

EVP 2.0

5 Drivers of Employee Value Proposition for a future-proof workforce



What's the best way to attract, develop, and retain the top next-generation leaders for your business?

The Employee Value Proposition—or EVP—can be a critical differentiator.

The EVP concept isn't new, but it's often misunderstood and not clearly defined.

This playbook will help you think about and assess your EVP in terms of five key drivers:

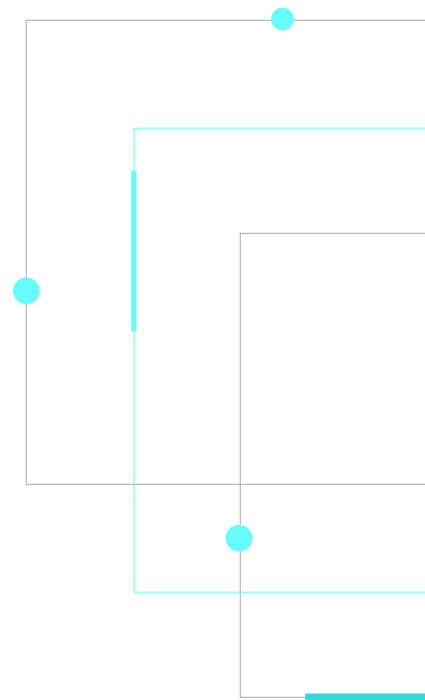
PURPOSE

CULTURE

LEADERSHIP

DEVELOPMENT

TOTAL REWARDS



Why EVP Matters

Our [recent survey](#) of CEOs showed their top 3 concerns:

- Confidence in attracting and retaining top talent (34%)
- Developing the next generation of leaders (23%)
- Building or maintaining a healthy organizational culture (30%)

They were more concerned about those issues than many others. Meanwhile, other [research](#) we've conducted shows nearly 8 out of 10 leaders are open to changing companies in the next 1-3 years.

Overall, the stakes of getting and keeping top talent are rising. At the center of a winning long-term people strategy – one that allows you to attract, develop, and retain the best talent – is offering a thoughtful, comprehensive EVP that addresses employees' needs and motivations.

EVP Then and Now

The definition and implementation of the EVP has evolved.

Then

Material Benefits: In the past, organizations sought to attract and retain talent by promoting tangible benefits embedded in their EVP: competitive compensation, job security, healthcare/retirement plans, luxury office space, free lunch, etc. Even during the recent "Great Resignation" companies competed for talent using compensation elements like sign-on bonuses. These can be effective short-term solutions but are less relevant in tighter economic conditions. They fail to address employees' non-material needs, which most studies indicate are increasingly important.

Now

EVP 2.0: It's critical to expand the definition of EVP to leverage it as a tool to attract, retain, develop, and nurture leading talent; this is a central part of treating your [leadership pipeline as a strategic asset](#). Enhancing your EVP in this way requires understanding, assessing, and implementing the 5 Drivers of EVP, which we will explore next.



The 5 Drivers of EVP

A comprehensive approach to EVP must include these five elements:

