

Insidedge Employee Communications 2006 Best Practices Study

Overview of Study and Findings

Opportunity Lost?

At every employee communications conference, you hear it. You read about it in almost every employee communications article. And – if you are responsible for communicating with employees in your organization – you have probably said it yourself.

“Front line supervisors are the most important communicators in any company.”

This has been the mantra of all employee communicators for more than a decade, at least since T.J. and Sandar Larkin published the seminal work, “Communicating Change,” in 1994.

But a full 12 years later, even as research continues to reinforce employee preference for supervisor-led communication, many companies today provide supervisors with material to communicate, but do not train or measure their managers as communicators.

Hence, the “manager-as-communicator” dictum remains more philosophy than practice at companies around the world.

This is a problem, or at least an opportunity lost.

Fortunately for employee communicators, there is also some good news about our trade.

Best of the Best

Insidedge recently conducted interviews with top corporate and employee communicators at 28 of the world’s largest companies, across all business sectors. Our goal was to assess the state of employee communications today, and to identify the “best of the best” employee communications practices presently in use.

While we were troubled by the lack of full-scale “manager-as-communicator” programs – by which managers are *not only equipped* with toolkits and other materials to communicate, but *also trained and evaluated* as communicators –

we were pleased to learn that employee communications has become more of a true science in recent years.

Based on our conversations, employee communications today is growing from a perfunctory component of corporate communications and HR functions to one that is increasingly tied to corporate strategies.

Companies are putting more money and effort into their employee communications programs, and employee communicators are being more aggressive in pushing their leadership teams to see them as strategic consultants.

As a result, employee communications is evolving from a state of “sharing information” to one of driving employee behavior by helping people understand how their work influences the success of the company.

“You need to make sure that you are doing things that are more than just providing information, and that you are attempting to have some impact on employee behaviors so it supports company strategies.”

*– Internal communications manager,
heavy manufacturing company, European Division*

Fueled by a heightened awareness among executives and others about the potential business impact of effective employee communications, many companies have built impressive employee communications functions in a very short time. In fact, a few who said that employee communications hadn’t existed as a dedicated function within their company two or three years ago have some of the more robust internal communications programs in place today.

And, if trends we identified continue, the future of employee communications as a valued corporate function is very bright, indeed.

In completing the study, we learned:

- CEOs and other top corporate executives today better understand and value effective employee communications, and are therefore more supportive of (and consultative with) their employee communicators
- Many companies place their top employee communicators at the director level and above, and within one or two reports of the CEO or president
- On average, more than one-quarter of today's corporate communications budgets are being spent to support employee communication
- Measuring employee communication is increasingly common – two-thirds of the companies included in the study measure their internal communications programs in some way

The Manager-as-Communicator Conundrum

Despite these advances – and the near universal acknowledgment that managers are vital communicators – it seems that companies are still reluctant to fully engage managers as communicators.

It's one thing to offer tools for communicating – and nearly 90 percent of the communicators we interviewed provide their organization's managers with tools of some sort. It's another thing entirely to help managers become effective communicators and then hold them accountable for doing it well. Only 32 percent of our target companies formally train managers to communicate. Likewise, only 32 percent formally evaluate their managers as communicators – and tie manager compensation to communication.

Here's a common theme heard during interviews with senior internal communications staff:

“Managers are expected to communicate and cascade messages, but they are not measured. We give them tools, we give them a specific message and we expect them to do the work – whether they do is another question. There are no particular incentives, but we do encourage them to communicate.”

– Director, Internal Marketing, European Energy Company

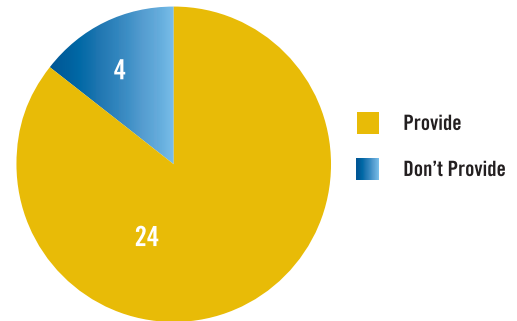
Most often, the challenge lies in convincing the managers themselves that communicating is important. Many managers don't feel they have the time to communicate. Others don't feel comfortable or equipped to communicate. For companies

serious about communication as a lever to influence employee behavior, these cannot be acceptable excuses.

