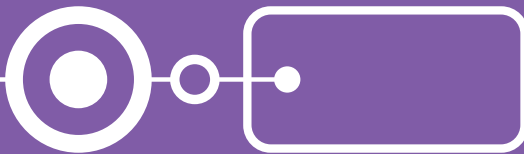




Driving Employee Engagement Through Internal Communications

by Andrew Blacknell
Blacknell Ventures



NEWSWEAVER²
powering communications

Foreword

There is considerable evidence to support the impact of employee engagement on the bottom line. Sears undertook a study in the early 1990s that showed that stores with more satisfied employees had more satisfied customers and higher revenue. Through a series of studies, Towers Watson has replicated these findings and proved that companies with more engaged employees have greater profitability.

So if engagement is the goal, how can Internal Communication most effectively increase employee engagement? In this white paper I have identified three areas within an organization that provide opportunities for Internal Communication to contribute to driving engagement. I highlight examples from organizations that have successfully implemented these engagement strategies, including Sears, Avery Dennison, Volvo and Aviva.

About the author

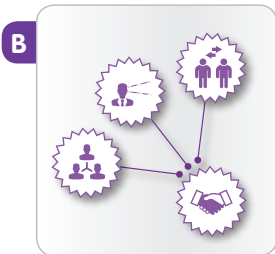
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Why Employee Engagement Matters

Organizations with more engaged employees produce better results. These results are not only financial (higher revenue and profits), but also human (less stress, less absence among employees and higher customer satisfaction) and quality related (higher quality and safety).¹

Internal Communication cannot affect all the major drivers of employee engagement. For example, career opportunities and financial rewards² are also engagement drivers which communication cannot significantly impact. However, this should not be an excuse for inaction or a lack of focus on engagement as a metric for Internal Communication teams; they can directly influence three areas that have consistently featured as key drivers of employee engagement³:

1. Employees' relationship with their line manager.
2. Line of sight – the extent to which an employee can see how their job and role contributes to the whole organization.
3. Involvement – knowing that their opinion counts and is heard.

Can Internal Communication really improve an employees' relationship with their line manager? Clearly they can't change personalities or the culture of an organization; but they can make leaders and managers better communicators, which in turn improves engagement.

Internal communicators are also uniquely placed to involve and educate employees so that their voice is heard and their role within the organisation understood. This has always been the case, but in recent years technology has increased both the capacity and capability of the Internal Communication function to create genuine dialogue and personalize communications.

Identifying the link between engagement and business performance



Fig.1 Source: Sears

Sears, the US retail chain, was one of the first organizations to identify the direct link between employee satisfaction and business performance in the early 1990s.⁴ The study showed that a Sears store manager whose engagement scores increased by five units, could expect a 1.3 unit increase in customer satisfaction followed by a .5% increase in revenue growth, as shown by the Fig 1 diagram.

1. State of the Global Workplace Report 2013, Gallup
2. 2013 Trends in Global Employee Engagement, Aon Hewitt

3. Global Workforce Study 2012, Towers Watson
4. Rucci, Kirn, Quinn: "The Employee-Customer Profit Chain at Sears", HBR, 1998

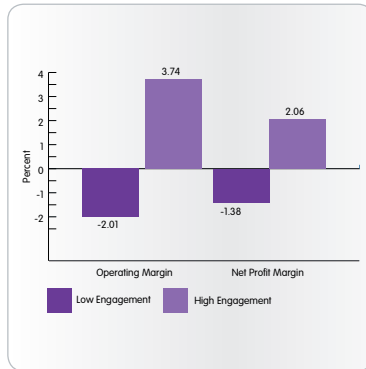
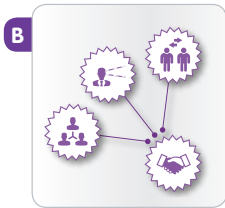


Fig.2 Source: Towers Watson

Many subsequent studies have confirmed these findings and proved linkage between employee engagement and quality of work, employee turnover, absence, shrinkage, productivity and safety, etc. Towers Watson, the leading employee research business, surveys about one million employees inside large organizations every quarter. It mines these survey responses and matches them against the published financial results of the same organizations. This exercise has continually shown that organizations with higher engagement have higher operating margins and greater net profit margins than those with lower engagement. Fig.2 charts the impact of higher and lower engagement on business performance.

