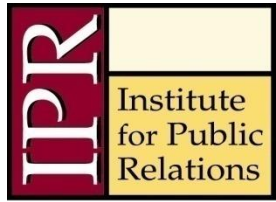


“What Does Good Look Like?”

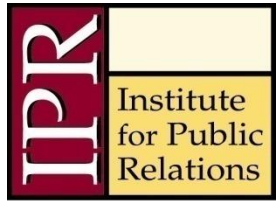
*A Quantitative Study
of Best-in-Class Practices
in Employee Communication*

*19 March 2015
Hong Kong*



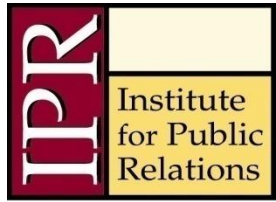
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Before We Get into Our Research: “Why Should I Care?”



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“How Do ‘Engaged’ Companies Perform?”

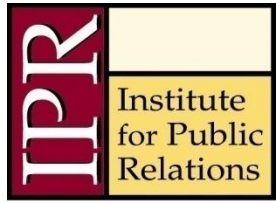


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Engaged Companies Outperform Their Competition

- Customer Ratings
- Profitability
- Productivity
- Turnover
- Safety Incidents
- Shrinkage (theft)
- Absenteeism
- Patient Safety Incidents
- Quality (defects)

Gallup 2012 meta-analysis of Q12 findings from 49,928 work units, including nearly 1.4 million employees

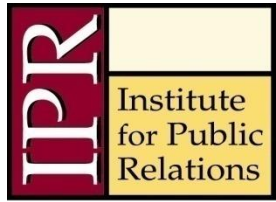


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Predicting Key Performance Outcomes

- Work units in top quartile outperformed bottom-quartile units by 10 percent on customer ratings, 22 percent in profitability, 21 percent in productivity
- Work units in top quartile saw significantly lower turnover (35 percent), shrinkage (28 percent), absenteeism (37 percent), fewer safety incidents (48 percent), patient safety incidents (41 percent), and quality defects (41 percent)
- Companies with an average of 9.3 engaged employees for every actively disengaged employee experienced 147 percent higher EPS compared with competitors
- Companies with an average of 2.6 engaged employees for every actively disengaged employee, in contrast, experienced 2 percent lower EPS compared with their competition

Gallup 2012 meta-analysis of Q12 findings from 49,928 work units, including nearly 1.4 million employees



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Where Best-in-Class Companies Concentrate Their Efforts

Most Impactful Employee Engagement Drivers

How important are each of the following in terms of their impact on employee engagement?

Top box scores for all respondents (8-10)



Harvard Business Review: The Impact of Employee Engagement on Performance; 2013

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Through the Lens of 10 Global Leaders

A Qualitative Perspective on
BEST-IN-CLASS PRACTICES IN EMPLOYEE COMMUNICATION

April 2014

Keith Burton,
Brunswick Group,
New York

Gary Gates,
W20 Group,
New York

Colleen Leach,
KRC Research,
Washington, D.C.



What Does Good Look Like?