1 PURPOSE >

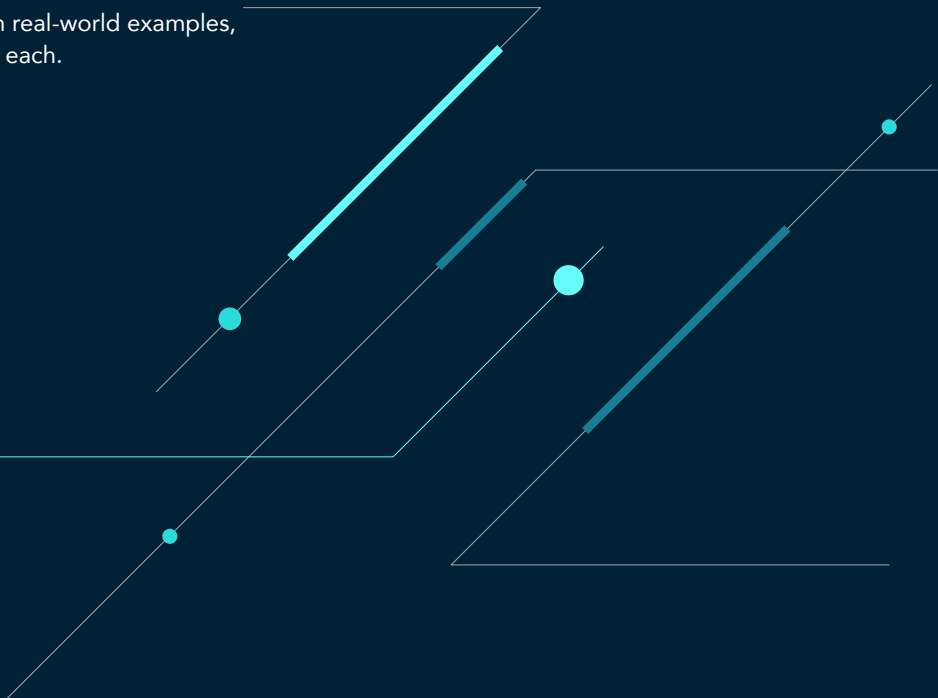
2 CULTURE >

3 LEADERSHIP >

4 DEVELOPMENT >

5 TOTAL REWARDS >

The next sections define these drivers, with real-world examples, and help you evaluate your current EVP on each.

An abstract graphic consisting of several parallel diagonal lines sloping upwards from left to right. Small teal dots are placed at various points along these lines. The lines are connected by horizontal segments, creating a stepped or zig-zag pattern. The overall effect is a sense of movement and progression.



1 Purpose

Organizational purpose is the foundation of EVP 2.0.

Prior to the Great Recession, business purpose focused primarily on value creation for the customer and shareholder. But the years since have seen an increased emphasis on corporate governance, accountability, and impact, as reflected in a growing focus on ESG and sustainability. Simply put, employees and consumers expect more from the organizations they support. To grow and thrive, companies have had to establish a purpose well beyond profit.

Sharing your company's "why"—including the fundamental reason the organization exists, its vision for the future, and the core values that underpin its decision-making and behavior—helps employees connect to the company and understand their contribution to its mission. Centering purpose creates more meaningful employee connection and commitment, and is essential to a powerful EVP.



Purpose in Action

Patagonia, the iconic outdoor-gear maker, has made clear its commitment to the natural world since inception. Founder Yvon Chouinard recently said, “Earth is now our only shareholder,” reinforcing this purpose. The business backs up that belief with core values built around quality, integrity, environmentalism, and justice, as reflected in its products, practices, culture, and social/environmental impact efforts.

Fluence, a joint-venture between **Siemens** and **AES**, supports the modernization of energy networks. As the business grows, leaders have elevated its organizational purpose, as suggested by Larissa Cerqueira, Senior Vice President and Chief Human Resources Officer: “[We are helping employees] understand what they are working toward: to create a more sustainable future by transforming the way we power our world.” That purpose galvanizes employees around company initiatives including the development of AI-optimized renewables.



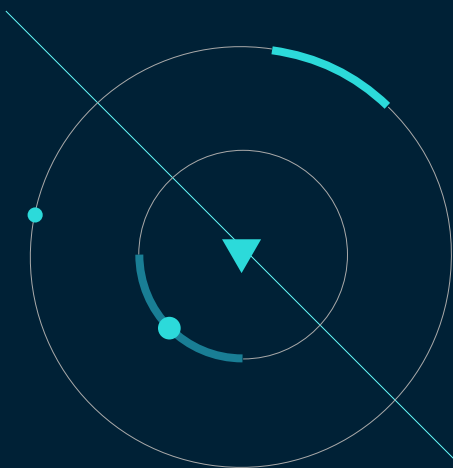
[We are helping employees] understand what they are working toward: to create a more sustainable future by transforming the way we power our world.”

Larissa Cerqueira, Senior Vice President and Chief Human Resources Officer

EVP Questions: Purpose

Ask these questions about the purpose component of your EVP:

- Is the organization’s purpose clear, engaging, and well-communicated to employees? (beyond the purpose statement)
- Does it instill meaning and a sense of personal commitment to the mission among employees?
- What does your organization’s mission and vision say about its broader environmental and societal impact?
- To what degree do corporate governance policies and decision-making processes align with core values?
- Can employees at various seniority levels articulate how their role creates momentum to realize organizational objectives?





