

# The Employee Value Proposition- A Key to Attract Performers

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Imagine a situation where you have to sell jobs for your organization to individuals who have many lucrative job options in hand, what would you sell the job for or would you actually be able to attract the right talent towards a certain job! Every organization wants the best talent onboard, but how many of them actually succeed in the same? The question stares most of the organizations on their face today!

Businesses can no more afford to think only of existence, they need excellence for survival. When we look at what makes organizations great, is it the fixed assets, the plant and machinery, the technology? No, while all of these are important and contribute in their own way to an organizations success, there is more to it that makes great organizations great, it is the people!

## **Why Employee Value Proposition?**

Many workers<sup>1</sup> have recommended organizations to build unique brands of themselves in the eyes of its prospective employees. This essentially means developing a statement of 'why the total work experience at their organization is superior to that at other organizations. The value proposition should outline the unique employee policies, programs, rewards and benefits programs that prove an organizations commitment to people and management development. In nutshell it should define an employee's 'why should I join this organization?'

The employee value proposition needs to be communicated in all hiring efforts of the organization. It may be reflected on the company's website, job advertisements and letters extending employment opportunities.

"The War for Talent" <sup>2</sup> emphasized that great managerial talent has always been important and critical for many companies thus formulating a Employee Value Proposition leads to engagement of the employees and satisfy people`s expectation in their work place.

## **What is Employee Value Proposition?**

An EVP describes the mix of characteristics, benefits, and ways of working in an organisation. It is the deal struck between an organisation and employee in return for their contribution and performance. This "deal" characterises an employer and differentiates it from its competition.

Most organizations encounter two main problems when it comes to their EVP:

- They struggle to differentiate themselves from their competition. Differentiation is crucial if an organisation is to stand out from the "sea of sameness" that characterises some sectors.
- Their branding is appealing but it does not accurately reflect the reality.

An effective EVP enables an organisation to stand out as different but also it ensures that the 'packaging' reflects the 'contents. All too often people join organizations tempted by the 'branding' and are disappointed when they experience the reality.

You know when you've got it right – you become a magnet for talent, and have engaged and motivated employees.

### **What can an EVP do for an organization?**

Here are the specific benefits of an EVP :

#### **1. Helps to attract and retain talent**

A clear and differentiated EVP ensures that you attract and retain people that you would inevitably lose to other organisations with more attractive EVPs.

#### **2. Helps to appeal to different markets and tough to hire talent groups.**

For organisations operating in a number of countries the EVP will need to move beyond a one size fits all. A good EVP contains elements that appeal to different groups of employees from different cultures, age groups and functions. The most successful EVPs are derived from combining needs of key segments of the workforce to form a universal brand which is then communicated through the best channel for each segment.

#### **3. Helps to re-engage a disenchanted workforce**

The process of creating an EVP involves surveying and talking to existing employees. This is a very powerful engagement tool in itself and people usually enjoy and appreciate it. In our experience the process can also help to re-build/enhance trust and increase motivation.

#### **4. Helps to prioritize your HR agenda**

The process of eliciting your EVP will help you to understand what your HR priorities should be. To create an EVP you need to understand what is important to your employees and potential hires. Having this insight will mean that you understand what specifically you need to do to attract, engage and retain people that you want, where improvements need to be made and what will most likely make people leave if they are not addressed.

#### **5. Creates a strong 'people' brand**

Organizations' with strong and credible EVPs become as famous for the way they treat people and the quality of their people as they are for their products and services. A great example of this is Apple. Apple do not have to enter into a war for talent. They have great people queuing up to join them.

## 6. Reduce new hire premiums

When candidates view an organisation's EVP as attractive, they demand a smaller compensation premium when accepting an offer. According to the Corporate Leadership Council EVPs that are viewed as unattractive require a 21% premium to hire employees, while attractive EVPs require only an 11% premium.



Source: -Talent Smoothie Consulting 2010

To ensure an EVP generates maximum returns it must be built around attributes that genuinely attract, engage and retain the talent you want. It must also be consistent with strategic objectives and clearly demonstrate its uniqueness.<sup>3</sup> The EVP must also be real i.e. a large proportion of it must be true now. It should however also contain elements that are not true now but that the organisation aspires to. This is important to drive change and progress and also to give employees a sense that the organisation is responding to the changes they want to see.

As well as the 'content' of the EVP, it must also be articulated in a style that appeals to the audience. So many companies write about themselves in dull corporate speak and the net result is a lot of organisations that claim to be unique but sound the same.

Finally, the EVP is at the core of all other organisational processes. The characteristics of the EVP need to be reflected in the corporate and employer brands. The EVP, if operationalised well is the driver of engagement, it informs recruitment messages, communications and development and it helps inform strategic HR priorities. It helps support and drive business strategy forward.

