of CORNELIUS GROVE & ASSOCIATES, LLC. With their mature, experienced associates, they specialize in assignments that, directly or indirectly, help people from different cultures work together to better attain the global objectives of a firm. They may be contacted, and the 4-page paper by Grove & Seever obtained, by calling (718) 492-1896 or faxing (718) 492-4005.