'Organisation performance through a human capital lens'

A Structured
Approach to
Implementing an
'Employer of Choice'
Strategy

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A structured approach to implementing an 'employer of choice' strategy

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'Employer of choice' has gained recent currency as a phrase, reflecting growing organisational desire to differentiate themselves in terms of attracting and retaining high-calibre employees.

With a practitioner focus, this article sets out a definition of 'employer of choice' that recognises its three dimensions and shows how the impact of 'employer of choice' approaches can differ in terms of their scope and impact.

12 strategies are identified that increase the chance of success of any 'employer of choice' strategy. The article explores each in detail, showing how a pragmatic approach coupled with requisite analysis and understanding of the process of implementing 'employer of choice' can enhance the impact and success of any such project. These strategies help to mitigate the risk of the organisation following a 'me too' approach and missing out on the intent and opportunities an 'employer of choice' programme provides.

Introduction

The last few years have seen an increase in the use of the conceptual term 'employer of choice' (EOC). This paper sets out to establish certain guidelines and boundaries of what an EOC initiative would involve and what a successful implementation requires.

'Employer of choice' as a concept

The term 'employer of choice' (EOC) itself can be interpreted in several ways and in a technical sense has a redundant connotation in that all employers are chosen by prospective employees. Using the definitive 'The' would however be more technically correct, though few organisations would choose to associate their name in this manner to avoid risk of challenge, preferring the more marketing spin interpretation. Whatever the rights and wrongs of the term, the reality is that EOC is a term with increasing common parlance and is increasingly being engaged in a practical sense within organisations. It therefore requires a certain due diligence to help establish what EOC actually is and how it manifests in an organisational setting.

A number of organisations have engaged in corporate initiatives under the banner of 'EOC' for a variety of purposes. However, pinning down a definition of 'employer of choice', its attributes and its impact is, like many HR-based ideas, a much harder task. One of the problems is the way in which EOC initiatives are generated. They are usually driven by certain short-term operational fixes, for example, a response to the failure of a recent recruiting drive to find the right talent or through the loss of key individuals or rising turnover/absenteeism.

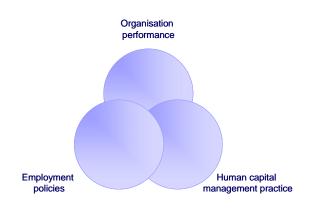
These fixes normally translate into activity by HR function/senior management team searching to see what other companies/ competitors are doing in this area, the so called 'transplant and just add water' approach. The danger for organisations (and HR where it is the sponsor) is that an EOC initiative can end up as a 'white elephant' without proper due diligence paid to all facets of what problem(s) the organisation is trying to solve with the ensuing implementation risk. EOC projects can involve much energy, resource and cost but ultimately they can result in little benefit to the organisation. The upside is properly thought through implementation can improve an organisation's human capital management practice (or specific area) and/or its value proposition to employees (both current and prospective), with a resulting pay-off in organisation productivity/ performance; as well as the 'fixing' of short-term pain whether it is resourcing or retention driven.

Defining 'Employer of Choice'

There are a number of ways in which 'employer of choice' can be ascribed, the problem being that for some organisations a very narrow choice of definition is used, led by the organisation context, and which limits the potential benefits to the organisation. A definition which we believe encompasses the essence of EOC is:

"An 'employer of choice' is an organisation whose offer (EVP)¹ to prospective (and current) employees, is superior to competitor or peer organisations in terms of employment policies, people management practice and organisation performance."

It is essential to understand the three dimensional aspect to this definition. Many associated EOC definitions do not focus on the organisational performance aspect, nor on actual people management practice, instead tending to focus on certain employment policies. We would argue that this is too one-dimensional and limiting in both vision and endeavour.



The three-dimensional aspect provides organisations and their HR functions license to use the term in whichever appropriate manner they wish as dictated by their respective rationale for utilising the concept.

