

Educating and Inspiring the World at Work

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# The Employment Value Proposition

## EIGHT LESSONS LEARNED

BY BRAD HILL

The October 2006 issue of *Workspan* featured our first article about the employment value proposition (EVP). Since then, experience with more than 50 organizations developing their EVPs has provided a few key lessons. Here are the key lessons learned over the past 15 years.

### EVP: A REFRESHER

Most large organizations have a formal compensation philosophy stating that the role of compensation is to “attract, retain, develop and motivate employees.” Those are pretty lofty expectations for the 96% of organizations that unimaginatively target their pay levels at the 50th percentile of the market, based on the “2018 Salary Structure Policies and Practices Survey” from WorldatWork and Deloitte Consulting LLP. The fact is that a high-performing employee who wants to earn more money can find an organization that will pay them more than you do — every time.

And, while pay may be an effective way to attract employees, in the end you will not keep those employees unless they connect with your vision, culture and workplace priorities. Employees must be able to learn and grow within an environment that they connect with and appreciate.

What you need more than a compensation philosophy is an EVP that identifies the four or five work-culture attributes that differentiate your organization from its geographic and industry

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competitors. You can start developing the EVP by asking these central questions:

- Why do employees decide to come to work for the organization and why do they stay?
- What is it about the work culture and the work experience that sets the organization apart?
- What would the organization say or do to attract and retain good people if it had to pay 20% below market?

It is only within the context and strength of this EVP that the organization should then figure out how to pay people. (See Figure 1.) If your organization has a strong EVP, pay and pay policies become less important. If your EVP is weak, pay and pay policies are much more important.

### WHAT WE LEARNED

Fifteen years of experience working through the challenges and frustrations of developing an EVP with scores of organizations, have informed the following eight takeaways that should help you better understand how to develop and utilize an effective EVP.

#### 1. Don't give up.

Every organization has an EVP. Many organizations do not appreciate the factors that differentiate their work offering and believe that they don't have much that gives them a competitive advantage over local/industry competitors. But all organizations have something unique to offer. One key in developing your organization's EVP is to listen to your employees. Ask employees to describe the best things about working for the organization, why they joined and why they stay. Reach out to a broad cross-section of employees to learn what keeps them engaged. Do not rely on executives or the marketing group to craft the EVP; they are often out of touch with the real factors that appeal to employees.

#### 2. Some organizations have much stronger EVPs than others.

Unfortunately, not all EVPs are created equal. I worked with one client, Best Friends Animal Society, which operates the nation's largest sanctuary for homeless animals and provides nationwide adoption, spay/neuter and educational programs. Best Friends' mission is to bring about a time when there are “No More

Homeless Pets.” This organization's EVP is so strong that many employment candidates would work there for free. In fact, many retire and then join Best Friends to do what they have always wanted. In short, Best Friends' EVP is so strong that they can pay any way that they want. (Luckily, they do choose to pay a fully competitive wage.)

At the other end of the spectrum, at another organization, the best that could be said of its EVP was that the organization was “close to home,” the “people that work here are nice” and the “hours are decent.” But even these apparently lackluster results can be parlayed into a focused recruiting strategy that emphasizes the positives in these items. For example, an insurance company in Tallahassee used its location advantage to recruit Florida State University alumni. Decent or flexible hours were translated into a flexibility to better meet family and personal needs along with reduced commuting time.