A Quantitative Perspective on
BEST-IN-CLASS PRACTICES IN EMPLOYEE COMMUNICATION

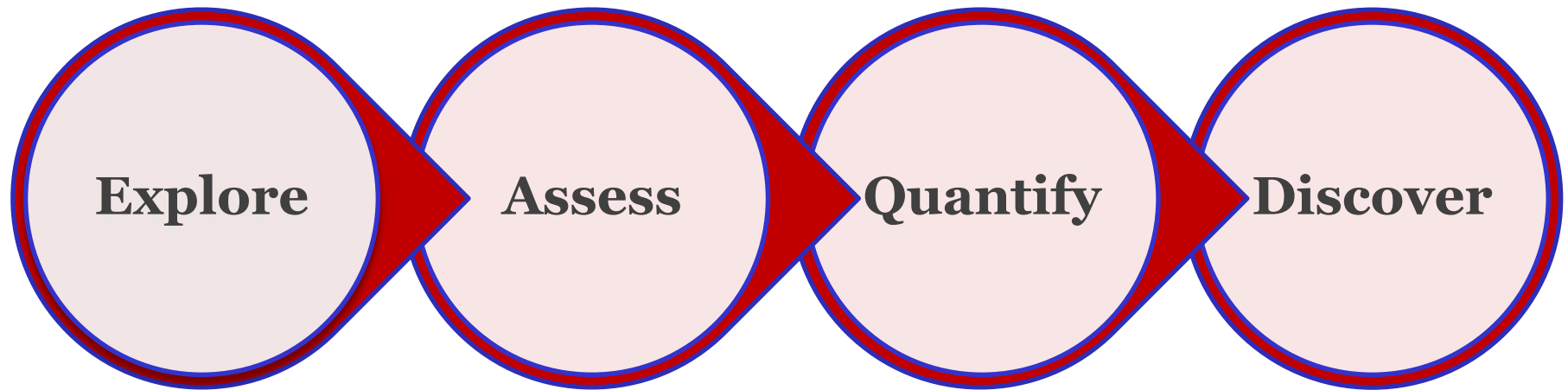
September 2014

Peter Debreceňy
Gagen MacDonald,
Chicago

Colleen Leach,
KRC Research,
Washington, D.C.

Methodology

Objective: Identify best practices for employee communication in an environment that is increasingly globalized, digitized, and empowered

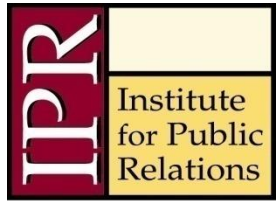


- Depth interviews with best-in-class global internal communicators
- Identify structure, philosophies, practices
- Identify tools and assets for achieving success

- Analysis and theme identification
- White paper, infographics

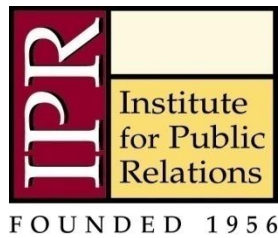
- Survey of global organizations on i.c. topics
- Measure key principles, priorities
- Utilization of specific approaches, strategies, tools, or techniques.

- Best-in-class practices for organizational communication.
- Includes ID of structures, strategies, tools, and techniques



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THE QUALITATIVE RESEARCH



Interviews We Conducted to Explore & Assess



- Engaged KRC Research to interview internal communications professionals at 10 world-class corporations
- Companies chosen based on global scope, market leadership and perceived effectiveness in internal communications (frequenters on the most-admired or best-places to work lists, awards)
- There were common practices across the companies – 10 areas were identified as particularly important

Be a business
leader

Have line of sight
to end-goal when
communicating
change

Challenge others
to contribute to
growth

Develop a
roadmap for
change

Create an
internal
stakeholder map

Act strategically
with company
leaders

Adopt authentic
voice

Utilize line of
sight managers

Dedicated
content strategy

Measure!

Insight: Tectonic Movement is Reshaping Organizational Communication

“OLD MODEL”

