

eARTICLE

EMPLOYER BRAND

THE PERFORMANCE DRIVER NO BUSINESS CAN IGNORE

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info@SOGiants.com | www.SOGiants.com

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info@SOGiants.com

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The most important brand relationship in your life is unlikely to be your choice of breakfast cereal, mobile phone or car, but the brand you work for, your employer brand. Who you work for represents an extremely important brand choice. This is the brand relationship that takes up most of your time. It's probably the brand with which you're most intensely involved, the brand about which you have most to say (good and bad), and if you're lucky it's a brand with which you'll proudly identify for the rest of your life.

From the organisation's perspective, the employer brand sums up the key qualities current and prospective employees identify with you as an employer, whether economic (compensation and benefits), functional (e.g. learning new skills) or psychological (e.g. sense of identity and status). Whether you've defined it or not, you already have an employer brand. The key question is whether you're clear about the distinctive benefits you'd like people to associate with you (commonly described as your Employee Value Proposition), proactive in communicating and delivering against this promise, or happy to live with an unclear and inconsistent employer brand by default.

How people feel about their employer brand is increasingly critical to business success or failure. Leading companies realise its importance in attracting and engaging the people they need to deliver profitable growth. They are also beginning to recognise that creating a positive brand experience for employees requires the same degree of focus, care and coherence that has long characterised effective management of the customer brand experience. This has led many of the world's leading companies like GE, HP, IBM, Microsoft, Nokia-Siemens, PepsiCo, P&G, RBS, Shell and Unilever to pursue active employer brand development strategies.

Making the business case for employer brand development

The three major benefits of strengthening your employer brand identified in separate studies conducted by Hewitt Associates, The Conference Board and The Economist are cited as being:

- enhanced attraction
- retention
- engagement

Similar studies which have explored the benefits of being an 'employer of choice' (suggesting a strong employer brand reality, though not necessarily the conscious or explicit application of employer brand management) cite very similar benefits. While these improvements do not necessarily represent business benefits in and of themselves, there is a broad range of further evidence to suggest that these three factors can contribute significantly to overall business performance.

From an attraction perspective, a study conducted by the Corporate Leadership Council in 2006 concluded that strong employer brands provided access to 20% more of the potential talent market than weak or unmanaged employer brands, in other words, a strong employer brand provides:

- better quality candidates at a lower cost.
- companies with a strong employer brand reputation were able to attract candidates away from their current employers with a significantly lower increase in compensation (11%) than companies with a weak employer brand reputation (21%).

The value equation works in both directions.

Since introducing their first global employer brand strategy in 2006, Shell have not only improved their league table ranking from 45th to 15th in the world's leading 'employers of choice' ranking, but also made a 75% reduction in their overall recruitment costs.

Many studies have also put a figure on the financial implications of higher employee engagement. The Sears study concluded that a 4% increase in employee satisfaction would translate into more than \$200m in additional revenue. In addition to reducing the costs associated with absenteeism and increasing general levels of customer satisfaction, ISR's UK retail bank study also identified that a 10% improvement in employee attitudes / engagement to the organization would add 2½%

to value of sales in the branch network per year. A similar study conducted by the global retail bank Standard Chartered, found that branches with highly engaged employees were associated with greater revenue growth (+ 6%) and greater profit margin growth (+100%).

These positive correlations between employee engagement and positive financial results are not limited to the retail sector. The most significant study in this area has probably been ISR's three year global study, involving 360,000 employees from 41 companies. The results demonstrated a strong correlation between levels of employee commitment to the organization and changes in both operating margins and net profit margins. On average, those companies with high levels of employee commitment increased their operating margins by 3.74% over the three year period, compared to a decline of 2.01% among those with low commitment. Likewise high commitment companies increased their profit margins by an average of 2.06% over the period compared with a 1.38% decline among low commitment companies.

In Watson Wyatt's 'Work USA' study involving research with 12,750 workers across a range of different industry sectors, they demonstrated that the three year total return to shareholders was 36% higher in organizations with high employee engagement (112%) compared with low employee engagement (76%).

