

2009/2010 Communication ROI Study™
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Capitalizing on Effective Communication

How Courage, Innovation and Discipline
Drive Business Results in Challenging Times

**A presentation to IABC San Diego
by Christine Infante, Kathleen Drummond**

September 15, 2010

What We'll Cover Today

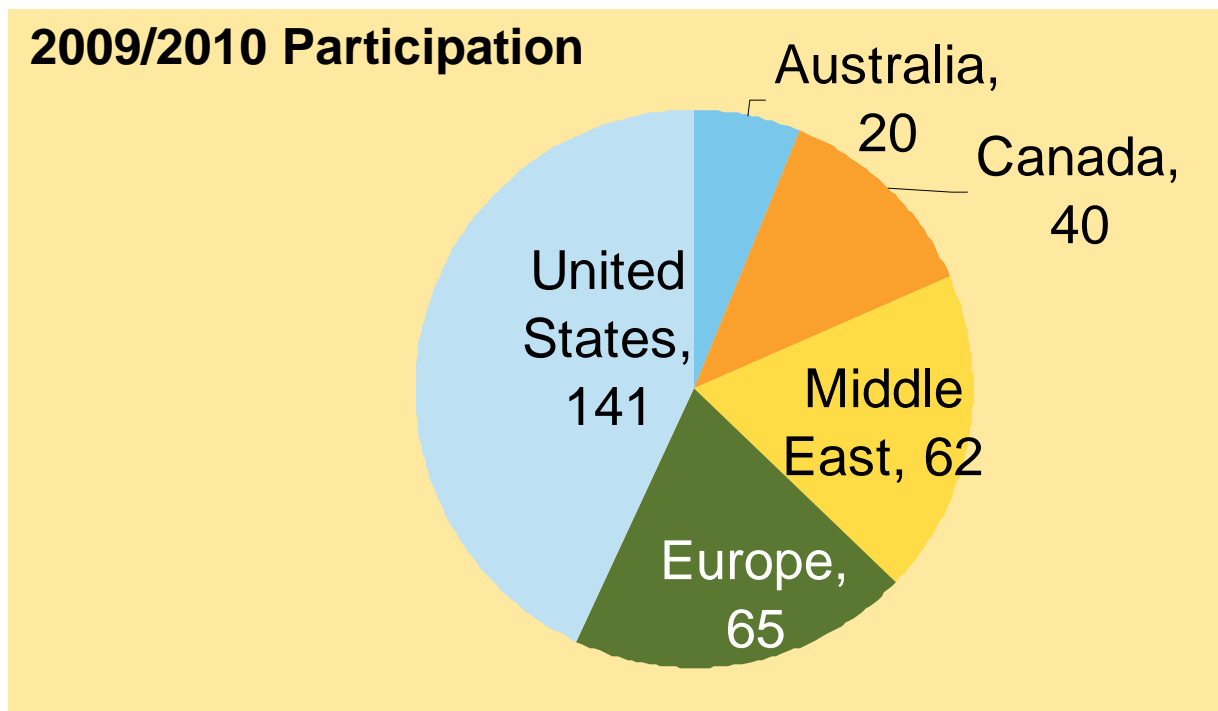
How companies with highly effective communication:

- Have the **courage** to talk about what employees want to hear in challenging times.
- Focus on **innovation** and use new tools to keep employees engaged in the business.
- Have the **discipline** to plan and measure success.

**But first, some
background on our study**

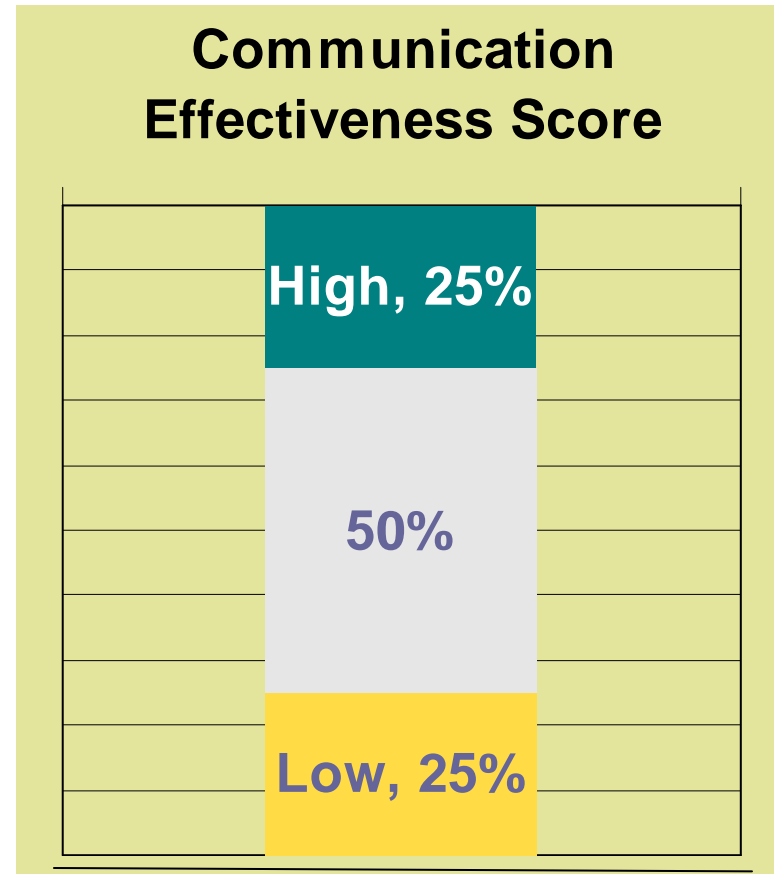
About the Study

- Links effective communication and financial performance
- Fielded April through June, 2009
- 328 companies participated, representing 5 million employees



Defining Communication Effectiveness

- 1 Companies get a communication effectiveness score based on survey responses
- 2 Companies are ranked and grouped
- 3 Look at 5-year financial performance
- 4 Regression shows firms with high scores are also best financial performers



Key Findings: Highly Effective Communicating Firms

Better financial performance

- A 47% higher total return to shareholders (2004-2009)

