Shaping the Employment Deal

Give your company an edge in a competitive labor market by crafting a formal employee value proposition.
he economy keeps heating up, and so is the war for talent. The need for new skills—especially technology skills—continues to grow. Baby boomers are retiring, leaving knowledge and experience gaps across industries. And a growing flood of millennials is bringing new attitudes and expectations to work.

At the same time, low unemployment means companies are competing more and more heavily for workers—and they often struggle to fill many positions.

In this environment, great people have a tremendous range of choice, and candidates have a great deal of power in the hiring process. Indeed, a number of observers have gone so far as to say, “The war for talent is over—and talent won.”

All of this means that companies need to bring more tools to bear in the effort to attract, hire and retain the people they need—and that is bringing the employee value proposition [EVP] to the fore. As its name implies, an EVP is essentially a description of what a company offers employees. In a sense, it is a kind of company résumé that lets potential candidates understand why they should want to be hired by the company.

The EVP was the focus of a recent roundtable discussion held in New York City. There, CEOs and HR executives explored why an EVP is important, how to create an effective EVP and how to make the EVP “come alive” in the organization to help companies succeed in today’s competitive talent market.

The Impact of a Sound EVP
The EVP concept is relatively straightforward, and it has evolved in the last 10 years. “If I’m coming to work for your company, I want to be able to understand the ‘give and get,’” said Daniel Fries, senior vice president at the Sibson Consulting firm. “You’re going to tell me about the specifics of the job and the things in your organization that are going to make me successful to help in my decision-making process about whether I want to work there. What’s the contract, explicit or implicit, when I come join the organization? For that reason, it is often now referred to as the Employee Value Exchange.”

The EVP typically provides a broad view of the value being offered. That’s important, because talented employees today are looking for more than a paycheck. Compensation is just one part of the “contract,” and a good EVP will also address factors such as career paths, job flexibility, work-life balance and so forth. At OneWeb Satellites, a developer and manufacturer of satellites, a key part of the EVP is the opportunity for people to have an impact. The company is a place “where they can invent something, and they’ll see real results immediately”—let’s say in three, four, five months,” says Kai Schmidt, the company’s HR director. “It’s not about money. It’s about how can I bring my ideas into the teams and the processes?”

A good EVP can be an effective tool for attracting and hiring people—a “talent magnet,” in Dan Fries’s words. At the same time, it can help hiring managers look beyond a candidate’s hard skills to find people who are a good fit with the company culture—and thus more likely to stay on and thrive.

An EVP can also play a role in retention efforts. In general, about 50 percent of new hires leave a company within the first 12 months, according to Fries—which means the time and money invested in recruiting and onboarding is essentially lost. Money is usually not the primary reason for leaving, he notes. Instead, exiting employees cite factors such as their relationship with their immediate manager, lack of growth opportunities, content of the work and ability to provide input into decision-making.

Telling Great Stories
When Baker Tilly, the accounting and consulting firm, launched an EVP, much of the focus was on existing employees. “It wasn’t with the intent of talent acquisition—it was for retention,” said Mary Goldy, the company’s director of HR operations and transactions. The program “really is just telling our internal stories, reinforcing what we already value.” These efforts have been successful, she says, and Baker Tilly has frequently been recognized as a “great place to work” based on surveys of employees.

That kind of internal focus with an EVP can also support improved employee engagement: As people hear those internal stories, Goldy said, “it increases collaboration and connection within the organization because they’re starting to see more of what other people value and it re-instills what their values are as well. It makes you feel part of the organization.”

Companies usually have a good sense, at least intuitively, of what their EVP is, and many operate without a documented EVP. But taking a more disciplined approach and creating a formal EVP offers several advantages. For
one thing, it can be more easily used across recruiting, onboarding and development processes, and it can provide guidelines for aligning HR, development and compensation to deliver the right employee experience.

An EVP can also be important as companies expand recruiting efforts to reach more candidates. For growing companies opening new locations, said Fries, “it gives you a consistency in what the give and the get is every time you’re trying to recruit someone. You can leverage [the EVP] in figuring out how we’re going to tap into new labor markets as you expand from your current base.”

A more formal approach to an EVP also has the potential to help companies tap into new skill sets as business needs change. Champlain Cable Corp., for example, provides wiring and cabling for use in automobiles. As its auto-company customers focus on autonomous vehicles, their need for wire and cable products is likely to change. As a result, the company is looking for employees who have deep skill sets that can help the company address that changing demand. “How do we find that scientist or physicist that doesn’t know about our industry? We really are struggling to do that,” said Champlain President Bill Reichert. The company has a good EVP story to tell in terms of being a fast and flexible organization and its ability to successfully incorporate workers that have come from much larger companies. A formal approach to telling that story, he said, could help in the effort to reach beyond the traditional labor pool.

