



Internal Communications — more to deliver

The Watson Helsby Reports | 2009

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THIS WAY!

Introduction

In a volatile operating environment, businesses need, as never before, to inform, educate and motivate their employees. Getting the right messages, fast, to front line employees is critical, particularly when they are receiving a barrage of messages from media outside the company. Information which may well need to be corrected, countered or explained in a wider context.

CEOs and senior executives know that effective internal communications (IC) can help them influence the sentiment and commitment of a vital audience. They want and need an IC team that can share a fast-moving corporate story rapidly and engagingly; help senior leaders communicate to employees on the frontline; improve the delivery of redundancy programmes, restructurings and reorganisations and build support for new business strategies and priorities.

With more being asked and expected of IC teams, their contribution is more apparent and their ability to add value being put to the test. With this in mind Watson Helsby, an executive search firm that conducts senior IC assignments, interviewed 25 IC directors (ICDs) to look at the current landscape of IC.

The aim of the report was to shed light on the role of IC (and the ICD) as practised today, to analyse the competencies and conditions that bring success, and to suggest ways in which it might develop.

The qualitative part of the study was supplemented by telephone interviews with a further fifty practitioners – in group, business unit (BU), region and function IC roles – to obtain more robust data for a remuneration and reporting line analysis.

We have produced two reports on the research.

This shorter report focuses on the key themes and issues that emerged. It also contains some suggestions, from our perspective as headhunters in the field, that would help companies realise a better return on their investment in IC.

A longer, more comprehensive report contains an in-depth analysis of accountabilities, resources, reporting lines, remuneration and skills and talent development. This is available from Watson Helsby (www.watsonhelsby.co.uk) at a cost of £275 plus VAT.

Companies have invested heavily in IC

IC has come a long way from the days of staff newspapers and the occasional senior management awayday. The increasing pace of corporate change and the need to win employees' commitment, not just their labour, means corporations are working much harder at and investing much more in IC.

Our research provides further confirmation of these trends. All participants said investment in IC and IC roles had increased in all parts of their organisation (group, region, BU, function) over the last five years. Most large public and private sector organisations have well established IC teams, some quite sizeable. And, while the current recession is causing internal communicators to look for ways to reduce costs and operate more efficiently, the fundamental need for high quality IC remains unchallenged.

The drive for more and better internal communications comes from the top. CEOs and senior executives want to ensure that leadership messages are heard, understood and effectively delivered. They need IC to provide the channels, the critique and the advice on how best to get the message across. Increasingly, CEOs want to be active and visible communicators of their corporate story, and they need and expect IC to deliver an outstanding service in this area, setting up programmes that allow them to listen as much as they broadcast.

Inevitably, this has led to a growing number of business leaders and senior executives looking to IC to help them within their BU, their function or their region.

As one participant noted:

“The BU MD’s horizon is one year, maybe sixteen months. Therefore he wants IC to drive his agenda and to help him get employees fired up to achieve his agenda.”

It is also generally recognised that IC can raise employee engagement levels by helping create an environment (open, transparent, effective two-way dialogue) in which employees will want to do their best work.

As the volume of change and business transformation projects has increased, IC has become a recognised enabler and facilitator of change. Most project or strategy heads will look to bring in IC support, often on a temporary/interim basis.

Most companies have also invested in the underlying communication infrastructure: more content is shared more widely through more channels than ever before.

Participants are confident that the investment in leadership communication, project support and communication infrastructure is delivering results. One participant noted “there’s a direct link between the activities of my team and customer retention”; another that “the benefits are alignment, productivity, improved morale, focus and speed”.

For a young profession, IC has come a long way. All participants said investment in IC had increased in their organisations over the last five years.



It is important to be clear about what is 'good' IC, because with poor IC there is a strong chance of causing external reputation damage.



At the same time most participants recognised that though positive results were being delivered on the back of the greater investment in IC, results had not matched expectations. IC can and should be delivering much more and it still lacks a sizeable body of really experienced practitioners to cement its status as an accountable professional function. But overall the discipline has come a long way since we last surveyed it in 2002 and the opportunities are there for it to further advance its value and impact.

The core remit for IC is now well understood. Participants were clear and consistent about what 'good' IC looked like.

