Employee Value Proposition: Venture Lab resource

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This resource is a collaboration with RippleWorks

A tech sector talent network to help social ventures scale faster

RippleWorks collaborates with social ventures across the globe on strategic business issues, like EVP, and has generously contributed much of the content in this resource from their experience.
Agenda

• What is an EVP?

• How do I develop an EVP?
  - Discover
  - Build
  - Launch
  - Live

• Additional resources
What is an EVP?

An Employee Value Proposition is the list of reasons why someone would want to join your company

“An Employee Value Proposition is simply a set of words that reflects why someone wants to be at your company. It outlines what makes your company special.”

Beth Steinberg, Facebook’s first VP of HR

“It’s about: why do people join your organization? Why do they stay? How can we get better at telling our story? You have to find what matters to the employee and leverage it.”

Lisa Mikkelsen, Senior Manager, Omidyar Network

Example one-sentence EVP summaries from large corporations…

yelp

We work hard, throw Nerf darts even harder, and have a whole lot of fun.

Goldman Sachs

At Goldman Sachs, you will make an impact.

L’ORÉAL

A thrilling experience. Inspiring company. School of excellence.

TARGET

Oh what fun. Hop in.
Why do I need an EVP?

HIRING IS ONLY FACTOR THAT GETS MORE DIFFICULT OVER TIME…

AND WINNING LOCAL TALENT GROWS INCREASINGLY CRITICAL

<table>
<thead>
<tr>
<th>% of founders rating factor “very/extremely challenging”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent acquisition/retention</td>
</tr>
<tr>
<td>Fundraising</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>

What are the greatest challenges in hiring the right talent for your organization?

<table>
<thead>
<tr>
<th>Companies with no funding</th>
<th>&lt;$2M in funding</th>
<th>&gt;$2M in funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition for talent</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Limited supply of talent</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>Don’t have the recruiting resources</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Don’t have enough funding</td>
<td>13</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: McKinsey; RippleWorks
## How does this affect my company?

<table>
<thead>
<tr>
<th>Competition</th>
<th>How to win</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As an early-stage startup...</strong></td>
<td></td>
</tr>
<tr>
<td>• Larger companies tend to have <strong>more resources</strong>, leading to competitive compensation and benefits packages</td>
<td>• Startups are typically able to offer <strong>higher degrees of autonomy</strong> and flexibility than more bureaucratic, entrenched companies</td>
</tr>
<tr>
<td>• <strong>Stability</strong> is a large factor for potential employees, especially in developing countries</td>
<td>• Early-stage companies also provide a stronger case for <strong>immediate and direct impact</strong></td>
</tr>
<tr>
<td></td>
<td>• Startups can show potential for growth, and co-investment in that growth via <strong>equity packages</strong> or future promotions/salary increases</td>
</tr>
<tr>
<td></td>
<td>• Startups can offer <strong>diverse, global teams</strong> that may not be available in traditional corporations</td>
</tr>
<tr>
<td></td>
<td>• Startups are able to offer more <strong>prestigious roles</strong> (e.g., “marketing manager” instead of “analyst”) due to lower bureaucracy and hierarchy</td>
</tr>
<tr>
<td></td>
<td>• Working on a disruptive, cool, or <strong>cutting-edge product</strong> can be appealing</td>
</tr>
<tr>
<td><strong>As a mission-driven company...</strong></td>
<td></td>
</tr>
<tr>
<td>• Competition tends to be <strong>more focused on compensation and benefits</strong></td>
<td>• We’ve seen mission-driven companies punch well above their weight in recruiting by <strong>using local impact</strong> to their advantage</td>
</tr>
<tr>
<td></td>
<td>• Many employees at social enterprises <strong>rank mission higher than comp</strong> in importance</td>
</tr>
<tr>
<td></td>
<td>• It’s important to <strong>show off the social value</strong> of the company in the recruiting materials and hiring process, via marketing and job descriptions</td>
</tr>
</tbody>
</table>
What composes an EVP?

There are 4 components to an Employee Value Proposition...

<table>
<thead>
<tr>
<th>Company</th>
<th>Role</th>
<th>Culture</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Alignment with the company’s mission and vision</td>
<td>• Autonomy and span of control</td>
<td>• Alignment on values</td>
<td>• Clear learnings from the job</td>
</tr>
<tr>
<td>• Strong financial and operating performance</td>
<td>• Responsibilities</td>
<td>• Cultural fit with supervisor, within team, and into broader company</td>
<td>• Path to increased responsibility</td>
</tr>
<tr>
<td>• Success of other employees</td>
<td>• Position in hierarchy</td>
<td>• Fair compensation and benefits</td>
<td>• Supportive team and supervisor</td>
</tr>
</tbody>
</table>
Example EVP: Zoono

“We surround ourselves with people who are ‘can-do’, confident, committed, and ready to take on the world”

Source: www.ilovezoona.com
Agenda

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• How do I develop an EVP?
  - Discover
  - Build
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• Additional resources
How do I develop an EVP?

