

Culture Purpose Reputation Brand

# The Missing Link

*The link that connects culture, purpose and brand and builds a stronger reputation and employee experience*



# Introduction

“ *Employees lag behind customers, investors, politicians, governments, regulators and the media when it comes to resource, budget and focus.* ”

## *i) Context*

Over recent years the topics of culture, purpose, employee experience and the importance of creating a stronger emotional connection with employees have secured a much stronger foothold in management thinking and discourse. There is now a much broader acceptance that:

- It is employees who play a pivotal role in shaping external reputation, in particular in the eyes of customers, but increasingly other stakeholders including investors and regulators.
- Trust and reputation are increasingly the outcome of culture, purpose, employer brand and organisational behaviour. Performance and product quality/innovation are still key factors, but they now have to share billing with these other drivers.

As an executive search firm that works in the field of communications, brand and reputation, we have noticed that this shift in thinking has, generally, yet to transfer into the assignments we conduct for clients. For instance, very few internal communications roles that we see are designed to have a broader and more transformational influence over culture and the overall employee experience.

Where are the roles that use communications to shape culture; to help leaders create a deeper connection with employees; and to create a deeper connection between employees and organisational purpose:

- **Roles** that influence both the behaviour of leaders, which leaves more of an indelible impression on employees, and their communications (to close the ‘what we say’ and ‘what we do’ gap).

- **Roles** that leverage communications, in the broadest sense, to create a more positive and engaging employee experience.

There is still, it would seem, a well established misconception that internal communications is a less sophisticated and more transactional discipline than external communications, one that requires little more than content and channel management skills. Yet the communication of an organisation and its leaders, along with their behaviours, have a profound impact on culture, engagement, the ‘employee experience and, ultimately, performance and reputation.

“ *There is still a well established misconception that internal communications is a less sophisticated and more transactional discipline.* ”

Business leaders, it seems, have yet to fully grasp the importance and value of genuine strategic (internal) communications, often because they have yet to witness it. Its evolution into a more strategic function is still quite embryonic and far from widespread. Since trust in business and its leaders is at an all time low, it is surely time that the role/value of communications is given a more wholesale and drastic rethink.

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This situation is, we believe, symptomatic of a broader issue – that culture, the employer brand and the overall employee experience, along with the factors that shape it, are still, by and large, not a strategic priority.

How many companies have a conscious strategy to shape and manage their culture, one that is comparable to the strategy they have to shape the external environment in which they operate?

Interestingly, in a recent Deloitte Global Human Capital Trends report, culture is identified as one of the most important business topics, with 82% of survey respondents believing that “culture is a potential competitive advantage”. And yet (tellingly):

- only 28% of respondents believe they understand their culture well, and
- only 19% believe they have the “right culture”

This extends to communications. Of course leaders, be they in corporate functions or business divisions, want to communicate with their employees, and internal communications roles have proliferated over recent years to reflect this demand. But we know, from first hand experience, that external communications roles are often more generously remunerated than their internal communications counterparts, suggesting that external communications is more important than internal communications or that is perceived as more complex and demanding. Either way, the inference is that employees are subordinated to other external stakeholders, be they customers, investors, politicians, governments and the media. It is not culture that the board and executive team lose sleep over, it is the external environment and the organisation’s reputation amongst its external stakeholders. The priority given to the strategic analysis (and supporting data analytics) applied to understanding and influencing the external environment further reinforces this observation. That said, this is changing and we are seeing evidence

of culture/brand beginning to rise up the board and executive committee agendas.

**“ It is not culture that the board and executive team lose sleep over, it is the external environment and the organisation’s reputation amongst its external stakeholders. ”**

There are strong business reasons why this is changing and has to change:

- It is employees who play a pivotal role in shaping external reputation, in particular in the eyes of customers, but increasingly other stakeholders including investors and regulators.
- Trust and reputation are increasingly the outcome of culture, purpose, brand and leadership behaviour.

