

[Opening address at the 2001 Spring Seminar of the Arthur Page Society, as published in the Journal of Employee Communication Management, July/August 2001.]

The big picture: Internal communication, today and tomorrow

Employee communication was the topic this year for the elite Arthur Page Society's Spring Seminar. In preparation for delivering the opening address, veteran communication exec Anne Curley researched trends in business, communication and related fields. Her findings—mostly good news—may guide communicators in their work.

A few years ago, Tom Peters was telling CEOs to “innovate or perish!” That’s no less true today, but no *more* true than the corollary dictate, “Communicate or perish!” Of course, we’ve been preaching this message forever. But let’s review why senior management is now embracing it.

First, of course, there’s the rising importance of intellectual assets. In 1982 tangible assets represented roughly 60 percent of industrial firms’ market values. Last year, estimates put the figure at just 10 to 15 percent. Today, the biggest growth opportunities lie in leveraging intangible assets such as relationships, innovations, databases, and employee skills and motivation. In other words, today’s growth strategies are highly dependent on communication practices and systems.

Don Cohen, editor of a leading knowledge management journal, says, “Knowledge management means many things, but it means communication most of all. Sharing knowledge, learning from customers, improving working practices, turning innovative ideas into innovative products—the stuff of knowledge management—are *all* communication efforts.”

Next, there’s the realization that most CEO failures stem not so much from flawed strategy as flawed execution. CEOs are realizing that if they fail to keep their people aligned and engaged, they fail, period. Dirk Jaeger’s downfall at P&G and, to an extent, Richard Thoman’s at Xerox, are vivid object lessons in this regard. Likewise, the fact that the disappointing results of so many large-scale change projects have been attributed to weak communication has put a spotlight on this area.

Another driver is the growing focus on employee empowerment. To increase innovation and speed, power must be decentralized. Broader empowerment requires better information-sharing and a new level of internal dialog.

At the same time, companies are working increasingly through teams, particularly cross-functional teams and, increasingly, geographically dispersed “virtual teams.” This has led to a surge of new training and tools to facilitate communication.

The new focus on employee retention is another reason for the interest in improving communication. We need to create the kind of culture that people enjoy being part of. And we know that good communication is typically among the top three dimensions of job satisfaction. But while good communication may be seen as a major plus by the Boomer generation, it’s often simply a hygiene factor to the Net Generation talent we’re pursuing. These web surfers are *accustomed* to user-centered, interactive experiences. They have an *expectation* of what information sharing and retrieval should feel like and it requires us to do things differently.

Finally, I'd be remiss if I didn't acknowledge the Welch factor. The highly successful management style of General Electric's longtime leader raised the consciousness of other CEOs on the value of maintaining an ongoing strategic dialog within the organization.

You all know the bottom line: We've reinvented our concept of employee communication, moving from the "contentment model" that focuses on employee relations to an "engagement model" that ensures people are focused on the right things, they have the right information at their fingertips, and they're working in the right kind of communication environment to contribute their best.

So how are best-practice organizations making this shift? Broadly stated, they are increasingly treating communication as a core business process. This is triggering a change in how the Internal Communication function is viewed and used.

Traditionally communication has been viewed as its own pond, if you will, producing its own peripherally useful products, with line managers tapping the pond as necessary for help with special projects. The story's been much the same in most other staff areas. Meanwhile, the mainstream of the business rushes past us, with little opportunity for us to influence the day-to-day communication that drives outcomes.

But look how the landscape is changing at best-practice establishments. Corporate leaders are mainstreaming the communication function into normal business processes. And we and our clients are opening new channels to Organizational Development, Training, Strategic Planning, IS and other staff functions to get the job done.

In many cases, internal communicators first joined forces with these other staff groups to carry out change-management assignments. Today, in best-practice settings, we're routinely partnering to do so-called "performance consulting." Say an innovation team is having communication problems. They call on Internal Communication. We call in Organizational Development to do a Myers-Briggs or Team Profile type assessment. Or we work with Training to do communication workshops for managers. We work with Strategic Planning to develop a large-scale event to support a strategy deployment. We work with Knowledge Management and IS to encourage formation of virtual communities.