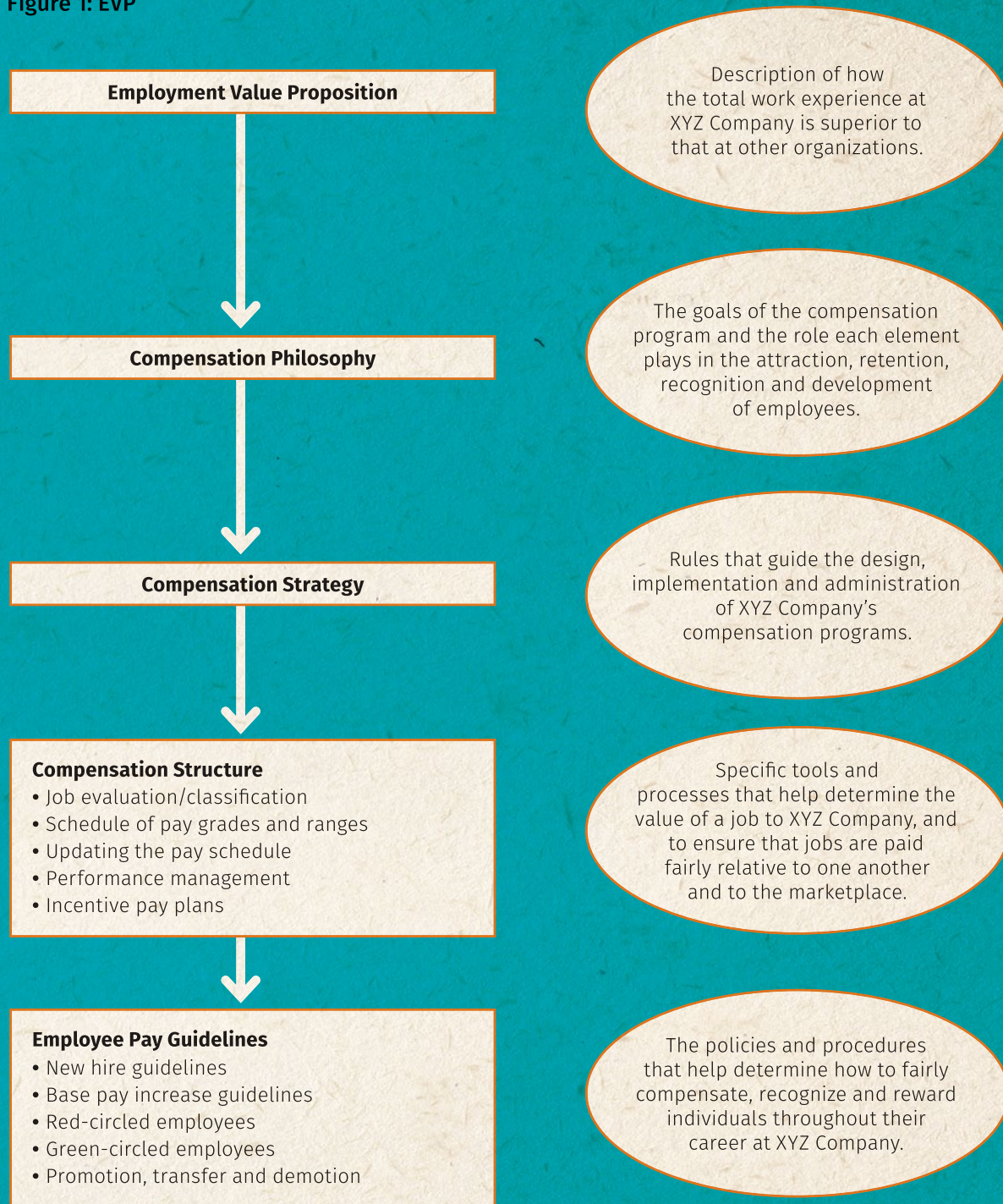
Remember, employees want to be able to brag about your organization's EVP. Think of college. Not everyone goes to an Ivy League school, but everyone is very proud of the institution they attended. Maybe it's the best in the state, the best in the city, the best value or the best in one's major area of study. Maybe it has the most beautiful campus, great weather, first-class dorm rooms or the best football, basketball or lacrosse team. Very few people describe their college experience in less-than-glowing terms. They would like to be able to do the same with their work experience.

#### 3. EVP's should be founded in reality and not be aspirational.

The company's EVP must strike at the core of why employees commit themselves to your organization and not others. It is not a marketing piece, and it is not necessarily who you want to be. It is who you are. It is false advertising to mislead recruits about what sets you apart, and it is disingenuous to project fiction upon current employees.