In summary, there is significant evidence to suggest that a strong employer brand, associated with stronger attraction and higher than average levels of employee engagement, will ultimately contribute to better financial results.

Getting to the heart of brand management

It is important for those tasked with developing and managing brands to spend quality time and effort defining the key components of the brand. This definition is typically enshrined in a model which describes how you would like the brand to be perceived by your key target audiences (in this case, current and future potential employees). This brand model typically provides the starting point for the brand strategy, with an emphasis on finding the most effective way of getting your message across to the target audience. The inherent danger in this approach is forgetting that the model you have defined is a vision of the brand as you would like people to see it, not the brand reality. The real brand lives not in the model, but in people's everyday experience of the brand and the rather more untidy cluster of perceptions and associations that they carry around in their heads. The reason this is important is that if brand communication strays too far from the perceived reality of the brand it can feel phoney or worse, set up expectations that fail to be delivered. People are understandably cynical about brands which promise much, but fail to live up to expectations, brands that are all show and no substance. These are the brands that give branding a bad name. To counter this over-emphasis on the

idealised brand many brand-led companies like Unilever insist on two definitions of the brand, the first describing the brand as it is currently perceived and experienced, warts and all (the brand reality), and the second describing how the company would like it to be perceived and experienced (the brand vision). To get to where you want to get to it helps to be very clear about where you currently are.

This gap between vision and reality is extremely pertinent to employer brands. Corporate policy and value statements appear particularly prone to aspirational over-claim. It is not only the expensive gloss of the paper that makes employees feel that corporate literature is out of touch. It is also the tendency of corporate communication to gloss over the everyday realities of the employment experience in their assertion of what the company claims to stand for or offer its employees.

The task of most brand managers who inherit an existing brand is to close the gap between the current brand reality and the brand vision. This requires them to steer a course between what may initially appear to be two contradictory goals. The first goal is to maintain the clarity, consistency and continuity of the brand. The second goal is to introduce changes that will help to develop, stretch and refresh the brand. Striking the right balance between these two tasks is a constant challenge. Change too much and the brand will lose focus, change too little and the brand will lose relevance.

Do you know what you need to know?

The world's most powerful brands are built on great insights into the human condition, but as anyone in marketing soon recognizes there is far more to developing and managing a successful brand than understanding customers' needs and aspirations. When I started my career as a market researcher I recall a well-worn marketing director advising me: "If all you did was respond to what customers asked of you, you'd soon go out of business". As my experience extended into marketing consultancy I eventually realized that this sentiment was not driven by hubris, but humility in the face of the complex, multi-layered varieties of insight required to successfully manage a brand. To get it right, the brand owner must:

- listen carefully to what customers say they need,
- find a way of understanding their latent and implicit needs (that is to say the needs they have difficulty expressing or are simply unaware of).
- understand the overall shape, size and dynamics of the market
- know the underlying organisational or technical capabilities supporting the brand's competitive edge
- know the investment required to launch and sustain the brand; and how this fits within the overall investment portfolio and business goals of the organization.

Within the employer brand context we believe that there is significant value in taking a similarly multi-faceted approach. Understanding the explicit needs and aspirations of your employees is a good starting point but it is not enough to ensure an effective internal brand strategy. As with customers you also need to develop an understanding of employees' implicit needs, and the organisational, cultural and labour market context within which the employer brand will operate.

Leading employers often make use of a wide variety of qualitative and quantitative research techniques, including:

- **Labour market mapping** (where can we best find and target potential candidates).
- **Attraction analysis** (what are people looking for from potential employers).
- **External image research** (how do people regard us in relation to other employers).
- **Joiners surveys** (what expectations do new joiners have and are we meeting them).
- **Employee engagement surveys** (how engaged are our current employees).
- **Engagement driver analysis** (what is drives employee engagement in our company).
- **Segmentation** (how much do employee needs and aspirations vary from group to group).
- **Appreciative inquiry** (what characterizes our organization at its best? What makes us distinctive).
- **Best practice benchmarking** (how do our current HR practices compare with other leading companies).

