

Here, Jim Shaffer, pioneer of performance-based communication, writes the memo he'd send to his chief executive officer if he were the director of internal communication in today's corporation. Providing a sound argument for change, Shaffer outlines how to transform the internal communication function to add real value.

## Memo

**To: The CEO**

**From: Director of communication**

**Re: The new state of our profession**

**I**nternal communication is undergoing what some senior practitioners have called the most significant revolution in its history.

Customer and economic pressures are forcing organizations to make sure that every function and process adds value. Many communication professionals are responding positively by taking a fresh look at what they do and how they do it. They're reinventing the internal communication function and demonstrating conclusively that they can add measurable value to their enterprises. Business leaders are applauding what they're doing. Here's a letter to your CEO by Jim Shaffer – we hope it helps you join the revolution.



**Jim Shaffer**, is one of the world's leading thought leaders and consultants in generating employee commitment to achieving improved organizational performance. His new book *The Leadership Solution* has been hailed by CEOs as a "practical common sense look at how leaders use communication to solve business problems." Jim pioneered performance-based communication management, the process for improving critical performance indicators such as quality, service, speed, costs, innovation or productivity by improving the way businesses manage communication. He leads the Jim Shaffer Group, prior to this he was a principal, senior consultant at Towers Perrin.

**To: The CEO**  
**From: Director of communication**  
**Re: The new state of our profession**

Dear CEO,

Customers' demands for better, faster, cheaper products and services require that every process and function inside our organization be regularly challenged to add measurable value to our business. It's time for a change in communication. Today's internal communication departments were designed for a time that no longer exists. The communication department should reinvent itself.

You challenged sales to move from a transaction-based operation to one based on customer relationships. You challenged service technicians in the field to shift from being order-takers to becoming consulting problem-solvers on a wide range of product and service needs. You challenged human resources to move from being an administration-driven personnel department to

a department focused on helping us build the people competencies needed to compete in a war-for-talent world. You challenged purchasing to manage the entire supply chain.

It's time for you to challenge us to manage the entire communication system, not just a piece of it.

### Why we must change

Flawed communication within our organization is costing us money. Lack of information, the wrong information, slow-moving information and mixed messages hurt quality, service, speed, costs and productivity. Our internal communication department should play a greater role in ridding us of these communication breakdowns that affect operating performance. This new role has been adopted by other best practice internal communication functions. Examples include:

- Kristin Kelley, Owens Corning's head of internal communication, helped improve productivity by US\$1 million in five months at a fiberglass insulation plant in upstate New York. Her ROI was more than 800 percent.
- Shawna Todd, director of communications at a Honeywell business, worked with a development team to provide its service technicians with handheld computers that automate dispatching and record-keeping and improve overall service quality. This new communication tool has eliminated 1.4 million process steps per week in the service process, reduced paper 93 percent and knocked the company's billing cycle from 17 days to just under seven.
- Anna Roach, manager of internal communication at Sara Lee Bakery Group, helped reduce waste in one of the company's bakeries by more than 18 percent in five weeks.
- Marilyn Brewer, director of communication at J.D. Edwards, helped reduce employee turnover by 10 percent, which saved the company millions of dollars.

In each instance, people from communication went to people in operations and said, "Let me help you make more money."

### What they're doing is what we can do

They're focusing on removing communication breakdowns that directly affect operating performance. Flawed internal communication takes four forms, each with the ability to retard our ability to hit our strategic goals.


1. *Lack of information.* A new employee reports she's never been taught or shown how to do

her job. She was put onto the job with little to no training. She calls it sink or swim orientation. She's not alone. Others say they lack needed information to do their jobs. A sales person says he couldn't get information about the benefits and features of a new product we've released. This lack of information affects productivity and results in lost sales.