## How do you create an EVP?

There are a number of ways to understand what your employees feel constitutes a great place to work. A good starting point is to tap into information you already have including employee opinion survey data. This will tell you what employees think are working and what isn't. Typically though such surveys don't tell you what is important to your people? It is obviously crucial to understand this in order to create an attractive EVP. The process of developing an EVP elicits what is important to the different types of people that you want to attract and engage.

To be successful the EVP must be credible which is why it EVP must always be tested. The purpose of testing is to ensure that all categories of employees and potential employee find it appealing. The testing also tells you which elements of the EVP need to be 'turned up' or 'turned down' to appeal to different groups. Testing should take place with internal employees and external potential employees.

The testing will reveal changes that need to be made to the EVP to appeal to the different audiences that it was tested with. Assuming that valid and rigorous data is used to create the EVP you should expect it to work for 90% of the target population. It should always be tested though as the 10% it needs to be adjusted for could be a crucial part of your workforce.<sup>4</sup> Recent survey reveals that 88% of the employees leave organizations for reasons other than money.<sup>5</sup> Thus a company needs an EVP for their employees to differentiate their work place practices with their competitors' apart from their compensation practices.

## Key Challenges in developing an EVP

- Effective EVP development demands Marketing excellence<sup>6</sup>: Expertise is required in segmentation, insight, brand positioning and brand activation – yet EVPs are often driven and owned by the HR team who may not have all the above capabilities needed.
- Stakeholder engagement is critical: Lack of stakeholder engagement will seriously undermine the ability of the EVP to gain commitment and traction within the business and hence its ultimate effectiveness.
- Bespoke research is needed: Companies tend to fall back on existing research, but rarely has it been designed to uncover springboards for genuine EVP insights and propositions.
- Avoid internal focus: EVPs can be overly introspective and tactical, undermining their differentiation and ultimate impact.
- Employees are a discerning audience: EVPs offer a promise that needs to be delivered: employees are no less discerning than customers of a company's brands.
- There is a key difference between the EVP and the communication itself: An EVP is not an end in itself, it needs to be brought to life internally and externally through many touch points

The challenges are real but the benefits immense. Employee Value Propositions offer a key marketing tool to enable employers to attract and retain the right talent and to build the competitive edge needed to drive growth.

**Some Companies following the EVP in India are-**

1. <sup>7</sup>DuPont Hyderabad based Company created an EVP Model by creating a world of possibilities for meaningful life for the employees.

DuPont brings together people with different talents, aspirations and views to create a highly motivated team that shares the DuPont vision of creating sustainable solutions essential for a better, safer, healthier life for people everywhere. It fosters a rewarding journey by providing its employees with exceptional opportunity, mobility and flexibility in their day to day activities. At DuPont, we create an environment of openness, freedom and trust that helps employees to become leaders in their own right. It provides employees with the opportunity to expand their horizons, enhance their strengths and talents, and maximize their potential.

2. <sup>9</sup>Kotak Mahindra Bank emphasized on work culture and created an EVP Model called as "FLAME". At Kotak pride is their work culture. In the journey towards becoming a global Indian Bank and a preferred employer, Kotak offers the employees a unique value proposition. They call it the FLAME and truly believe that they have ignited the spirit within the employees.

	<b>Focus on Results</b>	Strongly focused on achieving our short and long term organizational and financial goals.
	<b>Leadership</b>	An opportunity to work with industry leaders and be one of them.
	<b>Active Involvement/ Inlusiveness</b>	Being participative and inclusive in our decision-making, with the responsibility to be involved in this consultative process.
	<b>Maximum Challenge</b>	An environment where employees are constantly stretched and challenged to give their best.
	<b>Entrepreneurial Creativity</b>	An ability to create business opportunities and run them as entrepreneurs, within broadly defined parameters.

Source: - [www.kotak.com](http://www.kotak.com)

3. <sup>8</sup>McDonalds in India emphasized that EVP helped them get a better brand image than its competitors. McDonald's Employee Value Proposition (EVP) defines what their employees around the world value the most about their jobs at McDonald's. The EVP represents what they offer to crew and managers in exchange for their performance and commitment to the organization. They have communicated the three elements of their EVP (Family & Friends, Flexibility and Future) across the System along with tools and best practices to help the individual markets bring them to life. Activating the EVP is a key element of the

2011 business plans for each of their nine major markets.

As markets work to deliver the EVP, they ask their employees to consider their actions in three categories:

- Foundational. These policies and programs are impactful and needed, but can be found at other companies; for example, certification of restaurant managers and training provided at our Hamburger Universities around the world
- Differentiated. These actions set McDonald's apart from competitors but could possibly be duplicated; for example, sabbaticals for restaurant managers
- Unique. These programs can only be found at McDonald's; for example, theirVoice of McDonald'sand.

## Reference

### Endnotes

1. TandeHill in 2006
2. Mckinsey& Co in 1997 coined this word
3. Talent Smoothie in 2010 in the UK.
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6. Brand Learning 2010
7. [www.dupont.com/india](http://www.dupont.com/india)
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