Activity, Even as Focused on
Employee Satisfaction, Motivation

Awareness is Key Measure

Communicated for the Corporation

Boundary-Driven: Siloed,
Two-Way Information Flow

Employees Viewed as a
Homogenous Audience

CREATING VALUE IN TODAY’S ENVIRONMENT

✓ Analytics-Based, Business Performance,
Outcomes and Strategy Socialization

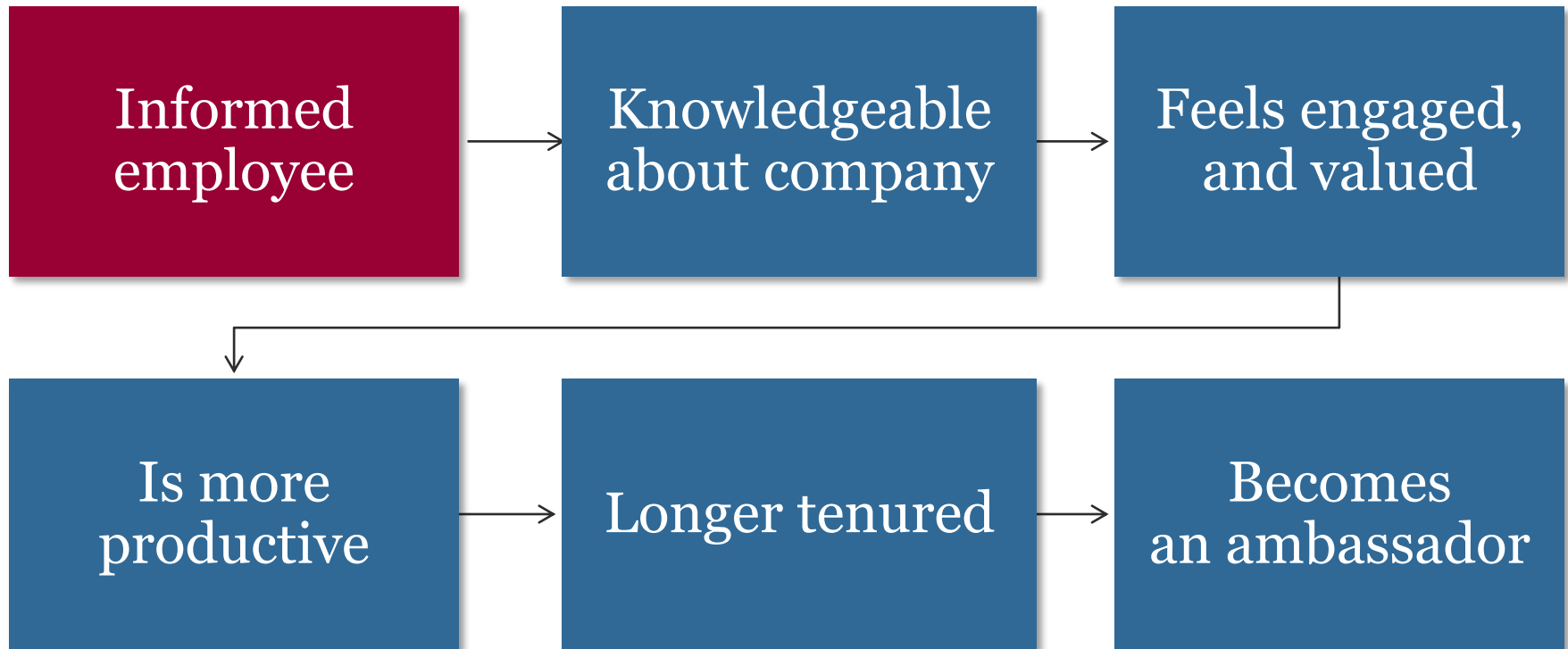
✓ Discussion, Dialogue, and Debate

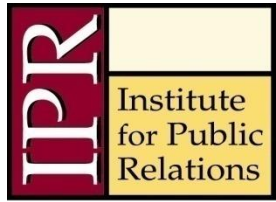
✓ Optimized Corporation’s Ability
to Communicate

✓ Boundary-Less: Platform-Agnostic,
Integrated, “Democratized,” Multi-Way,
Peer-to-Peer Channels

✓ Segmented; Targeted for Influence,
Engagement , Social Prowess

The Return: Innate Belief in the Importance of Employee Communication





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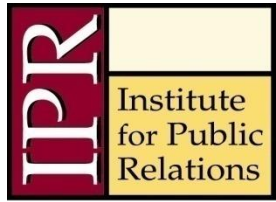
The 22 Factors of Success

Tools & Resources

- Periodic assessment of employee perceptions
- Have “listening posts”
- Having a roadmap of organizational changes and developments
- Having an internal stakeholder map
- Having internal social media sites/platform

Organizational Structure

- Internal communications lead having oversight of all key internal communications in the total organization
- Team leaders participate in total organization strategy session
- Having an internal communications team leader report to the leader of corporate communications, or of the company



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The 22 Factors of Success

Practices

- Keeping employees informed in a timely manner
- Keeping employees informed of the context of current issues
- Keeping employees apprised of organizational change and development
- Adopting an authentic voice for all internal communications
- Communicating impact of organizational change
- Utilizing messaging platforms consistently
- Having measurements/metrics to benchmark strategies
- Gauge employee engagement
- Utilizing line of sight managers as communicators
- Challenging the next generation of employees to contribute to organizational growth

The 22 Factors of Success

Mindset

- An organization should be able to clearly and concisely articulate the purpose and value of change for its future success and for employees
- Internal communicators should be seen as business people, with an expertise in communications
- Strong internal communications will have a positive return for the total organization that need not be proven at every juncture
- There are shared viewpoints up and down the chain of command about the total organization and the way to communicate

Insight: Challenges for Internal Communication

Perceived efficacy in internal communication is limited

Most – but not all - of the “Best in Class Factors” are widely recognized as important

Few of these factors are widely implemented

Organizational issues impact effectiveness

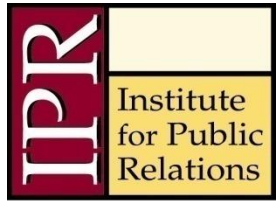
What's Important?

