



# HOW TO MEASURE THE IMPACT OF EMPLOYER BRANDING

HCI EXECUTIVE SUMMARY



J W T INSIDE

# INTRODUCTION

While the concept of product and trademark brands have been around for quite some time, the concept of employer brand is relatively new. In brief, an employer brand is the gestalt of an organization; the sum total, or essence, of a company's culture, ethics, reputation, products and services, and the way it values its workers. Unlike the more familiar market-oriented concept of branding, where products or services with recognizable and trusted trade names may be associated with a company's name, employer branding is also meant to communicate an organization's attractiveness as a place to succeed for current employees and to tout its value proposition to prospective hires. The last point is of immediate significance to organizations that want an advantage in the increasingly competitive search for talent: Almost half of U.S. workers made a decision to apply for their current job based in part on the company's image, or brand.<sup>1</sup>

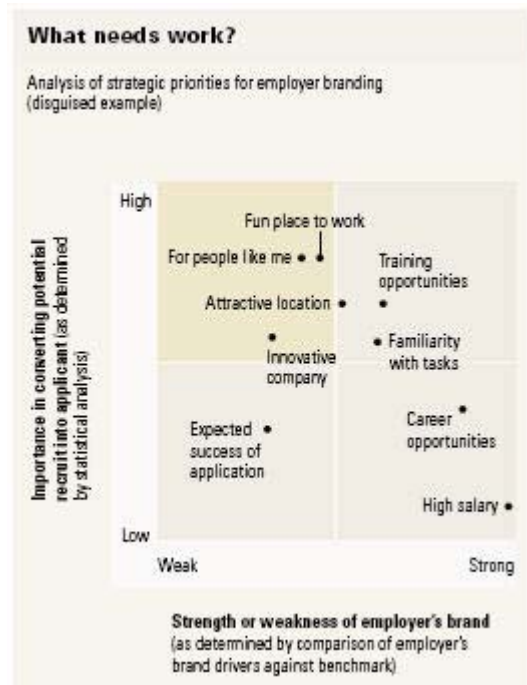
Organizations have an employer brand whether they know it or not. This paper will look at ways to manage branding and how to measure the impact of branding efforts.

## EMPLOYER BRANDING LEVERS

Based on the assumption that an organization has determined the value of its brand in retaining its most valuable employees, converting potential recruits into applicants, and applicants to new employees, what parts of a company's employer branding work well and what parts need work? One way to determine this is for an organization to do an analysis of attributes that attract and/or retain talent. Figure 1 shows an example of this.

In this analysis, the company determined the strength or weakness of its employer brand drivers by comparison against an internal benchmark.<sup>2</sup> Here, the company's high value branding attractors are a reputation as a fun place to work, its training opportunities, the perception among candidates the work is familiar (thereby making the possibility of integration into their new job easier) and career opportunities. But it is weak in other high value attractors, including a reputation as an innovator.

FIGURE 1  
Source: Mckinsey — Using Branding to Attract Talent



One way to determine why the company in Figure 1 is weak in key value attractors is to survey its employees. It's important to first establish a benchmark. What you really want to measure is the reality of what it's like to work in your organization and then compare from that baseline where you need to be.

## ASSESSING THE IMPACT OF BRANDING EFFORTS

What signs does one look for, beside impact to the bottom line, to know if employer branding efforts have an effect? Sean Otto of Qualtrics Labs looks at the number of hits the career portion of his company's Web sites gets; how employees discuss the company in weblogs and other media; and the way employees talk about company culture. He also monitors how the culture changes over discrete periods. At Emerson Electric Co., Sandip Mallik says, "We look at three broad indicators. The first is the impact on employee satisfaction, especially parameters like pride in working for Emerson, would they recommend Emerson to their friends and relatives, etc. The second is the attrition (turnover) statistics, especially reasons given by

employees [who leave] with high value to the company. Third is our ability to hire the best from engineering and business schools, and laterals from the market. The attractiveness of the company in all three counts needs to go beyond the pay. Branding plays a big role in becoming an 'employer of choice.'" Starbucks' Paul Rogers uses "tactical measurements" to get feedback that helps the company reposition its Web site message to attract qualified candidates. One method is an in-home interview of candidates who have applied; another is a satisfaction survey of candidates who accepted or declined a job offer. Such methods help Rogers refine the branding message to increase the number of candidates referred by current employees.