What are the best practices that these "performance consultants" are employing? Let me quickly review some ideas for creating an environment where people **connect**, **share** information and ideas, **understand** each other, **believe** in the common goals, and ultimately **own** their part of the business.

1. Connect

It's been said the New Economy is an attention economy, because that is the scarcest resource. To connect, we need to go where the other party's head is, so we can work within their frame of reference. Surveys are one tool for getting a fix on this. I asked Angela Sinickas of Sinickas Communications to recap some current best practices in employee opinion research. She noted the following practices, among others:

- Conduct research on an ongoing basis. GTE, as an example, conducts monthly, short surveys, using both standard and highly topical questions.

- Use employee research as a measure of management performance. Federal Express has established a minimum acceptable level of communication effectiveness. If a manager repeatedly falls short, his position is at risk.

- Use technology in new ways for research. Build mini-surveys into web pages to gather instant, ongoing feedback, as Microsoft does on its intranet. Use electronic voting technology at the start of a meeting to see how consistent or divergent the group's opinions are on a topic, then go from there. Conduct virtual focus groups where employees throughout the world log on at a set time for a facilitated discussion, or respond over time as they react to each other's comments.

- Survey observations of behavior rather than opinions of satisfaction. Don't ask how well they think their boss communicates. Ask whether they meet with their boss at least once a month to discuss their performance.

Of course, we don't need to connect with all employees at all times. To fight information overload and increase impact, some organizations are doing more audience segmentation. Both surveys and the new "portal technology" from IS allow us to identify and target information at subgroups more routinely. On the "pull" side, subscription services allow people to self-select for e-mail updates. The very nature of the Internet allows and promotes more segmentation.

On the other hand, we don't want an employee group that *feels* fragmented so we are rediscovering the value of rituals and corporate lore. Rituals connect people and give them a sense of belonging. They can be as simple as a daily trivia question...or as massive as the annual Profit-Sharing Day celebrations that S.C. Johnson stages around the world at year-end. Increasingly companies are leveraging the power of ritual.

As for corporate lore, S.C. Johnson's a great example here, too. We now have a fifth-generation of Johnsons at the helm and we have stories that would blow you away. We recently held a two-day off-site where 90-some managers reworked a major business strategy. We began with small group discussions of "legacy moments" – times when people realized this is a different sort of company. It was powerful.

Other companies are using "Industrial Theater" to quickly connect with people. For example, let's say you're having a one-day meeting with people from different offices. They don't know each other, but they have many of the same problems. You might use an improvisational theater group to break the ice and quickly get common issues and concerns on the table. The troupe members say things the audience members are probably thinking but afraid to say in front of strangers. And they say them in humorous, ridiculously exaggerated ways. In the audience, nervous laughter soon yields to raucous roars of recognition. In the space of just a few minutes, inhibitions have been overcome and the group is ready to make real progress on the issues.

Or how about a drum ceremony? AngloGold, a South African mining company, staged a huge event to celebrate the integration of 13 businesses into one. They invited 5,000 employees from the merging companies to a meeting at huge venue where there were no chairs -- just 5,000 drums. At the appointed start time, a drum master walked on stage and signaled participants to follow his lead. There followed a half-hour drumming session that stimulated tremendous energy and camaraderie. Then the new CEO walked out and talked about the power of beating as one. Talk about a memorable, unifying experience.

Finally, when the goal is to connect, it's important to remember the importance of being human as technology, speed, and global scale threaten to dehumanize our interactions. Sometimes simple and personal works best.