13 of the **22** tested factors (the basics) are seen as important

- Timely and comprehensive communications
- Consistent and authentic voice
- Consistent channels
- Monitor employee perceptions
- Supportive organizational structure

5 of the factors (strategic & innovative) not as important, including

- Using line of sight managers as communicators
- Internal stakeholder map
- Internal social media sites/platforms



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Who's Doing What?

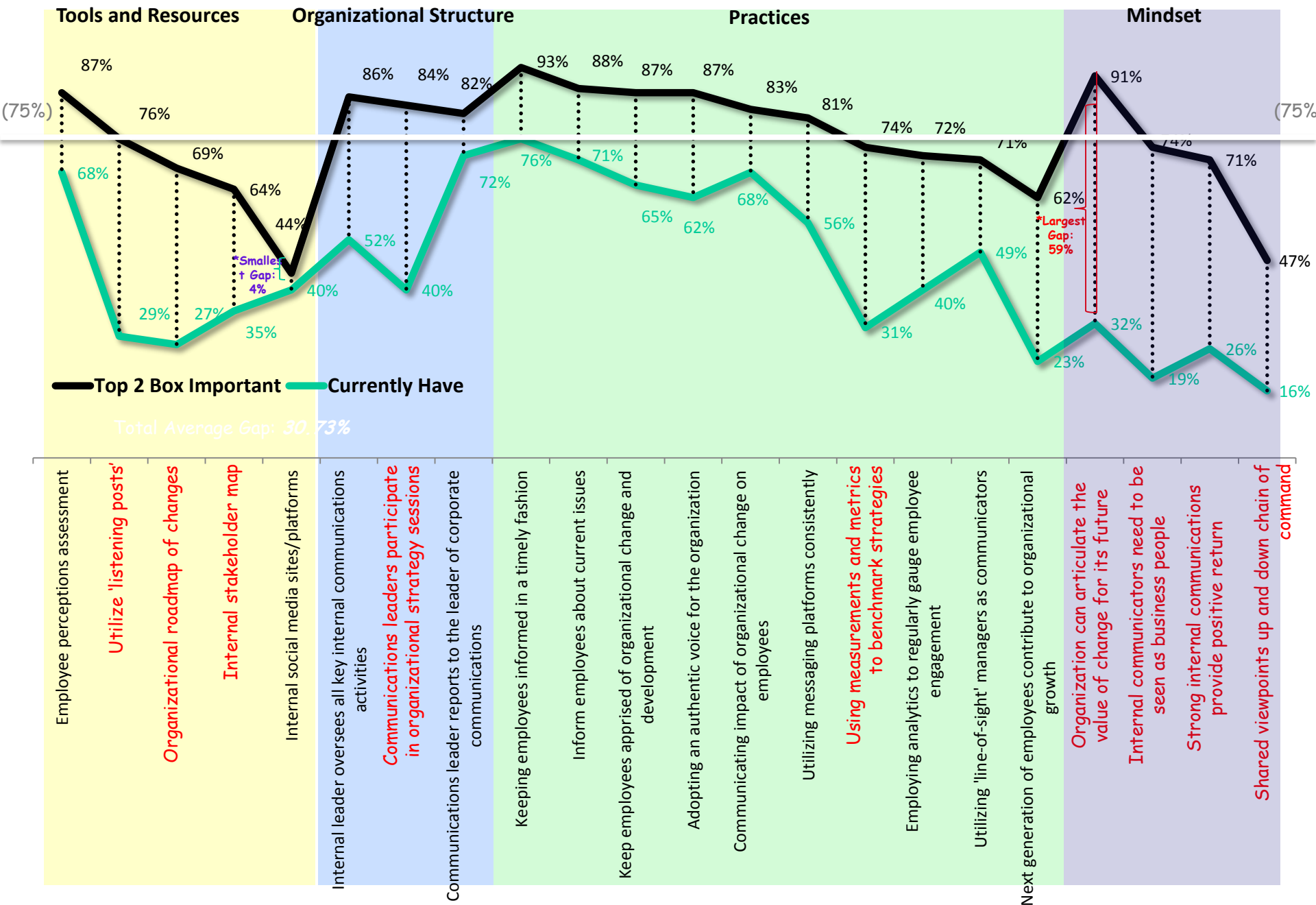
Few factors in place among more than **75%** of respondents, even among those factors that are more widely seen as important