There are, therefore, some fundamental questions that organisations now need to think about as a result of the developments outlined above:

- What sort of **culture** do they want to create and how are they going to do that?
- How are they going to **build trust** internally – loss of trust now being a real issue – and how are they going to create a stronger emotional connection with employees, particularly the millenials who are more independently-minded and expect more involvement/a stronger voice in decisions?

- What is their **purpose** and how can they use that purpose to build a stronger connection with employees?
- What is the **employer brand**, who has the skill set and knowledge to develop it, how can it be brought alive across multiple touch points and how does it join up with culture?
- How does **employee engagement** and **behaviour**, as well as the employer brand, impact external reputation and how can that 'connection' be leveraged to advantage (a strategy and plan to manage that, rather than leaving it to chance)?
- How do they channel the **power of employee advocacy**, mobilising employees to become powerful advocates for the organisation? (In the latest edition of the Edelman Trust Barometer, employees came out as companies' most trusted and honest spokespeople).

But this, by definition, requires a fundamental shift of priority and resource.

### **ii) Objectives of the research**

With these trends and observations in mind, Watson Helsby launched an extensive study to explore the following questions:

- Is internal communications used and valued as an integral, strategic business discipline and what difference does this actually make? What is the business case?
- Are organisations taking a more integrated and coherent approach to culture, brand and communications and the overall employee experience? If so, what does this look like and how are they doing it?
- If there is a missed opportunity, what does it look like and how could it be captured and realised? What organisational capability is missing?
- What we have ended up with is the identification and definition of a significant organisational and capability gap.

### **iii) Who we interviewed**

Our findings are based on face-to-face interviews with over 60 senior executives, consultants and academics - from a range of disciplines including HR, culture, organisational development, communications and brand. This eclectic mix nevertheless shares direct and common experience of how their leaders communicate, engage and connect with their employees as well as the strategies – or lack of them - that these leaders employ to manage their cultures (see list of interviewees on page 49).

**“ Plenty of companies have a customer experience team that looks holistically at the entirety of the customer experience, but how many have an employee experience function with a similar remit? ”**



**Culture** **Purpose**  
**Reputation** **Brand**

# Executive summary

“ *Employees can extol positive virtues but also fatal deficiencies. They can be both ambassadors and fifth columnists.* ”

Our research confirmed our observation in the introduction - namely that CEOs, and business leaders more broadly, still devote more time (and lose more sleep over), the needs, opinions and expectations of external stakeholders. Of course there are reasons for this – customers are the lifeblood of an organisation, policy makers and regulators can restrict license to operate and add significant cost to businesses and positive investor sentiment/relationships are critical to a strong share price.

“ *Organisations are both porous and transparent and external perceptions of an organisation are very much driven from the inside out.* ”

Yet this view ignores a key reality and that is that a company's culture is now very visible from the outside and all the key external stakeholders listed above, will make judgements and decisions on what they see or hear about its culture. The internal brand and the external brand are now virtually indivisible because organisations are both porous and transparent and external perceptions of an organisation are very much driven from the inside out. If culture and employee motivation are not healthy, it will detrimentally impact the

decisions and opinions of all of these audiences. It makes sense to prioritise culture related issues and thereby prevent them becoming an 'external issue' – rather than belatedly trying to fix them when they do.

It is not just a reputation/perception issue, it is also a commercial one too. So many of the problems that can, and do, derail an organisation, stem from an inadequate understanding of, or concern about, culture and/or from poor communication and a failure to engage employees at an emotional level. All of which ultimately comes down to a lack of the **right** kind of leadership and the **wrong** leadership priorities.

But most of our interviewees (and there were some exceptions) felt that culture, and the factors that help create it, are not being prioritised. Certainly not above everything else. Short termism is a key factor in this respect. Many CEOs have built their careers on quick wins and culture and engagement, with its slower burn, is not an attractive proposition if you are being incentivised and judged by final results.

