

# EMPLOYEE VALUE PROPOSITION AND ITS BENEFITS

## BECOME AN EMPLOYER OF CHOICE – GRAEBEL UNIVERSITY

As companies begin to emerge from the global economic crisis, they will need to pay closer attention to retaining and attracting employees. With stable revenues and the need to replace inventory, companies will likely start hiring. This new supply of job opportunities will be welcome news to the millions of people who are unemployed or who are disenchanted with their current employment situation.

After facing cost-cutting measures and layoffs, employees may start looking to leave their current companies, especially if a new opportunity offered the chance to have greater job stability, higher pay wages, and a better work-life balance. To keep the best and the brightest workforce, companies will need to have an attractive employee value proposition for employees.<sup>1</sup> An employee value proposition (EVP) is the overall experience a company offers to its employees in return for their productivity and performance.<sup>2</sup>

### EMPLOYMENT TODAY

Today's environment has created new challenges for attracting and retaining employees. Now more than ever, people have access to information and resources that can help them find new jobs



and uncover their value.<sup>3</sup> Websites including Glassdoor and Salary.com enable employees to find salary information, company ratings, and specific job details that can help them evaluate job offers or understand their market value for annual compensation reviews.<sup>4</sup> What's more is that now employees are not just gossiping about work while in the office. Social media outlets and forums offer individuals a place to let off steam and provide positive and negative feedback, which of course, can impact the opinions of current and potential employees.<sup>5</sup>

"Employers must be conscious that their actions – the good, the bad, and the ugly – will be aired in social media, hitting a huge audience of employees, potential candidates, and even customers," stated Mary Stoik Dymond, senior vice president of human resources at Graebel Companies, Inc.

### WHAT IS AN EMPLOYEE VALUE PROPOSITION?

An EVP comprises much more than salaries and benefits; it reflects the entire employment experience at a company including benefits,

career development opportunities, rewards, culture, and management style.<sup>6</sup> The EVP should align with the company's brand and be reflected consistently to employees. Otherwise, employees may grow cynical about the company and ultimately become less productive or leave the organization entirely.

"An EVP is the deal that the company makes with its employees in exchange for their skills, knowledge and experience," continued Stoik Dymond. "When company managers and leaders make the deal, it is up to human resources to educate them on their roles in the deal, as well as to provide tools and resources – management training, compensation and benefits programs, employee training, and corporate social events and functions – to keep the deal with their employees. For example, part of the Graebel deal is Graebel University, which includes a new e-learning portal and a Management Certification curriculum, designed to provide our managers around the world with the tools to keep Graebel's EVP. Breaking the deal breaks the employees' commitment to the company."

<sup>1</sup> Stewart Black. "The employee value proposition: How to be an employer of choice." INSEAD, December 2009.

<sup>2</sup> Kathy Kibbe, Laura Sejen, Kathryn Yates. "Why an Employee Value Proposition Matters: Creating Alignment, Engagement and Stronger Business Results." Towers Watson, October 13, 2010.

<sup>3</sup> Stewart Black. "The employee value proposition: How to be an employer of choice." INSEAD, December 2009.

<sup>4</sup> Erick Schonfeld. "At Glassdoor, Find Out How Much People Really Make at Google, Microsoft, Yahoo, and Everywhere Else." Techcrunch.com, June 10, 2008.

<sup>5</sup> Jessica Miller-Merrell. "When the Grapevine is Good." Human Resource Executive Online, December 1, 2010.

<sup>6</sup> Kathy Kibbe, Laura Sejen, Kathryn Yates. "Why an Employee Value Proposition Matters: Creating Alignment, Engagement and Stronger Business Results." Towers Watson, October 13, 2010.



The EVP serves an important role in connecting employees' desires with what the employer provides. While employers and employees both agree that base pay, challenging work environments, and advancement opportunities are key factors in job selection, they are disconnected when it comes to evaluating the benefits of employees' well-being.<sup>7</sup> By including elements such as time off, flexible scheduling, and work-life balance into the EVP, companies can help set better employee expectations.