Common components of EOC focus

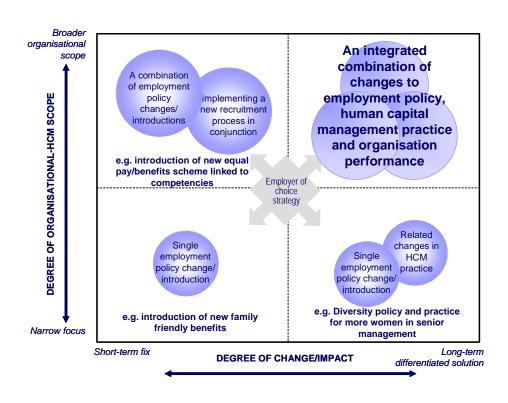
As we have pointed out, 'Employer of choice' can mean many different things. A trawl across the web or a look at certain EOC statements of organisations provides much evidence of this. There are many 'recommended' areas of focus which include things like:

¹ Employee value proposition

- Supervisory and team work relationships
- · Leadership and values
- Pay and conditions
- Flexible benefits (these cover a multitude)
- · Approach to talent management
- Recruitment practice and expectation setting
- Communication and feedback
- Diversity programmes
- Training environment
- Career development
- Job design and autonomy
- 'Dynamic' working environments
- Use of part-time or contracted workers
- 'Fun' and 'happy' workplaces.

Very often, we find EOC is narrowed down to a portfolio of differing/flex benefit or diversity-type improvements which can provide a very limited view or indeed misleading impression of an EOC initiative.

To illustrate the point, the matrix below shows the options that EOC initiatives can typically follow:



We would stress that the matrix is a simplified

view of reality as each EOC initiative has

particular attributes and in practice the EOC solution is more complex. However, we would point out that many EOC initiatives in practice tend to relate to the bottom two boxes.

It is important to distinguish here the organisational performance aspect. A reduction in employee turnover in this context is often wrongly cited as organisation performance. It is only when additional financial aspects of employee turnover, which relate to the operating model (such as costs and associated operating risks), does this then really become organisational performance related.

What is also apparent is that it is difficult to find a structured approach which provides a balanced and insightful picture of a fully integrated EOC initiative. Evidence of approaches to EOC-type projects suggest that they are viewed in the same light as employer branding, organisation values and communication-type projects — that are qualitative in nature driven by a flawed focus group approach.

These projects tend to start with focus-group type workshops (often with external assistance) to provide information and what is thought to be analysis, with subsequent drawing up of a short-list (some may say 'wish-list') of targeted (aspirational) improvements in areas of employment policy or people management practice (organisation performance is rarely mentioned).

Very often the focus is on these upfront processes at the expense of structured analysis/evidence and measurement. Primarily focusing on process has three major drawbacks:

- i. if looking to embed changes in employment practice, the net result will probably be at the surface only, invariably cosmetic with no discernible improvement in human capital management practice or organisation performance – with particular downside to employee expectation; or
- ii. if looking to transform underlying 'culture', the reality of being unable to embed associated changes in human capital management practice or performance, again with particular downside to employee expectation.
- iii. These approaches are solution-design focused rather than problem-solving focused and there is a danger that the solution does not have sufficient grounding

In most cases, HR functions, if positioned as standard bearers for the EOC project which engages in process-driven activity as outlined above risk damage to their own credibility.

To this end, we present here a structured approach involving several industry standard tools itemising a number of important strategies and activities to significantly increase the chances of

success, however this is defined in the organisation's business case.

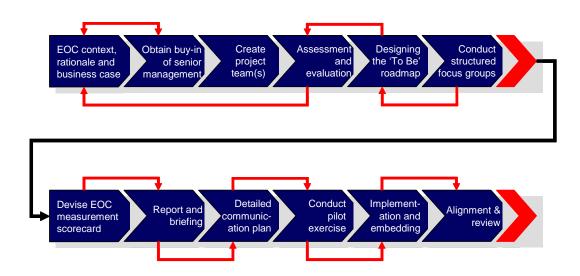
Strategies to increase the chances of success

Each client organisation is different, having its own particular EOC objectives (if sufficiently analysed) and therefore no standard plan will ensure success. However, there are a number of key activities that will assist the chances of success. They include:

- Conduct EOC context and rationale exercise to derive organisational drivers, reasons and expectations i.e. the business case.
- 2. Obtaining buy-in from senior management through presenting a clear rationale with organisation benefits (as obtained through the rationale exercise).
- Create a project team drawn from both HR and line (particularly where you have multiple business units/countries of operation).
- 4. Evaluate internal organisational data by carrying out an assessment of current management practice, employee engagement and employment policies, with certain benchmark data being used here. [Evidence and analysis may require a review of the business case as carried out in step 1].
- 5. Derive (design) a draft target list of 'EOC' attributes from the evaluation to change/introduce, for example, areas of reward/benefits, work environment, health & safety, communication, line of sight, development etc (this can be done through a structured workshop-type approach). This step should see the emergence of a draft implementation plan, commonly referred to as a roadmap.
- 6. Conduct structured focus groups to verify qualitative and quantitative data from assessment exercise and garner feedback (use of conjoint analysis may be of value here)
- 7. Devise some form of EOC measurement construct or scorecard (benchmarking of selected competition may be of use here).
- 8. Formulate report and executive briefing with recommendations.
- 9. Ensure that a detailed communication plan is followed to the letter.
- 10. In large multi-unit organisations, trialling with a pilot study is recommended before embarking on any big bang implementation.

- 11. Implement to plan and maintain project team infrastructure with specific feedback approaches to gauge progress.
- 12. Utilise internal resource where possible even if you require external assistance in gathering and collating data.

Summary representative step diagram:



1 Employer of Choice context and rationale

With the definition as guide, the next step should be to assess the drivers and thus context for engaging in an EOC initiative. The rationale should be clear to enable the establishment of a business case. This is a significant part of the process as engaging on an EOC initiative without identifying the rationale heightens the risk of:

- Scope vagueness
- Project and stakeholder confusion
- Lack of focus on the core drivers
- Potential wasteful focus group activity
- Too much effort on EOC attribute rather than on understanding organisation climate
- Insufficient analysis
- Incorrect use of benchmarking
- Inadequate cost-benefit and subsequent ROI expectation
- · Project failure.

2 Obtain buy-in from senior management

Being given a direct mandate from the top is not necessarily a sign of senior engagement. Whatever, the context, the rationale exercise carried out in (1) will have provided the business case (or perceived business case) to overcome the current challenges and/or achieve the objectives which define the success of the project. Thus it is necessary to never underestimate the degree to which management buy-in is required.

One of the best ways is to ensure that key managers are part of the assessment process mentioned in (4) below. The same goes for employees. The degree to which the analysis 'digs' into the soul of the company is very much related to the tools that are employed. Survey question constructs need to be both meaningful and sufficient in scope to provide the necessary information but just as importantly they need to engage all of those involved in the exercise.

Organisations may well be treating this initiative as some form of change/transformation programme and therefore 'rationale engagement' is key.

3 Create a project team

A well-chosen, representative project team will help gain buy-in, add credibility and provide internal resource and support. If the environment is unionised it is good practice to have representation accordingly. Challenges come in the form of multiple business units and the workable size of the project (task) team. Representation is important but there may need to be trade-offs in terms of numbers.

It is not unusual to find that a senior small project team (akin to a steering group) oversees several project teams delineated along business unit/country lines.

4 Evaluating current organisational practice

There are many attributes to organisational people practice and policy. In many cases, organisations tend to have done their 'intended design' prior to any customised organisational assessment (normally through focus groups). However, this approach is flawed for three reasons:

- i. The intended design assumes that sufficient knowledge is known regarding the organisation's current human capital management practice/ employee engagement
- ii. Devising the EOC design solution before analysing the organisational context or undertaking an assessment human capital management practice risks design of the wrong solution or limiting the potential solution (it does not follow good intervention methodology). Focusing solution-design rather problem-solution runs the risk of the EOC initiative coming up short, or worse, missing opportunities (as well as any associated 'organisational learning').
- iii. There is no obvious link to reviewing the business case as the assessment is focused on verifying the solution rather than verifying the analysis –

the result being questionable buy-in and/or the employer of choice label becoming nothing more than a phrase.