Interestingly, one candidate observed that plenty of companies have a customer experience team that looks holistically at the entirety of the customer experience, but very few have an employee experience team with a similar remit. Customer experience teams have a huge amount of data and insight at their disposal which help inform and define the 'experience', yet surely the employee experience is no less important. Arguably more so, since if the employee experience is not particularly motivating, then the customer experience will suffer.

“ *Any communications that are shared digitally with a wide employee audience must be assumed to be in the public domain. It has never been truer that “reputation is driven from the inside out.”* ”

It is certainly very apparent from our experience in advising senior leaders on their capability building – across the full spectrum of stakeholders - that the:

- Insight and analysis
- Strategic thinking
- Creativity
- Measurement/tracking and monitoring

that is invested in understanding, engaging and managing dialogue with external audiences is seldom mirrored internally.

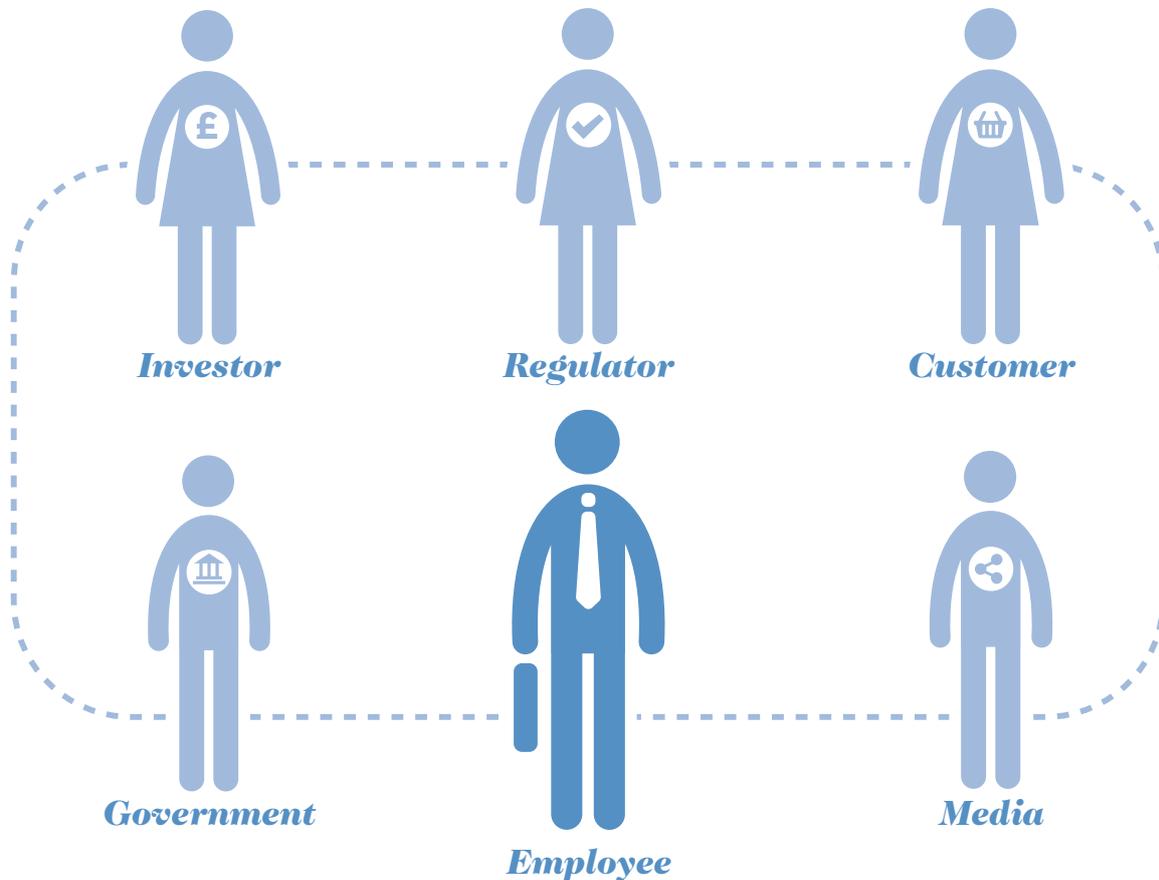
However, our research indicates that this situation is beginning to change and several interviewees remarked that both their boards and executive committees were looking, more closely than they traditionally had done, at culture and engagement. In a number of companies, specific board sub-committees have been set up to examine culture, and brand, and its impact on performance.