- Most, though not all, say that their organization keeps employees informed in a timely manner, and keeps employees informed of the issues at hand
- Most, though not all, have internal communications lead reporting to the corporate communications leader

Fewer (**50% – 70%**) implement remaining “basic” internal communications practices

Even less (**30% – 50%**) using “strategic” practices

Gap Analysis: Belief vs. Action



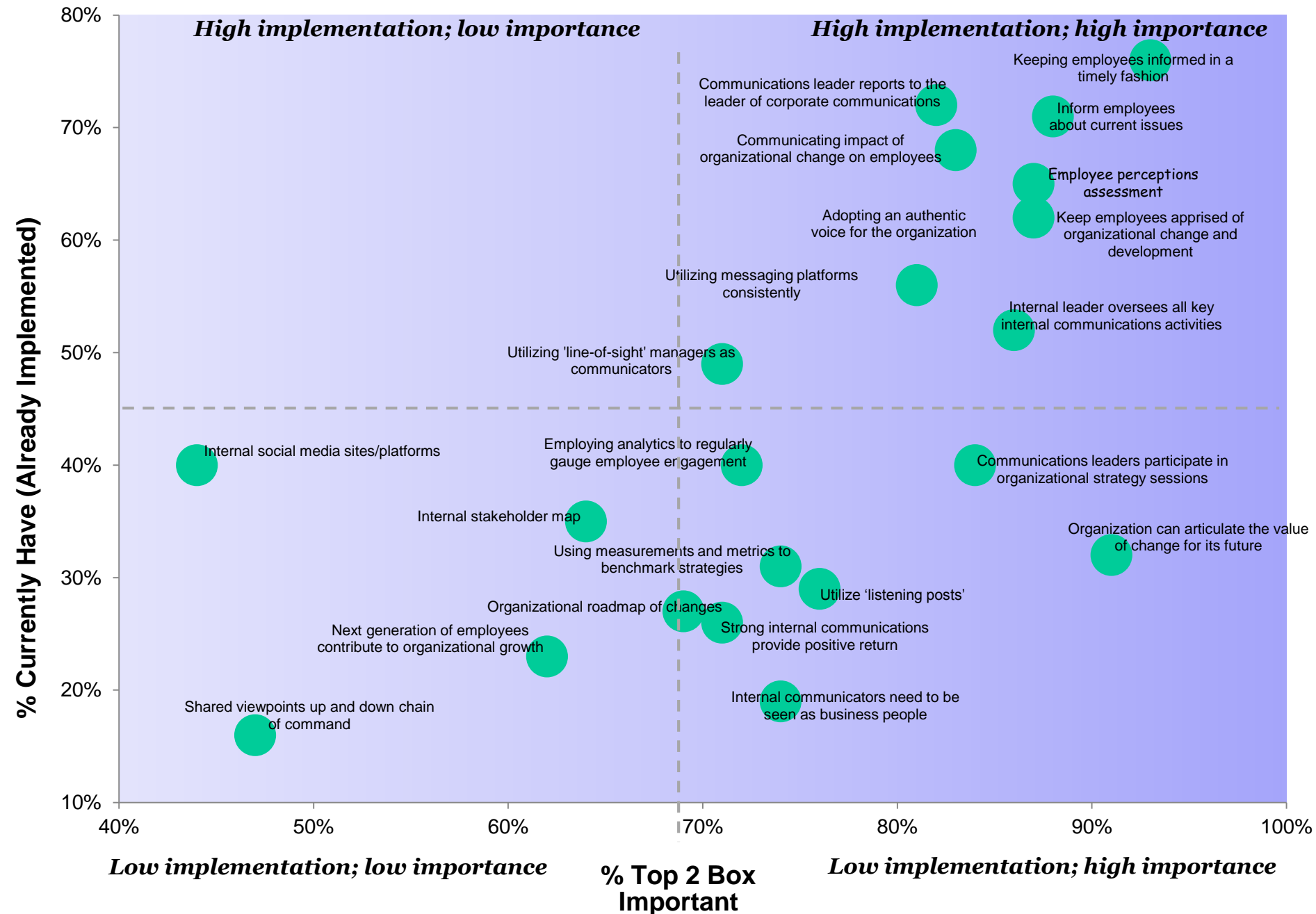
Perceived Importance of Actions

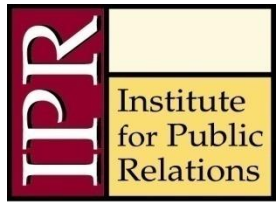
Mostly linear relationship between perceived importance of factors and tendency to practice

Three quadrants on perceptual analysis

- Low implementation, low importance
- High implementation, high importance. Although these are factors where implementation and importance are highest, importance still outweighs usage.
- Low implementation, high importance: These are the factors where implementation is far below a generally high recognized importance.