There are 4 steps to creating an EVP...

1. Discover
2. Build
3. Launch
4. Live
Step 1: Discover

**PROCESS**

1. Interview members of your team
2. Launch survey to company *(if unable to interview most employees)*
3. Summarize current programs and benefits
4. **Articulate 3-4 core values**
5. Test initial hypothesis values with employees
6. Brainstorm new programs to expand on core values

**BEST PRACTICES**

- A good EVP is built from the **bottom up**, not top-down – be sure to engage all levels of the company in crafting this message
- Company values are a **starting point**, and come from the top; the EVP reflects these values and is **complementary**
- Start with a large group of people for brainstorm, then **distill the reasons down** over time
- **Find successful companies** and learn from their EVPs – how do they attract employees, and how can you reasonably emulate?

**EXAMPLE**

- Company A used a survey to all employees to define the **top 5 words** that they associate with the company culture
- Their bottoms-up approach captured insights from each level of the organization, and **showed which attributes resonated across tenures and depts.**
Step 1: Discover – Exercise

Exercise: Who is an employee that best embodies your culture?

TO-DOS

• Create profile of the employee who best represents your team

• What is their name?

• What is their background?

• When did they join the team?

• What values do they best embody?

• Why do they love working at your company?

EXAMPLE OUTPUT

Name
Corey

Background
• 3 years at startup
• 5 years international experience

Time on team
• 1 year

Values
• Empathetic to clients
• Loves working on a team
• Results-oriented

Loves working here because...
• Passionate about mission
• Values autonomy and flexibility
• Enjoys dynamic, risk-taking culture
# Step 2: Build

## PROCESS

1. Map current programs across core values and identify gaps
2. Design new programs and benefits *(if applicable)*
3. Determine resources for new programs *(if applicable)*
4. Develop internal and external communication plans

## BEST PRACTICES

- For startups, compensation is often a less flexible lever, so think about offering **non-comp benefits**, e.g. flexible working hours, role autonomy, snacks, company swag, transport / meal stipends, professional development budget
- Remember that **mission alignment and values are critical** – you can offer all of the non-comp benefits in the world, but if these are not in place, it won’t matter
- Make sure that you communicate and **demonstrate your values through action**, e.g. hiring, promoting, or firing

## EXAMPLE

- Company B realized that their best employees valued **professional development**, but they didn’t have an explicit vision of what that meant at the company
- They created an **Employee Life Cycle** with relevant programs for each step to ensure employees were being developed and had vision into their career journey at the company
### Step 2: Build – Exercise

**Exercise:** What programs/practices will you use to reinforce the EVP?

#### TO-DOS

- Take all the responses from the Discover exercise
- Boil them down into 3-4 **core reasons** why people love working at your company
- Think about how you would present this information, both internally and externally
- Think about which programs and structural changes you can implement to reinforce your EVP

#### EXAMPLE OUTPUT

<table>
<thead>
<tr>
<th>Message</th>
<th>Programs</th>
<th>Comms plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a positive impact on your community</td>
<td>Employees spend 1 day per quarter meeting with customers, regardless of role</td>
<td>Quantify impact (e.g. cx served, revenue increased, costs cut) in marketing materials</td>
</tr>
<tr>
<td>Work on the frontline of a dynamic industry</td>
<td>Have customers speak to the team 1 day per month</td>
<td>Share customer testimonials on website and social media</td>
</tr>
<tr>
<td>Join a fun, diverse team</td>
<td>Host external events at your office (e.g., speaker series, hack-a-thons, workshops)</td>
<td>Develop original content and speak on panels to become thought leader</td>
</tr>
</tbody>
</table>

- Host team events, such as book clubs or game nights
- Allocate budget for team-building activities
- Quarterly retreats
- Use team photos as part of marketing
- Encourage employees to build culture internally
## Step 3: Launch

### PROCESS

1. Execute internal & external communication plans
2. Begin launching new programs
3. Integrate EVP into recruiting, hiring, and onboarding process
4. Integrate traditions and rituals into current-state processes