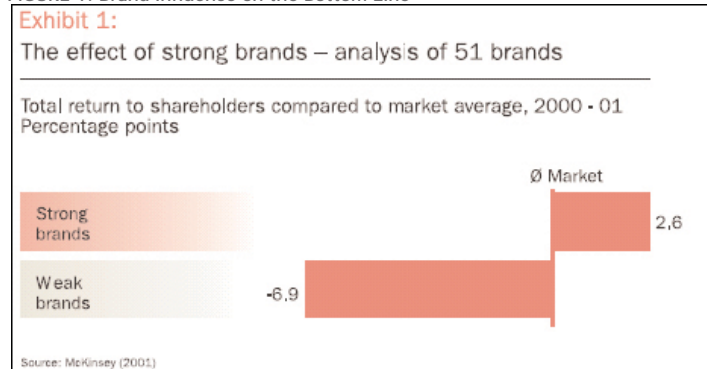
## FINANCIAL IMPACTS

So far we've discussed the effectiveness of employer branding in terms that are not always easy to quantify, even if they can be tracked independently:

- Employee satisfaction
- Attrition statistics
- Ability to find the best candidates
- Attracting those candidates to apply
- Increasing employee referrals
- Hits to a company's career site
- Favorable media presence

But what is the impact of employer branding to the bottom line? Can branding efforts be quantified in financial terms? As a basis for further discussion, Figure 2 provides an example of traditional, or product, brand influence, in this case measured as total return to shareholders compared to market average.

FIGURE 1: Brand Influence on the Bottom Line



A 2.6% return above market average over the long term (provided this level of return can be sustained) is a significant figure. When the negative 6.9% return for weak brands is considered, strong brands in the example return 9.5% more to shareholders than weak ones. Can the same analysis be applied to employer branding? Quite frankly, the concept is so new and so few companies have even examined it that answers tend to be cautious at best. Asked whether he's been able to quantify branding activities in financial terms, Sandip Mallik says, "We are at a very nascent stage in the journey. At the present moment we measure for impact on turnover and operational performance. We are debating economic value added as an optional measure but that's not got off the drawing board yet." At Choice Asset Management, Madeline McGartlin says the program is still too new for a strict financial assessment.

"I can't say we have a lot of quantitative data," admits Paul Rogers. In terms of ROI, Rogers looks at the numbers of candidates referred by employees. In work done by Regina Miller, CEO and Founder of The Seventh Suite, "We held people accountable for certain behaviors (related to customer service deliverables) and looked at EBIDA."<sup>3</sup> In regard to the larger issue of employer branding, Miller believes that "if a company is doing well and over-achieving in all targets they're usually not isolating factors ... and saying 'here's what's causing us to do well. Let's make the direct correlation in our analysis between what the brand[ing] is getting us and what the valuation of the company is.'" On the other hand, she says "If companies are doing poorly they might want to ask 'what's the implication of our brand on performance?'"

JWT INSIDE takes a similar view on the value of alignment throughout an organization. A company that has aligned its human capital needs with its business plan has a pretty good idea of its reality and what it requires in terms of talent, also finding a high correlation between brand alignment and business success. You can't do a super job of employer branding, have a terrible business strategy, poor products and faulty quality and expect to succeed in the marketplace. The cart can't drag the horse – understanding who you are as an employer doesn't make a poorly-run business better, but it can make a good business more successful as it

attracts more of the right people. Not to say that employer branding will save your business, but there are many, many business factors that impact your business success. One factor is your ability to find and keep employees who are able to deliver on your business promise because they are well-aligned with your value proposition.