Sometimes this has been done voluntarily, sometimes as a result of outside pressure from influential bodies and institutions and a more general shift in the external landscape. For instance The Financial Reporting Council, the CIPD and the influential think tank, Tomorrow's Company, who recently observed, that “*after LIBOR, Volkswagen, Sports Direct and others, boards and investors alike recognise that what most threatens shareholder value is to neglect purpose, values, relationships and the human side of a business*”.

If investors are getting behind this, and they are, because they are becoming increasingly sensitised to the relationship between culture and both reputation and performance, then boards will soon follow (as will the share price). In other words, this area is no longer soft, touchy feely stuff – culture and its correlation with performance and organisational ‘health’ is vital and, as the examples above demonstrate, it can be the cause of significant reputational damage, as well as chronic underperformance.

The research highlighted a number of developments that have further underlined the need to refocus leaders' attention on culture, brand, engagement as well as the importance of motivating employees with a meaningful goal and purpose. These developments include:

- A new generation of **digitally savvy**, independently minded employees looking for, but not always finding, more purpose and meaning in their work. They also want more say and inclusion in decisions that affect them and to which they believe they can add value.
- Employees are **empowered and connected by digital and social media**, both internally and externally. They have a platform to both express and share their views – the IT department no longer controls the airwaves. They can extoll positive virtues but also fatal deficiencies. They can be both ambassadors and fifth columnists. Which means that it is much easier for people outside an organisation to get a sense of its culture which, if at variance with the external brand promise, will undermine its credibility. If left unmanaged an organisation's culture in the outside world could become defined by Glassdoor and Facebook.
- Leaders and managers are expected to communicate and engage with their people, **fully and authentically**. Employees also expect leaders to be more visible and to live the behaviours and values they espouse.
- **Digitalisation and globalisation** mean that companies are in a constant state of change and successful change requires both the emotional and rational buy-in of employees if it is to succeed. **Transparency** – any communications that are shared digitally with a wide employee audience must be assumed to be in the public domain. It has never been truer that “reputation is driven from the inside out”.



**“ Employees must be treated as the number one stakeholder audience. It’s essential that organisations apply the same levels of research/analytics, strategic thinking, planning, creativity and executional expertise to employees, and the creation and management of an employer brand, that are applied to customers and other external audiences. ”**

- **Trust** in business is at very low levels, with the media only too happy to expose stories of corporate greed, hypocrisy and malfeasance. Employees therefore trust peers, and not authority, and rely on their own trusted sources of news and opinion

The undeniable conclusion, therefore, is that employees are not only a significant strategic asset (in the latest edition of the Edelman Trust Barometer employees came out as companies’

most trusted and honest spokespeople) but potentially an organisation’s greatest risk. Employees’ opinions and attitudes can create resistance to a fundamental strategic shift as well as place a natural brake on how an organisation can credibly position itself externally. Whether through communicating directly (i.e. with customers) or indirectly, employees can define, shape, enable and limit external reputations. They are also an often neglected source of opinion and insight.

“ *We now live in a world where leadership, culture, brand and reputation all intersect and overlap and therefore have to be joined-up and integrated with communications a key connector of all of them.* ”

As one interviewee remarked:

*“If a CEO wants to change a company’s external reputation as a leader in innovation, a critical step will be to ensure employees perceive the company to be innovative and to take action to align them behind this shift.”*

“ *Employees are an organisation’s most credible and powerful advocates. As such they can define, shape, enable and limit external reputations.* ”

The implications are clear and were backed up by many of our interviewees:

- Employees are an organisation’s most credible and powerful advocates and they should therefore be regarded as the number one stakeholder audience. It’s essential therefore that organisations apply the same levels of research/analytics, strategic thinking and creativity to employees, and the creation and management of an employer brand, as they do to the external brand/reputation and a company’s communications and dialogue with external stakeholders.
- Culture and the employer brand/experience should be a board and executive committee agenda item and absorb the same levels of leadership attention and time as the external brand/reputation and the customer experience. They cannot be treated separately anyway since they are all linked.

