

# The Importance of **Employer Branding**

Susan Hunt • *Sun Life Financial* with Rob Landry • *Magna International*

“There is no truth. There is only perception.” — Gustave Flaubert

**W**hether Flaubert got it right or not, the idea that perception is reality certainly plays a big role in the concept of total rewards. Employers use a variety of tools to influence how employees perceive the overall value of their employment relationship. What’s surprising is how often the world’s best perception management tool — branding — is not given the attention or credit it deserves.

In fact, employer branding is the marketing tool that delivers the benefits of any total rewards strategy. Employer branding and total rewards have a wonderfully symbiotic relationship — the more effective the branding, the greater the perceived value of any given reward component within (or consistent with) that brand. So when the objective is to maximize your organization’s equity by attracting, retaining and motivating the right employees, as an employer it pays to focus on your brand.

## **WHAT IS BRANDING?**

We all talk about our brands. We talk about brand equity and brand standards. But far too often we fall into the narrow view of branding — the tactical application of a logo or trademark to a company’s

packaging or other communications.

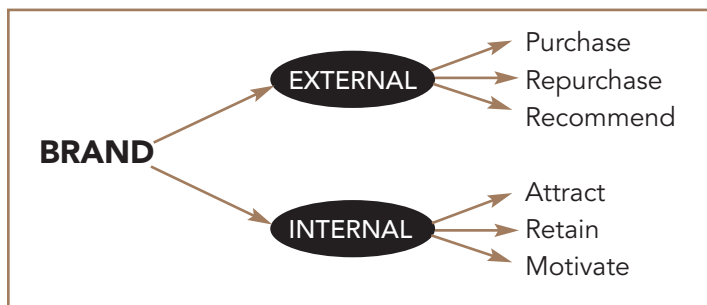
In its broader sense, branding is a process, an ongoing practice where all the tangible and intangible elements that constitute a company’s image and reputation are organized and communicated. In this sense, branding takes on a life of its own. It becomes a driver of satisfaction and loyalty. It becomes a significant differentiating factor. When branding is understood as the personification of a company, it becomes a primary asset that deserves conscious, careful and complete deployment.

Marketers have done an incredible job of getting us to understand and respond to consumer or product brands. To a somewhat lesser degree, we also have a pretty good idea what a company’s external corporate branding stands for. Just think about Windows and Microsoft. Or Big Macs and McDonald’s.

It’s only more recently, however, that business has started to focus on the power of employer branding. It started with the idea that marketing to employees was a more successful strategy than mandating. If we want to align our employees’ talents and behaviours with our business objectives, we need to attract and retain employees who identify with our values so that we become their employer of choice, not chance.

Consumer or external branding works to influence customers’

propensity to purchase, repurchase and recommend our products and services. The goal is to become a product or provider of choice by manifesting key characteristics that the customer values. Employer or internal branding works to influence employees' propensity to be attracted to, remain with and be motivated to sustain our business objectives. The goal is to become an employer of choice by reflecting those attributes that employees value.



### ALIGNING EXTERNAL AND INTERNAL BRANDING

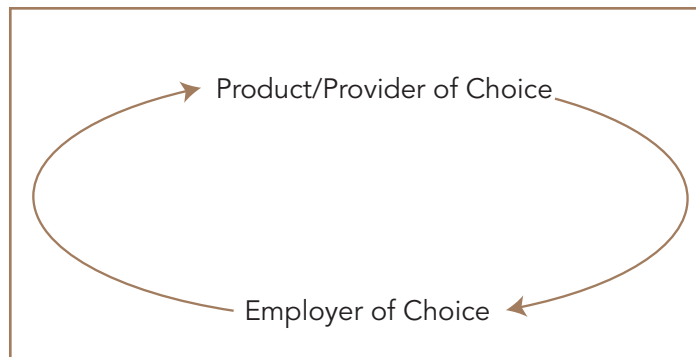
Every organization has both an external and an internal brand. For decades, however, business has focused almost exclusively on consumer or external branding. That situation is changing.

The importance of external branding in securing customer loyalty is well documented. And we are now coming to appreciate how important internal branding can be. There is a fast-growing body of research that clearly shows internal branding is an important driver of external brand success. What is not to be overlooked, however, is how internal branding helps to feed that employer-of-choice status that keeps the system in balance.

Simply put, there is a direct link between how your employees perceive the company and how they help you to deliver your external brand promises. In other words, if they believe in you, they'll go to bat for you wholeheartedly. The only way to align their perceptions is to communicate your brand so your employees can understand and know that they share the underlying values.

But the key to success is that the communication has to be holistic. We all know stories about organizations that claim people come

first, but then fail to follow through on the commitment. Any disconnect between words and behaviour belies the promise and inevitably leads to failure.



From this point of view, total rewards looks like a marketing tool. It's a strategy designed to give employees a combination of tangible and intangible proofs of the value system that drives all aspects of a company's business life. The idea is that people who work for you because you are their employer of choice are a lot more inclined to deliver the level of quality and service that you need to make your organization a provider of choice for customers.