2 Culture

Culture refers to the collective habits, behaviors, values, and beliefs shared among employees. Components of a culture that promotes a strong EVP include trust, psychological safety, high engagement, and a shared sense of belonging. High performance culture is the cornerstone of success: it underpins your talent agenda, accelerates your people, and supports your priorities across the whole organization.

EVP, purpose, and culture should be mutually reinforcing, as reflected in the processes (performance management, hiring), policies (remote work, dress code), ways of working (information-sharing, work-life balance), and cultural norms (language, symbols, rituals) of your organization.

How leaders engage with each other, problem solve, and handle challenging or ambiguous situations is particularly reflective of culture and, consequently, EVP.



Culture in Action

Storable, a provider of self-storage management software, took an intentional approach to layoffs when these became necessary. Leaders were careful to show their appreciation of the workforce community and recognize the humanity of those asked to leave—all part of a people-centric culture. Chief People Officer Gill Godfrey says, “We shaped our approach in a compassionate way for the community that we created. We were true to the principles and values we operate by on that day [of communicating the layoffs] as much as any other.”



We shaped our approach in a compassionate way for the community that we created. We were true to the principles and values we operate by on that day [of communicating the layoffs] as much as any other.”

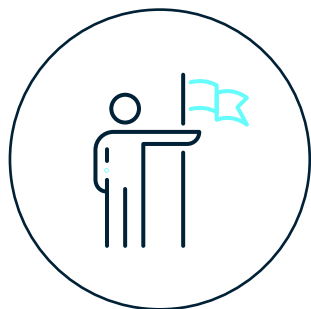
Gill Godfrey, Chief People Officer



EVP Questions: Culture

Ask these questions about the culture component of your EVP:

- To what degree do core values underpin organizational norms? How are employees held accountable and/or rewarded for demonstrating behaviors aligned to core values?
- To what extent are your organization’s systems and processes aligned? How do core values weave into and across them?
- Do employees feel that how they are expected to work and interact with one another empowers them and makes it easier for them to do their jobs?
- Do leaders consistently role-model behaviors that support and reinforce a positive, inclusive organizational culture?
- Do employees feel a sense of belonging among their colleagues? To what degree do employees feel psychologically safe enough to share their opinions and speak up when they need support?
- Beyond employees’ day-to-day responsibilities, are there meaningful opportunities for connection, engagement, and inspiration at work?



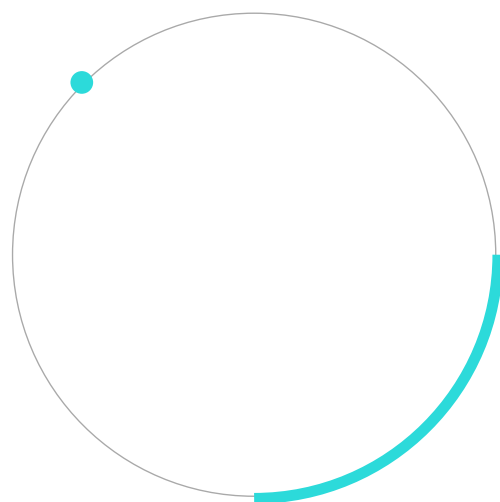
3 Leadership

Leaders' mindsets and behaviors cast a long shadow that influences every dimension of organizational strategy, performance, and culture, and, as a result, EVP.

Effective leaders embody core values and help individuals understand how their role supports the overarching mission, aligning people around purpose and how to achieve it. In contrast, suboptimal leadership underlies the adage, "People don't leave organizations, they leave managers." One study showed that ineffective leaders are the top reason why leaders themselves would leave their company.

Our latest thinking suggests that the most effective leaders are those who lead with agility and build connection within teams and across the broader business. It is critical for organizations to think strategically about how to incentivize and support all leaders to embrace these new ideas around both "what to do" and "how to be" in today's world. It begins with setting clear expectations and shaping a leadership framework rooted in organizational purpose that reinforces values-based mindsets and behaviors. A solid leadership framework can transform leadership ideals connected to purpose and culture into tangible objectives and outcomes, ultimately strengthening EVP.