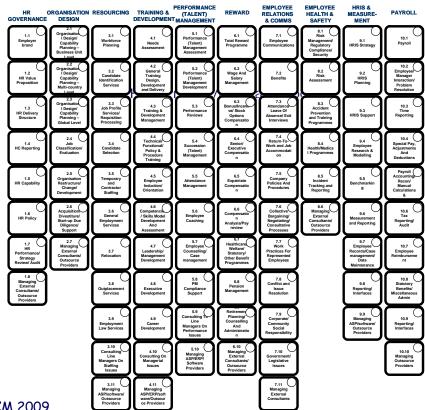
Thus, we argue that a structured methodology of organisational analysis is an absolute necessity, particularly where usage of sophisticated tools can be used.

Devising a construct internally to gather robust data for analysis can consume enormous effort and time and therefore organisations need to ask themselves as to the trade-off between in-house resource and expertise as against external expertise. Given the expertise required and the fairly sophisticated tools out in the market-place, subject to available budget, internal resource is better spent on the other success steps.

Each domain includes a defined set of employee engagement questions (a database of over 500). Analysis can be done at either individual question level, cluster level, domain level and/or overall engagement level to assist in both EOC solution design and implementation. It also provides a platform for progress measurement and review.

Thus specific components of engagement can be looked at in terms of providing an EOC solution with multiple components rather than as a single 'one size fits all' qambit.

In addition, the wider HCM evaluator provides a more comprehensive 360° analysis with its question construct covering all angles of human capital management practice.



The diagram above maps the components of human capital management activities (i.e. inputs) across an organisation in entirety (not all of which are the responsibility of the HR function). The HCM evaluator evaluates both input and outcomes of an organisation's human capital management.

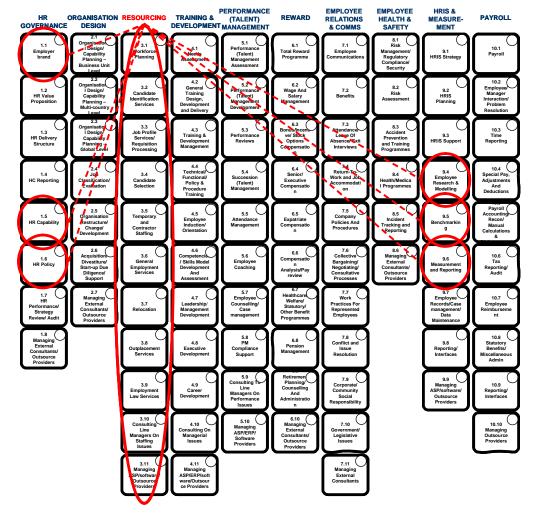
To illustrate the point of how this type of exercise benefits an EOC initiative business case, we have identified two scenarios, EOC as new resourcing strategy and EOC as retention strategy.

(a) EOC as new resourcing strategy

The resourcing strategy concentrates on the resourcing inputs as ringed in red below. This includes areas such as workforce planning, staffing and employment policies, candidate identification and selection services, job profiling, legislation, line manager responsibility and new software/system support.

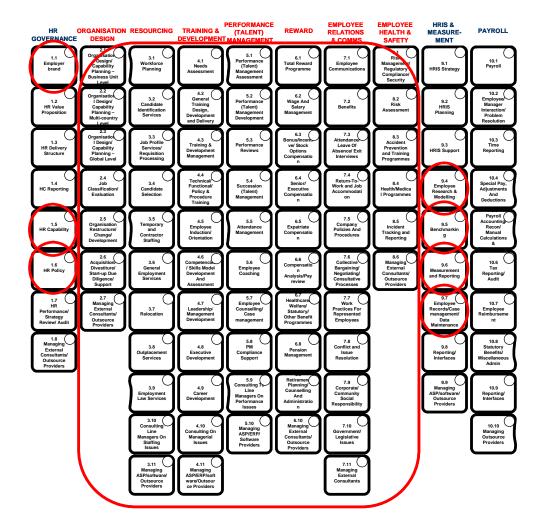
There are also links to other components such as HR Governance in terms of the overall

employer brand, HR policy and HR capability as well as the HRMIS component which includes areas such as employee modelling, benchmark data and associated measurement. Depending on the context of the business case, elements of reward, talent management (in the form of career development) and employee relations may also figure.