**THE BENEFITS OF AN EVP**

When used and communicated effectively, an EVP becomes a powerful tool for management.<sup>8</sup> As depicted in the chart, high-performing organizations are more likely to have a formalized EVP, and as an EVP helps identify, engage, and retain critical workforce segments, it has probably contributed to their success.<sup>9</sup>

When organizations effectively communicate their competitive total rewards programs through an EVP, they can significantly impact

employee satisfaction – increasing engagement and reducing investment in bigger rewards.<sup>11</sup> Furthermore, an EVP helps align the workforce with organizational productivity goals and the company's brand promise.

Employees are the face of a company. When they are engaged and committed to the organization, they are more likely to deliver the brand promise – whether it is customer service, innovation, or others.<sup>12</sup> A company that remains true to its brand promise receives more favorable consumer opinions and enjoys higher levels of credibility and profitability than those organizations that waver from their promises.

The same holds true for a company's relocation package. Ensuring that relocation benefit programs align with the brand promise and are competitive can be keys to recruiting top candidates. Updated relocation policies that take into account the brand, employees' best interests, and the economy can also help keep transferred employees engaged and productive throughout their relocations.

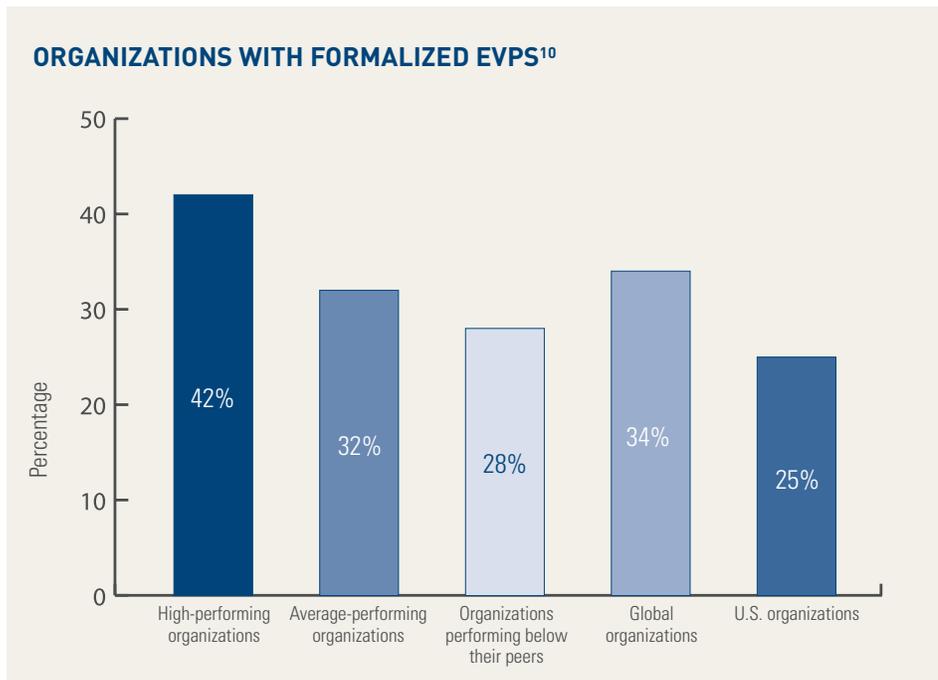
“70% of customer brand perception is determined by experiences with people.”<sup>13</sup>

Along with engaging current employees, an EVP can be instrumental in setting the expectations of new hires and transferees. When communicated during recruiting, interviews, and relocation candidate assessments, the EVP may help individuals determine if the job opportunities and company match their needs and personalities. In turn, this process can help save companies money and reduce inefficiencies by decreasing the likelihood of wrong hiring or job transfer decisions. On the other hand, companies that communicate a specific EVP during hiring and then fail to deliver can experience negative impacts – as this failure can cause more than a 25-percent decline in commitment from new hires in the first year of employment.<sup>14</sup>

**FORMALIZING AN EVP**

As an EVP affects both internal and external perceptions of a company, human resources and marketing should collaborate to ensure the employee and customer experiences are integrated and aligned.<sup>15</sup> Likewise, human resources and its relocation partner must collaborate to clearly and succinctly explain relocation benefits to ensure the best possible results for both the transferees and the corporation.

