

Introduction

1

'The war for talent is over, and the talent won.'

Josh Bersin

You can judge a company by the people that it keeps. Great companies attract and keep great talent. Talented people choose to come and choose to stay because they feel their pay and opportunities are better than any other organization they might consider. But for the best companies, there is also an X factor. In the same way that leading companies strive to deliver uniquely valuable products and services, they also seek to shape a distinctive organizational culture and brand identity. The shared behaviours and beliefs that define this culture can deliver significant competitive advantages. A strongly shared sense of culture and purpose can drive extraordinary levels of motivation, loyalty and performance. A crystal-clear focus on a handful of key qualities, like creativity or simplicity or agility, can likewise provide your organization with capabilities that others will find difficult to match. This powerful combination of differentiating capabilities and distinctive cultural identity helps to attract the 'right' kind of talent. It generates employee pride, advocacy and commitment. It also helps you deliver unique products and services. The question is: how do you define the qualities that make your organization special? And, once defined, how do you communicate, shape and measure these qualities? For many of the world's leading employers, the answer to this question is employer brand management.

When Simon Barrow and I published *The Employer Brand* in 2005, there was only a handful of companies applying brand thinking to people management in the integrated way we suggested.¹ The hypothesis was simple. We believed that applying the best of brand management to people at work would bring many of the same benefits that this discipline had brought to the attraction, engagement and retention of customers. There was not a hard and fast business case at the time, but the hypothesis clearly resonated with a great many people. If you're clear and consistent in setting out the benefits of working for your organization, and if you deliver an employment experience in line with these promises, then you're more likely to develop a positive employer brand reputation, and attract, engage and retain the right people. Whether organizations found their own proof for this argument or not, a significant number of leading companies have since adopted some form of employer brand management thinking.

WHY THE NEW BOOK?

I have a confession to make. When Simon and I wrote *The Employer Brand*, we didn't know a great deal about how employer brand management worked in practice. We were

experienced in consumer brand management, recruitment advertising, internal marketing and communication, but the more integrated application of these disciplines to employer brand management was largely theoretical. At the time, we found the most advanced application of the thinking (though not necessarily the terminology) at Reuters, care of John Reid-Dodick and Anne Marie Bell, and Tesco, care of David Richardson and David Fairhurst. Since that time, I've had the privilege of working alongside a considerable number of organizations who have put this thinking into practice, and have learnt a great deal more than I knew, or foresaw, in 2005.

The environment in which employer brand management now takes place has also changed significantly since the spring of 2005. This was the year that the first video was uploaded to YouTube. Facebook, founded the year previously, was still called 'The Facebook' and had yet to expand beyond university students in the USA and Canada. LinkedIn, founded in 2003, had been around a number of years longer, but was still a long way from hitting its stride. There was no Twitter until March 2006. The growth in importance of these social media channels has had a major effect on the way organizations communicate and it may well have an even greater ongoing influence on the way people work. As Deloitte concludes in its 2014 'Human Capital Trends Survey': 'Tools such as LinkedIn, Facebook, Twitter and others are changing recruiting into a strategic function focused on marketing, branding, new tools and technologies.'² I have made an attempt to capture the most effective current practice in social media marketing, some of the changes this is beginning to bring about in the way people are managed at work, and what appear to be the most significant future trends.

WHY SHOULD COMPANIES INVEST IN EMPLOYER BRAND MANAGEMENT?

Over the last few years, the Boston Consulting Group and World Federation of People Management Associations (WFPMA) have conducted a number of research projects exploring the relationship between people practices and performance advantage. In their 2012 study they surveyed 4288 HR and non-HR managers in 102 countries on their current HR capabilities and strategies, and then compared these findings with the financial performance of each company.³ Their overall findings confirmed that good people practices confer a performance advantage, but the correlation between specific practices and key measures of business growth were particularly relevant to the contents of this book. As Table 1.1 illustrates, the four most impactful people management practices were either directly (in the case of employer branding) or indirectly (in the case of many organizations' approaches to recruitment, on-boarding, retention and talent management) linked to some form of employer brand management.

The other factors in this study that demonstrated a lower correlation with performance were: Managing diversity and inclusion; Managing change and cultural transformation; Actively using web 2.0 for HR and managing associated risks; Strategic workforce; Delivering critical learning programmes; Managing corporate social responsibility; Transforming HR into a strategic partner; Health and security management; Managing flexibility and labour costs; Restructuring the organization; Managing work-life balance; and Managing an ageing workforce.