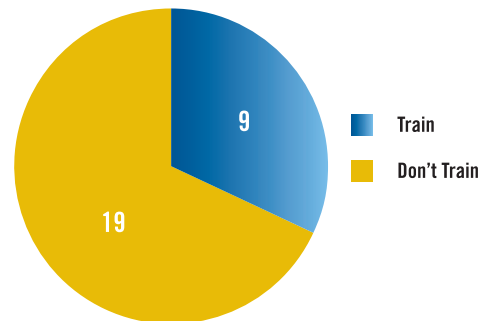
When employees tell us time and again that their supervisors are the most important source of information, we cannot afford to ignore them.

This means training and measurement are vital.

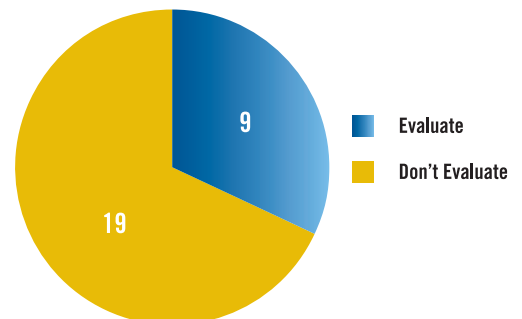
Companies that **Provide Tools** to Support Managers as Communicators



Companies that **Provide Communication Training** to Managers



Companies that **Evaluate Managers** as Communicators



To this end, many of the people we interviewed are working closely with their human resources colleagues to identify communications competencies for managers, which can be incorporated in manager performance reviews. They are also working on training programs, so that managers both understand and feel comfortable in their communications roles.

Ultimately manager communication works its way into the culture more easily when companies train and evaluate their managers as communicators.

“Managers are expected to communicate, and are measured on it. Each manager of five or more gets a (employee survey-based) score. Your... score as a manager includes how (effective) you are as a communicator. It affects your career and your bonus. Scores are shared across the management team. Everyone knows everyone else’s score – red, yellow or green.”

– Director, Global Employee Communications, consumer electronics manufacturer

Imagine the attitudes managers at this company have about communicating, as opposed to those at the energy company previously referenced. It’s a safe bet that – in the second example – managers are more inclined and comfortable communicators.

This is perhaps the one area where internal communicators today can have the greatest influence at their companies. It is incumbent upon internal communicators to push for more systematic manager-as-communicator programs; to use the data available, and gain buy-in from executives to support managers and to hold them accountable for communication.

One option would be starting with a top tier of leaders – such as the direct reports of the Executive Leadership Team. Often a body of 100-150, this group of leaders has considerable influence in their organizations, particularly among middle managers. And they can therefore lead by example. These people are also most likely to be bonus-eligible, an area of compensation where evaluation and reward can reasonably be aligned with communication as a core competency.

Finally, these managers should have a broader understanding of both the corporate strategy and the impact that strategy has on their business units or functions. This positions them to be able translators – or leaders who help their managers and employees understand how their contributions advance the greater good of the organization.

Increasing Visibility ... and Funding

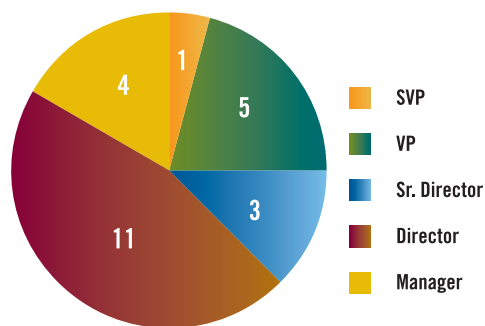
While the practice of leveraging managers as communicators may not be as mature as we might hope, our study indicates that employee communications functions in companies are becoming more prominent.

We base this assertion on two important factors:

- The title of the most-senior employee communicators at the companies we targeted, and
- How closely the most-senior employee communicator works with the CEO.

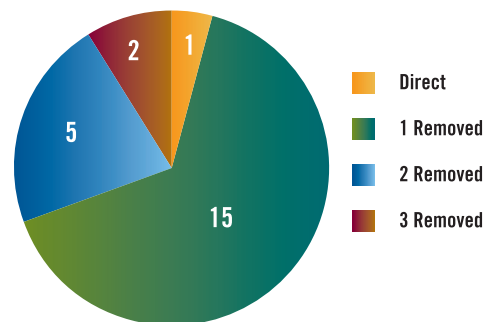
At all but four of the companies we targeted, the most senior employee communicator is employed at or above the director level. And at all but two of the companies, the top employee communicator is two steps or fewer removed from reporting to the CEO. (One company’s top employee communicator reports directly to the CEO).