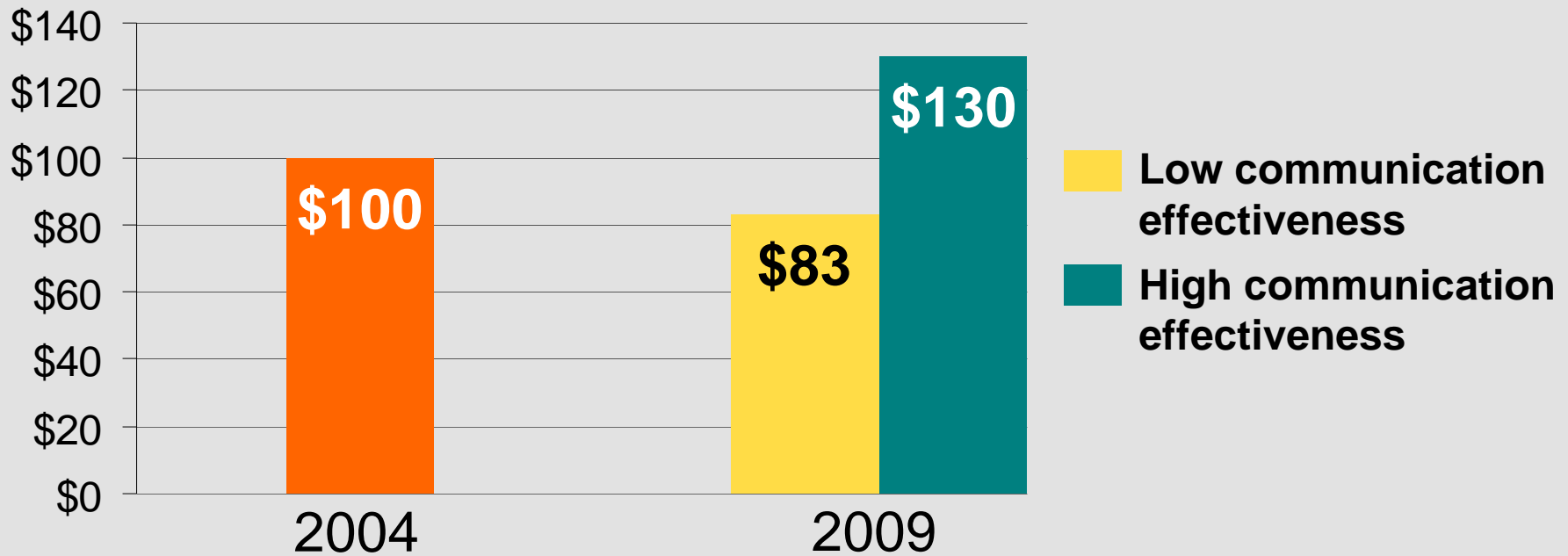
Invest in employee communication

- Spend 28% more per employee (\$257 high vs. \$200 low)

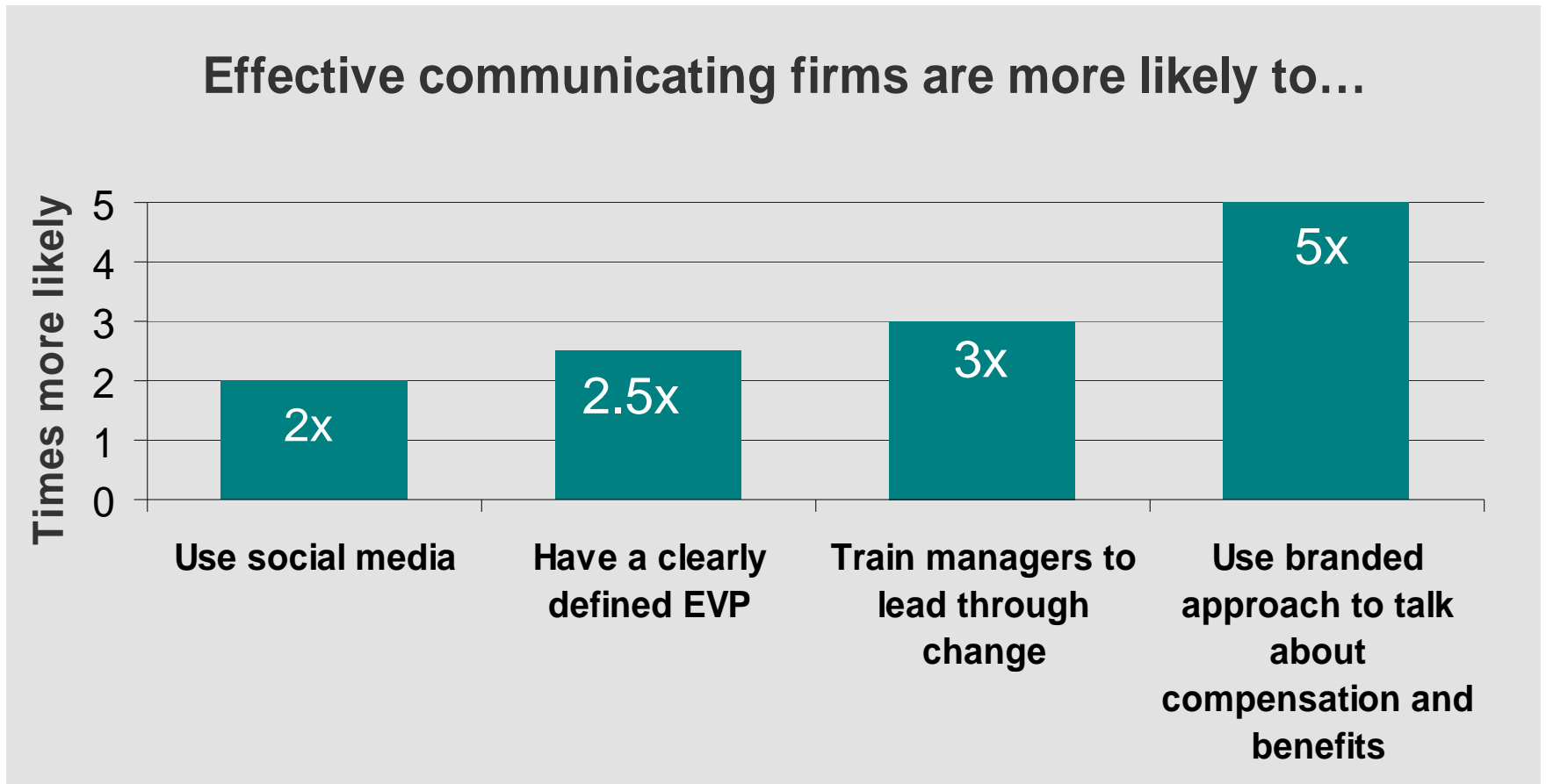
Key Findings

Effective Communication is a Leading Indicator of Financial Performance

Return on Investment by Communication Effectiveness



What Do the Best Do Better?