- A new style of leadership is called for – more respectful of employees, more authentic, human and empathetic (even fallible, humility is something that many leaders feel uncomfortable with) – in order to create a new dynamic between leaders and employees. Leaders must give much more consideration to how they connect with employees and they have to expect to earn trust and respect. They have to set the tone for how their organisations behave and to quote the FT columnist Andrew Hill, *“they should divert their efforts to the hard, often under-recognised work of converting their employees into their biggest fans”*.

What is becoming increasingly clear is that **purpose, culture, brand, leadership and reputation** all intersect and overlap and therefore have to be joined-up and integrated, with communications, a key connector of them all.

It is a situation that requires new thinking, fresh approaches and different skills, and we saw some evidence of this – in the full report we identify some more progressive companies who are actively innovating, introducing new thinking, new capability and genuine insight. In the majority of companies the changes are incremental, bolt-ons to existing teams, nothing that could be described as radical or transformational... We saw little that addresses the key challenge – that of developing a more **holistic, coherent and integrated** approach to **culture, purpose, employer brand, communications** and the overall employee experience and that recognises the link between all of these and reputation. Organisations are transparent and porous and there is now a much stronger link – one that cannot be left to chance and therefore has to be ‘managed’ – between culture/employer brand and reputation/external brand. It is arguable whether any traditional corporate function is currently built or resourced to do this.

At the very least, leaders need (though many would not be sure what this looked like), a 'strategic' communications function, one that can provide high level and insightful advice and act as a strategic enabler.

As one interviewee remarked, *"leaders' expectations of us have moved from traditional to transformational. We are expected to act as the organisational glue and we are also expected to contribute to broader business initiatives, ideas and solutions"*.

Internal communications has to be empowered to work with the leadership team, to help them to be visible, communicate with impact and authenticity and, most importantly, to create the connections across the organisation that are not being made.

However, our research, along with our executive search experience, suggests that the quality of this advice can be inconsistent. This is not always the fault of the function. Frequently it lacks both the remit and the depth of employee data and insight to properly establish itself as a strategic function. This is not helped by the fact that most senior communications leaders, particularly at Executive Committee level, have an external communications, public affairs or investor relations background. It is not their 'sweet spot', nor often their area or interest, so the CEO often lacks a communications expert who can talk to them about employees with the same level of insight and knowledge as they can about external stakeholders, which is their 'sweet spot'.

**“ Some CEOs may believe that they already have this capability in the shape of HR. We beg to differ; this new team would have a different purpose, different deliverables, a totally different remit and a vastly different skill set. ”**

Again this is changing, but it is definitely a contributory factor.

But there is a bigger opportunity, and that is the creation of a multi-disciplinary, digitally savvy team, one that that would leverage the skills, knowledge and expertise from HR, corporate communications/affairs, marketing, customer experience and IT. We believe a team that blended the expertise in the skills listed below would be a very powerful proposition:

- (i) Insight and analytics**
- (ii) Behavioural science/organisational behaviour and change**
- (iii) Brand management/customer experience**
- (iv) Strategic communications and campaigning skills (inc. leadership communications, narrative development, messaging, storytelling, content creation and campaigning) that would understand and leverage the intersection of internal and external communications.**

Research, data and insight based on data analytics, underpins the entire contribution of this 'dream team'. It is key to getting traction with the leaders of the business. They are more likely to value a team that provides a more systematic and rigorous analysis/ investigation of employee behaviour and motivation, one that helps them make better outcome predictions and better decisions.