Table 1.1 The impact of HR capabilities on financial performance

Topic in Which Most Capable and Least Capable Companies were Compared	The Impact that the Most Capable Companies Achieve Over the Least Capable Companies in...	
	Revenue Growth	Profit Margin
1 Delivering on recruiting	3.5×	2.0×
2 On-boarding of new hires and retention	2.5×	1.9×
3 Managing talent	2.2×	2.1×
4 Improving employer branding	2.4×	1.8×
5 Performance management and rewards	2.1×	2.0×
6 Developing leadership	2.1×	1.8×
7 Mastering HR processes	1.8×	1.8×
8 Global people management and international expansion	1.8×	1.7×
9 Enhancing employee engagement	1.8×	1.6×
10 Providing shared services and outsourcing HR	1.6×	1.7×

Source: 2012 BCG/WFPMA proprietary web survey and analysis

Note: Revenue growth and profit margin are defined as categories in the survey. For analysis, categories are transformed into category means; extreme categories are transformed into -20% or +20%. For each topic, we compared average revenue growth and average profit margin of respondents who chose "5" (high capability) against those who chose "1" (low capability).

DEFINING 'EMPLOYER BRAND'

This is a useful place to start, but in many respects it is frustratingly imprecise. 'Employer branding' represents the most tangible form of employer brand management, representing the consistent application of the brand logo and other elements of visual design to identify and differentiate the brand. However, this represents only one aspect of brand management. Of greater importance is the systemic management of the broader range of elements that shape brand experience and reputation. In other words, while employer branding can be described as a discrete activity, employer brand management describes a higher level approach to coordinating people management activities, with important implications for how recruitment, on-boarding, talent management, performance management and leadership development takes place.

The term employer brand has been defined in a number of different ways. Most definitions fall into three categories:

1. Defining the employer brand as a promise. For example, The UK's Chartered Institute of Personnel and Development (CIPD) defines employer brand as 'a set of

attributes and qualities – often intangible - that makes an organisation distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform best in its culture’.⁴

2. Defining the employer brand in terms of your desired image and reputation. For example, Brett Minchington, who has published a number of books on the subject, defines an employer brand as ‘the image of your organisation as a “great place to work”’.⁵

From my perspective, both of these definitions describe strong employer brands, but unfortunately there are many employer brands that could not be described in these terms. The final category of definition is more inclusive, and from my perspective more realistic and more useful.

3. Defining the employer brand in terms of the full spectrum of thoughts and feelings that people associate with an employer, both positive and negative, both true and untrue, both clear and impressionistic, whether based on direct experience, intentional communication, unintentional communication or hearsay. From this perspective, every employer has an employer brand, whether they’ve defined the attributes and image they’d like to be associated with, or not. In other words, brands, like reputations, are ultimately defined by people’s perceptions. In this respect, I defer to the very first definition of the term employer brand, as described by Simon Barrow, founder and former chairman of People in Business, and Tim Ambler, Senior Fellow of London Business School, in the *Journal of Brand Management* in December 1996 as: ‘the package of functional, economic and psychological benefits provided by employment, and identified with the employing company’.⁶

Defining an employer brand in terms of perception and associations is more useful because it provides you with a more realistic measure of your employer brand’s true status and value. It helps you to recognize that your brand is ultimately shaped by what people hear about you, and how they experience you, and not simply by your intended brand messages, however powerfully they may be conceived and executed. It keeps you honest.

Defining your employer brand in this way leads you to a necessary additional concept for employer brand management to work effectively, the employer brand proposition, or as it is now more conventionally described by the majority of companies, the Employee Value Proposition (EVP). This is sometimes referred to as the ‘Employer’ or ‘Employment’ Value Proposition. I prefer ‘Employee Proposition’ as it describes who the proposition is for and provides a neater parallel with ‘Customer Value Proposition’. If the ‘employer brand’ defines your reputation in terms of the qualities (and related benefits) you are most currently associated with as an employer, the EVP describes the defining qualities you most want to be associated with in the future. This operates in a very similar way to a consumer value proposition (in product marketing) or customer value proposition in the service and business-to-business sectors. It should be noted that the EVP is not generally designed to be a comprehensive description of everything you offer employees, but a more distilled description of the most defining and/or differentiating pillars of the brand. For an illustration of this see the McDonald’s case study 1.1.

Case Study 1.1: McDonald's

I've been using McDonald's as an introductory case study for many years as it provides a beautifully simple example of a clear, distinctive and effective EVP. The global Employee Value Proposition introduced by McDonald's Restaurants in 2009, reads as follows:

FAMILY/FRIENDS:

I work in an enjoyable, energizing atmosphere where everyone feels part of a team.

FLEXIBILITY:

I have a challenging, varied job that has the flexibility to fit into my lifestyle.

FUTURE:

I have the opportunity to grow and progress by learning personal and work skills that will last me a lifetime, whatever I choose to do.

There are a number of key features that make this a great example.