As an example, one of my clients was lamenting the fact that the part of the world he oversees for his company is so huge and the employee population, so large, that he and these employees would never have a chance to know each other. The communication tool created to address this challenge is called "Postcards from Joe," a simple but distinctive format for an e-mail this leader sends out whenever the spirit moves him as he travels through the region. When he sees an employee or a team do something that's a great example of what we're shooting for ... if he gains an interesting insight from a customer ... if he reads a great quote that speaks to what the group is experiencing, he'll dash off a brief personal note. The postcards are his way of staying connected and sending key messages. And although these thousands of employees will never have much, if any, direct contact with Joe, they have come to feel as though they know him through this very simple and personal form of communication.

2. Share

Once we've connected, we need to share information and ideas effectively. This is something we're not too good at yet. To quote Peter Drucker, "The productivity of knowledge work—still abysmally low—will become the economic challenge of the knowledge society."

A terrific new book called *Simplicity: The New Competitive Advantage* by Bill Jensen addresses this challenge. Bill notes that task work has been streamlined, but knowledge work has become more cluttered and confusing. He argues that, like scissors and chairs, knowledge work should be designed *ergonomically* -- working backward from what data people need to make decisions, and how they can most easily assimilate it.

Organizing information for maximum utility is vital. But organizing people for maximum value creation is even more important. Best-practice repositories on an intranet grow stale fast; Leading edgers are trying to foster dynamic, real-time sharing of information and ideas by sparking self-organizing, value-adding networks of people. In a hugely exciting development, a few organizations are encouraging employees to form web-based "communities of practice," comprising folks who do the same kind of work for different parts of the business; "communities of purpose," who come together for a period of time around a common project; and "communities of learning," such as people interested in the topic of leadership.

Those who have tried to stimulate this kind of sharing say the key is *not* to try to anticipate every topic of interest, create links, upload lots of information or set up other elaborate structures; No one can fully anticipate where value will emerge from a network. The key is simply to foster community-building by getting some balls rolling.

I'm talking about a type of communication—lateral communication—that isn't typically covered in communication plans. But some communication teams are delving into it. As an example, John Iwata's group at IBM reportedly has encouraged the start-up of various virtual communities.

The bottom line is this: When it comes to information sharing, we're seeing a shift to open, many-to-many communication because the alternative -- traditional hierarchical communication -- carries too great a time cost.

3. Understand

Of course, it's one thing to be exposed to information; it's another thing to understand it. When it comes to promoting understanding, we're seeing some good swiping from the field of adult learning. Peter Senge, author of *The Fifth Discipline* and minter of the term "Learning Organization," has had a lot of influence in this area.

Senge stresses the importance of building shared mental models. The premise here is that we all filter incoming information and experiences differently. So it takes conscious effort for everyone to see a vision, strategy or problem the same way. Best-practice organizations have incorporated this principle in their strategy development and deployment, starting at the top. Hence the growing use of visual strategy mapping to help ensure that each person at the table sees the same relationships and proportions among all the elements of a strategy. Creating a shared framework, then showing how all subsequent information relates to this framework, greatly accelerates understanding.

Visual learning continues to grow as a trend. By now, most communicators are familiar with Root Learning Systems, the firm which has developed visual "maps" of complex realities such as marketplace forces and major change initiatives for business literacy programs at IBM, Sears and hundreds of other companies. A number of other companies have entered the strategy-mapping business as well.

This very effective approach to learning – substituting pictures for thousands of words – is evolving beyond business literacy programs. Increasingly, companies are using visual mapping as a normal part of their planning and communication processes.

Likewise, companies are moving away from attempting to build business literacy by engaging employees in isolated, theoretical discussions. Instead, best-practice leaders such as Davis and Company are encouraging "action learning," which I think of as the next generation of business literacy. Instead of conducting abstract discussions about the company's strategy or value-creation process, employees are engaged in real-time learning around real business needs. For example, instead of just familiarizing themselves with the organization's value chain (the series of steps required to take whatever constitutes the organization's raw material and turn it into finished goods), they're challenged to find ways to streamline a portion of it. This feels a lot more substantive to employees--because it is. It makes for deeper learning *and* it yields real business benefits.

