Return of investment - effective employee communication

Is There Measurable Return When Corporations Invest In Effective Employee Communication?

Abstract

U. S. corporations spend billions of dollars communicating with their customers through various marketing channels, but comparatively, they invest little on communicating with their most important audience, their employees. Organizational communication advocates insist that not investing in formalized effective communication efforts results in employees performing below expectations thereby driving up costs and cannibalizing profits. This paper supports the allocation of corporate investment in formalized employee communication programs. Research and a case study will be presented to reinforce that leaders do recognize the value of a structured, centralized approach to employee communication. Leaders can also accept, without statistical proof, these programs may result in quality products and services, improved morale and productivity, differential in the market place, increased profits and lower costs, mitigation of liability, and measurable stakeholder and consumer value.

In Bruce Berger's (2008) article, Employee / Organizational Communications, he emphasizes the value of effective employee communication in an increasingly demanding global market place.

Organizations must process continuous changes and shifting workplace demographics, assimilate new technologies, manage knowledge and learning, adopt new structures, strengthen identity, advance diversity and engage employees-often across cultures and at warp speed. Internal communication lies at the center of successful solutions to these issues, and professional communicators must play key leadership, strategic and tactical roles to help their organizations resolve them. (Four Contemporary Issues section, para. 1).

U. S. corporations spend billions of dollars communicating with their customers through various marketing channels, but comparatively, they invest little on communicating with their most important audience, their employees. Organizational communication advocates insist that not investing in formalized effective communication efforts results in employees performing below expectations thereby driving up costs and cannibalizing profits. By not investing in effective communication with their employees, customers will likely receive poorly executed products and services resulting in refunds, lost market share, and possible legal fees and regulatory fines. These losses ultimately offset the expected returns from marketing and advertising spend. Where corporations may not immediately see the value of investing hard dollars in organizational communication efforts, they will understand the top and bottom line impact of product and service defects, therefore employee and consumer groups must win the battle from this front.

Prove It: Measuring the Return on Investment in Employee Communication

Many attribute the quote “ What gets measured gets managed” to business educator and author Peter Drucker, though Drucker may have been paraphrasing words from almost a decade earlier. According to Stellman (1998), William Thomson, the Scottish physicist also known as Lord Kelvin, first discussed the value of measurement for scientific proof in his May 3, 1883, lecture on “ Electrical Units of Measurement.”

I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind; it may be the beginning of knowledge, but you have scarcely, in your thoughts, advanced to the stage of science, whatever the matter may be. (p. 1992)

No matter the genesis of the quote, the meaning is not in dispute. The commonly held belief is that proof of performance needs to be evident on the balance sheet. It is easy for corporate leaders to see the return on investment in a new piece of technology that takes manual labor out of a process, hiring additional sales personnel, or bringing a new product to market. Unfortunately, it’s not an easy task to prove investing in effective employee communication results in measurable returns such as growth and customer retention. To prove that investment in formalized programs positively impact the financial health of a corporation, proponents must identify and champion established methods and tools to measure employee communication effectiveness.

Meng and Berger (2010) Findings and Results

A white paper by Meng and Berger (2010), evaluated two research projects that reviewed methods to measure internal communication effectiveness. They reviewed the “ results of an international survey of 265 experienced business communicators worldwide followed by insights gained through indepth interviews with 13 diverse and experienced business communicators" (p. 1). In their analysis of the two research studies, Meng and Berger (2010) identified five key findings which are summarized in the following paragraphs.

Although it is their final finding, Meng and Berger's (2010) sixth finding bears mentioning first as they call out the four primary reasons for implementation of communication effectiveness programs: "(1) explaining and promoting new programs and policies; (2) educating employees about organizational culture and values; (3) providing information on organizational performance and financial objectives; and (4) helping employees understand the business" (p. 15). If an organizational communication advocate was going use Meng and Berger's (2010) research to prove to their leadership the value of measuring employee communication effectiveness as a primary driver of business performance, they should call out these four reasons first. It is imperative that leaders support the importance of engaging employees to understand how they fit into achieving the goals and objectives that drive overall organizational success.

In their first finding, Meng and Berger (2010) asserted that while leadership agreed that effectively communicating with their employees was important, they did not see the value in measuring it as a key driver that would positively or negatively impact performance metrics within their organizations (p. 6). The first finding is a significant challenge to overcome. If leadership does not recognize that their employees having clear understanding of their roles and responsibilities is a key driver of operational performance success, how will supporters fund formalized employee communication effectiveness programs and measurements to prove the value?

Meng and Berger’s (2010) second finding found that organizations at different performance levels had different perspectives on why measuring communication effectiveness was important. In short, organizations showing positive performance in employee communication effectiveness chose to report it as a key performance indicator on a “ balanced scorecard” of metrics. Unfortunately, the organizations that were most in need of a formalized employee communication strategy saw little value in the investment and measurement unless it was a means to gain additional resources or to satisfy a personal interest. “ In low-effectiveness organizations measurement of communication effectiveness has been used as an approach to acquire additional budget and/or staff, or it is a result of personal interest” (Meng & Berger, 2010, p. 8).