Today, employee engagement data is broadly accepted as a leading indicator of performance, whereas financial data is a lagging indicator. Engagement data can act as an early warning system, allowing organizations to respond and take corrective action before the conditions causing a decline in employee engagement translate into a hit on revenue and profits.



Three Areas Where Internal Communication Can Drive Engagement



1. The Employee's Relationship With Their Line Manager

The first opportunity for Internal Communication to drive engagement is to define and equip the line manager as an effective communicator.

Google's People Analytics team analyzed vast amounts of internal data and made a connection between top business performance and individual performance and great managers. It further identified the eight characteristics of great leaders⁵. The data proved that rather than superior technical knowledge, it is periodic one-on-one coaching, which included expressing interest in the employee and frequent personalized feedback that ranked as key to being a successful leader.

5. Google's 8-point plan to build a better boss, Google.com and New York Times March 2011

Internal Communication teams cannot make managers take an interest in their employees, but they can set the expectation that managers are the preferred communication channel. A 2009 YouGov survey found only 28% of employees trusted messages from their CEO “more than a little”. That’s a warning about broadcasting messaging from the top.

Define the communication competence within your leadership framework

Internal Communication can partner with HR to make sure communication is a recognized and rewarded competence and clearly represented in the leadership model or framework. When an Internal Communication Director is a trusted adviser to the executive and partner to HR, they make sure that communication, as a leadership competence, is appropriately reflected in the organization’s leadership framework.



Aviva, the UK insurance company, conducted its own research⁶ that found 70% of employees wanted to hear about important issues about their role and career development from their line manager.

Aviva regularly review their communication channels, and in 2012 did a “forensic review” of their intranet site and their email-based updates for managers called “Keeping You Informed”. The findings showed that the best channel was quick ‘huddles’ and the main blockages were time and noise. However, most people managers felt overwhelmed by the amount of messages and communication they received and needed to pass on.

Ninety-one per cent of line managers were already using Keeping You Informed so Aviva knew it was valued. As a consequence, the company decided to improve it further after their 2012 review, allowing managers to self-select their topics and then print copies as handouts. Internal communicators located at the different sites can now help shape content for Keeping You Informed. They can input localized content so that, for example, briefs at one site could include the planned visit of a senior leader the following week.

Build management’s communication effectiveness

Employees want to hear about the issues that are important to them from their line manager. However, research by organizations such as Aviva, HSBC, McCain and Halifax have all scored their line manager communication skills as average. Clearly there is a need for internal communicators to educate managers about the linkage between engagement and ‘showing an interest’ and making time for one-on-ones.

A 2012 State of the Sector survey⁷ of mostly UK internal communicators found that improving communication from senior leaders to the workforce was their top priority or challenge over the next twelve months. But less than half (48%) had a specific tool(s) that enabled senior leaders to communicate effectively. A Newsweaver poll in October 2013 produced similar results. One of the most common uses for the Newsweaver Internal Connect email

6. Transforming Line Manager Communication at Aviva, Strategic Communication Management, Melcrum September 2012

7. State of the Sector 2012, Institute of Internal Communication and Gatehouse

platform is the creation of a customized communication channel for senior leaders to communicate directly with employees.



Internal Communication and HR were heavily involved in the definition of EDF's Leadership Framework, known as the Four I's⁸. These are: Involvement, Inspiration, Impact and Integrity.

Involvement and inspiration are clearly communication competencies that drive engagement, so EDF targeted the programme at the top 1,500 leaders in the company. 80% of programme participants said it improved their own performance. After the Four I's were introduced, EDF employees rated their managers and supervisors as more effective in managing change, communicating effectively, being open and honest, listening to ideas and suggestions, and understanding employees' motivations. The proportion of EDF employees reporting satisfaction with the company has increased from 55% to 73% over the same period.

Measure and recognize management communication competence

If Internal communication isn't measured as a leadership competence, then it does beg the question as to whether organizations really believe it is important. Gallup, a research-based, global performance-management consulting company, created Q12⁹, a series of twelve questions (out of the myriad they ask) that Gallup's analysis over the last few decades has identified as having the greatest impact on employee engagement. The twelve questions include a number relating to manager communication competence. However, most organizations struggle to use these surveys to drive improvements in manager communications.