(b) EOC as new retention 'strategy'

The retention 'strategy' is potentially much broader in scope and depends very much on the defined business case parameters. It can cut across organisation design, resourcing, performance training/learning, management, reward, ER and communications and health & safety, together with selected parts of HR governance, like the employer brand and HRMIS. However, a first phase EOC retention strategy, for example, may be focused on a few key positions or roles rather than the whole organisation per se, or it may be focused particularly on the reward and development components.



Of course an EOC initiative may be focused on both resourcing and retention strategies and will therefore require a combination of both scenarios. It can be seen therefore that a well-constructed business case can provide a huge benefit in helping to decide what is and what isn't going to be covered and/or whether the initiative needs to be implemented in a phased approach rather than an overall big-bang approach.

Project team

It is not uncommon to find the project team undergoing learning sessions at this point which is of more benefit in terms of the next step and the anticipated implementation.

Management will quite often want to know what those in your own industry are doing, particularly those companies seen as competitive for both customers and talent, and the information will be an important part of the business case (whether or not it adds any real value).

5 Drafting an EOC solution

Here the project team (with the assistance of any external resource engaged in the previous exercise) engages in a structured format to devise the EOC solution in its many parts. Interpretation of data is key as is the ability to see the solution in an integrated manner. Formats can follow the common styles of problem-solving methods from brainstorming through to fishbone/system analysis.

Typical issues/part issues include items such as: Is managerial supervision inconsistent? If so, how does that effect any planned EOC initiative? Is training provided at the right time and of sufficient quality for employees to do their job? If not maybe a re-evaluation of training objectives may provide a suitable base to include within any defined EOC statement? Do people feel they have the necessary resources? How are performance appraisals linked to reward or development? Is a lack of backup childcare causing absenteeism in particular job roles? Do people feel that there is insufficient flexibility in their roles? Is work overload a problem? Work redesign may be the solution in both cases, and so on....

6 Focus groups

The use of focus groups in this structured approach should be used as a means of verifying and enriching both the preceding analysis and design solution, and an excellent way of gaining real 'buy-in' by presenting both findings <u>and</u> proposed solution to avoid the 'we've been here before' feeling and cynicism that so often greets these types of projects.

Too often focus groups are used as the main data collation exercise but as a mechanism they should be considered as a secondary support exercise. Too much stock can be put into what is

a fairly small sample size and caution always needs to be given. Also, the positioning of the focus groups in this structured approach as a verifier to the analysis and input feedback into the design solution ensures the process is maintained in an objective fashion, focusing on positive inquiry and affirmation rather than what can often be quite negatively charged passionate encounters.

Focus groups for managers can be mutually educational, not only exploring what may be keeping them from accomplishing their own organisation-related goals, but focusing their attention on where the organisation currently is (after all it is based on their input) and what it is going to do to make all employees more engaged and therefore more productive. Employee groups can answer the same question from their perspective.

7 Devise a form of measurement construct

Very often, organisations fall into the trap of simply benchmarking HR operational efficiency/cost data (e.g. time to recruit) whereas there is potential to take a broader business perspective. Using measurement, organisations can focus in a more strategic way, measuring the organisation against itself rather than a generic x-sector approach. Even business units within organisations normally have differing contexts and challenges and therefore more sophisticated use of measurement will be of greater benefit.

For example, linking components of the employee engagement index with turnover statistics split between various length of service bandings can be quite revealing, particularly if further data is garnered from the 360° analysis on an ongoing basis. Ongoing measurement keeps the EOC initiative very much alive whilst providing 'warning signs' or indicators for reviewing the EOC construct itself.

A score/report card can include a variety of metrics related to the EOC specifically or as part of a wider scorecard. (For example, there are over 1500 metrics relating to the HCM profiler/evaluator tool).

8 Formulate report

As an audit to the whole process from business case through to design solution and draft implementation, an interim or final report (depending upon the context) should be produced, with an associated portfolio of customised presentational/support material. This is particularly key where multiple business units or country operations exist.