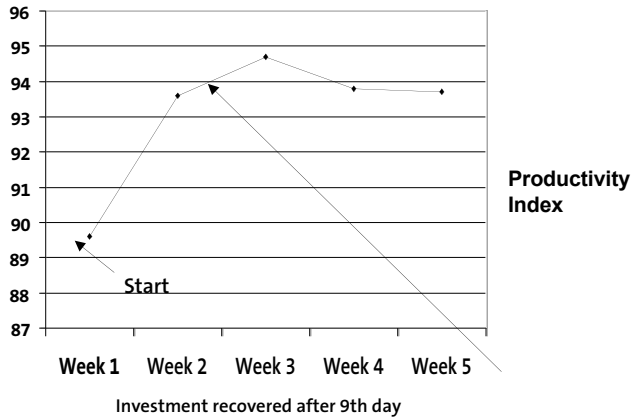
2. *Wrong information.* There's an employee at the end of a production line who puts bags in the machine that wraps product for shipment. At the beginning of the day, a production run sheet says to plan a run of 1,500. So, the guy puts 1,500 bags in the bagger. But, the production run sheet is wrong because someone put the wrong information into SAP. The run is really for 2,000. If no one catches the error in time, 500 products could get dumped on the floor without bags. Or, if the error is caught in time, the line is stopped.

**“It's time for you to challenge us to manage the entire communication system, not just a piece of it.”**

Every hour the machines are down costs US\$4,000. Because one guy got bad information, costs go up and productivity goes down.

3. *Slow-moving information.* A sales person is not getting pricing information from the marketing department for a customer who wanted to buy now. The marketing department's slow response results in the customer purchasing a competitive product from a company that could react faster and get the pricing information to them. The sale is lost.
4. *Mixed messages.* The recording customers get when they call in says, "your call is important to us," but our operators are busy with other customers. The caller stays on the line and listens to recorded music. The so-called "customer-driven" company is really sending messages that drive customers crazy. People are told they're empowered but they don't receive enough information to make intelligent financial decisions. We say we want to produce quality products, but we tell the people on 

**Figure One: A communication initiative improved productivity 5% in four weeks**



the line to let small mistakes slip though. The mantra is quality, but say/do gaps confuse people, diffuse energy and cause poor quality, poor service, lost customers and increased costs.

These are pure and simple communication problems that a transformed internal communication department can fix. When we address these successfully, operating performance will rise. Our work can have more impact on the organization's ability to reach its goals than all the newsletters we've produced in the past 10 years.

**What we can do**

Historically, we've managed the formal communication vehicles, but the communication system is bigger than that. It includes all the ways we send, receive and process information. It includes what leaders say and do. It includes what pay and incentives communicate and what measurement systems measure. All of these forms of communication send messages to people about what they should and shouldn't do. Their combined actions drive operating and financial performance.

We can focus squarely on improving business performance by helping to manage communication better. We need to move from an information dissemination business to a solutions and services business. Instead of thinking of ourselves as the people who distribute formal communication vehicles, we need to think of ourselves as the people who help solve business problems that customers and shareholders care about.

Our work can help improve operating performance. The investments we will need to make will be smaller than the gains we create. Our focus will be on improving ROI and value-to-cost, shifting from a cost center to a profit center.

**Implications for the department**

People will be affected differently. Our new approach will be thrilling for some people in our department who are looking for more intellectual stimulation, enjoy the business side of business, welcome going home at night knowing they've made a real impact on the business and want to add more value.

To others, the change may be scary. We'll need to make sure they gain the skills and knowledge to make the transition.

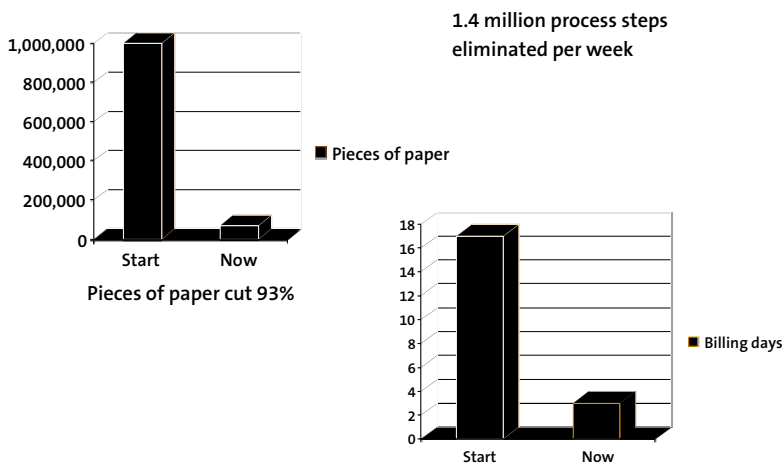
A third group likes what they do now and won't want to change. We'll need to manage this issue.