A related trend is experiential learning, where you actually design an experience that will spark the insights you're looking for. Having employees shop competitors' products or services, call on customers, serve as customer service reps--there are many examples of how organizations are using experiences to trigger powerful, shared learnings.

As we all know, storytelling has been rediscovered as potent tool for creating understanding. The success of books such as *The Goal* and *Who Stole My Cheese?* attests to this. Likewise, leading CEOs are moving away from bullet points to more compelling narratives that begin with some sort of burning platform and culminate in a call to action. GE, Pepsico, Allied Signal, Ford and 3M, among others, are said to make extensive use of storytelling to create understanding. If Nordstrom's is trying to communicate a value such as customer intimacy, they don't go on about how important this is, theoretically; they tell true stories about the lengths to which employees have gone to meet customers' unique needs.

4. Belief

Of course, storytelling and learning exercises will get you only so far. Sometimes, we need to go beyond intellectual understanding to gut-level beliefs. Here's where we run into "walk the talk" issues related to consistency among the organization's messages, policies, and deeds.

These issues generally lie outside of our direct control. But because structures and systems like compensation, promotions and how top managers spend their time send such powerful, overriding messages to the organization, a handful of communication professionals such as Jim Shaffer are facilitating what you might call "alignment audits," where senior managers look at how the organization's systems and structures either support or fail to support the stated values and operating principles.

Another trend in this area is increasing use of performance metrics as the focus of ongoing strategic dialogs at all levels. As Jim notes in his very helpful book, *The Leadership Solution*, Ritz-Carlton managers focus on one metric a day during the daily staff huddle. Well chosen metrics that are consistently tracked, with reliable consequences tied to them, are a powerful way to build credibility. It occurs to me that engaging employees in the process of identifying and selecting the critical few metrics to be tracked over a given time period could be a marvelous means of building both business literacy *and* a sense of ownership in hitting the numbers.

It's important to realize that the key to belief is not persuasion. It's providing the data and having the dialog people need to engage in that self-discovery process. Our employees don't want to be sold. They want access to the facts and logic train required to come to their own conclusions on issues that affect them significantly. So it's very important, when we talk about internal branding, to approach it not as a marketing program but as a partnership. Which brings us to the highest level of communication--the kind that creates a shared sense of ownership.

5. Own

The most exciting book I've read in a long time came out this spring. Written by Mary Boone, it's called *Managing Interactively*. Boone defines her title as the practice of recognizing the value of the group in helping to set norms, measures, goals, and strategies. It involves going "beyond buy-in" to truly interactive strategic dialog. It means shifting from an "internal marketing" mode to an "ask and engage" mode. It's the difference, she says, between television and the Internet.

Both the need for speed *and* expectations of the Net Generation are driving us toward more interactive management. And the communication function can play a powerful role by facilitating the ongoing internal dialog that this requires. Let me close this presentation with a concrete example.

Recently, a client asked for help in rolling out a new strategy that was then being developed by the top management group. The CEO's goal was to develop an effective communication plan that would help his employees understand and buy into the strategy. What he got was something much more powerful.

First, there was a two-day offsite for a broad group of managers that gave them a very meaningful opportunity to influence the strategy before it was final. The result was a better strategy and one that the entire management team saw as *their* strategy. There followed a series

of all-employee meetings at the division level, where division-level leadership teams gained further understanding and ownership by themselves presenting the strategy to employees.

Step 3 called for work-group level meetings, where employees would have a genuine opportunity to influence how their department's activities would change as a result of the new strategy. Internal Communication developed templates to help them draft proposals to discontinue some non-strategic activities and expand or add others that seemed more consistent with the strategy. Throughout the process, ideas and reactions flowed back and forth and all around.

The result was a new level of connectedness, understanding, credibility and ownership. But more to the point, this interactive management accelerated and improved the execution of the strategy.

In conclusion, here's the takeaway from this opening presentation: Smart companies are mainstreaming good communication practices. Smart communicators are showing them how.