

Rethinking communication

A few years ago the world changed.

We saw the rise of the dotcoms, and with it the claim that all the traditional ways of understanding what business needed were irrelevant. When the dotcoms collapsed many felt that old realities were asserting themselves, and it might have seemed reasonable to assume we could fall back on the old certainties, old ways of doing things.

And we are still doing things in mostly traditional ways, but there has been a fundamental shift in the relationships between corporations and their different stakeholders.

This shift has been driven partly by the direct impact of the internet (though we're only in the earliest days of that impact), partly by wider network effects.

One obvious sign of those effects is the development of the networked company. New information technology has made it feasible for businesses to manage without owning critical aspects of their operational processes. This might mean outsourcing functions like IT management, payroll, and even customer service, but it has also meant that component suppliers can become more like partners, directly involved in product development, with shared IT systems that ensure efficient inventory and logistics management between the partners.

Internal or external?

As a result the sense of what is internal and external has become less distinct. This alone would be a challenge to rethink how we communicate in business, since in business communication the internal and the external have always been managed as fundamentally different activities.

The internet itself is bringing direct changes in the way a company must think about communication. It multiplies and complicates the channels through which a business might communicate with its customers, and critically, how customers may communicate back.

Alongside traditional face to face communication, written correspondence and telephone calls, customers might now send an email, work directly on a website or post a question on an online forum, send an SMS text message or use Instant Messaging.

If nothing else had changed, businesses would need to adapt their systems to cope with this new complexity. At the most basic level they need to ensure that if a customer sends an email and then follows it up a few days later the person answering the call knows about the email and is ready to answer any questions related to it. In a large company this is not a trivial task. It demands the ability to capture information from any access channel, store that information correctly on a central database, and make it available in an understandable form when any follow-up action is taken or requested. Typically it means that when an agent in a call centre receives a call from a known customer number, good information about that customer should be available on screen automatically, and the agent should be able to track all relevant details about the customer's history with the company.

Systematic customer management

Customer Relationship Management (CRM) technology promises to sort out these tasks systematically, but the first generation of CRM is generally seen as a disappointment. There's a recognition now that CRM cannot be treated simply as a technology fix, but demands a more rounded approach, not least by thinking harder about the changes we have seen in customer expectation.

The internet has not just multiplied the access channels people have to an organisation. It has also accelerated a fundamental change in our attitudes to the organisations that provide us with services, whether commercial or governmental. We have become less trusting and more demanding. The internet has vastly extended our

choices, both in terms of the products or services we buy, and the amount of information available to guide those decisions

As the US academics CK Prahalad and Venkat Ramaswamy in their recent book *The Future of Competition* put it:

“Companies have traditionally benefited from information asymmetry between the consumer and the firm. That asymmetry is rapidly disappearing. Firms can no longer assume opaqueness of prices, costs, and profit margins. And as information about products, technologies, and business systems becomes more accessible, creating new levels of transparency becomes increasingly desirable.”

Information is more freely available, and it is much easier to share and spread that information. Word of mouth is becoming more influential than formal communication from the firm to the customer, a factor recognised through the appearance of ideas like viral marketing, where a company designs a message in a form that people will want to pass to their friends or colleagues.

At the same time product quality generally has risen to the point where we have little tolerance for poor performance, let alone failure. We expect problems to be put right quickly and even pro-actively. Service quality may be the most important point of differentiation for companies. Some select businesses may be able to compete on the basis of unique product features, but few features stay unique for long. In this environment, *every* interaction between an individual and an enterprise will build a cumulative picture with a decisive influence on purchase decisions.

All of this demands a fundamental shift in management focus, a focus on how you can create consistently memorable customer experiences. This might look like the business of marketing people, but memorable and distinctive customer experiences will only be delivered by highly-motivated staff who have the scope to listen to customers and use their judgement in their responses. That motivation has traditionally been the preserve of HR and internal communicators (along with line managers). These divisions between externally focused marketing and internally focused management cannot be sustained.

Moving to transparency

Communication should be the solvent that breaks down these barriers, and indeed it can be, but only if you have recognised that this is what you need to do. Traditionally communication has been managed as if an opposite assumption held true, as if you could say one thing to one group of stakeholders, and another thing to another, and they would never talk to each other.

Probably this was never true, but the internet has helped to make its absurdity apparent. The internet transforms the logistics of information distribution. It takes power away from the authoritative publishers and broadcasters, and enfranchises the individual. Without doubt this is having good and bad effects, and in the process it creates a huge pressure on organisations to think much harder about transparency.