Other best practices include cultivating leaders by recognizing/rewarding high performance and advocating for development/advancement of high-potential talent.



Leadership in Action

GuideWell/Florida Blue, a health solutions company, made an effort to center purpose-driven leadership in their culture. They launched Lead Well, a weekly leadership engagement campaign, to share inspiring messages with leadership and equip leaders with guidance and tools to lead Lead Well conversations with their teams. More than two years later, the campaign is going strong, with leaders expressing appreciation for their weekly messages.

Chief Human Resources Officer Amy Ruth says, "Our focus last year was developing the 'best managers' by helping managers build connections with their workforce. We saw the most significant improvement in our engagement survey year-over-year. By threading the needle between mission and culture and manager, we've achieved progress in a very intentional way."



Our focus last year was developing the 'best managers' by helping managers build connections with their workforce."

Amy Ruth, Chief Human Resources Officer

EVP Questions: Leadership

Ask these questions about the leadership component of your EVP:

- How does your leadership framework reinforce values-based mindsets and behaviors?
- How would you describe the "shadow" cast by your leadership? How do top leaders' mindsets and behaviors show up in day-to-day processes and practices across your organization?
- To what degree are leaders' performance reviews grounded in the principles outlined in the leadership framework?
- How clear and consistent is leadership messaging around organizational purpose? In what ways are leaders engaging their teams around purpose and culture and creating positive momentum?
- What resources and mechanisms are in place to support leaders with coaching and developing their people?



4 Development

Development, or investment in fostering opportunities for growth and high-value capability in your people, is an often-overlooked lever of EVP.

Our recent study of 250 executives in six countries found that 92% of respondents noted promotion or development opportunities would encourage them to stay with their current employer. And we are seeing more examples of organization's recognizing the importance of development in a strong value proposition and funding development initiatives accordingly. Other internal research we conducted shows that companies plan to increase spending on development by 10% a year through 2026, totaling over \$50 billion.

Think of development as a tool for retention and sustainable growth. The Society for Human Resource Management estimates that it costs employers 6-9 months of an employee's salary to find and retrain new talent—and that may even be a conservative estimate of total replacement cost, based on our observations. Development, including high-impact learning programs, thoughtful career-pathing, succession-planning, and networking opportunities, are some of the best ways to create a supportive, engaging environment as part of your EVP.

To measure impact and return on investment of development activities and be able to course-correct as needed, focus on showing specific correlations between development investments and positive business outcomes – how leadership development links to value creation. The insights generated from consistently measuring impact and ROI will further strengthen your development strategy, enabling organizational sustainability.



Development in Action

Graham Packaging invested \$1M in modernizing technical training for their manufacturing team, and are now focused on building out career-paths and new development opportunities for their employees – including leadership programs and employee resource groups, all of which support a broader, ongoing culture transformation. EVP of HR Lisa Santin says, “Our employees can feel assured we are investing in their professional growth and wellbeing.”

Guidewell’s comprehensive leadership development program has generated strong engagement and retention. CHRO Amy Ruth says, “The retention rate of individuals who go through our leadership development program is over 90%.”



The retention rate of individuals who go through our leadership development program is over 90%.”

Amy Ruth, Chief Human Resources Officer

EVP Questions: Development

Ask these questions about the development component of your EVP:

- Does the organization offer opportunities to support employee growth and development at all levels?
- Do employees have a clear understanding of the skills required to perform at the next level? Are they provided the tools they need to reach their goals?
- Are development opportunities linked to succession planning? Is there a correlation between development and employee engagement, promotion, and retention metrics?
- Is there a linkage between an employee’s development journey and your company’s strategic objectives? Are employees assessed on their ability to drive company performance and growth?

