
From Cost Center to Value Center:

Reinventing the Role of the Communication Function

Performance
Counts!

Jim Shaffer
GROUP

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November 3, 1970
November 7, 1972



Old boss teaches kid about communication



Nobody buys communication!



Results Matter!

...and opportunities are everywhere



Underpowered!

FRICION

- John loses a sale because he can't get pricing information
- Poor training prevents Jennifer from processing claims accurately
- The bakery scraps bread because Jose doesn't know how many loaves to bag
- Jason paves the road without the conduit (Oops!)
- Cash flow suffers because silos can't manage inventories and on time delivery
- My wife is treated for 22 minutes during a six hour hospital visit



Five systems inside a company need to align to drive the right results



Removing Friction at FedEx



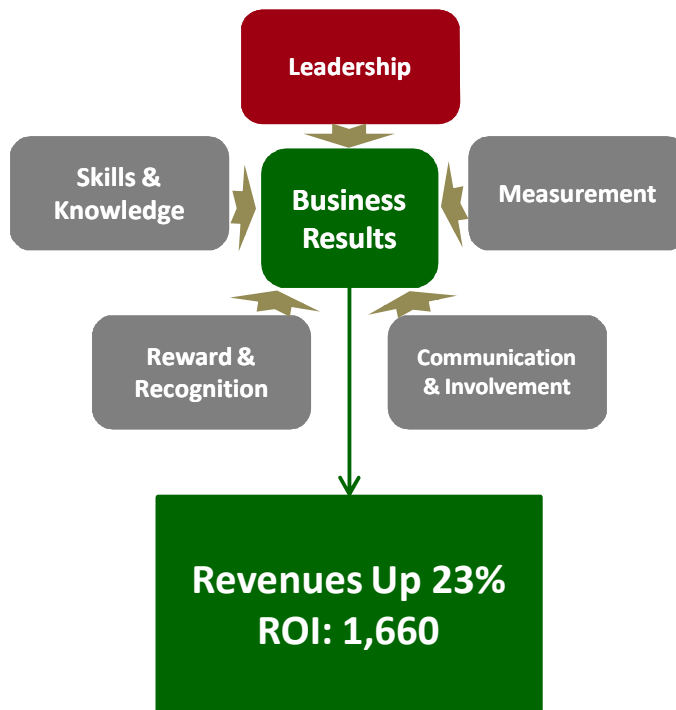
Company priority: Increase US exports without sacrificing yield or operational efficiencies

Barriers:

- Employee perceptions that international shipments were confusing, complicated and time consuming
- Lack of employee understanding of their role in increasing US exports
- Performance measures and incentives discouraged export sales



Removing Friction at FedEx



Company priority: Increase US exports without sacrificing operational efficiencies

Barriers:

- International shipments confusing, complicated and time consuming
- Lack of employee understanding of their role in exports
- Performance measures and incentives discouraged export sales

Solution:

- Explained the competitive context
- Modified conflicting measures
- Improved communication across sales and operations
- Provided job aids
- Increase exports



“At FedEx we’ve always had a seat at the table.... But when we started creating these kinds of outcomes, our role at the table changed dramatically. *It doesn’t matter that you’re at the table. It matters what you do when you’re there.*”

Terry Simpson, manager
employee communication



Removing Friction at ITT Corporation



Company priority: Create a lean/six sigma showcase to be replicated company-wide

Barrier:

- Initial efforts focused only on lean's technical aspects



Removing Friction at ITT Corporation



Company priority: Create a lean/six sigma showcase that could be replicated company-wide

Barrier:

Initial efforts focused only on lean's technical aspects

Solution:

- Launch cultural/communication change process that integrated:
 - Leadership roles, development and accountability
 - Balanced measurement
 - New communication system
 - Work processes improvement
 - Recognition culture
 - Skills training



“Instead of pointing to traditional communication metrics that business leaders don't understand fully, it was great to be part of the team that improved on-time delivery and other measures directly tied to the customer.”

Courtney Reynolds, Director,
Internal Communication



“Whether communicators know it or not, our profession is in the middle of a significant transformation. This approach has provided a clear path to how I can help the company deliver sustainable, measurable financial results – and change what leaders expect from a communication organization.”