With some variation in emphasis, all the participants said they were accountable for:

- Developing and communicating the corporate story internally (CEOs see this as both critical and strategic and it is by no means a skill that can be taken for granted), joining up communication about strategies, brands, plans and performance;
- Developing and using a suite of communications channels, which are increasingly online and make greater use of social media;
- CEO and other leadership communication programmes. A key aspect of this is coaching – what to say, how to say it, who to say it to as well as presentation planning, speech writing and event management. Also, identifying and preventing ineffective management communication;
- Campaigns and communications programmes with real business outcomes, for example faster post-merger integration, better customer service, greater brand loyalty or lower costs through improved use of IT;
- The communication of news and business updates;
- Providing support for formal 'employee engagement' or 'employer brand' initiatives;
- Crisis communications planning and execution;
- Basic measurement of the impact of communication on employee satisfaction and similar metrics.

Most participants (leaders of their function) would see all this as business as usual – demanding, time-consuming and relentless – but pretty much what's expected in the role.

From good to great – there are more ways ICDs can add value

Participants also offered examples of emerging best practice. Some participants are delivering some of these today, many more see them as a natural next step. Taken together with the remit outlined above, they offer a potential blueprint for future ICD roles. Specific examples cited include:

- Much more in-depth and transformational advice and coaching for CEOs and other senior leaders;
- More time spent developing, using and maintaining a credible, authentic and motivating corporate story that resonates with different groups of employees;
- Bringing the same creativity and rigour to the design and execution of IC as would be expected in consumer focused campaigns; also much more integration of IC with external communications, PR and marketing;
- Creating broader and deeper opportunities for dialogue and bottom-up insight;
- More help to middle managers, partnering with HR and others to ensure they are active and effective communicators and use communication to deliver better results;
- More use of social media, not only to communicate and to engage, but to change what work gets done and how work gets done;
- Defining and overseeing a company-wide operating model and governance framework for IC that establishes what IC is there to do: what value it will deliver and at what overall cost, how it will be organised company-wide, what the key roles and programmes are and what success measures will be used;
- More formal company-wide communication planning processes, linked to business planning, that reduce the volume, cost and ‘noise’ created by proliferating and competing communications campaigns;
- A systematic approach to identifying and managing internal reputation risks, dovetailing with existing externally-facing reputation management activity; also programmes to raise awareness and understanding of the importance of reputation and reputation management;
- Providing richer, more specific employee insights – what are people worried about, what are their thoughts and attitudes, what would inspire them and why?
- More sophisticated measurement and feedback systems that enable ICDs to measure the impact of communication on different employee groups, both quantitatively and qualitatively; also to get and act on feedback quickly (e.g. overnight) to tailor communication to local and fast-changing needs;

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- Company-wide talent management programmes for IC professionals;
 - More time acting as the senior IC advisor in an organisation, working with HR, BU heads, project heads and strategy directors on all IC, employee engagement and reputation management matters.

If an IC function advances to the stage where it is licensed and able to deliver on all these facets of the role, which it can only do in enlightened coalition/partnership with other functions, what difference would it actually make to an organisation? That of course will depend on the organisation, but we have endeavoured to describe the type of impact an IC function that operates in this fashion might have:

Communication that works much harder

With more rigorous design and more creative execution, IC programmes will deliver much better outcomes for all audiences. ICDs will be able to track those outcomes back to specific business (e.g. cost, productivity, customer service) and reputation objectives. And they will be able to tailor and adjust communication with much more precision.

Communication that's better organised

A single, simple operating model that clarifies IC's role and value add, ensures it is focused on the right business priorities and eliminates unnecessary and low value activity will, in a typical FTSE100 company, almost certainly generate seven figure savings that can be banked or re-invested.

Communication that shapes the future

Social media are sure to be powerful tools for companies in the future and they offer huge potential to bring employees together, not only to communicate and engage, but also to transform inefficient business processes and collaborate on new products and services. IC is ideally placed to play a leading role in realising this potential, especially as the cultural obstacles to widespread adoption are probably more significant than any technical hurdles embedded in the business.

Communication that is valued by leaders

We can't all speak and write as well as Barack Obama, but great IC teams enable more of their middle and senior managers to be effective communicators. And the value to a CEO of knowing that his extended leadership team is aligned and communicating effectively is enormous.

Some obstacles to progress

We also asked participants what isn't working well, what undermines current performance and gets in the way of going from good to great. Several themes emerged:

Lack of coherence – too much communication

Most participants believe that the growth in IC has, in many companies, created a situation where there is too much communication, much of it badly targeted and much of it unconnected to any defined business outcome. This often happens when BU heads, function leaders, strategy heads, change programme leaders hire their own IC support and roll out their own programmes.

“You end up with lots of different messages, different intranets, different channels, different goals and visions. All of which create information pollution.”