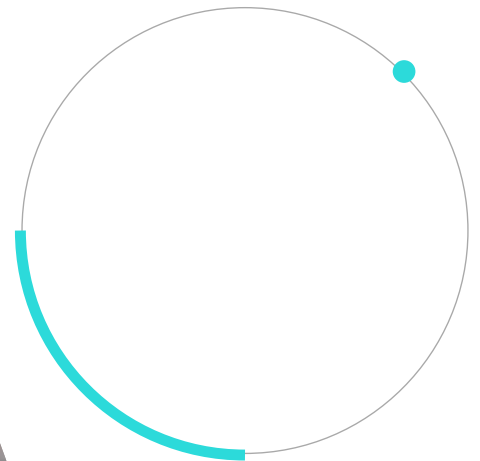


5 Total Rewards

Compensation will always matter to employees as part of your EVP. But creative policies and benefits that go well beyond monetary rewards can help differentiate your business from peers.

Indeed, we are seeing more businesses take an approach that considers the total employee experience in the context of rewards, with the aim of better connecting employees to company purpose and providing them with resources and support to bring out their best. Often this can include, but does not have to be limited to, work-from-home policies, mental health resources, and childcare support, among other benefits.

In general, it's important for policies and supplemental benefits to align with organizational values, promote engagement, and support employees' ability to carry out the mission. Increasingly, it's critical that policies/benefits help to shape an environment where the "whole person" is recognized and celebrated. Such expanded definitions of rewards are quickly becoming table stakes in a post-pandemic environment.



Total Rewards in Action

Carnival Cruise Line, in the face of the Supreme Court ruling that overturned Roe v. Wade, responded with additional travel benefits for employees that would make securing needed care easier. Global CHRO Bettina Deynes says, “We have decided to stand up for our employees and continue to offer them benefits that were otherwise no longer available to them. It wasn’t even a question at that point. Our messaging to our employees about how we’re handling this situation was swift and definitive.”

Storable awards employees redeemable “Storabills” for living the organization’s values. The company encourages employees to share their “bucket list” items – ambitious goals they have outside of the office, from learning an instrument to a dream vacation – on their online employee engagement platform and to use Storabills toward these goals. Such benefits have helped with attraction, engagement, and retention in recent years. Chief People Officer Gill Godfrey says, “It’s very much about creating a community that publicly recognizes and celebrates ‘the whole person.’ We don’t just want to know you as a product manager, but that you’re an avid musician as well, and that you were able to buy your first Fender guitar because of the Storabills.”



We have decided to stand up for our employees and continue to offer them benefits that were otherwise no longer available to them. It wasn’t even a question at that point.”

Bettina Deynes, Global Chief Human Resources Officer



EVP Questions: Total Rewards

Ask these questions about the total rewards component of your EVP:

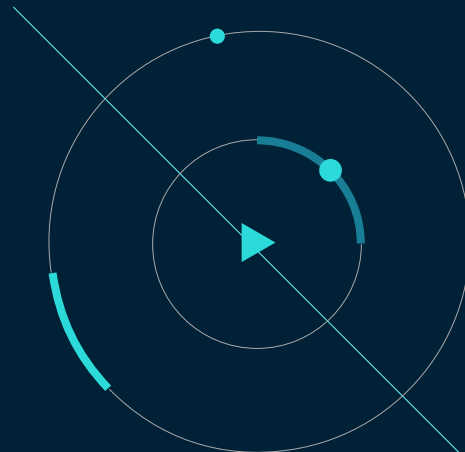
- What incentives are in place to reinforce and reward values-based behaviors over the short and long term?
- What unique benefits are offered that facilitate employees’ ability to live the core values?
- To what degree does the organization offer employees the flexibility to balance work and personal responsibilities (e.g., hybrid work)?
- What offerings are in place to support and sustain employee motivation, engagement, and wellbeing?

Maximize Your EVP

As suggested by the 5 Drivers of EVP, an organization's return on EVP hinges on leaders' commitment to:

- Reaffirming and communicating organizational purpose
- Acting as custodians of the culture
- Facilitating the growth and development of their people
- Prioritizing the needs and well-being of their people, including through rewards

With increasingly uncertain business environments and ever-more volatile talent pools, assessment and continuously improving your EVP is critical to future-proof your workforce and entire organization.



Contacts

Adam Howe
ahowe@heidrick.com

David Seijas
dseijas@heidrick.com

Joseph Youn
jyoun@heidrick.com