1. **Clarity:** The best EVPs are concise and easy to understand. Most contain somewhere between three and five key themes or pillars. While some EVPs are written in the form of management guides, the most confident take the form of explicit employee promises, as clear and relevant to the front-line as the HR leadership team. It should also be noted that EVP statements do not always need to be capped with a single headline proposition or tagline. The EVP provides a number of key ingredients that can, if necessary, be played out differently over time and from place to place depending on the specific needs of different audiences and circumstances. (See Chapter 13 for more examples of how this works in practice).
2. **Credibility:** In my first book on employer brand management I wrote: 'there appears to be a huge gulf between the happy, smiley, family orientation of the external brand personality and the tired, McJob drudgery of its front-line employees.' I was wrong. I bought the prevailing employer brand prejudice of the time, without checking the facts. I'd read Douglas Coupland's novel *Generation X* (1991), which had served to popularize the term 'McJob', with the damning definition: 'a low pay, low prestige, low dignity, low benefit, no-future job in the service sector.'⁷ I was also aware that, in 2003, Merriam-Webster had added the word to their dictionary defining 'McJob' in similar terms as 'a low paying job that requires little skill and provides little opportunity for advancement'. What I hadn't seen were McDonald's employee survey results. In early 2006, I met with David Fairhurst, who had just taken up the role of HR Director at McDonald's in the UK. I'd written favourably about the employer brand work he'd carried out in his previous role at Tesco, and he was keen to correct my error in misrepresenting the positive picture he'd found at his new employer. The employee survey results he shared with me couldn't be clearer. Based on a high response rate among all full-time and part-time employees, 71% had agreed they were fairly paid (significantly higher than the global benchmark for this question),

Case Study 1.1: McDonald's (continued)

87% agreed that their work schedule fitted their needs, 91% agreed they were treated with respect and 93% claimed they had learnt skills useful for the future. This positive internal perception of McDonald's was not limited to the UK. Prior to defining the global EVP, McDonald's collected responses from nearly 5000 restaurants in 13 countries about what they love most and least about working at McDonald's. Again, I had the opportunity to look through the open responses to these questions, and the three predominant positive themes were 'Friendship/Family Feel', 'Flexible working conditions' and good opportunities for learning and professional development ('Future'). What makes the McDonald's EVP an excellent example is that it credibly reflects the primary benefits that employees recognize in their work experience.

3. **Commitment:** The third reason the McDonald's EVP represents such an effective best practice illustration is that it has served to drive focused action within the organization to reinforce and build on these employer brand promises. Examples from the UK include McDonald's highly innovative 'Friends and Family Contract', and the Apprenticeship in Hospitality programme. The Friends and Family contract allowed employees from the same family or friends working in the same restaurant to share and cover each other's shifts, with no prior notice required, to best suit their personal arrangements. The flexibility of this scheme was especially beneficial to women and students. The Apprenticeship in Hospitality programme offered employees access to a full range of nationally recognized qualifications, including important foundation qualifications in English and Maths that a number of employees had failed to achieve at school. Four years on from launching this apprenticeship scheme, McDonald's in the UK has around 5000 people studying for this qualification at any given time and remains clearly committed to promoting the future careers of its employees, either within the company or elsewhere, through providing them with transferable skills and qualifications.⁸ In my most recent discussions with David Fairhurst – now Chief People Officer for McDonald's Europe – he informed me that 31 of McDonald's 38 European markets now offer nationally recognized qualifications. 'The investment we make in delivering value to our People through these qualifications,' he told me, 'is returned many times over through enhanced commitment, performance and retention.'
4. **Courage:** In addition to demonstrating a tangible commitment to fulfil its employer brand promises, McDonald's also demonstrated courage in communicating its employer brand externally. Following the launch of its new EVP, McDonald's in the UK decided to confront the 'McJob' perception head-on, with a new recruitment campaign carrying the tagline 'Not Bad for a McJob'. When I interviewed Robert Peasnell, the Managing Director at Barkers, their recruitment agency of the time, he told me that when they first pitched the idea 'It was like someone had let off a stink bomb in the room. McJob was not a term that the leadership team liked to hear. The idea

that we might legitimize this term in our own advertising first struck the team as ridiculous.’ However, as the Barkers’ team pointed out, disruptive creative ideas often appear dangerous at first. It may backfire, but it may, and should, grab people’s attention and help to address the evident gap between reality and misrepresentation. The leadership team had the courage to take the gamble and it worked. The campaign resulted in a significant improvement in the company’s application : vacancy ratio (improving from 4:1 to 14:1). Furthermore, the campaign generated significant press, radio and television coverage (with around 50 million ‘opportunities to see’), highlighting the many positives McDonald’s offers as an employer. As the *Financial Times* concluded as a result of its own investigations: ‘McDonald’s is a “heavy lifter” in the service sector, recruiting young people for their qualities rather than their qualifications, and providing them with valuable skills to boost their position in the labour market.’⁹

McDonalds’ commitment to building their employer brand with a clear EVP, consistent communication and activities designed to add greater value to their employment experience, have paid off handsomely in terms of recognition. In the European 2013 Great Place to Work study they ranked 14th overall among multinational companies, and achieved a top 10 positioning in no fewer than 9 individual country league tables (for their respective company size), including a top 5 positioning in 6 (the UK, Ireland, Belgium, the Netherlands, Denmark and Finland).