When one of our clients learned that the No. 1 reason employees were attracted to the organization was “no fear of layoffs and the promise of lifetime employment,” leadership rejected the premise and viewed their workforce as too complacent and in need of a shake-up. In reality, the year was 2009 and layoffs were abundant. The stability and strength of this organization could

Figure 1: EVP



Source: Brad Hill and Christine Tande, Tandehill Human Capital

have helped them attract top talent. But they missed the opportunity and instead re-fashioned themselves as a pay-for-performance, up or out, work culture. This alienated current employees and undermined the organization's ability to attract, because they were not equipped to compete with organizations that truly had a deep pay-for-performance infrastructure and commitment.

If you are not happy with your current EVP, think through how you would like to position your work culture/work experience in the future. In this instance, your EVP is a work in progress. It is not yet a marketable product. It should not yet be celebrated or play an integral role in the recruiting process. You should not begin touting your desired EVP until the commitment and programs are in place to support it. The EVP must

resonate with current employees before you should market it to prospects.

#### **4. Your EVP will not/should not be universally appealing.**

In defining unique attributes of the work culture and the work experience at the organization, don't be afraid to talk in bold terms. For your organization to really excite one person (the right person for your company), it may have to turn off another person (the wrong person for your company).

Here are examples of how four different organizations portrayed themselves. Their statements are unique and not universally appealing.

- “We only hire individuals who share our values and believe that doing ‘good’ is as important as doing ‘well.’ Your humility, courage and team orientation will be fostered and celebrated.”
- “We have no preconceived notions around advancing our people. We will invest in your development and you will be advanced at a pace that recognizes that development.”
- “We are motivated solely by doing the right thing for our men and women in uniform and we will help you make a difference to America.”
- “We combine a casual and relaxed work environment with a dedicated, disciplined, hard-working employee base.”

#### **5. The EVP may be stronger in one part of the organization than another.**

You should have only one organization-wide EVP. However, some parts of your organization may be able to build on this EVP and take it further. Competition may demand that some organizations provide IT jobs with more opportunities for growth/career ladders or investment in the best technology tools. Or, you may have a start-up venture that provides employees with more freedom and flexibility. If the attributes in some functions/ departments are not reflected in the overall organization, you should still emphasize them and present them to the appropriate candidates as part of their work experience at the company.

#### **6. Celebrate your EVP — or don't bother with it.**

The EVP helps define an organization's essence. It should be featured in prospect interviews and in offers of employment. In fact, your EVP should dominate the initial paragraphs of your offer letter, and your offer of compensation should not be presented until paragraph three or four — after you have excited the prospect with your work culture and attributes. If your EVP is not strong

enough to share and celebrate, then be prepared to pony up above-market compensation to overcome what you lack in vision and work practices.

#### **7. Your EVP is not the same as your corporate brand.**

Your brand's cachet may be a component of your EVP, but your brand is primarily how the customer sees you and perceives the overall quality and value of your products/services. The EVP is how your employees see you and their connection to your mission, vision and work offering. We have all read of some great company brands whose treatment of their employees is not very consistent with the perception of their brand. In fact, two of the top brands in the country recently made the “Dirty Dozen” list of “The 12 Most Dangerous Companies” to work for. Your brand may be an important factor in getting employees in the door, but only your EVP will keep them.

#### **8. Lower-wage earners may not care about your EVP.**

Well, turns out it may be all about pay for some folks in your organization. As wonderful as your EVP may be, many employees on the lower end of the pay scale are primarily concerned about paying their bills and putting bread on the table. Put in terms of Maslow's hierarchy of needs, employees need to satisfy their physiological and safety needs before they can focus on needs for esteem and self-actualization. That doesn't mean that your EVP is irrelevant to them, or lacks appeal, but it does mean that their pay level will be more important to them until they feel secure about their base needs. Pay may be the most important factor in attracting the lower-wage earners to your organization.

After 15 years, the author still believes that the EVP is more important to the attraction and retention of good employees than the compensation philosophy. Your ability to effectively communicate your EVP and use it to attract the right people will reduce your turnover and make you less vulnerable to offers of higher pay from competitors. High performers who are primarily interested in earning more will always leave you for more money elsewhere — even if you pay at the 90th percentile of market (higher than nine out of 10 organizations). But most employees will be more than willing to stay if you connect with their hearts and minds. In your organization's own unique way, recognize the employees who work for you. Listen to and respect them. Invest in them and connect them to your business. **ws**

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