According to Stewart Black, a professor of organizational behavior for INSEAD – a leading graduate business school – companies should consider the following values when formalizing their EVPs:<sup>16</sup>



<sup>7</sup> Towers Watson. “Creating a Sustainable Rewards and Talent Management Model.” 2010 Global Talent Management and Rewards Study.

<sup>8</sup> Ibid.

<sup>9</sup> Deloitte. “Employee Value Propositions: Maximizing performance through EVP, not IOU.” 2010.

<sup>10</sup> Towers Watson. “Creating a sustainable Rewards and Talent Management Model.” 2010 Global Talent Management and Rewards Study.

<sup>11</sup> Towers Watson. “Creating a sustainable Rewards and Talent Management Model.” 2010 Global Talent Management and Rewards Study.

<sup>12</sup> Ibid.

<sup>13</sup> Deloitte. “Employee Value Propositions: Maximizing performance through EVP, not IOU.” 2010.

<sup>14</sup> Ibid.

<sup>15</sup> Kathy Kibbe, Laura Sejen, Kathryn Yates. “Why an Employee Value Proposition Matters: Creating Alignment, Engagement and Stronger Business Results.” Towers Watson, October 13, 2010.

<sup>16</sup> Stewart Black. “The employee value proposition: How to be an employer of choice.” INSEAD, December 2009.



- > Strong leadership from corporate executives instills confidence in the company's success, a positive work environment, and career development opportunities.
- > The company's reputation, values, culture, and its social responsibility matter to employees by helping them determine their commitment levels and accepted pay and benefits.
- > As individual jobs differ throughout the company, the EVP cannot possibly cover all aspects of expectations. It should, however, help employees understand the company's goals and objectives and address the workforce's generational differences. While generation Y may desire more corporate social responsibility and baby boomers may want more flexibility, all employees typically want freedom, autonomy, growth, and interesting jobs.
- > Rewards, such as wages, benefits, career development opportunities, and social contact with co-workers, are perhaps the most tangible and easiest part of the EVP to communicate.

### WHAT MAKES A COMPANY AN EMPLOYER OF CHOICE?

Being an employer of choice provides a company with an edge over other organizations in recruiting and employee retention. In turn, these companies are often able to achieve higher levels of profitability, efficiency, and overall success. So what makes an organization an employer of choice? According to Novacrea Research Consulting, employers of choice typically offer the following:<sup>17</sup>

- > A clear vision of the company's future success
- > Continuous, two-way communication on the company's strategies, goals, products and services, and procedures and processes
- > Training and development opportunities that help employees grow
- > Career advancement opportunities
- > Compensation and benefits packages that attract and retain top talent

Every year, *FORTUNE* Magazine names the top 100 employers to work for. While how much emphasis these organizations place on this criteria differs, these elements do play an important role in their cultures. The top 10 companies on the 2010 list are:

1. SAS
2. Edward Jones
3. Wegmans
4. Google
5. Nugget Market
6. DreamWorks Animation
7. NetApp
8. Boston Consulting Group
9. Qualcomm
10. Camden Property Trust

For the complete list, please visit [www.money.cnn.com/magazines/fortune/bestcompanies/2010](http://www.money.cnn.com/magazines/fortune/bestcompanies/2010).

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<sup>17</sup> Novacrea Research Consulting. "Becoming an Employer of Choice."