Lack of cohesion – too little governance

IC is an area of communications that has, comparatively, been poorly governed in a manner that PR/media relations, for instance, would not be allowed to be. There are usually explicit protocols around the control of information and access to the media. In contrast, governance of IC often relies on informal networks, relationships and the personal style and authority of the ICD. This was often a reflection of a culture in which local businesses were highly decentralised and often paid little attention to the corporate centre, leading to what one participant described as an 'our intranet first, our words only' mentality.

It is difficult to see how this state of affairs can continue, if only because CEOs and leaders need to be assured that communications can flow uninterrupted through their organisation. This matters in a crisis, where it may be necessary to get the same message to every person in the company within minutes. And it matters on a daily basis when it comes to ensuring consistency of message and tone around strategy, behaviours and culture.

Employees' ranking in the stakeholder hierarchy

There is no doubt that senior executives understand the importance of communicating with their employees. As a result, both inside and outside the CEO suite, participants are responding to requests from more and more executives for personal communications support.

But, in many organisations, employees' ranking in the stakeholder hierarchy still remains low. Participants are clear that in practice it is the City and the media that keep the CEO and senior executives awake at night, with the result that IC often plays second fiddle to external communications. The thought, consideration and counsel invested in external communications are simply not replicated internally, with employees frequently asked to make do with the same content re-heated.

“You end up with lots of different messages, different channels and different goals and visions. All of which create information pollution.”



Without the necessary support
ICDs face an uphill struggle to
deliver IC programmes of real value.



Participants recognise it is largely up to them to engage the leadership and make a better case for CEO time and attention.

“Investor relations can point to an improving share price, PR to a story turned-around or neutralised. We need better and more tangible data on the benefits of communicating with specific employee groups.”

The role sponsor needs to believe in the full potential of the role

Irrespective of where IC reports into – communications, HR, marketing, strategy, a BU MD – most ICDs report to someone with little hands-on experience of the role. This matters because their ‘feel’ for the role and value it can bring can be modest. As one participant noted:

“They want world-class, but can’t always describe the problem or the opportunity very precisely.”

The fact that IC is still a reasonably embryonic role/function has a lot to do with this. Few role sponsors have seen for themselves what great IC looks like. Since neither the full scope of the role nor the different outcomes associated with great IC are yet widely recognised or understood, IC roles are frequently specified by someone who neither understands, nor is terribly interested in, its possibilities.

“There’s a genuine lack of understanding, despite some successes. There is no consistent understanding of what the discipline can help with. Partly that’s because we’re not clear and partly it’s because the businesses are just not interested. Our leaders assume they are great communicators and are not interested in advice.”

The challenge of getting buy-in to the full value that IC can deliver is still an issue in most organisations (there are some notable exceptions) and a source of considerable frustration amongst senior practitioners. All too often the emphasis is on message delivery (‘getting stuff out’), crafting announcements and getting content into the channels. This leaves, in the words of one participant “a lot of value unrealised”.

Not enough air support

Programmes and activity created by the ICD and their team will often have a cross-departmental impact, particularly if they originate at group level. It is therefore a function whose activities encounter a good deal of organisational politics and resistance. No matter how strong the influencing and networking skills of the ICD, there are some things that they cannot do alone and where the ‘clout’ and support (and advocacy skills) of their line manager is needed to help lay the foundations for success.

Unfortunately the line manager is not always able to provide this help, either through lack of interest/time or because they don't have the right relationships in place amongst their peers.

“There are no links between group HR and group corporate communications which makes my life very hard.”

“The group communications director isn't really interested – or at least doesn't have much time to be interested.”

Without this support ICDs face an uphill struggle to deliver IC programmes of any real value.

Shortage of talent

It was an issue in 2002, when we produced our last research report on IC, and it remains an issue in 2009. Quite simply the function is not attracting, producing or nurturing enough talent.

“Internal communicators are often young, inexperienced executives who find it difficult to articulate their purpose and role and to describe the real value they are bringing to the business.”

One reason for this is that, since IC has never attracted graduates into entry level roles, there is no natural flow of talented and ambitious candidates coming into the discipline or graduating to more senior posts. In addition, it is widely felt that IC offers professional development and career paths that are, by comparison with external communications, PR and marketing, patchy at best.

It is not surprising therefore that one of the key themes to emerge from the research was the lack of succession candidates for ICD roles. It is a phenomenon we, as headhunters in the discipline, can confirm, since the majority of ICD roles, group or otherwise, are recruited for externally. In big companies where an ICD may have an informal network of people doing IC of more than 100, this absence of succession candidates is particularly worrying.