**Highly Effective Communicators
have the COURAGE to talk about
what employees want to hear in
tough times**

Be Courageous

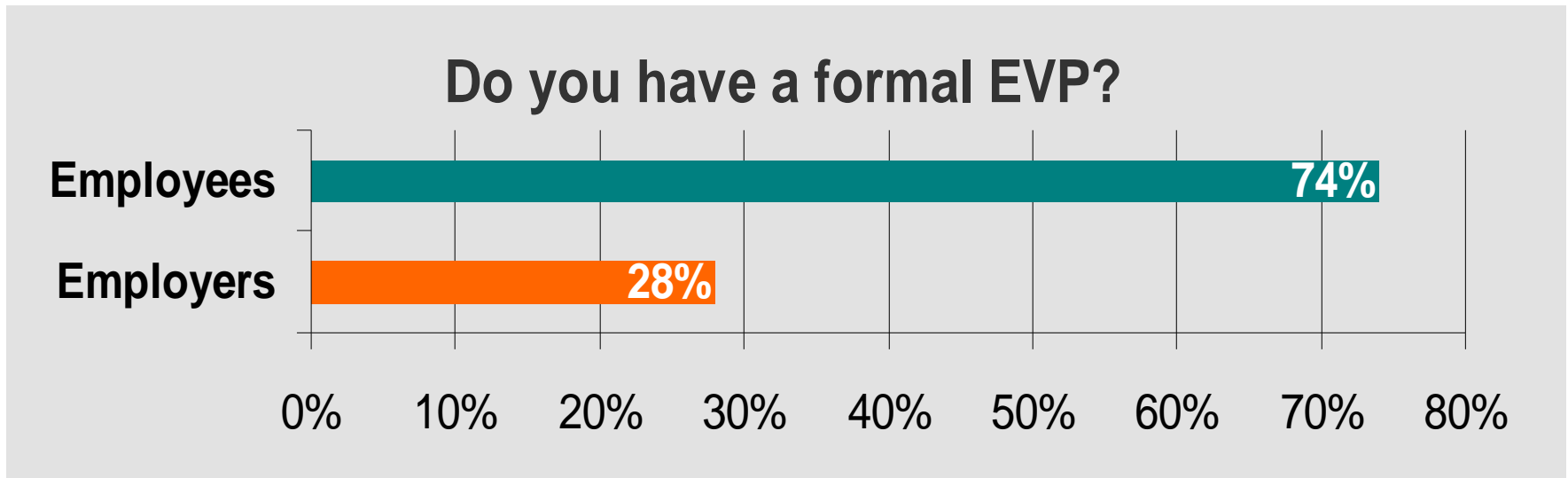
When the going gets tough – highly effective communicating companies:

- **Communicate the “new” employment deal (EVP)**
- **Help employees understand what they have now**
- **Train managers to help employees manage change**

What's an EVP?

The Employee Value Proposition

- Also known as the “employment deal”
- What the employee can expect from the company and what the company expects from employees
- Includes pay, benefits, development opportunities and work environment



Employee Engagement Is Down

Drop in employee engagement on engagement index



*2008 score set as baseline

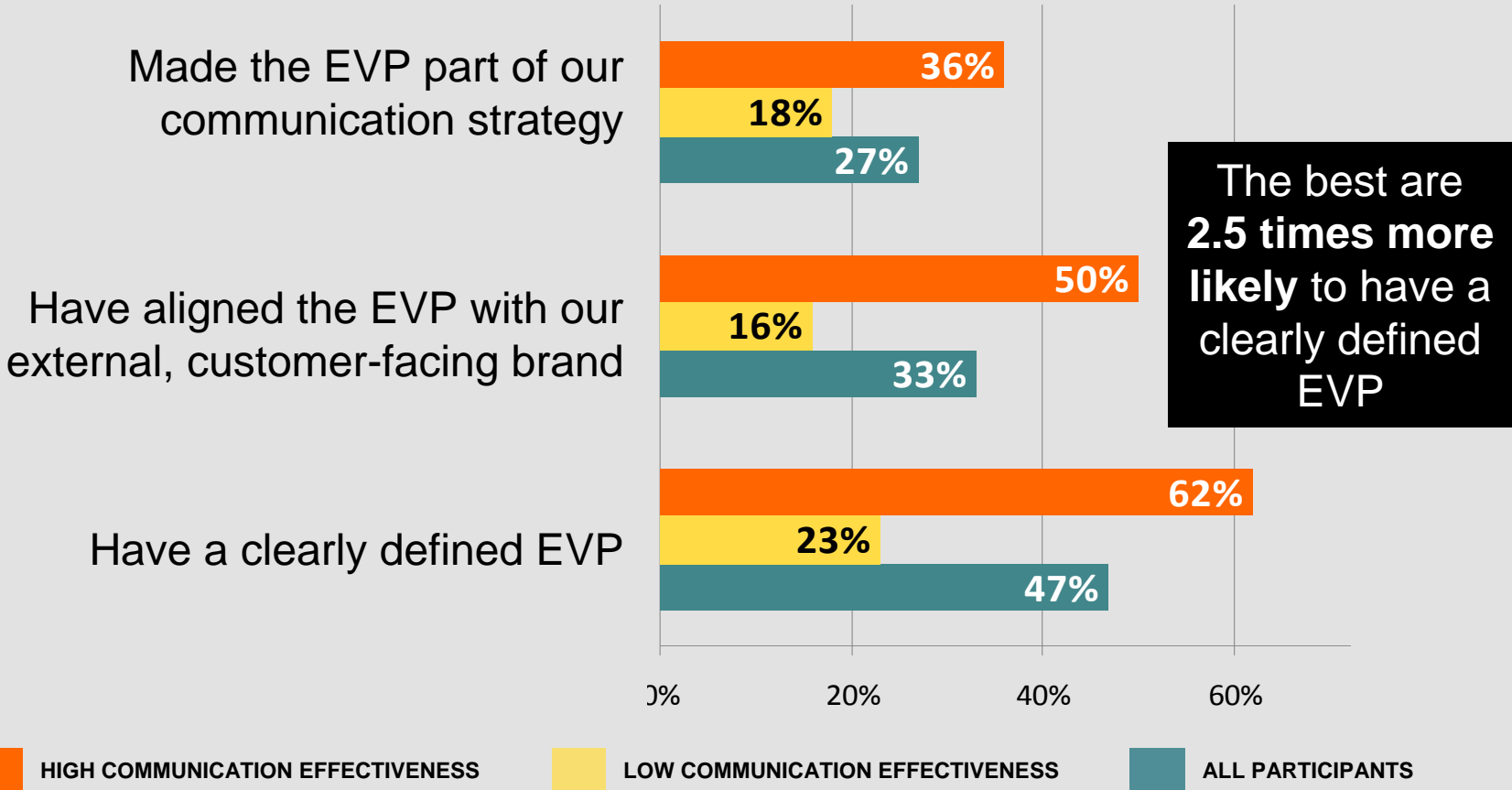
Source: Original Watson Wyatt 2009/2010 Strategic Rewards Report