Should leaders and managers be financially rewarded for their communication competence based on scores from an engagement survey? There is some debate about whether or not it should form part of a leaders' bonus scorecard. A direct link between engagement scores and pay or bonus can influence the way employees and leaders view a survey and bias the results. In the worst cases, a manager may stand over their reports as employees complete them, whilst stressing the importance of the scores!



The best practice here is the visibility of the results as part of a balanced scorecard. AstraZeneca's balanced scorecard includes making AstraZeneca "A Great Place to Work" as one of four metrics. So they widely publicize their employee engagement scores inside their business. However these are no longer factored in to the annual bonus plan. The organization measures them but they don't pay out bonus based on engagement scores¹⁰.

8. EDF's Four I's Leadership Programme, www.forum.com/engagements/client-results/edf.aspx

9. Gallup Q12, <https://q12.gallup.com>

10. Delivering Value through Innovation, AstraZeneca Annual Report 2012, published March 2013



2. The Line Of Sight For Employees Within The Organisation

One of Gallup's Q12 questions is "The mission or purpose of my company makes me feel that my job is important." Employees need to feel this – as they are much more motivated if they can make a connection (line of sight) between what they do and the broader purpose and vision of the organization.

So this is the second opportunity for internal communicators to drive engagement, by building employees' understanding of the employee value proposition (EVP) and the internal and external brand. Most organizations express their mission or purpose through their brand and align themselves internally behind that brand via an employee value proposition (EVP) or internal brand. Internal Communication is uniquely placed to define the EVP and build line of sight between what employees do and the overarching purpose of the organization. Every results gathering, strategy briefing, announcement or town hall is a chance to reinforce this.



Pernod Ricard

Créateurs de convivialité

Pernod Ricard has been built on a decentralized organizational structure giving the group's seventy-five direct subsidiaries and 18,800 employees a large amount of autonomy. The only way to unite all these different businesses and diverse geographies is for their Internal Communication team to sustain and promote a strong, shared corporate culture, EVP and brand. Their unity derives from a single mindset: *créateurs de convivialité* (translates loosely to 'making the world a more lively and friendly place').

Meetings at Pernod Ricard are almost always "convivial" and their employee survey showed that 80% of their employees considered that *convivialité* was part of everyday life within the Group. *Convivialité* also supports the purpose of their many products – to create fun and a sense of occasion. Mixed in with this is "co-creation" which recognizes their need to cooperate across different cultures, disciplines and geographies.

Recently, eighteen group employees who had never met before were invited by Pernod Ricard to the Pompidou Centre to work together on a series of artistic images with the artist Olaf Breuning around the theme of "co-creation". Each one was given an unusual object or tool and unique colour with which to paint. The images have been used in the Pernod Ricard 2013 Annual Report.

Pernod Ricard won the Human Capital Trophy in 2013 for their work to align their culture and HR policies behind their brand and values.



3. Two-way Communication Channels For Employees

The third opportunity for internal communicators to drive engagement is by creating channels for the ‘voice of the employee’ – allowing employees to provide feedback.

Another question in Gallup’s Q12 is “At work your opinions seem to count”. Gallup and Towers Watson research supports business management author Patrick Lencioni’s principle that if an employee can “weigh in, they buy in” even if they may not get what they want¹¹. The crucial factor is that “you are involved” and someone genuinely listens to your opinion in an atmosphere built on trust. The research shows that employees involved or weighing in like this are more engaged.

Internal Communication teams have a unique role in providing a voice and a way for employees to express opinions:

VOLVO

Volvo has 100,000 employees and 9,000 leader managers. The Head of Communication sees his purpose as enabling those leaders to create dialogue and two-way communication with their employees around strategy.¹²

Make communication flow in both directions

By definition, communication needs to be two-way, but until recently it was not possible for many organizations to offer this type of capability to employees.

Interactive email solutions like Newsweaver Internal Connect and other social business tools (Yammer etc.) have changed this.

Create the channels and infrastructure to involve and engage employees

In the early days of Internal Communication, large-scale paper surveys and focus groups were the main way to get feedback from large groups. In the last ten years technology has transformed audiences from being passive to active. For example, organizations such as LexisNexis are crowdsourcing feedback on their employee benefit policies. Internal Communication must not only create a culture where employees can weigh in without fear, but also have the tools and channels to do so.