If you are setting out to strengthen the employer brand it is important to understand not only the immediate 'climate' of employee opinion, but also the longer term culture of the organization. Culture, like personality, is often a difficult concept to pin down precisely, because it describes general patterns and tendencies rather than a reliable objective reality. Nevertheless, like brand personality, the notion of organisational culture can be very useful in getting a handle on how people generally perceive things work within an organization. What do people regard as normal within the context of the organization? What kind of behavior tends to be rewarded or frowned on? What kind of people tend to do well within the organization or struggle to fit in? These are particularly useful questions to ask if you are trying to define and develop the employer brand, because the culture of the organization is a good way of describing the current brand reality, as opposed to its value statements which tend to be more closely related to the brand vision. More simply put, culture is descriptive (the way things are); values are aspirational (the way things should be).

What do you want to be famous for?

Every brand is surrounded by alternatives competing for their share of attention, interest and loyalty. Brands need to be focused to compete effectively in this crowded space, and brand



positioning represents the art and science of targeting the right audiences with the most compelling benefits and brand messages.

To be compelling most brands need to emphasise what makes them different and better at fulfilling the needs of this target group. This is a tricky business since most functional benefits are soon copied. This means that in addition to delivering constant improvements to the functional performance of the product or service to remain competitive, brands also need to develop and defend a position in the marketplace that they can uniquely own. This is where the brand image and personality plays a critical role in both anchoring the brand (what stays the same as the functionality changes), and differentiating the brand in the people's minds.

Creating a distinctive proposition is particularly challenging in the employment market as the range of potential employment competitors is vast, and the range of basic features (for example, financial compensation, learning and development, career opportunity) is relatively narrow. However, the rules of differentiation are no different to any other crowded marketplace. You need to highlight the one or two features within your overall employment offer which you believe you can excel in, rather than try and cover every angle. You also need to be specific rather than generic in defining these 'special' features. Claiming to be an 'innovative' company would be largely generic. You would need to be more specific about your particular approach to innovation to stand out. For example, innovation at GE is largely focused on continuous, incremental quality improvements, innovation at Ikea is focused on delivering attractive design at very low cost, at LEGO the focus is on 'open innovation' which involves collaborating with their worldwide community of LEGO enthusiasts, and at Disney, they even have their own special word for innovation, which they call 'imagineering'.

Is your brand true to the core?

Customers have a very keen nose for the inauthentic, and they will notice just as fast as your employees if there is something phony in the personality you're trying to project if it's not deeply rooted in how the organization feels. Take McDonalds for example. There appears to be a huge gulf between the happy, smiley, family orientation of the external brand personality, the tired, McJob drudgery of its front-line employees and the faceless, corporate machine that appears to exist behind the facade. By its own recognition, McDonalds has lost its way over recent years, and refreshing the personality of the organization to bring it more in line with the "I'm lovin' it" ideal of the customer brand is as much on the agenda as salads and fresh fruit. In comparison, Virgin Atlantic is an example of an organization whose youthful, vibrant, somewhat sexy brand personality feels true to the core. Their employees always seem to be genuinely upbeat. Their recruitment advertising, like their customer advertising is quirky and fun. One of their most recent campaigns features real crew members portraying the "Gods and Goddesses of Good

Service". This includes "Gusto, the God of gentle breezes and youthful journeys", and "Somnia, the Goddess of starry skies and splendid slumber". This has not only proved highly successful in attracting new recruits, but also highly popular amongst the current cabin crew whose role in delivering a "heavenly service" experience it clearly recognizes and celebrates. As a final indication of this brand's integrity, I recently discovered that the internal team briefing process at Virgin Atlantic is called V.I.A.G.R.A.. Enough said.

Brand belief or brand-wash?