You can see this pressure at work in the changing face of the media. Although advertising on broadcast TV remains for the moment the most powerful means of getting a message across to the mass market, that pre-eminence does not look set to last. Technology is shifting the balance of power away from the scheduler to the consumer. Given the choice it seems we will no longer passively take in whatever happens to be onscreen. Personal video recorders allow us to skip ads, aggregate programmes from different sources and watch them when we choose. As broadband connections to the home get faster, bigger, we can expect more and more “on demand programming. This is a double-edged phenomenon. It reflects a weakening of collective behaviour, with individuals pursuing individual tastes, shifting between the smaller groupings that better reflect their different interests. The old demographic classifications used by communicators look less and less useful. But the internet also offers a means of reaching these fragmented audiences, as long as you can offer your information in a sufficiently engaging form.

There are parallels with news and mainstream journalism. In the UK, traditionally one of the world’s strongest markets for a national press, newspaper circulation is in decline across the board. Where internet access is ubiquitous it looks set to become the

primary resource for news, and that news won't just be coming from established sources. We have seen the rise of partisan weblogs which happily disregard the concerns of mainstream journalism for accuracy and verifiability, but which can still be widely influential. The internet functions like a global watercooler conversation.

It may be that there will be a reaction against these amateur efforts, but because publishers/broadcasters no longer control distribution all professional media producers are having to rethink how they work. Even Rupert Murdoch, who has been sceptical all along about the internet acknowledged the importance of thinking through its impact at a recent News International conference.

All of which means that mainstream media may have less influence in the future, but far from this offering relief to businesses, organisations now have to deal with amplified gossip masquerading as journalism.

The paradox of targeted communication

In this febrile environment of fragmenting media and audiences you have very limited control of the multiple levers of reputation, and you must resolve a seeming paradox. It's as true as ever that communication with any group of stakeholders must be timely and relevant to their interests. It must be tailored to work with them, but it also must be consistent with the things you are saying to other stakeholder groups, because that communication is quite likely to be picked up by the same people as they move between those groups.

You cannot resolve this paradox by resorting to broad generalities, because those generalities are unlikely to engage people who feel they have only limited attention to give you. To resolve the paradox communication must be focused on the known interests of particular stakeholders, and responsive to them, and yet expressive of a deeper consistency, and an incontrovertible reality.

To achieve this consistency, organisations need a clear (transparent) sense of their own identities. When people speak for the organisation, at whatever level, they need to speak from its heart, and this identity has to be real, because if it is not the pretence will be quickly exposed and the conversation will end.

The necessity of dialogue

The internet, by creating the possibility of dialogue, has reminded us of something we should never have lost sight of: that communication is not just about sending out messages. It is about listening as well as speaking. It is about the exchange of knowledge and ideas. It thrives on trust, and trust demands integrity.

Integrity, rooted in identity, is also critical for business strategy, because it defines the limits of change for an organisation. (The relationship between communication and identity is explored more fully in a companion essay, *Identity, communication and customer focus*.) If a business is to have fruitful conversations with its stakeholders, it cannot treat its identity as something to be manipulated at will. Understanding your identity must be the starting point for any strategy that has a chance of being realised. It is also at the heart of the communication work you'll need to do in the course of implementing that strategy.

Identity, communication and customer focus

In order to be genuinely customer-focused, businesses have to learn when to look away from their customers.

Being customer-focused sounds like a good thing. Most businesses must care about what their customers think. They need their customers to be aware of what they do, and to like what they do. Otherwise customers won't buy from them in the first place, and they won't come back for more.

Who needs customers?

It's unsurprising then that for some years now most companies have claimed to be customer-centric. But the reality is different. In reality most companies are organised to look internally rather than externally. Under relentless pressure to increase revenues and profit they naturally look to their processes to reduce costs and increase margins, which demands a strict inward focus on production and distribution, with command and control management to enforce efficiencies. As the company grows managers are steadily more removed from their customers, and worse still their interactions with customers are fundamentally adversarial (customer interaction equals cost, which has to be minimised). For the past fifty years, managers keep re-discovering customers and then forgetting them because of the way enterprises grow and try to consolidate their growth.

It's ironic then that the one way in which they may appear customer focused is the one way they should not be, and that's when it comes to thinking about their identities.

Corporate identity has become bound up with brand identity, but they are not the same thing, and their relationship has become confused.

Brand is a familiar shorthand within marketing circles for the less tangible appeal of a product, or company, over and above its physical properties. Brand is about the emotional appeal of a proposition, the things that people feel they are buying into when they choose a product or service. Brand commands consumer choice, and may receive an appropriately high valuation as an asset on any corporate balance sheet.