## MEASURING BRANDING EFFECTIVENESS

Once a company decides to actively manage its employer branding effort, how long will it take before there's a sense that the effort is effective? "We are looking at a twelve month run," says Madeline McGartlin. Sandip Mallik estimates at least 12 to 18 months, while Brenda Tooker at Harcourt Education guesses six months to a year. But not everyone has so clear cut an answer. "It's really hard for me to put a timeframe on it," says Rogers. He sees branding as an "ongoing platform you keep extending to meet the needs of the organization." In this view of a dynamic, adaptable brand, what's effective is "what works every day."

JWT INSIDE largely agrees with Rogers' assessment of measuring branding effectiveness. It's not a string with a beginning and an end. It's a constant process. One can't possibly put a time on it unless it is correlated with some sort of investment. It would only be a process we could give one answer to if everyone took the same approach and made the same dollar investments. Again, JWT INSIDE urges a focus on a company's internal alignment of human capital management, business model, and strategy, and measures a branding effort by the impact it has on all three components. A brand is not about what you say but about what you do. What you'd like people to believe about you is irrelevant unless backed up with action. Rather than try to look at the effectiveness of branding strategy as a whole, the company suggests a yearly examination of specific components (what Rogers calls "tactical measurements") for example, time to hire, cost of hire, acceptance level, etc. Since one of the main goals in defining your employer brand is to be able to attract the most appropriate talent and get it on board, this is a good place to measure.

Miller suggests measuring at the two-year mark or perhaps between 18 months and two year. Her

particular experience with the Czech communication company, Oskar, (since sold for \$1.5 billion) allowed her to see the effects of a branding campaign from the very beginning. The company's name said little about what it did, but within six months of the launch of a new branding campaign it had achieved 98% consumer awareness. The problem, Miller recalls, was that it had a hard time recruiting the highly skilled technicians it needed because its consumer brand image wasn't associated with its high level of communication technology. One solution found to counter this disconnect was an internal employee survey to get at the heart of why people liked working there. The company's clever and innovative consumer advertising, it was found, gave it a reputation for being "smart" and association with "smart" was the leverage the company needed to attract technical talent. Within two years of the campaign's launch in 2000, U.S.-based Computerworld Magazine named Oskar as one of the Top 100 best places to work for IT people.

## WHO OWNS THE BRANDING EFFORT

One question not yet asked but pertinent to this discussion is, who should have ownership of the branding process? Does it belong to the marketing or human resource functions in an organization? McGartlin believes the ownership should be between human resources and the company. "It's all about the company," she says. At TELUS Sue Comeau says responsibility is shared between HR and the operational business units. Brenda Tooker of Harcourt plans to apply the employer branding effort to HR staffing functions as a first step. In JWT INSIDE's work, the relationship stands on the HR and staffing side but it's a marketing position at its heart. Branding works best with great collaboration between HR and Marketing. Rogers agrees, "You want it to be a very natural extension of your company's brand but really speaking to the audience you're trying to recruit." The best way to do this, he believes, is for talented people from Marketing and HR to work together.

Miller believes "this is a really big issue for the head of Marketing and the head of HR to be joined at the hip on this topic because it's a question of culture. What you're really doing is affecting the [corporate] culture when you've created an employer brand."

Both parties, HR and Marketing, must rethink their skill sets says Miller, and each must try to understand the niche where their particular skills interact, or have the best effect. Marketing may be more concerned, for example, with the “front end” of the company’s Web site; HR with the career pages, but both must be in alignment with the company’s goals to make the best use of each. It behooves the folks on the HR side to get ahold of this issue before it gets defined for them. Many marketing organizations are dealing constantly with the issue of employee engagement and its role in the communication process, and its role in the success of the overall brand. JWT INSIDE suggests HR and Marketing ask for partnership in the process of employer branding. “The process starts at the top and at the table with executives,” Miller notes.

and strategy are already in alignment has an advantage because it will be better able to articulate its brand.

