

Six secrets of top performers

Studies confirm that good communication has an impact on the bottom line. Here's what highly effective companies are doing to make that happen

by John Finney

There is an old adage that says, "What gets measured gets done." Today, that phrase has taken on renewed importance, as communicators are expected to quantify the value of what they do and to demonstrate how it advances the business and contributes to the bottom line.

Since 2000, Watson Wyatt Worldwide's communication practice has been analyzing the correlation between effective communication and financial performance. Our findings? Companies that communicate effectively significantly outperform their peers.

These results, however, have prompted two more questions:

- Which communication practices add the greatest value?
- If an employer has limited time and resources, where should it focus internal communication efforts to get the highest return on investment?

Six years' worth of data collected by Watson Wyatt from more than 750 companies around the world is helping to answer these questions. The research shows that the companies with top scores in employee communication have discovered six "secrets" that enable them to

achieve communication excellence:

- Focusing on the customer
- Engaging employees in the business
- Improving managerial communication
- Managing change effectively
- Measuring the performance of communication programs
- Establishing a strong employer brand

Secret No. 1: Focusing on the customer

In Watson Wyatt's global research, *customer focus* emerged as a key driver of employee engagement. Highly effective companies (those in the top third of companies that scored highest based on their responses to the survey questions) focus everyone in the organization—managers, supervisors, technical specialists and frontline employees—on the customer. Seventy-six percent of these companies report having a formal process for ensuring that employees understand how their actions affect customers, compared with only 5 percent of less effective companies (those that ranked in the bottom third of surveyed companies based on their responses).

At a midsize U.S. manufacturing firm, a one-page weekly briefing delivered to employees at

Highly effective companies focus everyone in the organization—managers, supervisors, technical specialists and frontline employees—on the customer.



real-life leadership

Forty-five percent of all companies said measurement was a standard operating procedure, with 16 percent saying they measure to justify their current activities and budget.

shift start-up meetings keeps the customer top of mind. The briefing reports on key business and plant metrics, and indicates how departments are tracking for the quarter and year to date. It highlights exemplary performance and explains reasons for negative results. The back page is devoted to customers, providing customer quotes about the quality of products and service as well as new orders, industry news and other items of interest. Employees discuss the information with their immediate supervisors and identify changes they can make to improve results. This program ensures that everyone understands how their efforts shape the customer experience.

eyes on the prize

The customer is top of mind at highly effective companies, which keep employees and managers—even those who generally do not have direct customer contact—focused on the customer.



SOURCE: WATSON WYATT 2007/2008 COMMUNICATION ROI STUDY

Secret No. 2: Engaging employees in running the business

Our WorkAttitudes™ research also identified *communication* as a key driver of employee engagement around the globe. Highly effective companies promote two-way communication between senior leaders and employees. They are nearly 10 times as likely as less effective companies to give employees the opportunity to provide input into decisions that affect them; more than twice as likely to ask employees for ideas about how to get work done; and nearly seven times as likely to ask employees to share suggestions on programs and changes.

Highly effective companies use employee input to make positive changes that help drive success. These companies are nearly three times as likely to implement policy change as a result of employee opinion surveys as companies in the less effective group. In addition, they communicate the changes they have made as a result of employee surveys, demonstrating that employee input is valued and helping to build trust and confidence.

Secret No. 3: Improving managerial communication

In our 2007/2008 study, two-thirds of the companies said they were going to rely on their managers even more in the coming year to communicate company information to employees. Highly effective companies work through frontline managers and supervisors to reinforce key messages, gather employee input and establish individual objectives that align with corporate goals. To help managers and supervisors in this important role, they:

- Provide training that improves managers' communication skills.
- Package information for easy delivery.
- Involve managers early in the communication process to give them time to absorb the material before disseminating it.
- Reward managers for being effective and attentive communicators.

To this end, one global technology company has created a web site for managers that offers a variety of tools for honing communication skills. The site features articles and videos in which successful managers describe how they tackled tough challenges associated with geographically dispersed audiences, foreign languages and disparate cultures.

Secret No. 4: Managing change effectively

Mergers and acquisitions, staff reductions, management changes, restructuring, and alterations to pay and benefit programs characterize today's business environment. Highly effective companies use the talents of internal communicators to navigate these changes. They are nearly twice as likely as less effective companies to implement a communication initiative to support change. In addition, they are 14 times as likely to help their managers—and, through them, their employees—understand, embrace and deal openly with change.

To meet its transformation goals, Suncor Energy of Fort McMurray, Alberta—winner of a 2007 IABC Gold Quill Award of Excellence—created “Oil Sands: The Next Generation,” a program targeted at the 3,000 employees of Suncor's oil sands unit. Senior leadership asked the oil sands communication team to put together a series of employee meetings to mark a turning point in the unit's history and communicate new goals and vision.