Whether you opt for a major launch, or take a more gradual approach to introducing your employer brand to employees, the clarity and focus of the communication is key. The over-whelming evidence from external brand research is to "keep it simple". Consumers receive thousands of brand messages a day, and advertisers need to keep their core messages simple and direct to cut through. While employees are sometimes regarded as a more captive audience, in reality they are just as likely to suffer from information overload. Employer brand messages therefore need to be equally simple and direct. Ensure you are absolutely clear about the two to three core messages you want potential candidates and current employees to consistently associate with the employer brand, and put 90% of your attention into getting these core messages across. This may mean sacrificing some of the more detailed information you would ultimately like to communicate to employees, but if you take the longer term view, there should be time to build this up over time.

You also need to ensure relevance. As some of our early research with the London Business School revealed, the use of brand language can be off-putting to many employees. This is not just a question of being cynical about marketing; it is more a question of being cynical of jargon. Even in the context of a new customer brand positioning, employees do not need to be familiar with brand jargon to understand the importance of reputation or delivering value to customers. You would never use brand jargon in communicating the benefits of your brand to customers, so why use it with employees? While brand marketing tools are extremely useful in defining how communication with employees takes place, it is far more effective to frame what is communicated in terms that employees will more readily understand as relevant and meaningful to their everyday working lives.

Employees will pay as much, if not more attention to your external marketing than your target customers. If handled well this can provide your organisation with a boost to employee engagement in addition to any further benefits you derive from improving your external brand image and driving sales. You should make sure your employees are well briefed on any high profile marketing activities. Employees should understand what, if anything is expected of them to support new promises or claims. If, as is increasingly common, your advertising incorporates 'employees' you should also make sure that this representation is well researched internally as



well as externally. Are they credible role models or merely dancing to the tune of the advertising message? Employees can feel disaffected by promises they know will be difficult to fulfil. A recent campaign run by the oil company Total featured a perfect employee called Steve who spends his time running around the forecourt helping customers with heavy loads, childcare, and car maintenance, with the tagline: "You'll find people like Steve at all of our service stations". Apart from being less than totally believable to customers, this kind of advertising can put on an immense strain on employees. Unless it is well backed up by training and additional support it is far more likely to undermine their image of the organisation than enhance it.