At this point you may well be saying, "Wait a minute. I thought total rewards was a human resources strategy, a human asset management tool."

It is. Yet just like external and internal branding form a closed-loop system, so do internal branding and total rewards. They work together like chickens and eggs (or eggs and chickens, depending on your perspective).

### INTERNAL BRANDING IN THE TOTAL REWARDS ENVIRONMENT

Employer branding has become a focal point for recruiters in their search for talent. And it's taking on an ever-more important role in employee retention and motivation programs. So how does employer branding feed that employer-of-choice objective that underlies total rewards?

First, a strong employer brand helps to differentiate your organization within an increasingly competitive employment market. By earning a reputation for sustaining the same values internally as your brand promises externally, or simply by creating a highly recognizable internal brand, potential employees are predisposed to give increased weight to your company's intangibles when seeking employment or considering an offer.

The other side of this positioning is that your brand as an employer serves as a talent self-selection tool. When an organization's expectations and commitments are well articulated, there is a much greater potential for cultural fit to be appropriately self-assessed before a candidate ever presents her or himself.

Second, the trend to outsourcing various components of your total rewards strategy makes those rewards more generic. Employer branding is the way to differentiate them. Within the context of a strong employer brand, individual reward components take on the attributes of the bigger picture and the whole package becomes a unique offering.

Third, a well-managed employer brand not only helps to define the parameters of an effective total rewards strategy, it facilitates the implementation of individual components. The objective of continually strengthening the employer brand may provide a clear indication of what needs to be added or changed within the total rewards package. Then when it's time to implement something new, the strength of the internal brand may greatly assist in characterizing the initiative as being of value to the employees. This preconception of value not only opens the door to receptivity, it sustains an environment of interest and acceptance as the following case study illustrates.

#### **CASE STUDY: MAGNA INTERNATIONAL**

Magna International Inc. is a leading global supplier of technologically advanced automotive components, systems and modules. With more than 82,000 employees and 220 manufacturing facilities around the world, the Magna brand promises quality, innovation, efficiency and price competitiveness to the international automotive industry.

In many circles, Magna is equally as well known for its fair enterprise philosophy — a success formula that is incorporated into its Corporate Constitution and physically attached to its logo with the phrase “A Fair Enterprise Corporation.” One of the direct results of that philosophy is an Employee Charter of Rights that sets out a range of principles — from job security to a safe and healthful workplace, to employee equity and profit participation.

“Our Fair Enterprise philosophy is an integral part of our entrepreneurial culture,” says Rob Landry, Magna's chief labour counsel and a senior HR executive. “This philosophy is embodied in our Corporate Constitution and Employee Charter, which include well-defined commitments regarding the need to balance the interests of Magna's key stakeholders. Magna is able to leverage this Fair Enterprise brand to engage employees to produce a better product at a better price. And we're also able to leverage that philosophy when we have to make a program change so that we're reinforcing employees' perceptions rather than trying to change them.”

A case in point is the company's recent redesign of its retirement savings program. In response to the dynamics of the Canadian and U.S. marketplace — factors like the new Capital Accumulation Plan Guidelines, the U.S. Sarbanes-Oxley Act and cyclical nature of the auto industry — Magna wanted to make some changes to its employee equity and profit participation program (EEPPP) on both sides of the 49th parallel.

“EEPPP is a big part of our total rewards strategy and our Fair Enterprise philosophy. Amidst all this regulatory activity and the dynamics of the automotive industry, we recognized that certain aspects of our EEPPP needed updating,” says Landry. “We wanted to create greater diversification within the plans, while at the same time retaining employee ownership and a tie to company profits.”

The challenge was to achieve the plan redesign, and amalgamate service providers, in two countries, across four affiliated companies, in nine languages, in 142 locations, in 120 days. “If we hadn't been able to rely on the equity of our Fair Enterprise culture, in essence, our employer brand,” according to Landry “there's no way we could have had a successful launch.”

Magna's communications strategy combined face-to-face, online and video messages with more than 18 different print components. A team of 25 educators conducted over 325 on-site employee meetings. The retirement program website, including a suite of online tools, was completely redesigned and integrated with the company's group benefits website. They even created an interactive DVD/CD for new hire orientation. And regardless of business group, language or country of residence, Magna's employer branding tied it all together.

"Because we try to align everything that we do with our Fair Enterprise philosophy, the Magna logo helps to tie any new initiative back to the values of the organization. It certainly does with programs rolled out to our employees," says Landry. "The strength of that internal branding instantly characterizes a program change — like the one we implemented for our EEPPP — as being consistent with our overall Fair Enterprise commitments."

What makes employer branding such a compelling proposition is the fact of compounding benefits. A strong internal brand supports the human resource goals of total rewards. With talented, motivated, committed people working in the organization the external brand promise, and the business itself, are strengthened. And around it goes.

"Our culture is of value to our people," says Landry. "It's an intangible, non-economic benefit. But when you say, 'I work at Magna,' that means something special. Something special that translates into financial success for the business — success that every employee not only contributed to, but also shares."

Now that's totally rewarding.

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