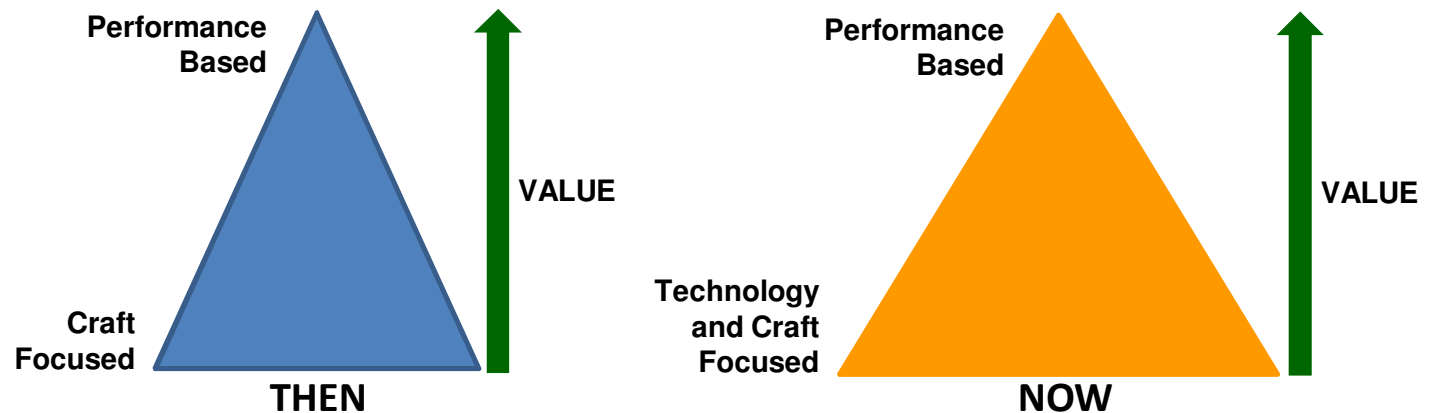
Bob Kula, VP Corporate
Communication



Good News-Bad News

Good News: Some communication leaders are *exponentially* increasing their value

Bad News: Many are operating at the margins—disconnected from the work of the organization.



CHALLENGE

From

Transactions to relationships

Output to outcomes

Cost center to value creator



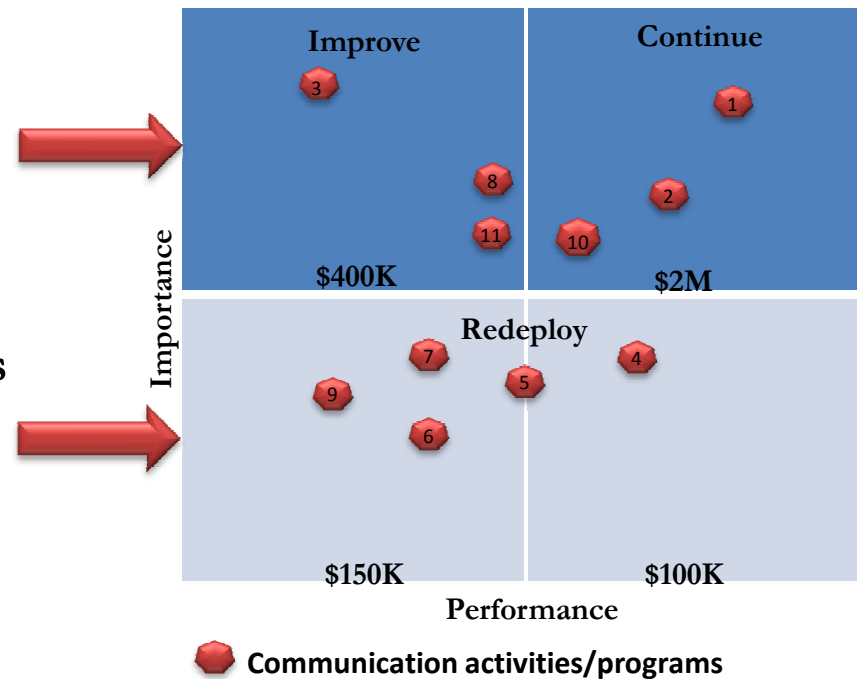
OUR NEW PURPOSE

- Our overarching goal will be to add value by gaining more than we spend.
- Our focus will be on improving results that matter to customers.
- Our emphasis will be on the entire communication system, not just a piece of it.