Campaigning is an important area of expertise because it is modelled on the recognition that people make decisions on the basis of emotion as well as reason. The campaigning model puts audience insight at the centre of what it does, to help inform and create effective attitudinal and behavioural change campaigns. It is particularly effective at creating movements and networks that influence and inspire others, and which mobilise support for a specific initiative or objective.

Some CEOs may believe that they already have this capability in the shape of HR (an impression given by some interviewees). We beg to differ; this new team would have a different purpose, different deliverables, a totally different remit and a vastly different skill set.

**“ The executive team are more likely to value a team that provides a more systematic and rigorous analysis/ investigation of employee behaviour and motivation, one that helps them make better outcome predictions and better decisions. ”**

Although the CEO would have to be ultimate champion, this team would need a leader, someone with the drive and passion to orchestrate it and to ensure that it is all 'joined up'. Joined up are the key words here, since this team, above all else, is designed to join up the dots, both within and across the organisation, but also between the internal and external worlds.

This research highlights both an opportunity and a capability/organisational gap that many organisations should recognise.

Senior executives would have to be convinced of the outcomes and behaviours that this 'team' would drive and, crucially, embed. We explore these in detail in the report but in essence they are:

### **1) Enabling more effective leadership**

- Providing leaders with an in depth understanding of employee attitudes and behaviour, combined with valuable and actionable insights, backed up by rigorous data and analytics (that they would defer to and respect), to enable them to make better decisions
- Helping leaders connect to employees and helping them build their network within the organisation.
- Ensuring that, at the highest level, leaders' behaviours and communications are consistent with purpose, values and the brand promise, where and when necessary closing this 'what we say/'what we do' gap.

### **2) Connecting people with purpose, strategy and change**

- Connecting employees with the purpose of the organisation, both at a rational and emotional level
- Keeping employees focused and aligned to the strategic priorities as well as helping them understand them
- 'Joining up the dots', both across the organisation - helping the organisation itself to connect, identify synergies and break down silos - and between what happens internally and its impact on the outside world (to prevent siloed initiatives having unintended consequences for people, employer brand and external reputation);
- Ensuring that strategy and HR initiatives are coherently linked to the purpose of the organisation and ensuring that change and transformation programmes 'stick', by using creative communications and insight to create emotional connections;

### **3) Bringing the brand proposition to life**

- Creating an employer brand proposition that brings together purpose, values, culture, strategy and vision and moulds them into something that employees can relate to and get excited about and embedding it into the business;
- Overall 'brand management' to ensure that all employee touch points (i.e. what they see and experience) are on brand (same as customer experience).

- Bringing the employee brand to life within and across the organisation and across key touch points