The Employee Value Proposition Has Changed



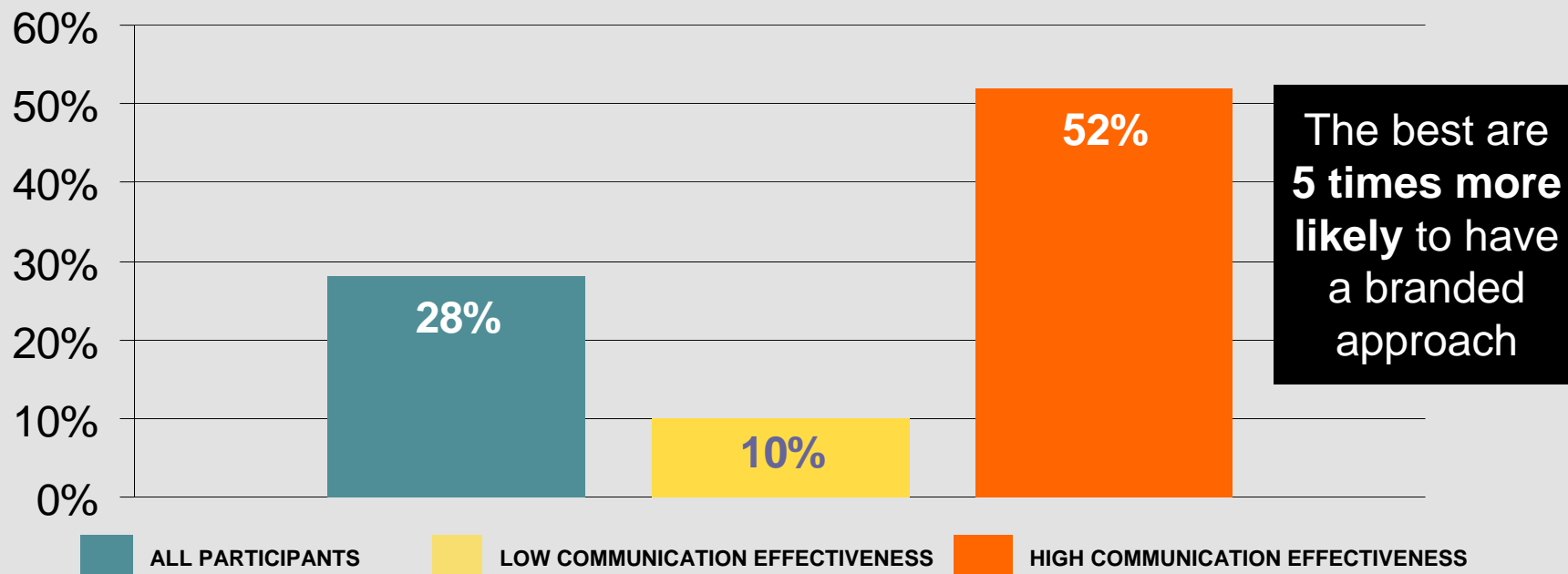
Only 14% Are Talking About The New EVP

The best have a clear EVP and align it to their brand



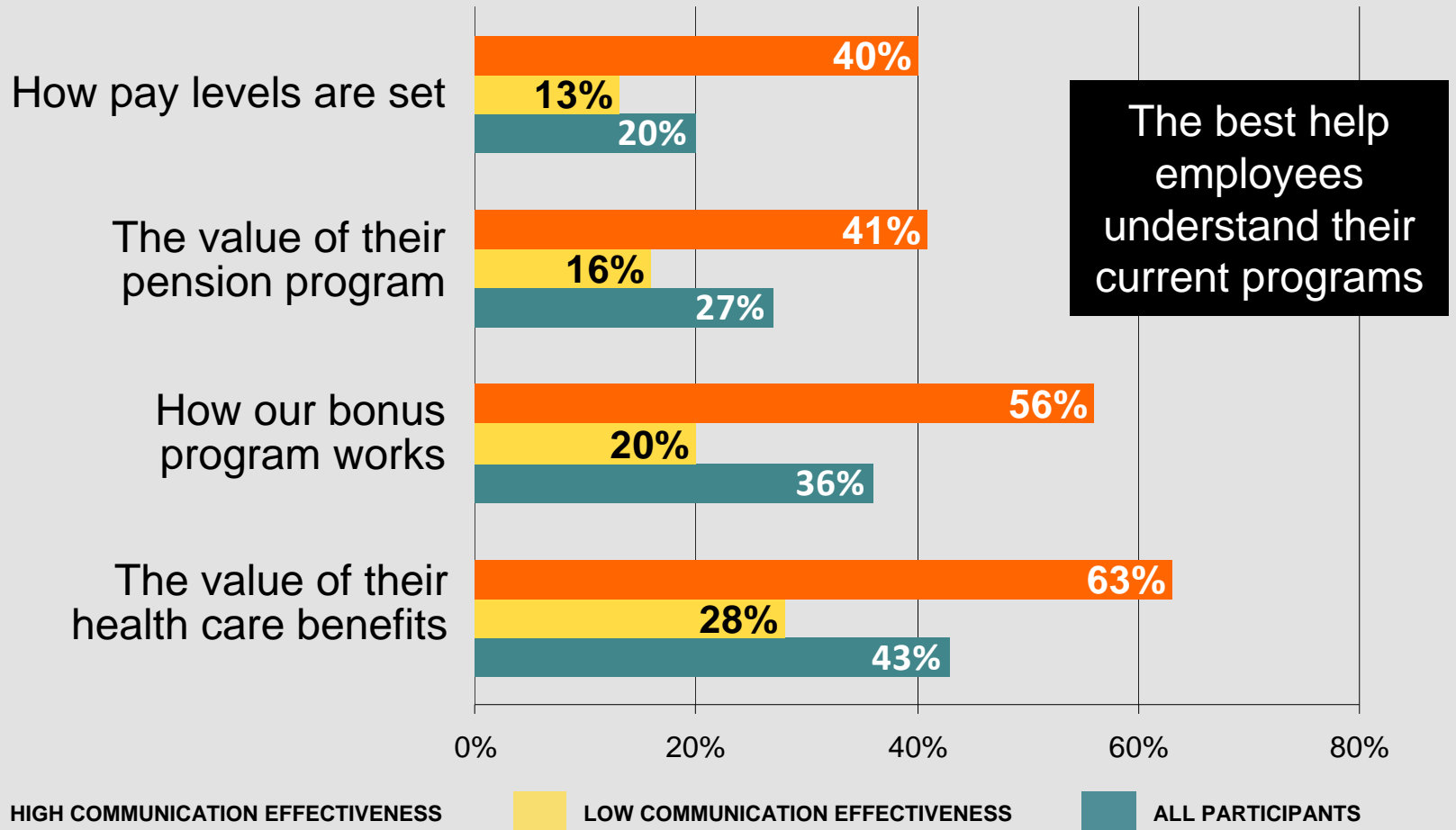
The Best Use a Branded Approach...

