



# **SCAF Workshop Case Study: Cost of Moving Abroad**

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# BMT Group

- An international network of subsidiaries providing engineering, design and risk management consultancy
- Wholly independent partner providing customers with access to expertise around the globe
- Held in beneficial ownership for the staff
- 1400 staff in 24 subsidiary companies (60 Offices) in 23 countries in Europe, North America and Asia

## BMT Hi-Q Sigma

- A professional services company comprising of 95 consultants across offices in Bath, Basingstoke and London.
- Operating across the Defence, Energy and Transportation sectors.
- In the complex world which we know you face every day, our goal is simple and steadfast:

**to bring clarity**



# Agenda

1. Context
2. Purpose and Scope
3. General Approach
4. Uncertainty and Risk Analysis
5. Decision and Rationale
6. Lessons Learnt
7. Questions

# Context



# Purpose and Scope

To provide an estimated budget of the costs and risks of moving abroad to start a new job

We decided to look at a secondment to another company within BMT Group, based in Ottawa, Canada.

The Canadian company are looking to enhance their cost capabilities.

We set a fixed term of 3 years.

All known costs and potential risks associated with this move are to be taken into account.

# General Approach

- **Assumptions and Exclusions**
  - Brainstorming
- **Data Sources**
  - Colleagues who have moved to Canada
  - Google, followed by further websites
- **Uncertainty**
  - Range of Quotes
  - 3 Point Estimates
- **Risk Identification**
  - Colleagues who have moved to Canada and other areas of the world
  - Brainstorming
- **Risk Analysis Technique**
  - Monte Carlo simulation using 3 Point Estimates in Predict
  - Cost and Schedule

# Assumptions and Exclusions

- **Assumptions**

- Family set up - 2 Adults and 1 toddler
- Moving to Canada to work for another company within BMT Group
- 3 year fixed contract (return to UK for child to start school)
- New job to start on 1 Oct 2014
- Will let property that is owned in UK
- UK storage will be required
- Permanent rented accommodation will be found in Ottawa
- Will need to stay in a hotel initially
- Both adults will need a car
- Partner will work 3 days a week as in UK, so childcare will be required
- Working visas will be required
- Costs not subject to inflation as based on agreed contract costs

- **Exclusions**

- Pre-move trip to initiate rental accommodation, etc.
- Cost of Employment, e.g. variations in individual company bonuses
- Impact of partner leaving UK job and potentially not working in Canada

# Risks

- **Rented Accommodation**

- Suitable property takes longer to find than anticipated
- Extend hotel stay
- Rent increases are greater than anticipated (sudden interest/inflation rate jump)

- **Car**

- Lease takes longer to sort than anticipated
- Extend hire car

- **Visa**

- Delay in getting a permanent work visa (as a result of Schedule Risk Analysis)
- Mitigation: Obtain temporary work visa initially, applying for permanent visa simultaneously

- **Emergency in UK**

- E.g. death of parent
- Return flights required at short notice

- **UK Letting Agent**

- Goes out of business
- New agent is more expensive/incur additional set up fees

- **Childcare**

- No nursery spaces available
- Pay for childminder/private nanny

# Uncertainty and Risk Analysis

- **Project Cost Estimates**
- **Uncertainty Adjusted Estimate Summary**
- **Risk Adjusted Output**
- **Schedule Risk Analysis Output**
- **FOREX Sensitivity Analysis**

# Project Cost Estimates

## Scenario 1

This option includes all costs and risks that were identified in the initial brainstorming.

**50% cost      £141,739**

## Scenario 2

After discussion with MD determined some costs were not applicable as they were personal choice or lower than currently paying in the UK.

**50% cost      £83,634**

# Costs Removed from Scenario 1

- **Reduced rental accommodation costs by difference between UK rental income and mortgage payments**
- **After an initial rental period for a 2<sup>nd</sup> car, the 2<sup>nd</sup> Car will be funded by the family (if required)**
- **Providing International roaming facility for existing phones rather than buying new phones outright**
- **Childcare – lower cost than currently paying in the UK, associated risk also removed**