Watson Helsby's view

From our perspective, as a headhunting firm active in the IC area, the research confirms many of our own observations and experiences. Namely that while IC best practice has advanced quite considerably over recent years, as have some of its leading practitioners, there is still:

- A lack of understanding about what IC delivers and what it is ultimately responsible for. This is inextricably linked with the fact that IC does not possess a discrete skillset and body of knowledge that is broadly recognised and understood;
- A perception that it is not an accountable professional function that delivers real business benefits;
- A lack of clarity around IC competencies and what constitutes professional excellence.

Our view, having discussed this issue with both practitioners and others, is that with the right thinking, challenge and support a lot more of IC's potential could and should be realised. Below are some suggestions that should help organisations improve their return on investment in IC:

Getting the right person into the right role

Different types of IC role have emerged as the discipline has evolved. For instance the group ICD role is very different to the BU or regional ICD role (see panel) as have different types of internal communicator. Getting absolute clarity on the role, its potential scope and value and the remuneration/experience required is paramount and it is at this critical stage that a lack of thought, rigour and inspiration is often manifested.

In our view, the return on IC investment would be significantly improved if:

- More time was devoted up front to role and outcome definition by someone who understands what is possible and what is needed;
- There was greater clarity around the degree of change that the role will be required to deliver;
- The overall line manager was more specific about outcomes and avoided using generic language around common terms such as employee engagement or change management;
- Roles were graded and rewarded based on the outcomes sought and not on corporate hierarchy (e.g. group vs. BU).

Over the past ten years different types of IC roles have emerged requiring different skills and tasked with different outcomes. IC functions, some very small others quite sizeable, can be found in group, in BUs, in regions and in functions.

The group ICD role, with some exceptions (i.e. when a BU or a function employs over 10,000 employees), tends to be better remunerated and therefore more likely to attract the best talent. Yet the opportunity to create value in a BU, or at a local level, is potentially greater since the role is more closely linked to business performance and the delivery of large and complex change programmes than the group equivalent.

Yet these roles are often underpowered and companies do not realise the full potential that great IC can deliver. There is an opportunity here that has yet to be fully appreciated. A greater willingness to develop a more ambitious specification and then invest in the ICD role would help attract the talent that frequently migrates to the group role; and which might be better utilised in a BU role where it could have a more significant commercial impact.

Attracting and developing talent

The appeal of the function has to be broadened in order to recruit more high calibre people.

For a start, communications directors should actively encourage external communications professionals to spend some time in the role. It should be seen as a vital part of their professional development. Companies should also look to recruit beyond the ranks of communications professionals.

There are several appealing facets to the role which are not generally appreciated and which need to be promoted and highlighted:

- Working with the CEO on the corporate story and narrative (in a way this should be as interesting as planning a brand advertising campaign – same thought process, same analysis and research, same need for a definition of a clear proposition, same need for creativity and resonance, same need for stand out);
- Direct access to the leadership team, and the opportunity to advise and work with them on a range of communications, behavioural and cultural issues;
- IC's increasing involvement in culture change and transformation. It's not just transactional activity;
- The opportunity to see all parts of the business, and to get a broad understanding of where the business is going, and what helps/slow progress (only the top strategy people and the board will know as much);

ICDs know they need to build the quality and depth of their teams. The onus falls on them to establish a robust talent management system.



- IC should play a leading role in designing, leading and influencing organisation-wide employee and leadership engagement programmes. Few companies have shared understanding of what they mean by engagement and there is an opportunity for the IC team to lead the creation of this definition and become custodian of it;
- IC has been slow to adopt social media or to see their true potential. Yet they offer huge potential to bring employees, business partners and customers together, not only to communicate and engage but also to transform inefficient business processes and collaborate on new products and services. Social media are sure to be powerful tools for companies in the future and IC is ideally placed to play a leading role in exploiting this potential now.

It is also the responsibility of the ICD to establish a robust and inspiring talent management system that is relevant to everyone doing IC in their organisation. It is a key part of their role and they need to do more to build the quality and depth of their teams. The more that the ICD can do to help the IC function – both at a macro and micro level – develop a reputation for doing interesting work that has real value and impact, the better.

Role sponsor commitment and support

Those charged with overall responsibility for IC need to be more challenging and expansive in their thinking when it comes to setting expectations for IC and what it can deliver. They should focus on behavioural or performance related outcomes and less

on output and give greater consideration to what IC could bring to their part of the organisation. They should also encourage, indeed demand, greater strategic thinking and creative inspiration from the IC team and its leader.