Organizations with a coordinated and branded approach to communicate the total value of health- and wealth-related benefits

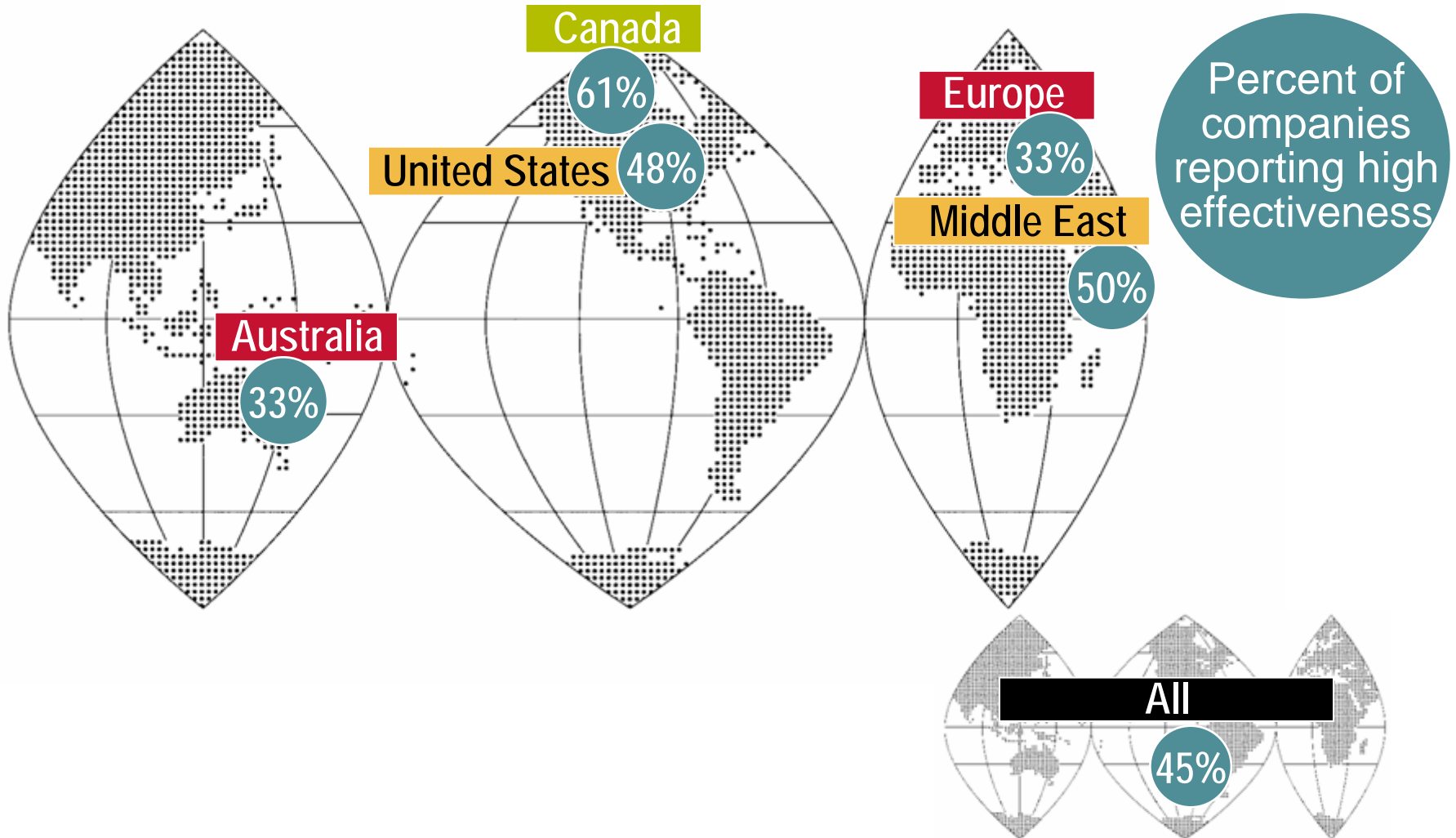


...and it Makes a Difference for Employees

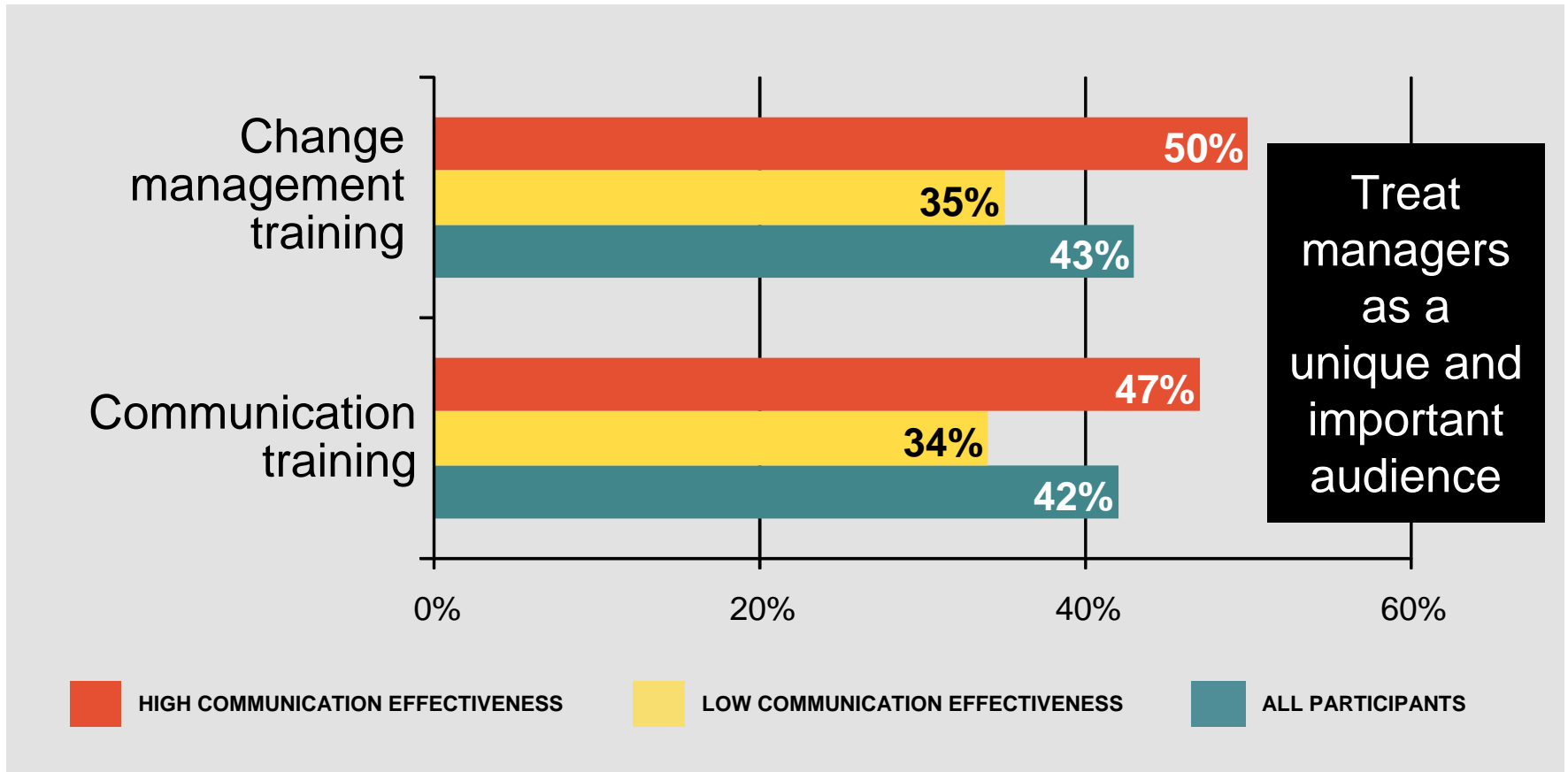
Employees at my organization understand ...