Once defined, the EVP provides a key point of reference for employer branding and other forms of employer brand management, the aim of which is to establish the desired brand associations in the minds of your target audience through consistent communication and experience.

THE DIFFERENCE BETWEEN BRANDING AND BRAND MANAGEMENT

The confusion between employer branding and employer brand management remains a significant barrier to progress within many organizations. Within the HR community, there has been a tendency for employer brand thinking to default to branding in the form of recruitment advertising campaigns. Within this limited definition and application of the employer brand, its primary function is seen as a means of grabbing attention, and presenting the organization in the most attractive way possible. There is no doubt that consistent ‘branding’ can play a highly effective role in realizing these objectives. However, limiting brand management to advertising involves both significant risks and missed opportunities. In striving for attention and appeal, the most obvious risk is that brand presentation loses touch with brand reality. In other words, what the company puts in the shop window does not truly represent what people find in the shop. Jokes

only remain funny if they reflect reality, and jokes relating to the mismatch between recruitment promises and the true nature of the recruiting company still tend to elicit a good deal of laughter. False recruitment claims lead to disengagement among new joiners, high levels of attrition, negative word of mouth and, ultimately, a poor brand reputation.

In addition to the risks involved are the opportunities missed by those organizations failing to take a more fully integrated approach to employer brand management. Developing an Employee Value Proposition can bring greater focus and coherence to the entire spectrum of people management activities that make up HR, talent and line management, in the same way that a company's activities are also (ideally) aligned to deliver clear and consistent brand value to its customers and consumers. If there appears to be a contradiction in these statements in terms of aligning with two different aims, there shouldn't be. That is because an effective EVP should help to build a bridge between the qualities that talent expects from an employer, and the qualities the organization needs to deliver in relation to its performance objectives (including customer value).

It would not be fair to argue that a more ad hoc approach to recruitment messaging is entirely ineffective. You could argue that complete freedom of expression enables greater tailoring of your recruitment communication to different audiences. Likewise, there is a body of evidence which suggests that effective HR management simply depends on keeping up to date with the constantly evolving body of best practice, since these approaches bring value to every organization, whatever their particular brand or business strategy.¹⁰ I suggest that both of these arguments hold true, but only up to a point. In isolation, a well-targeted and executed piece of communication may well deliver immediate results, but if it lacks consistency with other messages from the same company it will not help to build a clear and consistent brand reputation over time. Likewise, following general HR best practice will no doubt lead to reliably good people management results. However, it will not help the organization develop the distinctive competitive edge and passionate sense of pride and identity that truly great companies possess in abundance. These organizations may build their HR foundations on best practice, but their performance edge lies in how they tailor certain elements within the people management system to leverage and supercharge competitive advantages. As the renowned authority on strategy, Michael Porter, puts it, best practice led 'operational effectiveness' is necessary, but not sufficient, for sustainable competitive success.¹¹

SUMMARY AND KEY CONCLUSIONS

1. The practice of employer brand management has evolved significantly over the last decade, and is increasingly recognized as a key tool in promoting competitive advantage.
2. The key components of employer brand management (employer branding, recruitment, on-boarding and talent management) deliver a greater impact on revenue growth and profit margin than any other HR discipline.

3. Your employer brand is defined by how people see you as an employer. Whether you manage it or not, whether positive or negative, accurate or misguided, you cannot escape the fact that you have an employer brand.
4. An Employee Value Proposition (EVP) defines how you'd like to be seen. It describes the focused list of key qualities you'd most like to be associated with as an employer.
5. Employer brand management describes the tools and techniques you apply to ensuring people recognize, experience and believe in the key qualities defined by your EVP.
6. Effective EVPs are clear, focused and easy to understand.
7. Delivering a consistent and distinctive employer brand experience demands commitment and courage.
8. 'Branding' is important and necessary to building a strong employer brand reputation, but the ultimate test of your employer brand's long term vitality is your ability to deliver and progressively build on your brand promises.
9. Delivering on your employer brand promises requires an aligned and integrated approach to communication and people management.
10. Delivering a reliably good employer brand experience is seldom sufficient to win the war for talent. To become an employer brand leader you need to progress from being reliably good to distinctively great.