**How we'll work with others**

Traditionally, we've responded to requests for help with a newsletter, memo, speech or a Web site. We've been responsive to our internal customers' needs for formal communication support. This we will continue to do, but we will be more thoughtful about what we do and the value it adds. Over time, most of our work will represent proactive efforts to attack important performance problems. We'll assume more of an advisory role by helping line managers prioritize performance opportunities, identifying where communication flaws are contributing to under-performance and then working to eliminate those flaws so performance can improve.

We must work closely with other disciplines in the organization. Communication doesn't know a function. Pay systems communicate what we want people to do, so we'll work closely with people who specialize in reward systems. Measurement systems communicate. What counts is what you count. So, we'll work closely with our planning people and with our Six Sigma team who can help us quantify ways to get the best return on our investment. Finance people can help us build business literacy and line operations people can help us understand the processes making products.

**Figure Two: Internal communication at Honeywell eliminated process steps**



We'll work with other experts in project teams around specific performance issues. Sometimes someone from our department will assume the role of project leader. On other occasions, someone from another department will lead the project. Working this way can reduce the silos that exist from department to department and bring an integrated team approach to problem solving.

### How we'll organize for business

We need to think through how best to organize the department to align with a results-based approach. It seems that the professional services model suits our new strategy best. The professional services model is similar to the consulting firm model. People will be organized around projects based on the skills and knowledge they bring to a given project. Once the project is completed, they will disband and reform around another project. Different projects will require different skills and knowledge. We'll configure the teams to put our best available people on each project team. This will enable us to view the organization from a broader organizational perspective, sort priorities by impact on the business overall and develop our people in a variety of ways.

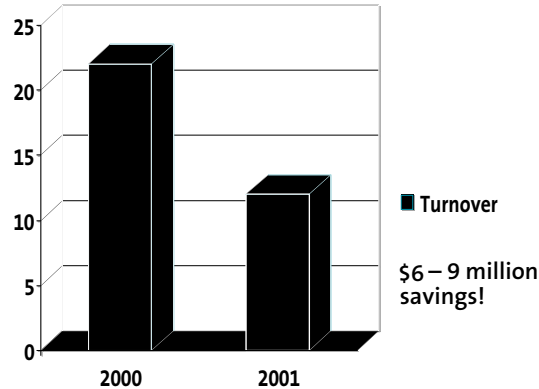
This is 180 degrees from the so-called agency model where account reps serve different business units. Instead of being order-takers dependent on others for our work, we can help you identify and set organizational priorities that may supersede some business unit priorities.

### How we'll measure our impact

This new approach is all about results. So, we'll measure them. This is a move away from traditional communication measures – readership, awareness, understanding, acceptance of “messages” or the number of hits on a Web site. Those process measures will be less relevant as we center our efforts on getting costs out of the system, improving productivity, quality or cycle time. We want to measure things that matter to the business. Shawna Todd, at Honeywell, measured the number of steps that were eliminated in the process, the amount of paper that was eliminated and the reduction in billing cycle days. These are business measures you require in the rest of the company. Shouldn't those be ours?

Some may say, “But how will you know to what extent communication improvement affected the performance measures?” We submit that that view of communication is no longer enough. We're interested in knowing if the

Figure Three: Employee turnover was cut by 10% at J.D. Edwards



multiple-disciplined project team, which includes communication, reduced cost or improved productivity. At the end of a project, the project team will know what caused the needle to move and what didn't.

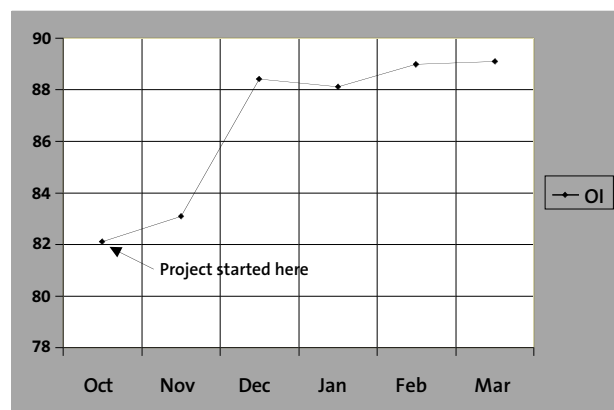
Take a look at the chart below of the work performed at Owens Corning. The communication improvement initiative started in October. Is there any doubt that the improvement process improved productivity?