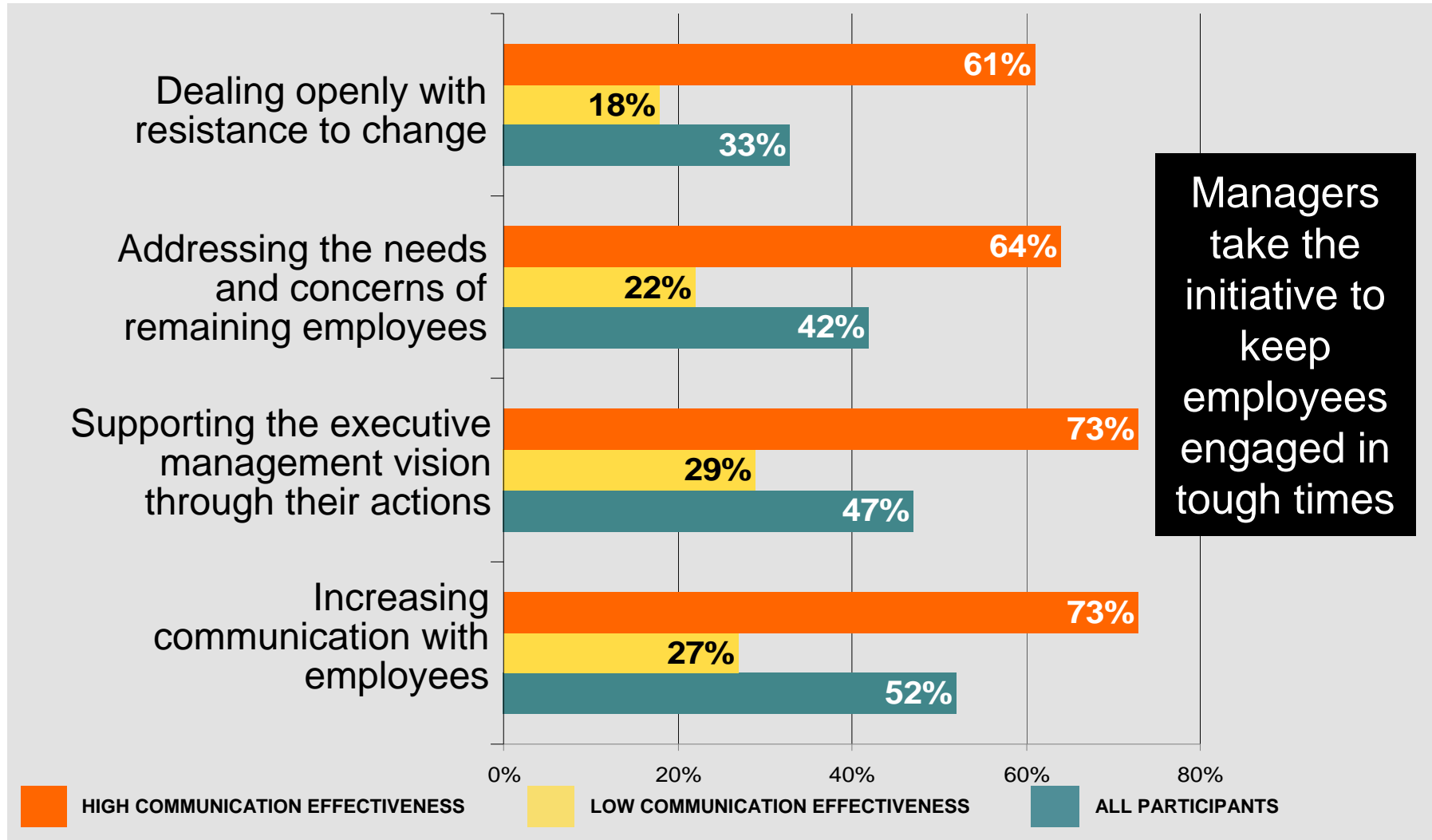
Regional Differences are Significant When Communicating the “True Value” of Total Rewards



Train Managers to Help Employees



During Times of Change, Managers Play an Important Role



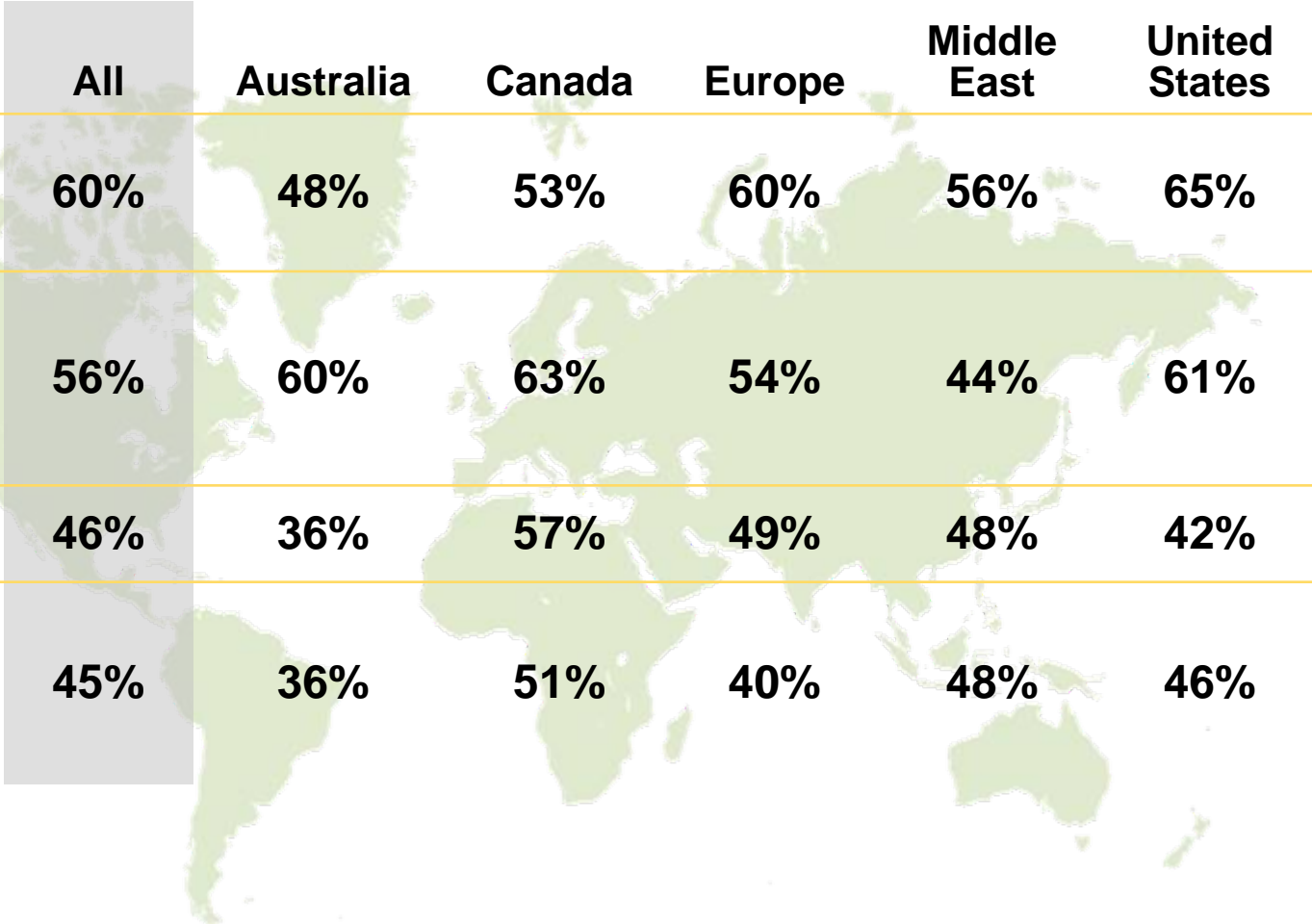
**Highly Effective Communicators
focus on INNOVATION and try new
tools to keep employees engaged in
the business**