Their support and influence is equally critical when it comes to setting expectations and getting buy-in amongst other key stakeholders, especially where these stakeholders may perceive interference or loss of control. If it is a group role this should include input from BU MDs.

To demonstrate this point we have listed three situations where the line manager's influence can be critical to obtaining support from the CEO and the business leader, and which, without his/her advocacy would be extremely difficult to deliver.

- Getting the CEO and other senior executives' buy-in to a group-wide IC operating model and governance framework;
- Working with business leaders to set their expectations of IC and to agree BU priorities so that they have the right support;
- Defining and quantifying the business benefits of investing in communication skills programmes for line managers.

Beefing up the role

Issues management, and anticipating and responding to potential reputation risk is an established component of most external communications roles.

Since the motivation, mood and behaviour of employees is a potential reputation risk as well as an internal issue, it is incongruous that issues management is not an equally established part of an ICD's role. Particularly as employees are increasingly willing (and able) to leak news and give voice to their frustrations.

IC should, if it is 'well plugged in', be able to help senior leaders listen to the voice of employees and therefore help identify potential internal reputation risks – and advise on how situations might play out. IC also has the ability, with its influence over channels and messaging, to enhance perceptions of the company amongst employees. Issues management and reputation risk management must therefore be made a more explicit part of the IC role.

Not only would this make the role more valuable to the organisation, it would also make it more interesting and substantial and therefore more able to attract higher calibre talent. To quote one participant:

“My own background in IC has been particularly full of reputation risk issues and to be honest it is one of the reasons I have stayed in the field.”

IC can influence other areas of reputation risk. Best practice reputation management begins when employees routinely identify and manage the reputation risks inherent in the work they are doing. IC can play an important role in raising awareness and changing attitudes amongst employees – and thereby bring about a shift from passive compliance to active reputation management.

Taking control of their destiny

Several participants were able to provide examples of initiatives that had helped change perceptions of the IC function. It is incumbent upon the IC community to find ways of creating value in their organisation. This means that the ICD has to act like an internal consultant and get out and talk communication with ALL directors. They must be proactively looking for problems they can solve and they should ensure that they have a slot at each leadership meeting – to articulate how better IC will improve business performance. A good ICD therefore has to be capable of demonstrating qualities and behaviour such as:

- The ability (which requires intellect and confidence) to open up challenging conversations to engage the interest of the leadership and to build their thinking and ownership into the development of the IC strategy for the business;
- Enterprise and initiative. It is up to the IC community to 'influence' their way into key meetings and dialogue (IC does not always get a seat at the meetings at which it needs to be present) and then use practical execution to show how the IC team can add value beyond their perceived areas of scope;
- Business acumen and a deep understanding of operational realities of the business and the role communication can play to make a practical, tangible difference.

Operating model

ICDs see a strong need for an operating model and governance framework for IC in their organisation. This model/strategic framework should be agreed with the Chief Executive and will include an agreed value proposition that establishes what IC is there to do, what value it will deliver and at what cost, how it will be organised across the organisation and what the key programmes need to be and what success measures will be used.

Most companies, certainly big global companies with multiple operating divisions, would benefit from having some sort of centre of excellence that has oversight of recruitment, development, succession planning and rewards for IC professionals throughout their organisation.

This type of governance framework would also provide better cost management, or at least cost monitoring. This is particularly important in the current environment when companies are looking at cost savings and greater efficiencies.