Title of Most Senior Internal Communicator



Nearly 86 percent of subject companies have a director or above serving as top employee communicator

Reporting Relationship to the CEO



The top employee communicator at each subject company is within three reports of the CEO

Employee communicators at many of the companies we targeted acknowledged that their top leaders are increasingly aware of and committed to employee communication.

“Our executive leadership team is very committed to employee communications, not just in words, but in action. Communicating is very top-of-mind for them.”

– Vice President, Internal Communications, U.S. telecommunications company

That commitment appears increasingly backed by funding. Based on what we heard, companies today are spending, on average, nearly 30 percent of their corporate communications budgets on employee communications staffing and programming.

Of the 11 companies that shared budget information, one spends an estimated 80 percent of its communications budget on internal communication (the high end), while another spends approximately 10 percent (the lowest). On average, 28 percent of the corporate communications budget is spent on internal communications.

Measuring the Impact

If spending on employee communications is to increase, employee communicators say it will be more important than ever for them to measure the impact of their work. Many say it is difficult to show a direct link between employee communications and the company’s bottom line.

However, most companies today work to measure their employee communications programs in some way. The most common measures include:

- Cultural or employee engagement surveys (often in association with human resources)
- Communications audits (to measure the effectiveness and credibility of communications vehicles)
- Surveys around specific programs (e.g., the quality of communication around a one-time event, such as an employee town hall)

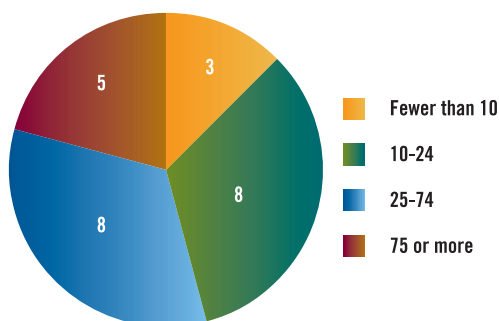
While this type of evaluation won’t necessarily prove that communication is driving revenue, it can be used to assess whether workers are aware of and committed to achieving a company’s business objective.

What Next?

Based on this study, we are encouraged to see that more and more people are jumping aboard the employee communications bandwagon. No longer relegated to being a tactical afterthought, employee communications is now playing a strategic role in driving the business at most companies.

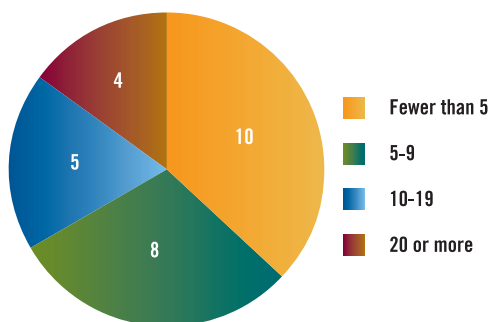
To remain relevant, employee communicators must look to the future, and identify new and different opportunities for advancing the practice. With that in mind, here are a few thoughts about what the future might hold (and some cautionary notes about how employee communicators should navigate the future).

Number of Corporate Communicators



While nearly 60 percent of subject companies have between 10 and 74 corporate communicators...

Number of Internal Communicators



...64 percent of subject companies have fewer than 10 internal communicators

The Lure of Technology

With the advent of blogs and wikis, portals and webcasts, employee communicators have an increasing arsenal of tools with which to do their work. Indeed, many of the companies we targeted are dabbling with new technology to supplement their employee communications programs.

Even the most progressive employee communicators, however, caution that companies should not concentrate on electronic communication at the expense of print or face-to-face vehicles. Each has a role, and each should be used in a way that reflects the wants and needs of the employees at a company.