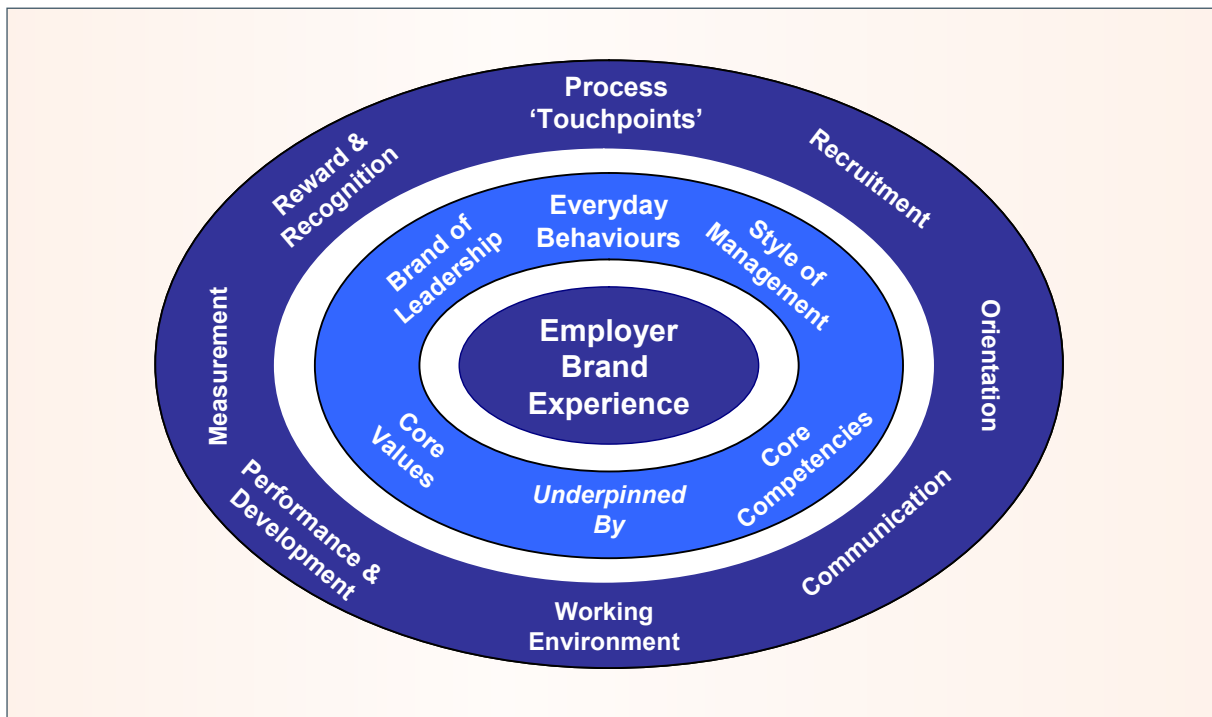
Living the brand

In many cases, but not always, corporate revitalization is accompanied by a new service promise to customers. Classic brand re-positionings of this kind include the 1960's Avis campaign "We're number two, we try harder", the 1970's TSB campaign "The bank that likes to say yes", Midland Bank's "The listening bank" and the 1990's Fedex campaign "Whatever it takes". The primary business need in this case is to ensure employees perform appropriately to meet raised customer expectations and deliver on the brand promise. What if your employees don't try hard enough? Feel obliged to say no? Aren't very good listeners? Then you have a problem. The role of the employer brand in ensuring that employees both understand and commit to the new service promise is to identify how the organisation's treatment of employees can model the kind of brand experience they are expected to deliver to customers. Employees are unlikely to 'live the brand' unless they experience it for themselves, and if employees fail to deliver on the brand promise, the investment in marketing the new message is likely to be counter-productive.

Are you prepared for the total journey?

It is one thing to establish the nature of your employer brand – what it is and what it needs to be to achieve your business objectives, but it is quite another to ensure that it is managed with the same care and coherence as you would a customer brand. If you fail to put in place the management systems and the senior management support for them then the whole employer brand initiative may wither and result in nothing more than some tinkering with recruitment advertising.

The marketing concept of the brand "mix" (incorporating all of the controllable elements that contribute towards people's experience of a brand) is just as useful to apply internally as externally. From this perspective, recruitment and internal communication represents only two aspects of the employer brand mix that you may need to address. While the exact constituents of the mix will vary from company to company, the following provides an illustration of some of the most powerful employer brand 'touch-points':



The opportunity for HR

The employer brand approach can potentially help to address two of the key challenges at the heart of HR management. As Dave Ulrich pointed out in 'Human Resource Champions', the first of these is HR's requirement to be both a partner to the business and employee champion. The tools of brand management are designed to address this balancing act by helping to define and mediate between the value of the brand to people and to the business. It's generally in the customer's interest to demand more for less. It's generally in the business' interest to offer less for more. If this sounds familiar in the context of employee pay negotiations, we believe there is a distinct benefit in extending this conscious and explicit balancing act to the broader relationship (the 'psychological contract') between the employee and the organization.

The second challenge is the requirement for HR to be both agents of change and guardians of stability. As Ulrich points out: "*Businesses must balance the past and the future...the benefits of free agency and control...efficiency and innovation*". This second balancing act is also a central feature of effective brand management, and we believe that the well honed tools associated with this discipline can be of great benefit to the HR profession in addressing this complex and highly demanding task.

A further major benefit of adopting the employer brand approach is the scope it provides for more seamless integration with the 'external' business agenda. For example, the marketing and HR functions often fail to see eye to eye because they tend to use different language and models to describe very similar objectives. Adopting a 'joined-up' model of internal and external brand

relationship management can help to clarify and resolve many of these apparent conflicts and ensure that both the internal and external agendas can be brought into closer alignment.