The best is yet to come

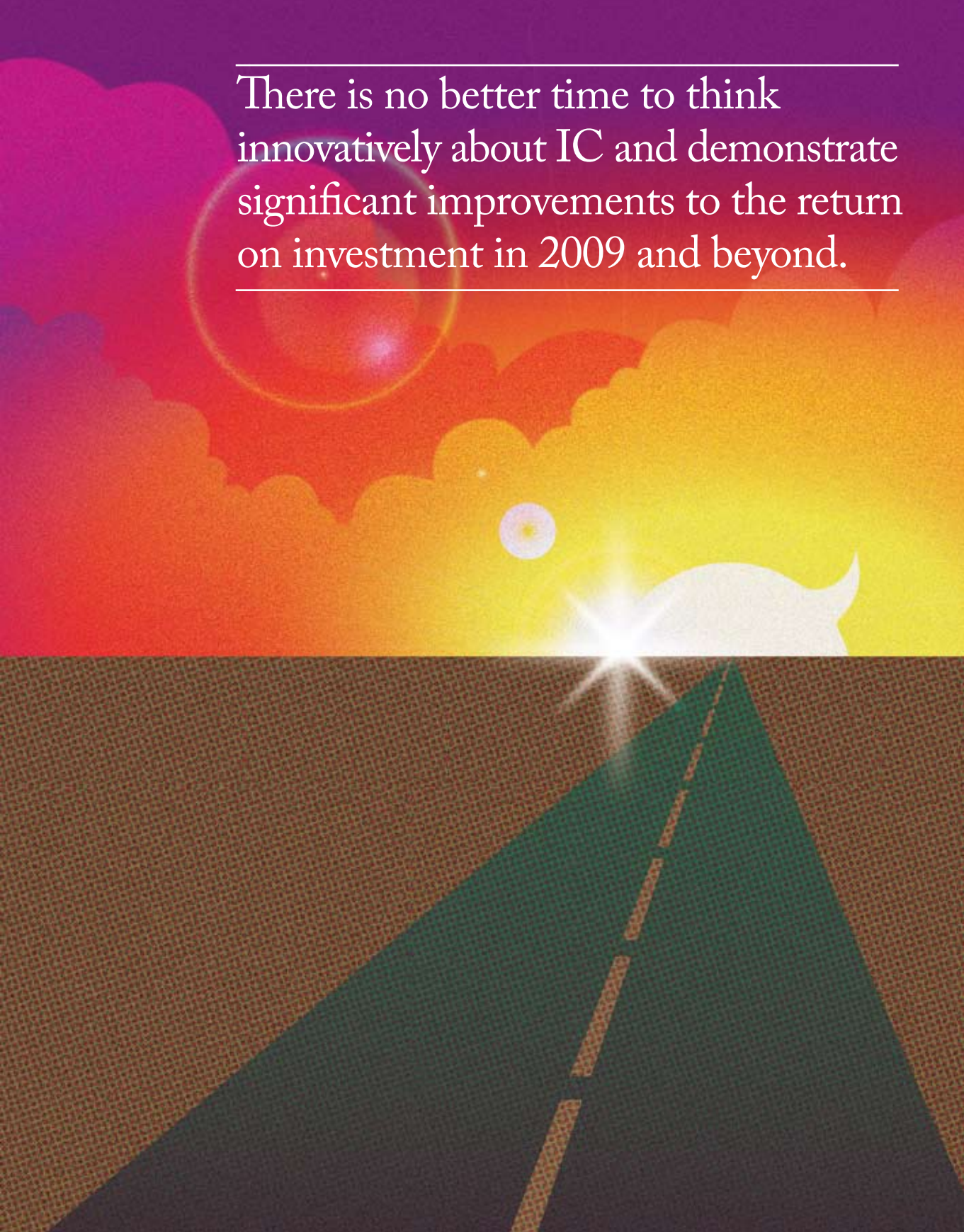
Although IC is still a relatively young profession it has come a long way. The participants in this research are clear about the benefits well-managed IC brings and also about the future potential of the ICD role. They are equally clear that there is a lot more potential to be realised.

Yet the possibilities are exciting because there is a bigger agenda to deliver on and a lot more value to be demonstrated. Moving to this next stage requires:

- Directors who understand and believe in IC;
- Ensuring the right skills are bought into the key roles;
- That the function continues to professionalise itself and raise standards across the board.

Thinking innovatively about what IC delivers and how it delivers it – and to demonstrate significant improvements to the return on IC investment in 2009 and beyond.

There is no better time to think
innovatively about IC and demonstrate
significant improvements to the return
on investment in 2009 and beyond.



About Watson Helsby

Watson Helsby is an executive search firm. Our expertise, knowledge and experience extends across corporate affairs, public and media relations, government and regulatory affairs, financial PR and investor relations, internal communications and corporate responsibility (CR). We work with clients on both sides of the fence – from large corporates and public sector organisations to the specialist communications and PR consultancies that support them.

In addition to our core offer of search, we regularly publish ‘Watson Helsby Reports’. These are bespoke research studies containing the findings of face-to-face interviews with leading practitioners in the disciplines in which we specialise and which examine, from the perspective of a headhunting firm, the latest thinking, practices and issues in these disciplines. In so doing they identify and provide insight into the big topics shaping these functions and their development; and provide a contemporary view of the competencies that leaders of these functions require to be successful.

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Mixed Sources

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