The confusion comes when people try to characterise their brand. Typically they will do this with a set of core values, which are supposed to guide those communicating with any audience. Any communication should be in line with these values. But consumers are not stupid. It's not just a matter of what you say, but what you do, and in the internet age corporations cannot expect to hide any aspect of what they do. Brand values are also supposed to guide corporate behaviour, at every level of the enterprise.

These brand values are generally presented as an expression of corporate identity, but this begs the question of where they have come from.

Confusing brand and identity

Because brand thinking has mostly been about product, about what you could add over and above the obvious attributes of a product, it has understandably been the province of marketing people, working with advertising agencies in particular. Indeed ad agencies have developed real expertise in understanding the way a target customer group will see a product, and how to play to those perceptions.

When marketing people want to understand how the brand works, they rightly go to those customer groups, and ask them what they think. This reflects the important truth that although brand may be a corporate asset, the corporation does not exactly own it. It only exists in the perceptions of its stakeholders (not just customers - for instance brand can also be valuable in recruiting the best people to your business).

These stakeholder groups will give useful information about the strengths of a brand, and also about its weaknesses. For instance, if it is a well-established company the research might show that it is trusted and reliable, but also rather dull and lacking the creative sparkle that stakeholders would really like to be associated with.

Typically brand managers, working with the organisation's most senior managers, will develop a corrective strategy to preserve the strengths and address these weaknesses. Typically they construct a modified identity, expressed through a new set of corporate values, which properly communicated is supposed to bring about a real identity change and so improve the way a company is seen.

The result is what you could call a customer-driven brand, which might sound like a good idea, but in practice leads to a categorical confusion about identity.

Brand and blandness

Because companies look to their customers (and competitors) to define their brand values, rather than at themselves, it's hardly surprising that their brand values are all pretty much drawn from the same menu. And because they look to these values to understand their identities, they underestimate or obscure what really makes them work, and what must be the real nature of their competitive capability.

So we have an ironic miscommunication: in reality most businesses are very different from each other, but they don't talk about themselves that way. In pursuit of brand differentiation they end up all sounding the same.

Having a customer-led brand ironically puts you in a very dangerous position with your customers. It means there is an increasing risk of a chasm opening between what you say about yourself and the experience of your customers as they interact with your staff. It's an increasing risk because customer expectations are rising, and using an arbitrary set of "values" as the basis of your internal communication is more likely to alienate than engage your staff.

Disengaged staff

It's apparent that something is seriously wrong. Concepts like brand and values have become part of the stock in trade of every professional communication manager, but if their underlying insights were right we could expect to have seen a transformation in employee engagement. Instead the reverse appears to be true. According to research published in early March 2005 by the Conference Board, a US-based business policy organisation, only half of Americans are satisfied with their jobs, a 10 per cent decline in ten years. Only 14 per cent said they were "very satisfied" with their work, while 25 per cent said they were simply "showing up to collect a paycheck". Factors like salary level or age do not have any clear correlation with dissatisfaction.

Worst of all for professional communicators, 40 per cent said they felt disconnected from their employers and two-thirds said they did not identify with their employers' business goals. Parallel research in the UK has suggested that less than a third of employees have any confidence in their corporate leaders.

The reasons for this disengagement are no doubt complex, but communication has some power to make things better or worse. The concept of "corporate values" might be occasionally useful in guiding certain corporate decisions, though frankly if an executive is inclined to make a dishonest decision the fact that this contravenes a stated corporate value of "honesty" is unlikely to make too much difference.

If these values reflected a real corporate identity, then there would not be much need to talk about them, but because received wisdom says you must talk about them all the time in order to embed the *desired* identity, they crop up throughout corporate communication. The message seems to be that any individual in the enterprise must share these arbitrary values.

Corporate v personal values

But why? It's true that our individual values will determine our behaviour in any given situation (though they won't necessarily make it predictable). But because they are just that - our individual values, the things that help determine our individuality - they are unlikely to change just because a business tells us it wants us to change, however many times it repeats it.

Talking endlessly about values could even be counterproductive. If we are already feeling disengaged from the enterprise, having that enterprise talk vague rubbish to us will only make us feel that our concerns are not being addressed.

Employees' personal values are mostly neither here nor there. Any enterprise will probably benefit from a mix of personality types. Some will be creative, some methodical. It's up to managers to create the right mix, and not some dreary uniformity. More than this the role of management is to understand what will make the enterprise competitive, and then put in place the organisational processes that will support that position.