Those who are experimenting with new technology do offer a few pointers for making the innovative forms of employee communication more effective and successful in the long term:

1. Marketing is key, particularly early in the use of new vehicles. Employees need to know the vehicle is available, that it is relevant to them, and that they have access. Even online vehicles benefit from word-of-mouth and other visible promotion, like posters, “push” emails and the like.
2. Make sure it works. Communicators insist that technology has to be tested and shown to work before wide-scale internal deployment. Employees can get frustrated and ultimately tune out if they feel it’s too much work to use the technology.
3. Authenticity is vital. A number of companies today are using CEO- or executive-level blogs to communicate with employees. Because of the personal nature of blogs, employees want the content to be authentic, or in the “voice” of the author. Employees at one company rate their CEO’s blog as a top information source, and their approval is based on the fact that he writes the content himself.
4. Don’t replace “high touch” with high tech. Even at companies where electronic communication is pervasive, there remains a need for face-to-face meetings and discussions – dialog engages employees.

Voice of the Customer

Countless companies include “putting the customer first” among their core values. The belief holds that saying customer service is important equates to ensuring that employees remain focused on providing customer service.

But at most companies, few employees outside of sales have a direct link to customers and are therefore less likely to feel their work has any impact on customer satisfaction.

“We told them we wanted to know about any and all praise they got, whether from a local paper or chamber of commerce or anything. The first report we got was a page-and-a-half for all 71 (facilities). Now it’s up to 38 pages. Because of this practice, healthy internal competition between (facilities) has grown. These successes were never captured this way before. It’s been incredibly powerful in bringing the whole system together.”

– Senior Vice President, Corporate Communications, U.S.-based healthcare provider

Recognizing this, progressive employee communicators work to incorporate the “voice” of their customers in their overall employee communications strategies. This can take many forms, from involving customers as speakers at employee events, to distributing positive news coverage, to sharing customer compliments (and even complaints) broadly across the organization.

This approach taps the pride of employees, who consequently think more about their work and the impact it has on customers. Of the 28 companies we targeted, 11 currently incorporate the voice of customers into their employee communications strategies.

Networking

Unlike traditional PR or media relations functions – which are often centralized at corporate headquarters – employee communications tends to be more decentralized. In addition to formal employee communications functions, many organizations have myriad informal internal communicators, such as facility-by-facility human resources managers who also produce local newsletters; or communicators hired by business units whose interests are for the business unit first and for the corporation second, if at all.

Without effective management, this can result in employees receiving mixed messages or even misinformation – which can be counterproductive to driving performance against corporate strategies.

This is particularly true among global companies, where language barriers can add to the challenge.

Some employee communicators have begun to resolve this issue by establishing employee communications networks – virtual teams of communicators who effectively collaborate to ensure consistency of messaging and timing, even across business units and geographies, aligned against a common set of goals.

Those who have successfully built and maintained communicator networks say the key is making interaction as easy as possible. They establish a consistent schedule for collaboration, including group meetings at least once a year. There, they establish objectives for employee communication, and agree on priorities and strategies. Then they check in with each other periodically to measure progress against their agreed-upon goals.

“We have quarterly off-sites, and monthly calls. I have weekly meetings with the local directors, and weekly calls with (the communicator) in Europe and monthly calls with the (communicators) in China and Australia. We are working to get in alignment and to bubble up questions to this team and to cross-pollinate the agencies.”

*– Vice President, Corporate Communications,
global consumer packaged goods company*

This not only fosters a more consistent approach to internal communication overall; it also builds cohesion among communicators and drives communications best practices through the organization.

Conclusion

While there are reasons to celebrate the evolution of employee communications as a practice during the past decade, we still have work to do.

We must be vigilant in our efforts to elevate internal communications from a tactical function to one that is more strategic – and incorporated into business planning and decision-making. We have to continually demonstrate to CEOs, CFOs, CMOs and other executives that employees are every bit as important an audience as financial analysts, the media, government officials and even customers.

We must push harder for true manager-led communications programs by not only giving managers information to communicate, but also by training them as communicators and holding them accountable for communicating.

We must understand the power of new technologies as employee communications tools, while at the same time reinforcing the need for – and true application of – face-to-face communication. This is how we can build an emotional bond with employees.

We must do all we can to ensure that employees understand the business from all aspects. Particularly, we must work to incorporate the voice of the customer into our employee communications, giving our people a better understanding of how their work affects customer satisfaction, and thus, overall company performance.

The good news – great news! – is that employee communications is consistently being recognized as a critical element in affecting employee behavior. Now, we must show that employee behavior truly affects the bottom line.



Dave Duschene is executive vice president for Insidedge, a team of dedicated internal communications strategists and counselors based within the Interpublic Group of Companies.