Be Innovative

When the going gets tough – highly effective communicating companies:

- **Align employees to the needs of the business – and with customers**
- **Increase face-to-face communication**
- **Try new tools to reach employees in real time**

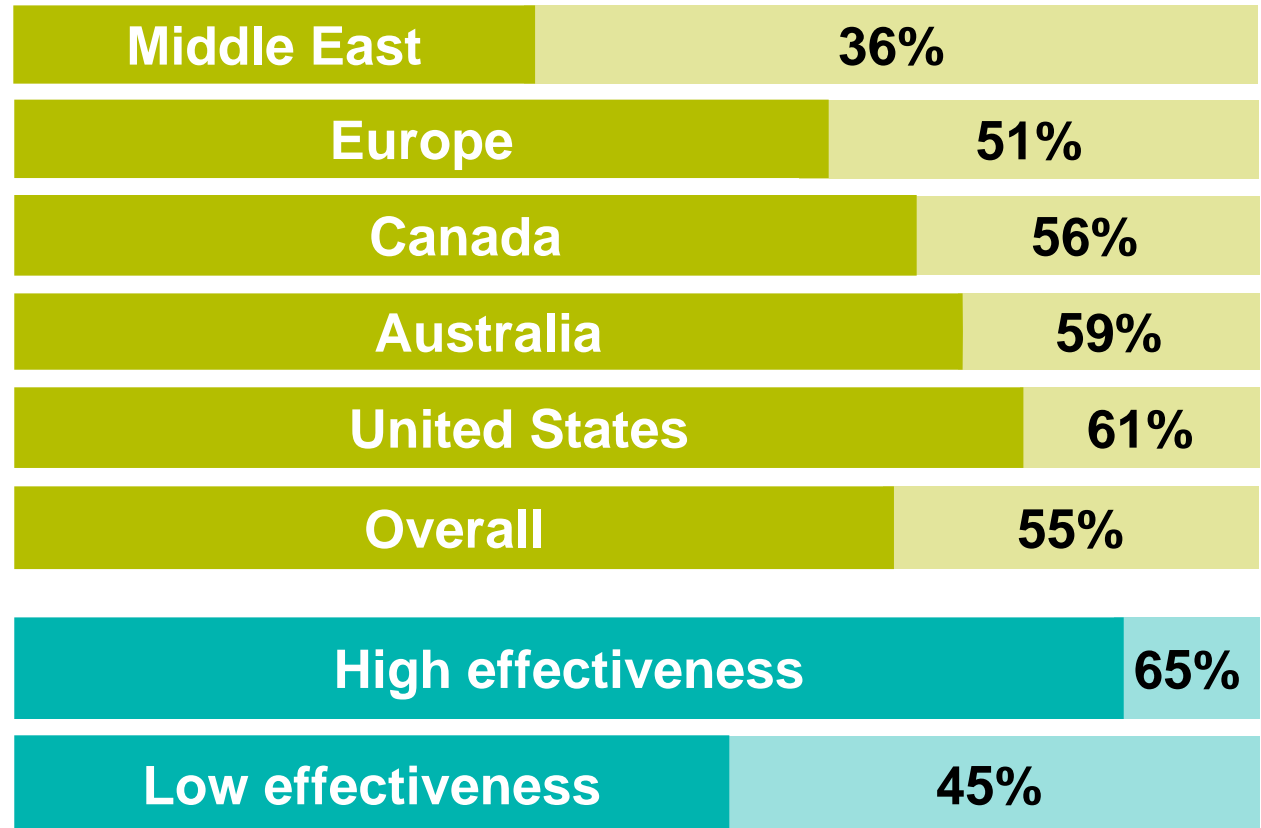
Significant Regional Differences When it Comes to Talking About the Business