Seen from a high level (and it's a useful perspective) there are only two things managers can do when addressing organisational process:

- make it easier to do good things, and reward them
- make it harder to do bad things and punish them.

This does not mean that good communication is irrelevant. On the contrary it is imperative we understand better the role effective communication has to play in the two feasible groups of management action.

But if you need to shape these processes and behaviours directly, why not address them directly? For instance, if you want people to see you as a creative organisation, you have to put in place processes that nurture a free and open exchange of ideas and information; you have to put in place financial structures that reward rather than penalise risk-taking. And then of course you can begin to communicate the importance of creativity, not as a value, but as a corporate goal and competitive enabler.

People don't need to change their values, or even to take on your proclaimed values. They just need to understand what's expected of them, and they will accommodate that expectation as best they can with their personal values.

Successful people in the enterprise are likely to be successful because their existing values support required behaviour. If their values don't, then they are not going to be able to change those values without losing a sense of who they are, and that won't happen. More likely they will simply leave for something more congenial.

Customers and internal communication

Understanding a corporate identity, what the business is, how it does things and what it could do, has an obvious importance for strategic planning. If the thrust of this argument so far has been that you must look internally for the substance of that identity, this does not mean that you can forget about customer focus. With a further irony it may be that a customer focus offers one of the more promising ways of understanding what you need to do with internal communication, if you want to overcome staff disengagement and harness the power of communication in the strategic management of your business.

It's been wisely said that what you measure is what you get. Historically the practice of internal communication has resisted measurement. It demands an investment that many senior managers struggle to justify. They want to know about the return on that investment. Practitioners aim to show a correlation between employee behaviours and either cost or gains for the business, which is neatly summed up in the "Sources of Lifetime Value" model created by F Reichheld and published in *The Loyalty Effect* in 1996.

Gain	More product/service ideas	Revenue enhancement
	More referrals of new customers	
	Better customer retention	
	Better customer selection	
	More referrals of new employees	Cost reduction
	Higher productivity	
	Saving in training costs	
Loss	Continuous training costs	Cost increase
	Lower productivity	
	Referrals of poorer quality employees	
	More customer defections	Revenue reduction
	Negative word of mouth from defections	

Current thinking suggests that some kind of balanced scorecard can capture these different effects and so build a sophisticated picture of the real impact of effective internal communication on business health.

One problem is that this model in itself will not guide you to the most appropriate things to measure. Some of the given dimensions readily conflict, such as higher productivity and better retention of customers. (For instance, the common practice of setting call volume targets in call centres motivates staff against customer retention.)

It's arguable that the notion of a balanced scorecard will give you a chance to set priorities, but this thinking presupposes the value of a discrete set of activities (called "internal communication") and then tries to show how that value relates to known business costs or benefits. It's like saying you could design the perfect engine, put it in a standard car, measure the performance of the engine itself and then claim this proved the car was a pleasure to drive. Staff motivation or engagement might be desirable factors in themselves, but their value depends on how they work with other aspects of the enterprise machine.

Start from the end point

Making these disparate ends meet is an unnecessary struggle. It makes far more sense to start with the desired outcome, and then work backwards to understand the factors influencing that outcome, seeing how they work together and what you can do about them. This will mean seeing internal communication not as a matter of top down messages, but as a function of information flows within the enterprise. These flows happen anyway. The only choice you have is whether you try to optimise them.

The "desired outcome", in one way or another is likely to be customer loyalty (customer satisfaction is not good enough, when research confirms that in the face of rational factors like lower price merely satisfied customers will defect almost as readily as unsatisfied ones). So you have to start by looking at the factors influencing customer loyalty. Some of these factors will be external: how the company presents itself in its advertising or public communication at any level; how it relates to its various communities. But many will be "internal", where the company interacts directly with its different stakeholders. If there is a discrepancy between how the company talks about itself and what it can deliver in these interactions, you need to know why.

It could be because the staff responsible for those interactions are being encouraged to do the wrong thing; it could be because they do not have the authority to make their customers happy, or the knowledge to understand what they are talking about; it could

be they are so fed up with being told one thing while senior management appears to do something else that they have no reason to pursue a dialogue.

Making change work

If you can do this analysis properly then a great deal will fall into place. You will know what operational changes you need to make at every point in the chain between product development and after sales delivery. You will know how to engage your staff in a dialogue about the value of these changes, at every point in the chain, and use that dialogue to ensure these changes work as intended. You'll know if you have created value by measuring change in stakeholder perceptions.

This is using measurement not to ratify internal communication, but to redefine it. It's using customer focus to align your thinking about internal and external communication, without introducing bogus concepts of corporate identity and values.