Perceptual Map (Importance vs. Behavior)





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Implications

Give Voice

- When performance lags what you know as important, give voice to why it matters
- Move from agreeing, to articulating the value to the organization

Question

- When factors of important don't feel relevant, pause and ask yourself why
- Is the focus too much on ROI?
- Is it just too difficult to sell-in?

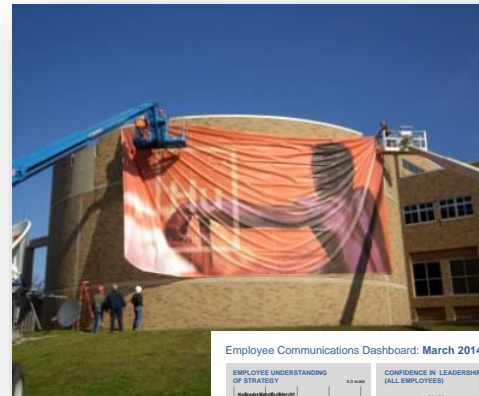
Look Beyond Challenges

- If its implementation or building a case for a factor of importance that is the biggest challenge, look beyond it at the true value and virtue of the factor

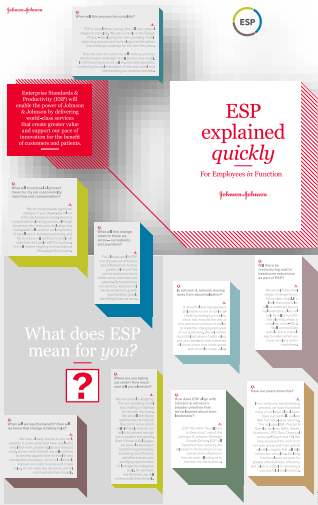
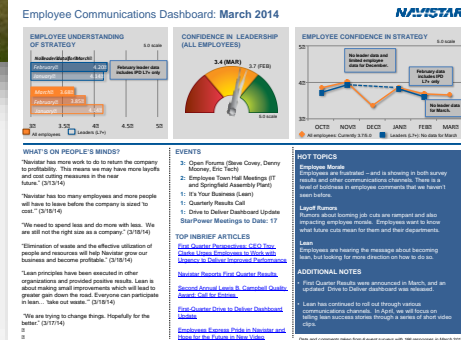
Share

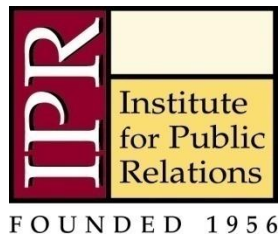
- If a factor of importance has a positive yield for your company, share.
- In sharing we discover what we don't know today, and create good examples for inspiring future growth

What Will 'Good' Look Like?



First-Quarter Drive to Deliver Dashboard Update Page 1 of 2





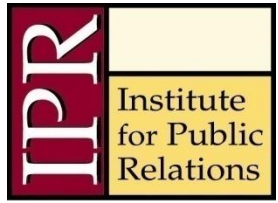
Commission on Organizational Communication

Commission Members

- Keith Burton, Principal, Grayson Emmett Partners (Chair)
- Dr. Bruce Berger, Professor Emeritus - Advertising & Public Relations, University of Alabama
- Gary Grates, Principal, W2O Group
- Peter Debreceeny, Consultant, Gagen MacDonald
- Frank Ovaitt, President & CEO, Institute for Public Relations

Research Steering Committee

- Chris Olson, Assistant Vice President - Internal Communication, USAA
- Ruth Weber Kelley, Head - Global Internal Communication, Cargill
- Lisa Hartenberger, Director - Corporate Communications, Navistar
- Tyler Durham, Partner & Managing Director, Ketchum Change
- Rebecca Edwards, Chief Communications Officer, GE Oil & Gas



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THANK YOU