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<sup>1</sup> 49% according to a 2001 Maritz poll

<sup>2</sup> Language adapted from McKinsey & Company study

<sup>3</sup> Earnings Before Interest, Depreciation, and Amortization

## CONCLUSION

Employer branding is rapidly gaining traction as an effective way for companies to retain and engage employees, attract new talent, and complement traditional branding efforts. As yet the practice is too new to define its ROI in specific terms that have wide agreement, but certain results can be measured with a high degree of accuracy. Internally one can look for the following:

- Employee satisfaction, as measured by length of service, turnover statistics, and targeted surveys
- Increased level of employee referrals, evidence that employees believe the company is a good place to work
- Decreased absenteeism and a good safety record

The effectiveness of the branding effort on a company’s ability to attract and hire the best talent can be gauged in several ways:

- Hits to a company’s career site and number of applicants compared to pre-employer branding efforts
- Conversion rate of applicants to potential candidates
- Job acceptance rate of candidates
- Cost to hire and time to hire

There are, of course, other measurements of branding effectiveness that will be developed or become more clear as companies’ efforts mature and are refined. And a company whose employees, business model,

Based on the Human Capital Institute webcast, How to Measure the Impact of Employer Branding on April 12, 2006.

#### PANELISTS

Regina Miller

CEO and Founder, The Seventh Suite

Regina Miller has more than 18 years of experience in International Operations, Organization Development, Human Resources, and Leadership Development. Based on her experience in launching successful companies, growing profitable businesses and being part of an executive team, she is well positioned to assist growing companies bolster their competitive edge with aligned strategy deployment, executive and team development, internal branding and progressive people practices. She holds an undergraduate degree in Political Science from Hunter College in New York; a Master's of Art degree in Human Resources/OD from the New School for Social Research in New York; a diploma from the Human Resources Executive Program at the University of Michigan in Ann Arbor; and a diploma from INSEAD in Clinical Organizational Psychology. She currently is the author of three blogs: <http://blogs.bnet.com/hr/>, [www.corante.com/futuretense](http://www.corante.com/futuretense), [www.theseventhsuite.com](http://www.theseventhsuite.com)

Paul Rogers

Program Manager for Employer Branding, Starbucks Coffee Company

Paul Rogers drives the execution of initiatives to promote Starbucks as a best place to work around the globe. Paul's role includes the development of a branding campaign that captures the unique benefits of Starbucks as an employer, while recognizing the great value that the company places on its current "partners" or employees. By working closely with key stakeholders across the organization, Paul's ultimate mission is to facilitate the recruitment and retention of future talent to Starbucks by attracting high potential candidates, building meaningful relationships with them, and ensuring a legendary candidate experience. Paul graduated from the University of Texas in Austin and currently lives in Seattle, Washington.

#### MODERATOR

Bill Craib

Senior Director – HCI Communities, Human Capital Institute

Prior to joining the Human Capital Institute, Bill was the Founding Director of AIRS Human Capital Solutions, and served as Director of Training and Curriculum Development from 1997 to 2003. An early Internet adopter and advocate of its far-reaching potential, Bill developed his practical experience by establishing an Internet-centric executive search practice focused on telecommunications. This endeavor helped lay the groundwork for the significant contributions he has made to the core curriculum of AIRS. Bill earned a BS Degree from the Newhouse School of Public Communications at Syracuse University and spent 10 years as a journalist working for several media organizations, including ESPN and the Rocky Mountain News, before entering the recruiting industry.

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#### ABOUT THE HUMAN CAPITAL INSTITUTE

The Human Capital Institute is a catalyst for innovative new thinking in talent acquisition, development and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of top executives and the brightest thought leaders in strategic HR and talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise.

**ABOUT US:** JWT INSIDE helps organizations advance employee engagement through comprehensive advertising, marketing and employee communications services. Measurement tools, consulting resources and strategic approaches are employed to put the right people in the right jobs and keep the workforce engaged. The agency has 12 offices and 9 satellite locations across North America and internationally. It is a subsidiary of JWT, the largest advertising agency in the United States and the third full-service network in the world. Its parent company is WPP (NASDAQ:WPPGY). Visit [www.jwtinside.com](http://www.jwtinside.com) for more information.