While Meng and Berger’s (2010) first two findings looked at leadership’s perceived value in measuring employee communication effectiveness, the next three findings looked at the metrics, measurement methods, and challenges in capturing unassailable data proving organizational communication programs were positive drivers of growth and client retention and worthy of significant investment.

In the third finding, Meng and Berger (2010) identified five primary metrics in use to measure communication effectiveness: “ 1) increased awareness or understanding, 2) concentrated engagement among employees, 3) improved job performance, 4) changed employee behaviors, and 5) improved business performance at the organizational level" (p. 9).

The fourth finding followed with the challenges to implement these metrics. Those were " 1) insufficient resources (e. g., money and staff), 2) difficulties determining a specific cause and-effect relationship between communication initiatives and business results, and 3) time constraints" (Meng & Berger, 2010, p. 11).

Meng and Berger (2010) identified in their fifth finding the primary tools that the communication leaders used to assess internal communication effectiveness: "(1) employee feedback gathered by surveys, (2) employee participation in related communication initiatives, and (3) managerial feedback collected via surveys" (p. 11).

Although Meng and Berger's (2010) review of the research was intensive, their conclusion was disappointing.

Perhaps the most important finding is that there is a long way to go. Virtually all communicators in the study emphasized the importance of linking internal communication to business performance. However, the effectiveness of many employee communication programs is not assessed, whether due to lack of resources, research knowledge or time. This is discouraging if not surprising. (Meng & Berger, 2010, p. 17)

Although Meng and Berger's conclusion was not a clear endorsement supporting measurable return on investment in employee communication effectiveness programs, their findings provide the organizational communication advocate a place to start. The research provides five primary metrics to measure communication effectiveness, a clear understanding of the primary challenges with measuring these metrics so they can develop methods that overcome the obstacles, and utilization of surveys to collect data on programs and performance.

Case Study: Aramark Uniform Services Field Communication Strategy

There is no question, from researchers or business leaders, that effectively communicating with employees will improve business results. The Meng and Berger research did not, however, clearly answer if there is measurable return when corporations invest in effective employee communication, but it did provide several key pieces of information that can help the organizational communications advocate being making their case for the investment.

In October of 2014, after semi-annual meetings showcased less than favorable results, the President of Aramark Uniform Services commissioned a survey to the field service leadership – the General Managers. The General Managers are responsible for overseeing the day to day activities of the front line plant operations and the route service teams. They are responsible for driving the front line performance that rolls up to overall company results where challenges were being seen in the three key performance metrics: base business growth, new sales growth, and customer retention. Given the concerning results in these key performance indicators, Mr. Fadden’s survey asked the following: “ How well do you understand how your role in Aramark? What keeps you from producing top results or being a top performer? If you could change one thing about your job or working for

Aramark, what would that be?” (Aramark Uniform Services General Manager Survey, 2014). The survey had a 100% response rate and the General Manager’s answers fell into three categories:

1. they had too many priorities and what’s important today may not be what’s important tomorrow;
2. the amount of project work – new technology, new processes, new initiatives, new products and promotions – hitting the field all at once reduced the likelihood of success;
3. they had so many meetings and conference calls they struggled to find time to grow and retain business and coach and develop their people;
4. and if they could change one thing, they’d take away the hours they spend, often late into the night and on personal time – trying to catch up on e-mail (Aramark Uniform Services General Manager Survey, 2014).

After reviewing the results of the survey with the leadership team, Mr. Fadden commissioned another survey to the functional leaders from plant operations, supply chain, customer service, finance, sales and marketing, and IT to understand what, how, and how often they were communicating with the field service leadership and their teams. The results were reviewed by Mr. Fadden and his direct reports in December, 2014.

1. On average, a General Manager received 300 e-mails a day from the functional support teams.

2. Sixty percent of the e-mails were not asking the General Manager to take action, but simply copying the General Manager on something he or she might need to know.
3. Forty percent of the e-mails required the General Manager to take some sort of action. In most cases, these e-mails contained critical service issues that needed to be addressed immediately. All functional support personnel stated that due to delays in responding, they escalated with calls to the General Manager’s cell phone and if he didn’t answer, they e-mailed and called his or her Regional Vice President.
4. In several instances, it was discovered that incorrect, conflicting, or duplicate information was being conveyed to the General Manager’s and their teams.
5. The functional teams were unaware that other teams had projects that were going live in the field at the same time as their project.
6. Several scheduled conference calls were during times General Managers were required to keep reserved for meeting with customers and employees. The General Managers did not decline these meetings because they were concerned they’d get in trouble for missing something scheduled by corporate. (Aramark Support Staff Communication Survey, 2014)

Mr. Fadden was shocked at the volume of communication and the errant information not in alignment with organizational strategy bombarding the field service leadership and their teams on a daily basis. Although there was no empirical data to prove that this alone was the contributing factor to the less than expected results, they surmised that the lack of an employee communication strategy was not helping the performance of their field service organization.