### **4) Strengthening reputation and brand**

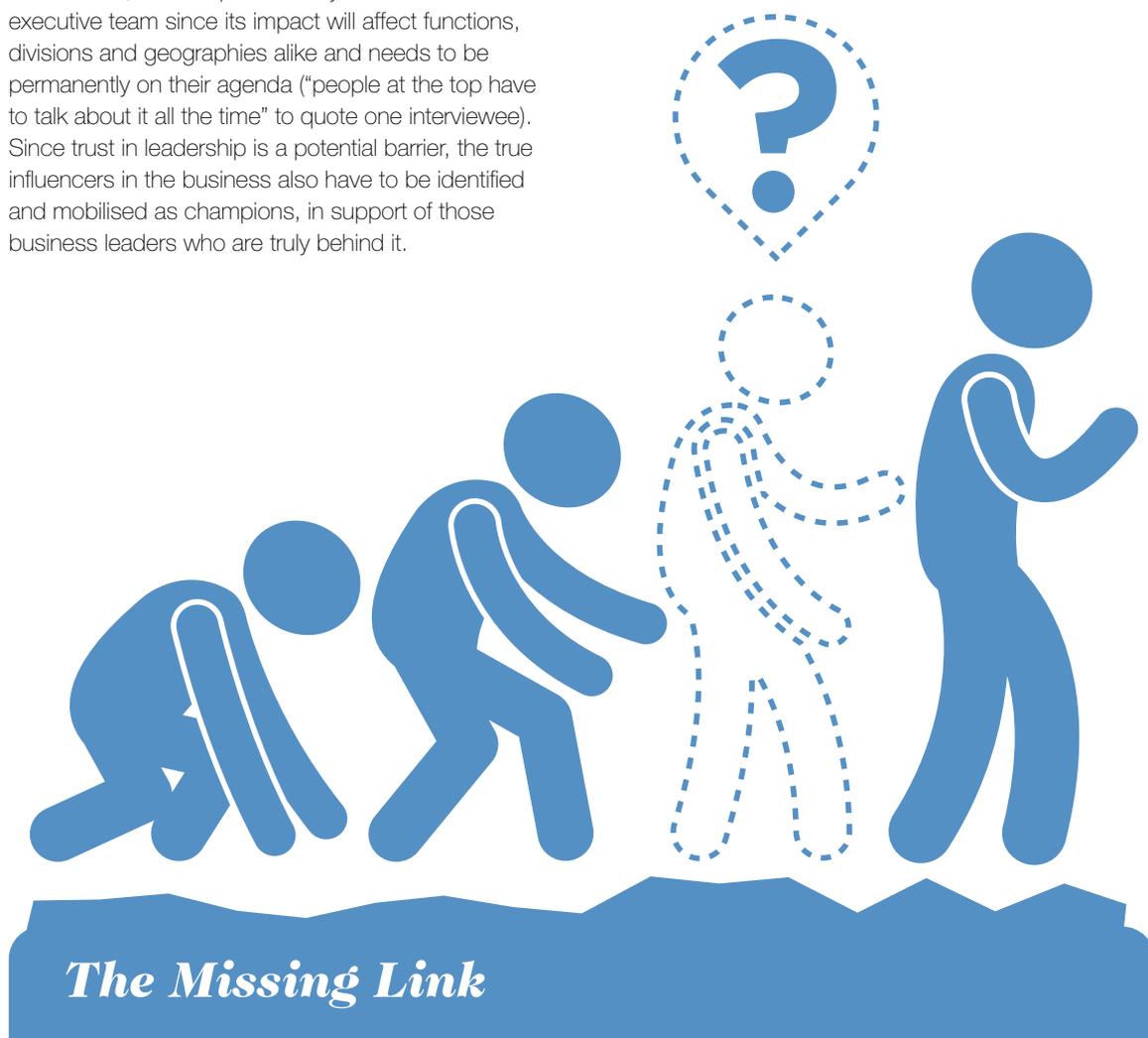
- Building reputation from the inside out and ensuring that an organisation's interactions with customers and other stakeholders reflect the desired culture and the brand.
- Harnessing the power of employee advocacy – seeking out the true influencers in the organisation, mobilising them to become powerful advocates for the organisation, internally and externally, with a coherent communications, digital and content strategy to maximise this asset

- Developing strategic and proactive campaigns to promote an organisation's employer brand (through stories and themes that evidence its delivery) and its culture to a range of external stakeholders (including capital markets, potential recruits, media) and leverage its value as a reputation building asset.

Communications is a key theme throughout all of these. It is the enabler, the connector, the facilitator, the glue and the skill without which it is impossible to get cut through, traction and genuine engagement. 'Communications' encompasses authentic leadership communications, better conversations, line management dialogue and genuine two-way conversations as well as content and powerful storytelling.

To succeed, it will require the buy-in of the whole executive team since its impact will affect functions, divisions and geographies alike and needs to be permanently on their agenda ("people at the top have to talk about it all the time" to quote one interviewee). Since trust in leadership is a potential barrier, the true influencers in the business also have to be identified and mobilised as champions, in support of those business leaders who are truly behind it.