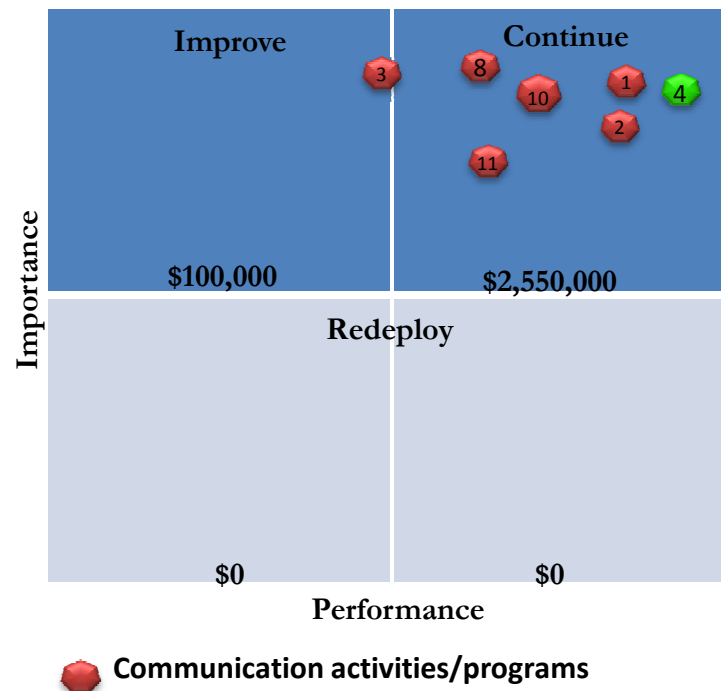
Getting Started: Kill the clutter (before)

- Improve important activities
- Manage fewer non-performing activities
- Redeploy \$250K



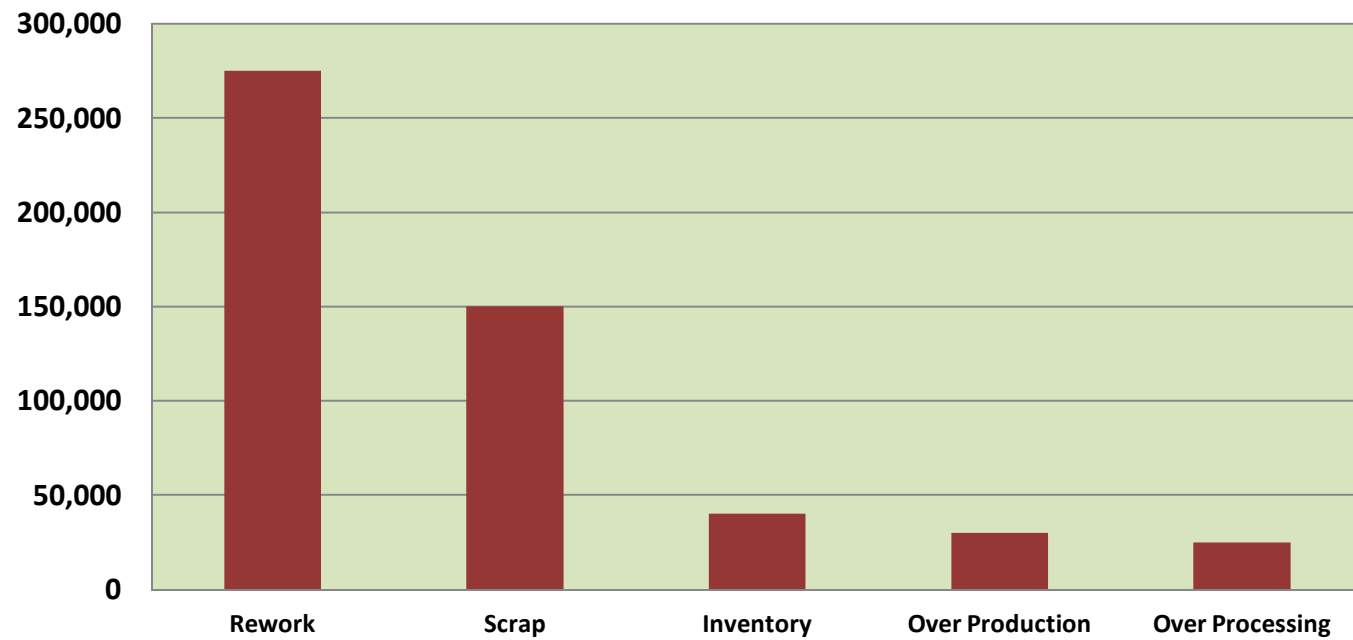
Getting Started: Kill the clutter (after)

- Improved value-to cost by \$550,000 or 27.5%
- Improved productivity by 10% with new performance-based activity (#4).