Planning started nearly a year in advance. During the lead-up to the sessions, communicators published a series of monthly magazine-style inserts for the employee newsletter. These publications, along with a series of teaser ads, helped raise awareness and build excitement for the program.

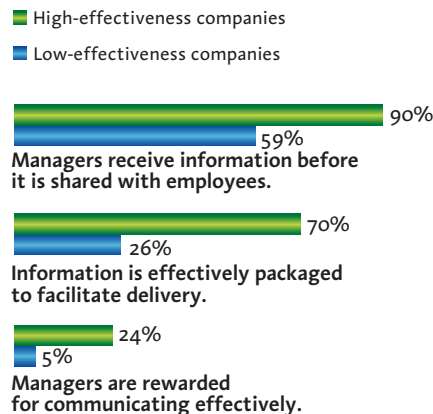
During the sessions, senior leaders celebrated the unit's history, presented the new vision and goals, and described the changes required to accomplish those goals. Presentations incorporated a variety of media, including a video in which oil sands employees talk about the challenges they face. A live question-and-answer session gave employees an opportunity to express their concerns and get answers from senior leaders.

An eight-question exit survey (using a scale from 1 to 5) helped measure the success of the sessions. The results were gratifying:

- 76 percent agreed that the company's strategy and vision were clearly presented.
- 76 percent believed in an exciting and positive future for Suncor, with almost 50 percent saying they strongly agreed with that statement.
- Confidence in the oil sands leadership team received a mean score of 3.63.

valuing communication at all levels

Highly effective companies support managers in their communication role and help them reinforce key messages—and reward them for effective communication.



SOURCE: WATSON WYATT 2007/2008 COMMUNICATION ROI STUDY

Secret No. 5: Measuring communication effectiveness

Measurement is the cornerstone of effective communication. But how do top-performing companies measure communication effectiveness? Watson Wyatt and the IABC Research Foundation partnered to develop a set of measurement-related questions and incorporate them into the 2007/2008 Communication ROI Study.[™] Responses revealed that highly effective companies were three times more likely to have business metrics in place for at least half of their communication initiatives. Forty-five percent of all companies said measurement was a standard operating procedure, with 16 percent saying they measure to justify their current activities and budget.

One question focused on reasons for not measuring internal communication initiatives. Two-thirds of participants cited resource constraints, one-third said they couldn't figure out the business metric, and 6 percent said they were afraid of being held accountable.

measuring success

The best place to start when developing and validating success measures is to ask a few questions:

- What will success look like to me? To senior leadership?
- How will I know I have been successful?
- What changes am I trying to accomplish?
- What behaviors am I trying to change?
- What data do I have available?
- Is there a baseline, and if so, how much improvement is realistic?

From *Essentials of Employee Communication: Building Relationships That Create Business Success* by Tamara Gillis, ABC, Ed.D., and John Finney

For more information, visit www.iabc.com/knowledge.



iabc research foundation measurement study

The IABC Research Foundation is conducting a study to determine how top business communicators measure the ROI of employee communication. The study will analyze 50 IABC Gold Quill Award-winning case studies to determine the metrics used to measure success and compare the findings with the results of the Watson Wyatt study. The research will also include interviews with Gold Quill winners to gain further insight on the metrics used and to gather information on how to build an effective business case for communication support with organizational leaders.

Highly effective companies are far more likely than other companies to measure the impact of communication on key business indicators. For example, they are:

- More than two and a half times as likely to measure the effect of communication on workforce productivity.
- More than four times as likely to measure its effect on retention of critical talent.
- More than five times as likely to measure its effect on business performance.

Secret No. 6: Establishing a compelling employer brand

The employer brand is the communication of all elements in the employment deal and links that deal with business goals. Like a company's external brand, the employer brand encompasses language, messages, positioning, graphics, packaging and media.

Highly effective companies recognize the value of investing in an employer brand. Fifty-five percent of them report having a clear brand, compared with 18 percent of less effective companies.

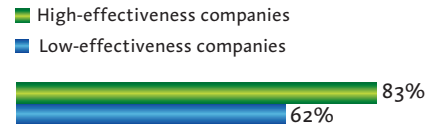
After experiencing phenomenal growth for nearly 10 years, 2007 Gold Quill Award winner Vale (formerly Companhia Vale do Rio Doce, or CVRD) launched an initiative that helped strengthen its employer brand. The Brazilian company is the world's leading producer of iron ore. Between 1997 and 2007, the number of employees jumped from 9,000 to nearly 43,000.

To strengthen engagement and make employees proud to be part of the company, Vale created *CVRD Universe*, an integrated communication program that became part of employees' everyday life throughout 2006. Launched at each business unit's 2005 year-end party—an event during which employees and their families celebrate the year's achievements—the program used a variety of interactive means to engage employees in dialogue and inform them of organizational purpose and goals.

