

Case Study

Global Benefits Strategy: Manufacturing

A global manufacturing company couldn't gauge how competitive its benefits were in other countries because it had only limited understanding of each country's practices.

Our analysis armed them with the information they needed to make decisions about market expansion.



A leading manufacturer of electronic components progressively expanded through a series of mergers and acquisitions, eventually growing to 15,000 employees based throughout the US, Europe, and Asia. Unfortunately, the company's US-based management had only limited understanding of each country's benefits practices, and as a result was unable to gauge the competitiveness of its benefits programs in those local markets.

Recognizing the need to develop a truly global benefits strategy and understanding, the client asked us to undertake two essential tasks:

- To perform a comprehensive audit of its benefit plans in five key countries
- To assess the statutory, mandated, and discretionary employment costs across 19 geographies where the company planned to begin, expand, or relocate operations

An Insightful Solution

Achieving full potential for a growing globally diverse business requires complete understanding of each local market's benefits practices and employment costs, regardless of geography.

Yet many companies lack this understanding, or the internal capability to develop it — potentially exposing them to countless financial risks and flawed decision-making as they consider future expansions.

First, our globally diverse team led a comprehensive, five-country audit of the client's benefit plans. The audit included:

- An inventory of the company's benefits programs
- A summary of all locally mandated benefits
- An assessment of the client's compliance with those requirements
- Establishment of competitive benchmarks against local-market practices
- Review of each plan's current financial basis, focusing most heavily on funding and taxation

Based on our audit findings, we submitted an extensive report for each of the five geographies, containing:

- An overview of local social insurance and mandated benefits, including cost structure and scope-of-benefit provisions
- Plan descriptions that included summaries of each country's customary benefits, and comparisons of the actual plans to comparable US benefits

The audit was so well received that the client asked us to conduct a thorough global cost analysis. We responded with an extensive benefit-cost quantification report, covering the geographies where the client already had operations or was considering starting them. The report provided the average costs of mandated, statutory, and discretionary benefits for different employee pay levels, as well as additional information required to ensure proper cross-country comparisons. We update this analysis annually as the client's actual and emerging countries of operation change.

Real-World Results

Our two-pronged global analysis provided the client, for the first time, with a comprehensive reference guide to influence its local-market decision-making, and to better engage in meaningful interaction with local subsidiaries on HR and benefit issues.

As a direct result, the client was able to resolve several outstanding local compliance challenges and now had an objective basis for accepting or rejecting local benefit design requests. We also armed our client with the information they needed to make more educated decisions about market expansion and relocation of existing operations.

Let's Talk

For more information about this project, contact our Global Consulting and Strategy team at **1.866.355.6647** or **hrservices@conduent.com**.

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