What Should Be in the EVP?
During the discussion, participants cited a number of rules of thumb for creating and using the EVP. It should, for example, provide a clear, concise description of the proposition, and it should be specific to the company, rather than generic. At an investment bank, said Fries, it might focus on money: “It’s very simple. We’re going to pay you more than any place else you can get paid, full stop. We’re going to work you like crazy. You’re going to be done by the time you’re 45.” At a tech company or non-profit, on the other hand, “it might be community, affiliation, or am I going to love to sink my teeth into what I’m doing?” he said.

The EVP should not only be company-specific, it should also focus on the factors that differentiate the company in a competitive talent market. “What lever do you pull?” said Fries. “What’s most important about your organization when you’re recruiting someone that’s going to make the difference between you and your competitor when you’re in that talent pool?”

Ideally, the EVP itself should be backed up with content that makes the proposition come alive for candidates and employees. “We’ve got videos, we’ve got our website, we’ve got a microsite, we’ve got brochures—we’ve got a lot,” said Baker Tilley’s Mary Goldy. “We have a whole page on our values, and we’ve got nine videos that just share stories of our employees... all unscripted. It’s things that come together that all speak to what we have identified as the

The EVP Framework
Sibson Consulting provides a framework designed to help companies develop comprehensive EVPs. The framework looks at five components:

- **Compensation**: The money employees receive for their work and performance
- **Benefits**: Indirect compensation including health, retirement and time off
- **Work content**: The satisfaction employees receive from their work
- **Career**: The long-term opportunities employees have for development and advancement
- **Affiliation**: The feeling of belonging employees have toward the organization

Companies can weight these components differently to reflect what they offer employees—but considering them all can help ensure that they are addressing the full range of value for employees.
pillars of our EVP, which are the people, our clients, having an open-door policy and flexibility."

In delivering that content, it’s important to keep the company’s audience in mind and to employ the right channels to reach them. “We all know that millennials make up about half the workforce, and they will be about three quarters of it in another seven years,” said Tony Lee, vice president of editorial at the Society for Human Resource Management. “If you can’t find [EVP content] on a smart phone, you’re not going reach them.”

The EVP can also be specific to the segment of the labor pool that is being addressed. For example, Mantaline Corp., which provides engineering services and production parts to the transportation industry, operates a plant in San Antonio, where it is in the same talent pool as a nearby Toyota plant. Mark Trushel, the company’s president and CEO, explained that while the auto plant operates with swing shifts, his company does not—a proposition that works well in what he says is a family-friendly town. “We don’t work weekends, and it’s dedicated shifts,” he said. “They know when they’re going to work, they know when they’re going to be off, they understand how our policies are aligned for family emergencies and those things. It plays well for us.”

As Mantaline’s experience shows, a middle-market company’s size can be a valuable differentiator when competing for talent with large corporations. Often, they can offer more flexibility, less bureaucracy and better “line of sight” between work and the company’s overall vision and business results. Those qualities are appealing to many candidates—especially those wanting to leave large corporations.

Dowding Industries, a middle-sized manufacturer, taps into its ability to keep employees in the loop. “We let them understand our numbers,” said Jeff Metts, the company’s president. “The guy putting the widgets together understands—we were profitable last month? How did his area do? He understands that he has an impact on everything that happens, and he has a decision in that. And if he sees things that need to change, he can change them. He doesn’t need to go up the line to 40 different people.”

Building the EVP into the Organization
Once the EVP is in place, companies need to make sure they follow through on the promises it makes, and tailor processes and policies to support it. Too often, companies put a great deal of effort into recruiting and onboarding, only to fall short when it comes to the actual work experience—leaving a gap between employee expectations and reality. “All of a sudden, there’s a disconnect, because the organization has not really adopted or institutionalized what it means to be working at the company,” said Sibson’s Fries.

To that end, he says, companies need to develop metrics to monitor how well they are supporting the EVP. These should include quantitative metrics—turnover, time to fill jobs, etc.—and qualitative metrics, such as employee satisfaction and willingness to recommend the company to friends.

It’s also important to develop the right mindset in the organization. That means communicating the EVP down into the company—with a special focus on middle management. “The number one frustration of the HR side is that they will be creative, they will find great talent, they will align that talent with the value proposition of the company and then the manager who’s actually filling the position will say, ‘No, that’s not what I’m looking for. I am hiring for skill. I’m not hiring for attitude. I need someone who can start tomorrow doing exactly this,’” said the Society for Human Resource Management’s Tony Lee. Thus, companies should train managers to understand the EVP and incorporate it into their activities.

In short, executives need to ensure that the company is reinforcing and delivering on the EVP—that is, keeping its part of the bargain around give and get. Many companies will say they are committed to their people. “But how are they actually doing it?” said Fries. “You want to put things into action so there are outcomes that say, ‘This is how we’re living our EVP.’”

About Sibson Consulting
Sibson Consulting [www.sibson.com], a member of The Segal Group, provides strategic human resources solutions to corporate and non-profit employers and professional service firms. Sibson’s consulting experts work with clients to achieve their business goals and vision in today’s challenging environment through customized solutions related to the planning, implementation and operation of total rewards, compensation, talent management, organization design, change management, retirement and health benefit programs.

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