Social business tools can enhance the understanding of your communications when they start - or continue - an informed conversation between leaders and employees. Use social

11. The Five Dysfunctions of a Team, Patrick Lencioni

12. Driving Communication His Way at Volvo, Strategic Communication Management, Melcrum, October 2011

features such as ratings and likes, as well as commenting, to open up your channels so the conversation flows both ways. In addition, multimedia content such as videos can attract and engage employees.

The technology is now available to use interactive and rich content within the email communication channel. Newsweaver customers can embed pulse polls and social features such as likes and commenting functionality within their email communications, as well as embedding videos. This means two-way enabled communications can be delivered directly to employees, driving awareness and fostering collaboration and knowledge sharing. Since this channel is highly measureable, communicators can gain real insight into levels of engagement.¹³

It is the role of Internal Communication to make the business case and set the bar high for creating communication channels that invite engagement, feedback and two-way communication.



Avery Dennison, a US labeling and packaging company with 30,000 employees, has created the Beat¹⁴. The Beat is an online community of employees who have volunteered to provide feedback to leaders about strategic initiatives and ideas. Leaders commit to providing a feedback blog post on the Beat Community within two weeks, letting them know just how the “Beat Member” voice will be used to further the specific initiative. The topics have included the company’s key Financial Objectives, Avery Dennison’s Employer Brand and the goals of the Avery Dennison Foundation. 100% of the Beat’s 600 members report their “voice is being heard” – which is significant, as “being heard” is an engagement driver.



The Role of Insight and Measurement in Driving Engagement

It is also essential to measure activities and communications in order to gain insight into the results.

Internal Communications can provide real-time feedback and insight, giving communicators the ability to keep their finger on the pulse of employee opinion in ways not possible just a few years ago. For example, Newsweaver customers have a real-time dashboard of measurements providing metrics such as opens and clicks, content popularity, device consumption and organizational engagement, among others. Using technology available today, internal communicators can send sensitive announcements about organizational changes, pay or pensions, and can now tell business leaders exactly how many people have read it, how long they spent reading it and what they are saying about it.

13. Newsweaver, www.newsweaver.com

14. Connecting employees to leaders through Ambassadors at Avery Dennison, Strategic Communication Management, Melcrum, December 2012

Communicate your successes to senior leaders and offer them the business insights to increase awareness of Internal Communication's vital role in driving employee engagement.



Looking Ahead...

The Future For Internal Communication

Here are two predictions for the future of Internal Communication:



1. The Level Of Benchmarking Data Available Is Going To Skyrocket

The level of benchmarking data available for measuring communications will rise dramatically. Organizations will use a growing number of tools that automatically capture metrics such as readership statistics, engagement levels, and employee feedback and conversations. This data will be shared by industry and by specific topics. For example, through innovative tools like Newsweaver Internal Connect, Internal Communication teams will have access to a norm (average score) for open rates, time spent reading and number of comments relating to flexible benefits/annual enrolment, results communication and change programmes, etc. These benchmarks will move results from “anecdote to reality” and towards evidence based decision-making around communication approaches and likely outcomes.



2. Employee Engagement Expectations Will Dramatically Shift

Expectations around employee involvement and engagement, and a direct connection to their senior leaders will be much higher for future generations. Crowdsourcing among employees for company values, vision and policies will become the norm. A clear example of this is the recent defeat of UK Prime Minister David Cameron over direct action in Syria. It reflects Parliament Members' sensitivity to public opinion in their constituency, which they saw in real-time via Twitter. Along with the increasing expectation to have their voice heard, the proliferation of two-way feedback tools and social channels inside organizations will mean CEOs and leaders have to be much more aware, sensitive and receptive to employee opinion.

Newsweaver Internal Connect

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Cutting Edge Communications

Cut through inbox clutter and grab your audience's attention with memorable messages that are on-brand and viewable on any device. Newsweaver allows you to keep their attention with stylish embedded images and videos.

Champion Two-Way Communication

Newsweaver Internal Connect is packed with social features that allow you start conversations across your organization. Give employees the ability to comment, rate and like content, and participate in surveys and polls; while gathering valuable intelligence with every communication sent.

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