Give Value or Give Notice - A follow-up to Dear CEO

Fifteen years ago, I wrote "Dear CEO," an article designed to help communication professionals build a fact-based business case for shifting their role from producing activity to creating results and value.

Communication departments at companies such as Owens Corning, Honeywell and J.D. Edwards had made significant improvements in productivity, cycle time, quality and turnover. "Dear CEO" seemed to spur other communication departments to move forward with the results-based approach.

FedEx went next. Their communication leaders and Dave Bronczek, now FedEx's CEO, teamed up to improve export sales. Our initial effort was in Los Angeles where we identified four communication issues that were impeding sales. Over a period of 90 days we and a team of Los Angeles employees eliminated the communication impediments. Sales went up 23 percent and generated a 1,447 percent return on the investment (ROI). We introduced the new communication approach in five more US cities where sales increased by $6.1 million and generated a 1,660 ROI.

Communication leaders at ConAgra Brands adopted new criteria for their work based on the article. They created a value proposition that stated: "Our work will help the company make money or save money. If it doesn't make or save money, we don't do it." Its initial effort produced a 35 percent reduction in accidents in a Midwest US operation. The communication department introduced the new approach in multiple locations and saw manufacturing improvements in yield loss and rework, a 65 percent reduction in damage and a 16 percent improvement in productivity at a major distribution center. Those successes became a model for the way ConAgra Foods managed communication companywide.

At the same time, ITT Corporation was struggling to implement and sustain lean/six sigma, which was focused largely on technical improvements without a concomitant focus on culture. After implementing the results-based communication approach, they realized an immediate 25 percent improvement in on-time delivery to customers, followed by a 50 percent improvement in quality. The company implemented the process in multiple US operations and significantly improved productivity, sales, safety, quality, cycle time and inventory turns.

Communication departments were making quantitative and qualitative improvements in business measures that mattered, creating positive returns on the investments made in them, thus improving results while adding value.

What did these communication departments do that differ from those who continue down the traditional activity path?

Communication as a System

They realized communication represents all the ways we send, receive and process information. That includes the things we say and don't say, or do and don't do. Their communication function is managed as a holistic system, not as a collection of activities such as newsletters, web sites, tweets and videos.

And, they understand that communication management must be focused on making sure people have the information they need when they need it to perform at their peak. It's an orientation toward improving business results instead of distributing informational materials.

Communication Breakdowns

Communication breakdowns like mixed messages, slow moving, inaccurate and non-existent information represent a huge source of underperformance. Here are some real examples from companies who've pursued this path.

> FedEx increased US exports in part by eliminating mixed messages. Couriers were encouraged to take time to sell the export business at customer loading docks. However, their incentive discouraged them from selling because it paid them to return to their stations quickly and safely. Slight changes to the incentive aligned communication to focus on sales and safety.

> Owens Corning lost customers because sales people couldn't get pricing information from the marketing department fast enough to beat competitors who were getting pricing information to the same customers faster. Improving the process improved sales.

> ITT improved on time delivery by eliminating information gaps among the parts inventory, product assembly and shipping and receiving departments. Once they improved information sharing on time delivery went up.

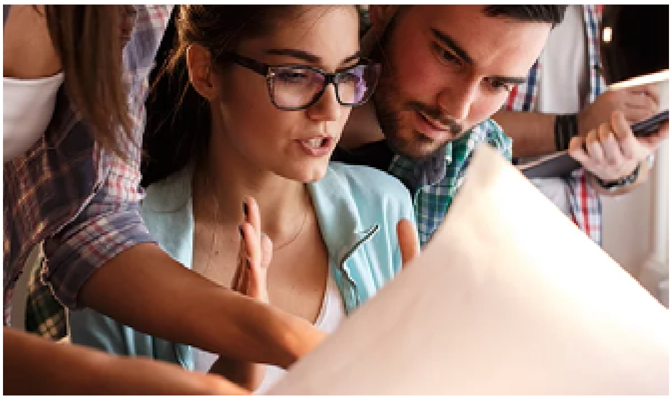
Connect with the Business

An operations VP once told me his "communication people work on the outskirts of town." When I asked him what he meant, he said: "They're worried about the wrong things. They worry about stuff that doesn't matter that much. I tell them about a business problem I'm having and they trot out the same activities. They worry about click-throughs, opens, mentions, share of voice, awareness and retweets. I'm worried about sales and gross margin. They need to work with us in the 'center city,' not on the outskirts of the business."

A leader in Florida told his communication team he needed to improve security in the company's warehouse—that people were breaking in and stealing products that were on the shelves. When his communication team suggested creating a brochure to address the issue, he explained to them that "People aren't stealing because we don't have a brochure. I want help identifying and eliminating the root cause of the problem." He wanted his communication team to think and act like business people.

Build Competencies

Traditional communication departments typically possess skills and knowledge related to distributing news and information; i.e., people who can write, design, produce and tweet. Performance-based communication departments have some of these same skills but they also have a deeper understanding of the business, finances, leadership development, change management and consulting/business adviser skills. This deeper understanding of the business enables them to become more strategic and results-focused.



Measure What Matters

Results-based communication practitioners are driven by business measures like quality, service delivery, cost and productivity. Leading indicators might include scrap, re-work, cycle time and yield loss.

When traditional communication departments create and disseminate news and information, it's easy to measure the impact--the number of tweets, retweets, page views, campaign effectiveness, content consumption, readability or channel usage. But none of these are leading or lagging indicators of organizational performance. Why would any business adopt measures that aren't driving business results? Especially when you have a choice.

It's been more than a decade since human resources guru David Ulrich told HR professionals they needed to give value or give notice.

HR people listened and shifted, albeit slowly, from personnel administrators to business professionals whose objective was to build their organizations' workforce capability, thus increasing the value they contributed to their businesses. Ulrich's challenge is also appropriate for many communication professionals who continue to produce activities that perpetuate a cost center versus value creation mindset.

We've made great strides since "Dear CEO" was published. But the communication discipline still has a long way to go to be viewed as an equal partner to other organizational functions.

Here's the five-step plan that has helped communication departments make a successful shift.

1. Team up with someone who can teach you the process and prevent you from stumbling. The results-based and activity-based mindsets and approaches are very different.

2. Get your leaders on board with a business case for becoming results-focused. Remember, they're getting paid to improve results and value. Your shift helps them and creates more pull for improved results and added value.

3. Pick a pilot that improves important results with a positive ROI.

4. Replicate the pilot in multiple areas.

5. Implement a process that makes results-based communication standard.

Others have proved it's doable.

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Jim Shaffer is an internationally recognized business advisor, leadership coach, author, speaker and leader of the Jim Shaffer Group, a team of seasoned advisers devoted to improving strategy execution through strong leaders and engaged people. Prior to starting the Jim Shaffer Group, Jim was a principal, vice president and global leader of a Towers Perrin (now Willis Towers Watson) center of excellence. He was an architect and leading practitioner of the firm's change management consulting practice.

He received the International Association of Business Communicators' prestigious Fellow award, the highest honor IABC bestowed on an individual. He is a member of the Society for Human Resource Management and was honored by the Pittsburgh Planning Forum for his contributions to strategic leadership.

A regular contributor to many business publications and frequently quoted in business journals, Jim has taught at the graduate schools of business at George Washington University, Villanova University, The University of St. Thomas and Hamline University. He speaks regularly at leadership groups and professional associations. Learn more.