# Uncertainty Adjusted Estimate Summary

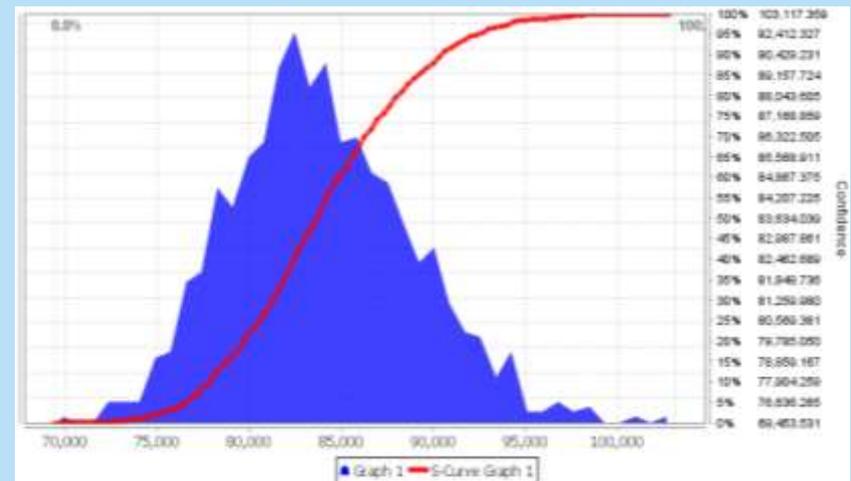
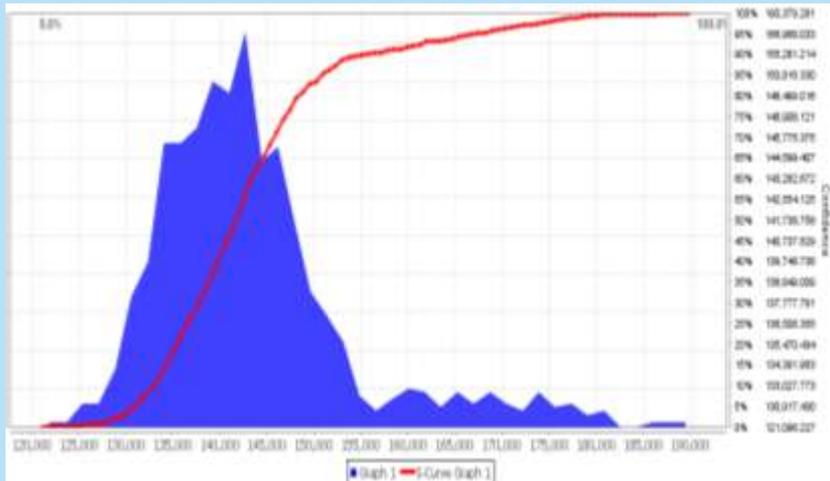
Uncertainty	10%	50%	90%
Scenario 1	131,049	139,155	146,790
Scenario 2	76,606	82,029	87,612

# Costed Risk Output

Risk	10%	50%	90%
Scenario 1	0	868	10,590
Scenario 2	0	0	5,877

# Total Costs (Uncertainty and Risk)

Total	10%	50%	90%
Scenario 1	133,028	141,739	155,281
Scenario 2	77,904	83,634	90,429



Total	100%
Scenario 2	103,117

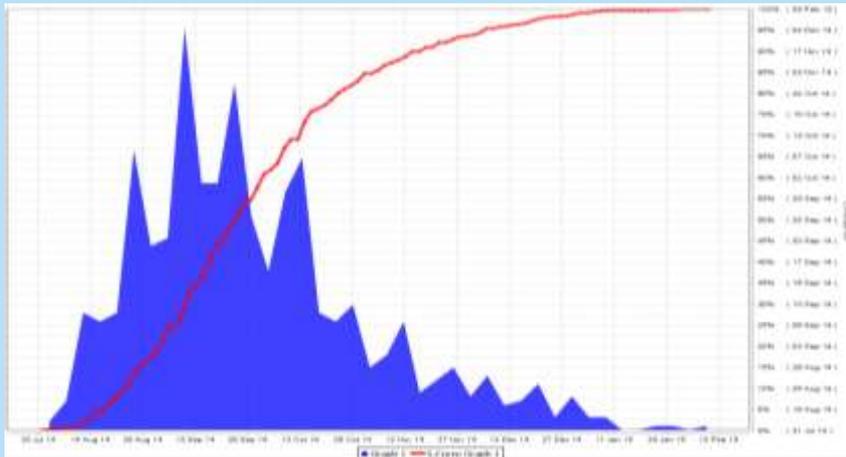
Opportunity to gain 1.6 employees for this cost as partner also works in this capability

# FOREX Sensitivity Analysis (Scenario 2 Only)

Scenario 2	10%	50%	90%	100%
Total Cost	77,904	83,634	90,429	103,117
Half FOREX	128,067	138,760	151,059	173,879
Double FOREX	51,750	55,990	60,928	71,339

# Schedule Risk Analysis output

	10%	50%	90%
Permanent Visa	25-08-14	24-09-14	17-11-14
Temporary Visa	18-07-14	31-07-14	21-08-14



# Decision and Rationale

- The decision was to carry out the 3 year secondment and provide the Spouse (also a cost engineer and a BMT Hi-Q Sigma employee) with a 3 day a week role
- This would not increase the cost of moving, but would make it more viable for the family moving
- Costs would be reimbursed on a receipted basis but the budget was set not to exceed the 100% cost in the second scenario
- The family moving were delighted

# Lessons Learned

- How much of an investment is being made by sending people on secondment
- Software compatibility
- Life in Canada is expensive
- Google provided costs that corroborated with actual costs as provided by colleagues
- Easier to get quotes over the phone than via internet (e.g. for shipping) as personal details were required

**Thank you**