Exposing the report contents to as many managers as possible is a good strategy (ensuring that the pretext has been communicated). Although e-mail is nowadays the common option, the project team should endeavour to meet face-

to-face with as many targeted managers as possible.

The report should really emphasise the business case with presentation of supporting evidence data. There may well be short-term and longer-term aspects to the initiative, thus the inclusion of any "quick-wins" should be itemised with appropriate measurement.

For example, if an organisation is looking to an EOC initiative based on retention, one objective may be reducing turnover in key operational areas, then attention will be focused on a business case that itemises the various associated costs and benefits such as:

- Employee separation costs and resource utilisation
- Employee vacancy costs (by role)
- Employee replacement costs (including perquisite training)
- Expected performance differential in relation to sales, service, job errors etc (these are role specific and probably clustered).

The report is really a process of ensuring continued buy-in for a green light to commence implementation.

9 Conduct pilot project if necessary

Evidence and experience has shown that implementation of an EOC project, particularly in a multiple business unit/country organisation, and where major transformation is envisaged, would benefit from a pilot approach.

This provides the project team with the most practical option of testing the design solution live but with the ability to regularly monitor and report progress and, where necessary, amend any design features or respond to any unforeseen issues in a controlled fashion.

A thoroughly worked business case, with detail analysis and due diligent solution design should help to minimise any 'show stopping' events or unintended consequences.

10 Communication plan

The project team are responsible for ensuring sufficient communication is provided to all the various stakeholders/stakeholder groups. Communication is a common theme throughout all organisation type initiatives and perceived wisdom is 'communication, communication, communication'. This is quite often interpreted in frequency or volume terms.

However, this approach can be counterproductive. What is important and a key factor of success is the balance and customisation of communication. Experienced project teams draw up communication matrices identifying key stakeholders/ stakeholder groups and cross referencing with the type of communication and channel (e.g. e-mail, F2F, telephone).

For example, summary project progress reports are a must for core stakeholders delivered on a set date (as set) without fail. Different briefings and report-capsules require customisation and trade-offs need to be made between explanation and brevity. This becomes critical where business unit/country operations exist.

11 Implement plan and maintain project team(s)

Evidence and experience has shown that implementation of an EOC project, particularly in a multiple business unit/country organisation, and where major transformation is envisaged, benefits from a pilot approach(es).

This provides the project team with the most practical option of testing the design solution live but with the ability to regularly monitor and report progress and, where necessary, amend any design features or respond to any unforeseen issues in a controlled fashion. A thoroughly worked business case, with detail analysis and due diligent solution design should help to minimise any 'show stopping' events or unintended consequences.

12 Utilise internal resource where possible

EOC type initiatives should make use of internal resource where possible for a number of reasons:

- Minimise cost of external resource (only for required expertise where possible)
- Project team should be internally resourced to help with embedding of any implementation objectives
- Internal resources each have their own intra-organisational network which is a big advantage from a communication perspective
- Internal resource can provide informal feedback mechanisms which give an extra dimension to assessing initiative progress.

Summary

EOC initiatives can take a variety of forms, designed mainly around resourcing or retention strategies. Their focus can be broad or narrow, short-term fix approaches or have longer term solution objectives. Key to all of this for organisations, is to ensure that they produce a well-defined business case, supported with detailed analysis (organisational assessment) and robust solution design.

The most effective EOC solution designs include three dimensions:

New or revised employment policies

- Improved human capital management practice
- Related improvement in organisational performance (as defined).

A structured approach to developing and implementing an EOC initiative, as that described in this whitepaper, can enhance its success and impact on the organisation.

Key to the whole approach is the ability to conduct a comprehensive analysis that provides a 'reality check' of the organisation's human capital and human capital management context.

The analysis provides a clear why, what and how, and as a result the organisation develops a solution that enhances overall performance from different perspectives.

This approach is in marked contrast to initiatives encountered which amount to nothing more than a 'me-too' benchmarking approach that merely plays 'catch up' rather than exploiting opportunities, thus reducing 'employer of choice' to a fairly meaningless phrase, effectively undermining the good intent associated with it.



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