The benefit to the marketing function

One of the most common complaints that we hear from marketers within service businesses is that their sphere of influence is seldom allowed to extend beyond brand communication. The employer brand perspective can provide an effective platform for transforming this notion of brand as communication to something more deeply rooted in the structure, process and behavior of the organization. We also believe that it can help to deliver greater impact and credibility to internal marketing programmes by joining up the employee's experience of the brand with the desired customer experience.

The need for proactive senior sponsorship

In the majority of successful employer brand programmes we encountered during the research for our book on leading practices in this field, the CEO played a visible and active role in both development and communication of the employer brand. Of the six work streams making up Reuters' Fast Forward programme the CEO Tom Glocer chose to take a direct role in leading the culture change dimension of the programme that sought to redefine what Reuters would come to mean to its employees (the employer brand). At Nationwide, the CEO, Philip Williamson, made it clear from the beginning of their PRIDE values programme that these key employment attributes would play a central role in defining his approach to leading the organisation. As Tom Harvey, Nationwide's head of internal communication commented: *"while HR have played a significant role in embedding these values, it was clearly Philip's long term vision and commitment to PRIDE that has encouraged both the slow adopters as well as the early adopters to get on board"*. Terry Leahy has played a similar role at Tesco, as has Steve Baumer at Microsoft.

Why employer brand thinking is here to stay

Many new management disciplines have risen to prominence over the last 20 years. The pattern is now familiar. First there is the seminal book heralding a new dawn of management effectiveness. Consultancies appear on the market with well-packaged implementation programmes. There are a flurry of articles, conferences and guidebooks featuring competing models and pioneering case studies. In some cases there may even be an awards programme. And then, just as people are settling down to await the results, the fickle wheel of management fortune takes another turn, and there's a new game in town. So is this just another fad? We

believe there are three fundamental reasons why employer brand management is here to stay.

Organisations increasingly recognise that they cannot take the commitment and loyalty of their employees for granted. Despite the desire to ensure that employees are broadly satisfied with their working conditions, it has largely been taken for granted that if you give people a decent job they will gratefully do your bidding. This view is increasingly at odds to the growing reality of employment. Leading companies are fast realising that valued employees, like profitable customers, are free to make choices, to join, to engage, to commit, and to stay. They are also beginning to realise that to attract the right kind of people, to encourage them to remain loyal and to perform to the best of their abilities requires a far more focused, coherent and benefit-led approach than companies have been used to providing. Given the long term trend for organisations to treat their valued employees more like valued customers, we believe that the logical conclusion for most will be to sharpen up the way in which they manage the brand that these people work for – the employer brand.

Employer branding provides an effective commercial bridge between HR, internal communications and marketing. People management has long been the poor cousin of marketing management, with HR regarded by many organisations as an administrative cost centre rather than as a vital component in the creation and delivery of business value. This is fast changing. Most businesses have woken up to the vital importance to the business of recruiting, retaining and developing the right people. The service sector, particularly, has woken up to the fundamental importance of engaging employee commitment in delivering customer satisfaction and loyalty. The growing commercial emphasis of these activities is bringing HR and internal communication practice increasingly in line with the approaches and disciplines more commonly applied to the creation and delivery of external value, namely marketing and brand management.

Employer branding draws on a discipline that has proven lasting value in the marketplace. Branding and brand management have evolved over time, but the central tenets of the discipline: close attention to the needs and aspirations of the target audience; focus on benefits; competitive differentiation; and the marshalling of a coherent and consistent brand experience are as central to brand management today as they have ever been. The foremost reason why employer branding is here to stay is that in driving and sustaining people's commitment and loyalty there has been no more effective approach than brand management. No doubt it will involve a further evolution in brand management practice. We believe that HR has as much to offer marketing as marketing to HR. Both sides can learn, both sides will benefit, and if, as we believe, the greatest net benefit will ultimately be to the business, employer branding will be here to stay.

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info@SOGiants.com