### BEST PRACTICES

- Ensure that **EVP is a critical part of recruiting, hiring, and onboarding processes** – key stakeholders need to be involved, and team fit should be considered in all hiring decisions
- Make sure the EVP is represented on the web site, marketing materials, and internally – drive toward **tangible artifacts** in the workplace (e.g., posters, booklets) as a constant reminder
- **Be cautious** of new programs that increase complexity and rigidity
- The best leaders set great outcomes by **setting the context and laying the values** (vs. trying to control their people)

### EXAMPLE

- Company C created **resources for hiring teams** (e.g., how to scope a role, write JD, interview questions, etc.) that incorporated core elements of EVP
- They also created **resources for prospects** (e.g., benefits one-pager, employee testimonials) to communicate EVP
Step 3: Launch – Exercise

Exercise: How can you show these values on an ongoing basis?

**TO-DOS**

- Using the values we’ve determined, what rituals and traditions do you have for each of the reasons?

- What are some rituals or traditions your company can create to build upon and encourage these reasons people love working at your company?

- How do you ensure the new EVP is implemented into the everyday life of employees?

**EXAMPLE OUTPUT**

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
<th>Industry</th>
<th>Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current rituals &amp; traditions</td>
<td>Start team meetings with review of impact metrics</td>
<td>Professional development process and goal-setting for employees each quarter</td>
<td>Team birthdays celebrated together</td>
</tr>
<tr>
<td>Potential rituals &amp; traditions</td>
<td>Send out customer story to employees each month</td>
<td>Inter-dept. mentor programs</td>
<td>Holiday party</td>
</tr>
<tr>
<td>Ideas for everyday life</td>
<td>Office decorated with quotes from customers</td>
<td>Create knowledge sharing channel in Slack</td>
<td>Designate each team “culture leaders” to champion</td>
</tr>
</tbody>
</table>
Step 4: Live

**PROCESS**

1. Continue to execute communication plans
2. Regular feedback loop (quarterly survey) to constantly improve
3. Iterate as necessary
4. Continue to support and develop program

**BEST PRACTICES**

- **Start small** – every quarter do one thing to make the EVP stronger or more clear to your employees and recruits
- As new employees join the company, make sure these core elements of EVP are made clear during the hiring process and immediately when they start
- **Ongoing measurement** is critical to the success of an EVP

**EXAMPLE**

- Company D implemented a **quarterly survey** to gauge their employee engagement on an ongoing basis
- They use this data to understand which parts of the EVP require more fine-tuning

![Graph showing job satisfaction, recognition, and development scores over quarters Q1, Q2, and Q3.](chart)
**Step 4: Live – Exercise**

**Exercise:** How do you measure the EVP?

### TO-DOS

- To make sure that the EVP becomes a core part of the company, **think of how you can measure this** with a survey.

- Determine **metrics** beyond a survey that reflect EVP effectiveness.

- Benchmarks are publicly available online – use these to **measure your company’s performance** against the average.

### EXAMPLE OUTPUT

<table>
<thead>
<tr>
<th>Survey</th>
<th>Metric</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>“In my work I am always challenged to grow”</td>
<td></td>
<td>53%</td>
</tr>
<tr>
<td>“I have great confidence in my company’s future”</td>
<td></td>
<td>66%</td>
</tr>
<tr>
<td>“I know I will be recognized for excellent work”</td>
<td></td>
<td>64%</td>
</tr>
<tr>
<td>“My teammates have my back”</td>
<td></td>
<td>70%</td>
</tr>
<tr>
<td>“I have the chance to use my strengths every day at work”</td>
<td></td>
<td>74%</td>
</tr>
<tr>
<td>“I am surrounded by people who share my values”</td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>“I am enthusiastic about the mission of the company”</td>
<td></td>
<td>64%</td>
</tr>
<tr>
<td>“I clearly understand what is expected of me”</td>
<td></td>
<td>65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KPIs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly employee retention</td>
<td>95%</td>
</tr>
<tr>
<td>Win rate in recruiting</td>
<td>70%</td>
</tr>
</tbody>
</table>
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Additional resources

• How Successful Startups Hire & Develop Talent – webinar by RippleWorks

• The Human Capital Crisis: How Social Enterprises Can Find the Talent to Scale – report by McKinsey and RippleWorks

• 3 Ways Social Entrepreneurs Can Solver Their Talent Problem – Harvard Business Review article

• 4 Hiring Strategies for Social Ventures to Find and Keep Talent – Catalyst Fund blog

• Research on startup recruiting trends from Lightspeed Venture Partners

• Netflix Culture: Freedom and Responsibility – Netflix slides

• Benchmarks for employee engagement
  - Many more available on Google!