



Employee Value Proposition (EVP)

What it is and why it is important

Employee Value Proposition (EVP) is the jargon commonly used to describe the characteristics and appeal of working for an organisation.

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 'People Deal' characterises an employer and differentiates it from its competition.

Most organisations 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 organisations 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.



Why is an EVP important?

An effective EVP can bring an organisation significant benefits. According to the Corporate Leadership Council's research, a well-thought through and executed EVP can:

- **Improve the commitment of new hires by up to 29%**
- **Reduce new hire compensation premiums by up to 50%**
- **Increase the likelihood of employees acting as advocates from an average of 24% to 47%**

In addition, an effective EVP allows organisations to source more deeply within the labour market, increasing access to passive candidates. This is important for organisations who want to secure the best talent in an increasingly difficult talent market.

Demographic predictions show that there will be a stark contrast in population growth in certain areas of the world. Many countries will show a decline in population making it harder to source talent, whereas in countries such as India there will be large increases making it more difficult to attract the right talent from a potentially large pool. This will cause challenges for organisations in the future and builds an even stronger case for the importance of having an effective EVP.

What can an EVP do for you?

Helps you to attract and retain talent

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

Helps you 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.

Helps you 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.

Helps you to prioritise 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, retain and develop the people that you want, where improvements need to be made, and the things that will most likely make people leave if they are not addressed.

Creates a strong 'people' brand

Organisations 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.

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.

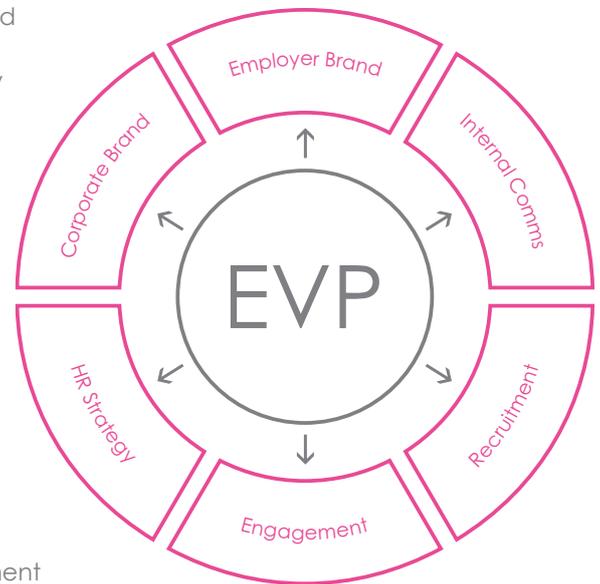


What makes a good EVP?

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. 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, as shown in the diagram, 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 and communications, and it helps inform strategic HR priorities. It helps support and drive business strategy forward.



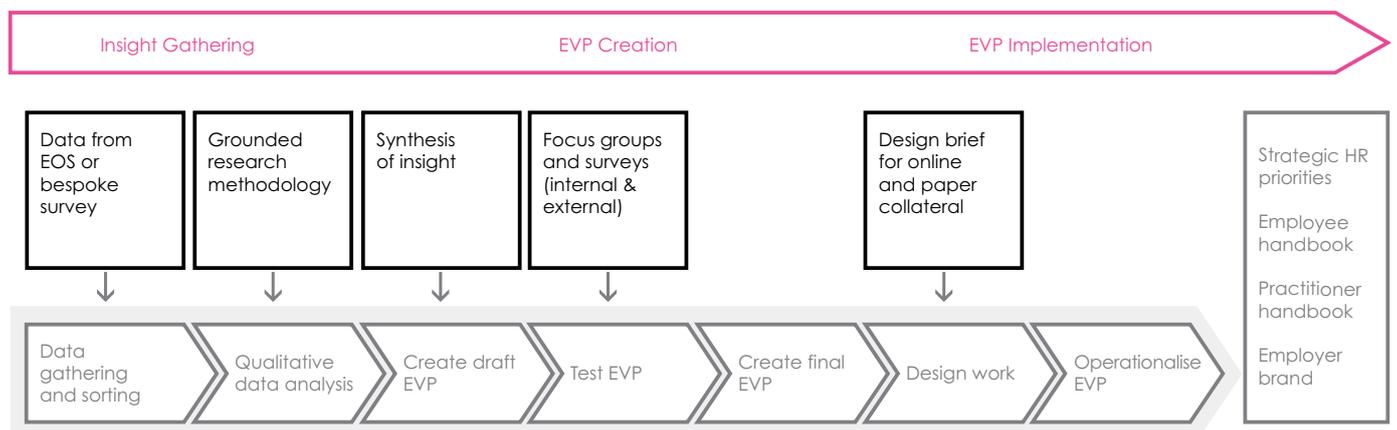
How do you create an EVP?

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 is 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 must always be tested. The purpose of testing is to ensure that all categories of employees and potential employees 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, we 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.

The diagram below shows the stages in the process of EVP creation





Case study

AstraZeneca



We have recently developed an EVP for AstraZeneca. Their goals were to:

- Differentiate themselves against other large pharmaceuticals
- Use the EVP to help make the new corporate brand a reality
- Identify priority areas for change, in order to maintain and improve engagement of key talent

Following the process outlined above we developed a draft EVP using our grounded theory research methodology. The EVP comprised of five themes.

We tested the five themes externally and internally across 12 countries and with 15 key talent groups. We then adapted some of the elements of the EVP that did not work for the target groups either due to cultural differences or lack of importance. We also added some elements that were important but had not been evident in the source data.

As well as the EVP itself there have been a number of other key outputs. An online user guide for HR and managers provides guidance on managing and engaging different key groups. A recruiters' guide to employer branding indicates message content and style that appeals to different segments. In addition, the company is using the data to inform HR strategic priorities.

This is a great example of a company that now has a clear and differentiated EVP and is making it work hard in a very practical and tangible way.

"talentsmoothie were our lead external partners in helping us to create our first Employee Value Proposition in AstraZeneca at both a global and a local level. Through their rigorous approach, and ability to integrate other core elements such as our business strategy and corporate brand, they helped to ensure that our EVP will be sustainable for us in the medium to long term. Above all it was their positive can-do attitude, their utmost flexibility and confidence in helping us to navigate ambiguous scenarios that really impressed. From my experience they are one of only a small handful of external partners that really truly understand what an EVP is and how it can work to drive a business and its culture forward."

Stephen Lochhead – Director, Global Talent Attraction, AstraZeneca



Find out more

We'd be delighted to talk to you about your EVP and how we can help you create one that attracts and retains the right talent for you.

Please contact Justine James on +44 (0)20 7127 4741 to find out more.



We are talentsmoothie, organisational development consultants

We are experts in Employee Value Proposition (EVP), Employee Engagement, Effective Leadership, Employer Brand and Recruitment, and creating Innovative Workplaces (the changing world of work). Sometimes our work fits into one of these areas. Other projects span them all. From one-off reviews, assessments and workshops to global strategies and large-scale implementations, the talentsmoothie team is ready to tackle any challenge to get you the results you need.

For more detail about how we help organisations succeed, please visit the talentsmoothie website at www.talentsmoothie.com where you can learn more about our work, read client case studies, download our other free Factsheets, Action Sheets and Position Papers, join our mailing list of valued contacts, and get copies of our research reports.

Or if you'd like to talk through anything you've read in this Factsheet, or any business challenge you're facing right now, please email hey@talentsmoothie.com or phone +44 (0)20 7127 4741. We'd love to hear from you.



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