### How we'll get started

Here's a five-step plan that will help us move internal communication to a more performance-based approach. It draws upon best practices from others who've made the transition:

1. I would like time on the next leadership meeting agenda to review our transformation proposal. It's important that leadership knows where we're headed and how we plan to get there. They need to know why we will take on certain projects and not others that we may have done in the past. Here are our principles:
  - Our goal is to add value to the enterprise.
  - Our focus is on improving performance.
  - Our objective is to gain more than we spend.
  - Our emphasis is on the entire communication

Figure Two: Internal communication at Owens Corning improved productivity by 8.5%



◀ system, not just a piece of it. Everything we'll do in the future must be built on a solid business case. Our priorities will be on those activities that generate the greatest returns for the organization as a whole. This may mean that an "important" business unit leader may have to wait until we've completed another project before we can address his needs.

We also want them to know that we'll be asking a lot of questions of people who use us on projects. For instance: Does a real business problem exist because we haven't done what you're asking us to do for you? For instance, "Is our scrap rate too high because we haven't distributed the videotape you're asking us to develop for you?" or "Is our new product speed to market problem the result of our not having written the article you're asking us to put in the employee newsletter?" Over time, we're going to stop doing projects that we can't say "yes" to.

2. Before taking a large step, I ask for your support on a selected performance improvement project right away. I propose using the leadership team meeting to identify some options. We want our first project to be small. Then, we'll gradually work our way up to larger projects. We won't attempt to do our first project by ourselves. That would be too risky. We'll draw upon people who've done this before, who have a proven track record in this business. We want to avoid failure. We want to build our leaders' confidence in this new department. We know our need for skills and knowledge in this area of our profession.
3. I intend to conduct an assessment of our department's strengths and weaknesses and compare them with strengths we need to move toward a performance-based approach. With

information from this assessment, we'll develop a plan to build the strengths we need and eliminate our weaknesses. This may include developing our people and/or hiring some people with strengths we don't have but need.

4. I propose conducting a value to cost assessment of the work we do now. This will help us identify activities, projects, and media that are generating a high ROI and which ones aren't contributing to improved operating performance. It will help us get things off our plate and free up time and people to focus on the new approach.

**The time to change is now**

We know that the internal communication department is a pure cost of doing business. It generates no measurable return. I believe the cost of not doing what I'm recommending is far greater than the cost of making the transition. There will be costs associated with some of the analyses. But, these investments are small when compared to the opportunities they create for cost savings and departmental productivity improvement. One organization I spoke with spent US\$135,000 to identify US\$3.2 million in under-performing communication activities, programs and media. That's a savings of more than US\$3 million right out of the gate. Another invested US\$150,000 to generate a productivity and cost savings of approximately US\$1 million.

I'm proposing that the internal communication department become more business-like – that our focus be on solving problems and offering business solutions to them.

I'll need your continued counsel and support as we move through this transition. When we score some wins, I'd like you to acknowledge them publicly as reinforcement for the transition. And when we make mistakes – which we undoubtedly will make – I welcome your private advice and counsel in order that we make sure we don't make them again.

In summary, the table, left outlines the message I intend to share with the leadership team. What we're proposing to do is just beginning to take root in progressive organizations such as ours. So, if we manage internal communication to improve performance and our competitors don't, we have something they don't have. A competitive advantage. scm

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Where we are now	Where we need to be
○ Focus is on distributing news and information	○ Focus is exclusively on improving critical performance targets
○ Manages communication vehicles and media	○ Manages the entire communication system and process
○ Usually works in isolation of other systems and processes	○ Integrates and aligns other systems and processes
○ Measurement focused on readership, awareness, understanding, acceptance	○ Measurement focused on business performance improvement (quality, service, costs, speed)
○ Organized around audiences and internal "customers"	○ Organized around projects