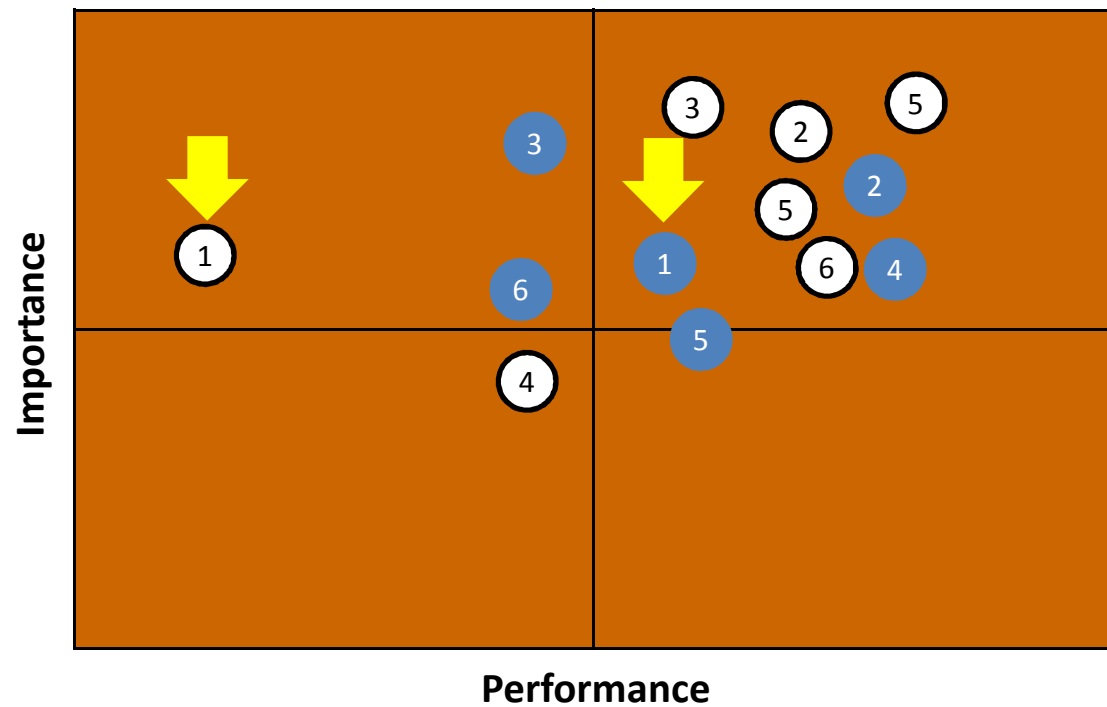


Proposal: Reduce costly rework

Forms of Waste



Proposal: Improve Ease of Contact



- ① Client
- ⑥ Competitor

Performance Factor	
1. Ease of contact	4. Technical competence
2. Stated response time	5. Successful problem resolution
3. On-time responsiveness	6. Timely problem resolution



The Leadership Report

Jim Shaffer
GROUP



April

We have a listening problem

I am absolutely convinced that if business leaders everywhere spent more time actively listening to their people and less time telling them what to do they'd see an exponential improvement in productivity.

A huge percentage (75% for starters?) of the performance improvements we create in companies comes from ideas generated inside our client companies. People driving forklifts. Selling the product. Running bakery ovens. Putting molecules together in a lab. Processing insurance claims. Designing packaging.

Ask Art

The legendary poultry processor, Frank Perdue, took me on a tour of his Salisbury, Maryland plant a number of years ago. As we were walking, he pointed to a man running a machine. *(More)*

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Name: _____

Position: _____

Company: _____

Simply fill in the information requested above, tear this page out and give it to Jim after the session

Thank you.

Comments: _____

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Contact Information

Providing perspective
based on in-depth
knowledge of best
practices and how
organizations should work.

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