In January of 2015, Mr. Fadden took two steps to improve organizational communication for the field service team. He felt the primary issue was related to e-mail and that for his organization, it had become an abused crutch used for everything and anything. Cowan (2015) supports that assumption.

Want to share a document with someone? Email it. Want to invite an employee to an event? Email them. Need to ask a question? Email it. Need to send a one word response to something? Email it. Want to send meeting notes to your team? Sure, just type them up in your email and blast it out to everyone. (Used for Everything and Anything section, para. 1)

In an attempt to slow the tide of e-mail that was keeping the General Manager's from their core duties, Mr. Fadden implemented Growth Wednesday where no one can send e-mail, nor have calls with, the field service teams allowing them to focus on growth and retention activities with no disruption. Mr. Fadden also implemented a secure General Manager e-mail distribution. Now, no one other than Mr. Fadden could e-mail the entire General Manager group and if they needed to, it would require Mr. Fadden's approval.

The assumption was that these actions would improve the key performance metrics that were suffering. Unfortunately, one of Meng and Berger's (2010), findings applied here for the Aramark Uniform Service team where there were “ difficulties determining a specific cause and-effect relationship between communication initiatives and business results” (Meng & Berger, 2010, p. 11). The metrics did not improve and at the semi-annual meeting in January of 2016, the General Managers all conveyed that nothing was better and in fact, Thursday’s were now their worst day of the week. It appeared that the mass of communication that didn’t happen on Wednesday was now pushed to Thursday morning.

In April of 2016, Mr. Fadden met with members of the human resources organization to discuss the issue. One of the directors recounted her experience at a previous employer where they had an employee communications team. The team had a director and three employees who acted as the gatekeepers and scribes for all communications going out to the organization. The following were the core responsibilities of this team:

1. evaluate and prioritize message requests that came in from the functional support teams;
2. identify the best communication channel for the message;
3. edit the messages to be clear, concise, and grammatically accurate;
4. ensure the employee was receiving a message that pertained to them;
5. evaluate the voice and content of the message to ensure it supports the Aramark Uniform Services organizational strategy. (J. Raia, personal communication, June 23, 2016)

The human resources director also commented that this team sat in the operations excellence group which also had a project management organization that had similar controls over all projects within the organization. Mr. Fadden was interested in hearing more so he commissioned a report from the human resources team on a suggested organizational communication strategy specifically for the field service team.

In May of 2016, Mr. Fadden reviewed the findings of the human resources team with his leadership group and made the decision to invest in an operations excellence team which would include a director, manager, and teams supporting operational excellence in the following areas: process, communications, projects, value / analytics, and change management. In an email to his leadership team, Mr. Fadden described the rationale for investing in a complete employee communication effectiveness strategy:

I mentioned a new process to slow the traffic, both email and launches, to the GMs. Basically, the process will be, this executive team will have a call once a month, to decide what gets launched / communicated to the GMs. We will be significantly slowing the pace, so a lot of prioritization will be necessary, and a lot of things just won’t make the cut. There will also be a lot change management necessary, because a lot of your folks are not going to like this, and it will require them to operate in a much different manner Susan Shiposh will be the keeper of this this is going to be a big deal and I want you all to have a full understanding. (M. Fadden, personal communication, June 8, 2016)

Mr. Fadden made the decision to invest in an organization that will support more effective employee communication in his 1. 4B operation. Although Mr. Fadden did not clearly call out any specific reason for this decision, Yekutiel (2015) may provide insight into the mind of a leader when he says, “ When looking to make improvements to their businesses CEOs should focus their attention on the satisfaction of their employees.” He goes on to provide ten things a CEO should do and one of them is improve communication.

Relying on email as the sole means of communication is ineffective and does little to build working relationships. Among professionals surveyed by AtTask, 43 percent felt that email takes away from their productivity. Instead, encourage face-to-face interaction when possible and invest in other communication tools such as a social video portal, internal webcasts, enterprise social networking tools and an internal blog. (Improve communication section, para. 1)

While the research showed that quantifying return on investment in effective employee communication programs is challenging, the organizational communication advocate can look to examples like the Aramark case study and literature directed at those occupying the C-suite. Leadership may not be aware of the science of organizational communication, but they understand that controlling internal communication can improve employee engagement, performance, and overall productivity. Those are three key metrics that business leaders do recognize and effective employee communication is most certainly a measureable driver for those, therefore it warrants organizational attention and investment.

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