**“ The purpose of this research is to highlight both an opportunity and a capability/organisational gap that many organisations should recognise. ”**



# Interviewees

Managing Director  
*Able & How*

Director of Communications  
*Aggreko*

Managing Director & Founder  
*Albion Communications*

Senior Vice President, People & Stores  
*Asda*

Director of Communications  
*Aviva*

Head of Employee Communications  
*Barclays*

Former Global Head of Leadership, Talent & Learning  
*Barclays*

Director of Internal Communications  
*BBC*

Director of People & Legal  
*British Airways*

Director of CEO's Office  
*BT*

Partner, Employee Engagement  
*Brunswick*

Former Organisational Development & Operations Director  
*BUPA*

Strategy Director  
*CIPD*

Non-Executive Director  
*CIPD*

Senior Vice President of Human Resources  
*DFC Global Group*

Chief Human Resources Officer  
*Edelman*

David Macleod  
*Engage for Success*

Senior Manager, Change Communications  
*EY*

Former Director of Employee Experience  
*First Direct*

Head of Diversity & Inclusion  
*Freshfields Bruckhaus Deringer*

Managing Director, Strategic Communications  
*FTI Consulting*

Head of Organisational Development & Capability  
*Gazprom*

Chief Communications Officer  
*GE Oil & Gas*

Vice President of Internal Communications  
*GlaxoSmithKline*

Global Head of Culture  
*Google*

Director of Human Resources  
*Henderson Global Investors*

Group Human Resources Director  
*Home Retail Group*

Global Head of Employee Communications  
*HSBC*

Global Head of Insight, Culture & CEO Communications  
*HSBC*

Chief Human Resources Officer  
*IBM Europe*

Group Director of Internal Communications  
*Kingfisher*

Head of Strategic Engagement  
*KPMG*

Group Director of Colleague Collaboration & Involvement  
*Lloyds Banking Group*

Director of Communications  
*Lloyds Banking Group*

Divisional Human Resources Director  
*London Stock Exchange*

Change Communications Lead  
*Maersk Line*

Head of Employee Communications  
*Marks & Spencer*

Group Human Resources Director  
*Merlin Entertainment*

MD, Internal Communications & Employee Engagement  
*MHP*

Former Head of Corporate Communications & Citizenship  
*Nationwide*

VP Talent  
*NBC Universal*

Director of Corporate Affairs  
*O2*

Former Global Head of Internal Communications  
*Philips International*

Head of Business Communications  
*RBS*

Global Head of External Affairs, Communities & Communications  
*Rio Tinto*

Former VP, People & Organisation  
*Rio Tinto*

Director of Internal Communications  
*Rolls-Royce*

Former Head of Leadership Engagement  
*SABMiller*

EVP, Talent & Resourcing  
*Sage*

Retail & Logistics HR Director  
*Sainsbury's*

HR Director  
*Santander*

Director of Internal Communications  
*Sky*

Director  
*The Change Agency*

Founder & MD  
*The Culture Builders*

Senior VP, Communications & Brand  
*Trustpilot*

Director of Internal Communications  
*Unilever*

EVP, Customer  
*Virgin Atlantic*

# About Watson Helsby

**Watson Helsby is a London-based executive search and advisory firm that works with both UK and global organisations in both the private and public sector, helping them identify and recruit the talent that will enhance their corporate communications, public affairs, internal communications and overall reputation/stakeholder management capability.**

We have published numerous industry reports and surveys, all of which explore talent and organisation related topics within the disciplines into which we recruit. These include both external communications and reputation related functions and internal communications/employee engagement related disciplines. The purpose of this research is to examine and explain the direction in which specific roles are evolving, as well as to highlight the capabilities that leaders, and their teams, need to exhibit to deliver value to the business

Nick Helsby, CEO of Watson Helsby, has written and been quoted in, several articles that have appeared in both national and trade press. Nick is both a subject matter expert and a well-informed and trusted advisor to both clients and candidates on matters such as external communications, internal communications and employee engagement and public affairs and government relations.

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For further information, or to discuss the research findings in more detail, please contact Nick Helsby at Watson Helsby on:

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