One innovative program was a picture-card

standard operating procedure

Highly effective companies do a better job of measuring actions and outcomes. In fact, those companies indicated they were three times more likely to have business metrics in place for at least half of their communication initiatives.



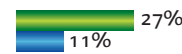
Employee engagement



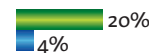
Business performance



The retention of critical talent



Workforce productivity



Strategic business goals

SOURCE: WATSON WYATT 2007/2008 COMMUNICATION ROI STUDY

book similar to those used for baseball cards. Throughout the year, employees received 105 collectible cards containing photographs and information about Vale's businesses, values, mission, vision and geography. Other elements included videos featuring employees talking about the company's business, a traveling exhibit showing how ore is produced, a summer camp for employees' children and a photography contest. The results speak for themselves:

- 90 percent of employees agreed that the project helped them get to know Vale better.
- 84 percent agreed that they felt better informed about the company, the business, the locations, the products and all other aspects of Vale.
- 79 percent reported that their relatives had access to the picture-card book and therefore got to know Vale better.
- 68 percent reported that they took an active part in the promoted activities to learn more about Vale.

Nine communication best practices

These six “secrets” describe specific communication practices that set highly effective companies apart from others. They are part of Watson Wyatt’s broader “Hierarchy of Effective Communication.” Each Communication ROI Study has shown that these nine practices have a positive correlation to financial results. Companies that excel at applying and integrating all nine practices reach the pinnacle of effective communication.

The hierarchy takes the form of a pyramid with three tiers: foundational, strategic and behavioral. Foundational practices include a formal process or structure for communication, two-way interaction with employees, integration of total rewards and the use of technology to disseminate information quickly. They ensure consistency and lay the foundation for practices higher up the pyramid.

Strategic practices focus on organizational change, continuous improvement and linking communication to business strategy. At this level companies focus on communication that helps navigate organizational change without disrupting the business. They also concentrate on gauging the effectiveness of communication programs with the goal of improving quality. Aligning communication with business strategy ensures that employees understand the company’s vision and goals.

Behavioral practices encourage behaviors that promote superior performance. In all three Communication ROI studies, adopting the communication practices in the behavioral tier showed the strongest correlation to financial performance. Effective practices at this tier help managers communicate more effectively, increasing line of sight among employees so that they understand how their actions affect company success. If you have limited time and resources, enhancing your manager communication program and using communication to improve business literacy and drive behavior change are where you can earn the greatest payback.

Some people would argue that we can’t measure the impact of communication on the bottom line. However, if we are to be successful communicators, we must be able to walk the talk on business metrics and outcome measures. And while cause and effect can be difficult to prove for some communication programs, our Communication ROI studies have consistently found a strong correla-

Communication linked to financial performance

Since 2003, Watson Wyatt has surveyed more than 750 companies representing more than 12 million employees worldwide to uncover the relationship between an organization’s employee communication practices and its business performance. The 2007/2008 Communication ROI Study, “Secrets of Top Performers: How Companies with Highly Effective Employee Communication Differentiate Themselves,” was expanded to include companies in Europe and Asia/Pacific along with those in Canada and the U.S. Approximately 44 percent of the companies participating in the 2007/2008 study had more than 10,000 employees.

The study confirms the findings of Watson Wyatt’s two earlier studies: that communication effectiveness is a leading indicator of financial performance. Compared with companies that have low communication effectiveness, the top performers provided a 47 percent higher total return to shareholders over five years (2002 to 2006). Moreover, they are four times more likely to report high levels of employee engagement and 80 percent more likely to report lower turnover.

In addition, the research shows that companies that implement or improve their communication practices by one significant deviation can achieve a 15.7 percent increase in market value.

tion between effective employee communication practices and financial performance.

Highly effective companies differentiate themselves by integrating the nine communication best practices and applying them consistently. They also distinguish themselves by focusing on the customer, engaging their managers and employees, using communication to drive behavior change, and branding the employer experience. By taking a cue from these top performers, you can enhance communication effectiveness in your company and bring about positive behaviors that drive business success. Effective communication is a leading indicator of financial performance. It’s time for communicators to take the lead in measuring what they do and demonstrating the value they add to the organization. •

about the author

John Finney is a senior communicator in Watson Wyatt’s Detroit, Michigan, office and research champion for the firm’s global communication practice. Finney co-authored all three of Watson Wyatt’s Communication ROI studies and has more than 23 years of experience in both consulting and corporate communication.

find out how your organization compares

To complete the Communication ROI survey (at no charge) and compare your scores with other companies in the same industry, e-mail John Finney at John.Finney@WatsonWyatt.com.