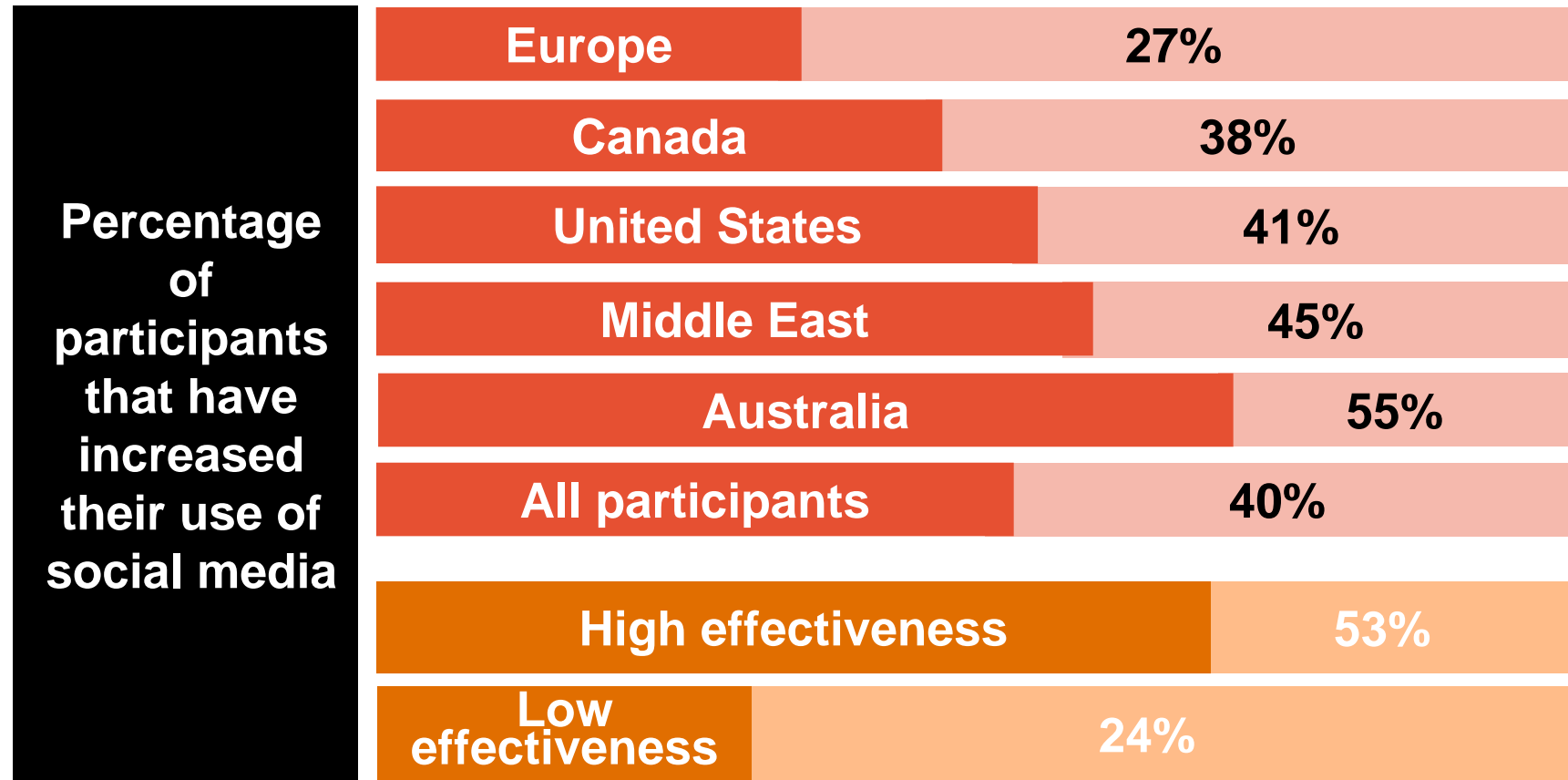
	All	Australia	Canada	Europe	Middle East	United States
Helping employees understand the business	60%	48%	53%	60%	56%	65%
Providing information on organizational performance and financial objectives	56%	60%	63%	54%	44%	61%
Increasing productivity	46%	36%	57%	49%	48%	42%
Communicating to employees on how their actions affect the customer	45%	36%	51%	40%	48%	46%

Increase Face-to-Face Communication

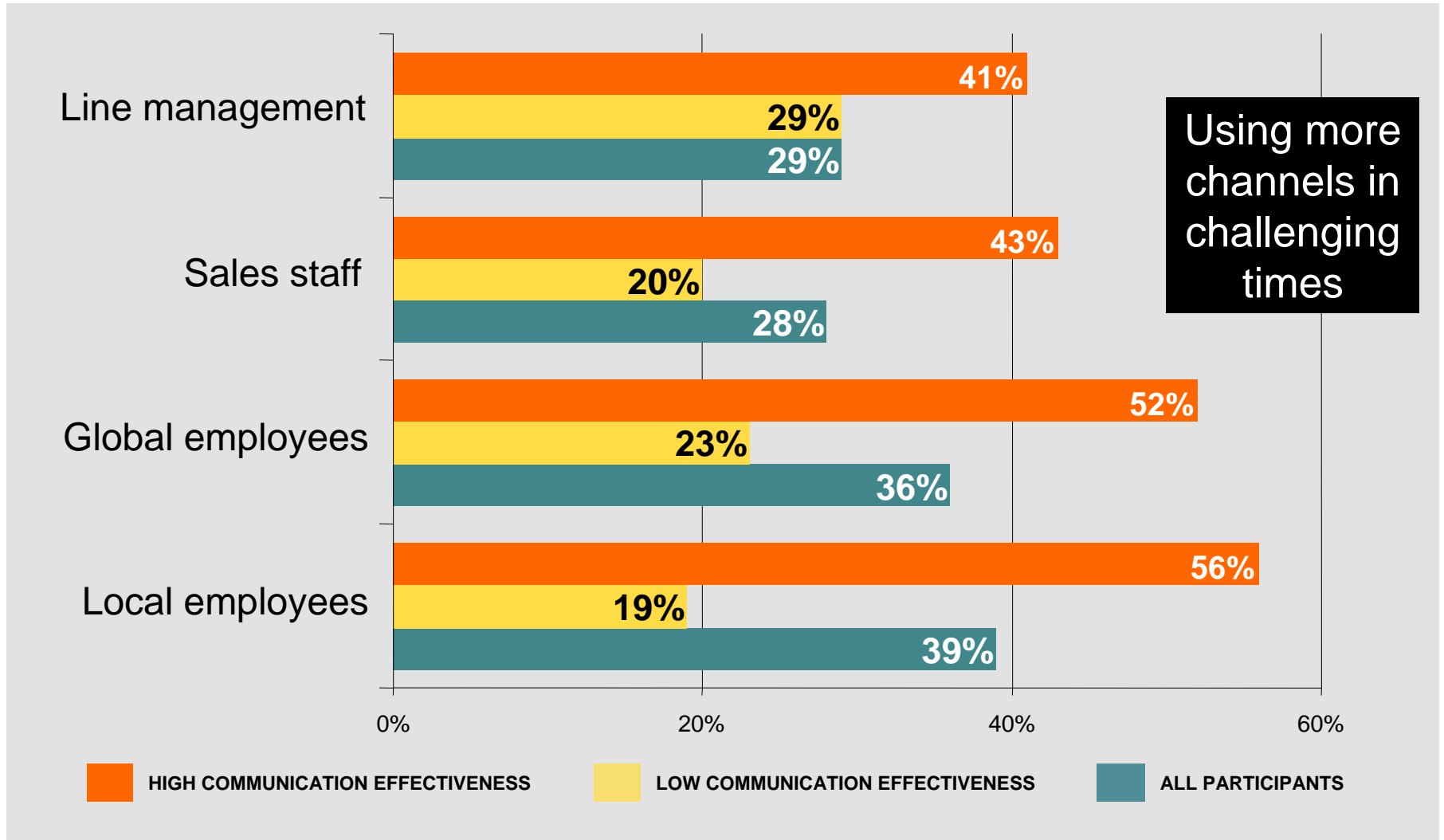
**My company
has increased
the use of
face-to-face
communication
over the past 24
months?**



Try New Tools to Reach Employees in Real Time



Highly Effective Firms are Using Social Media to Reach Various Audiences



Barriers to Using Social Media

If you have not implemented or expanded the use of social media for employee communication, please indicate the reasons.	Limited staff/resources to implement social media	45%
	Limited knowledge of social media	40%
	Lack of IT support or technical capability	36%
	Lack of CEO or senior management support	33%
	Lack of employee access to online social media tools	32%
	Lack of metrics to measure impact of social media	32%
	Restrictions imposed by our legal department	19%

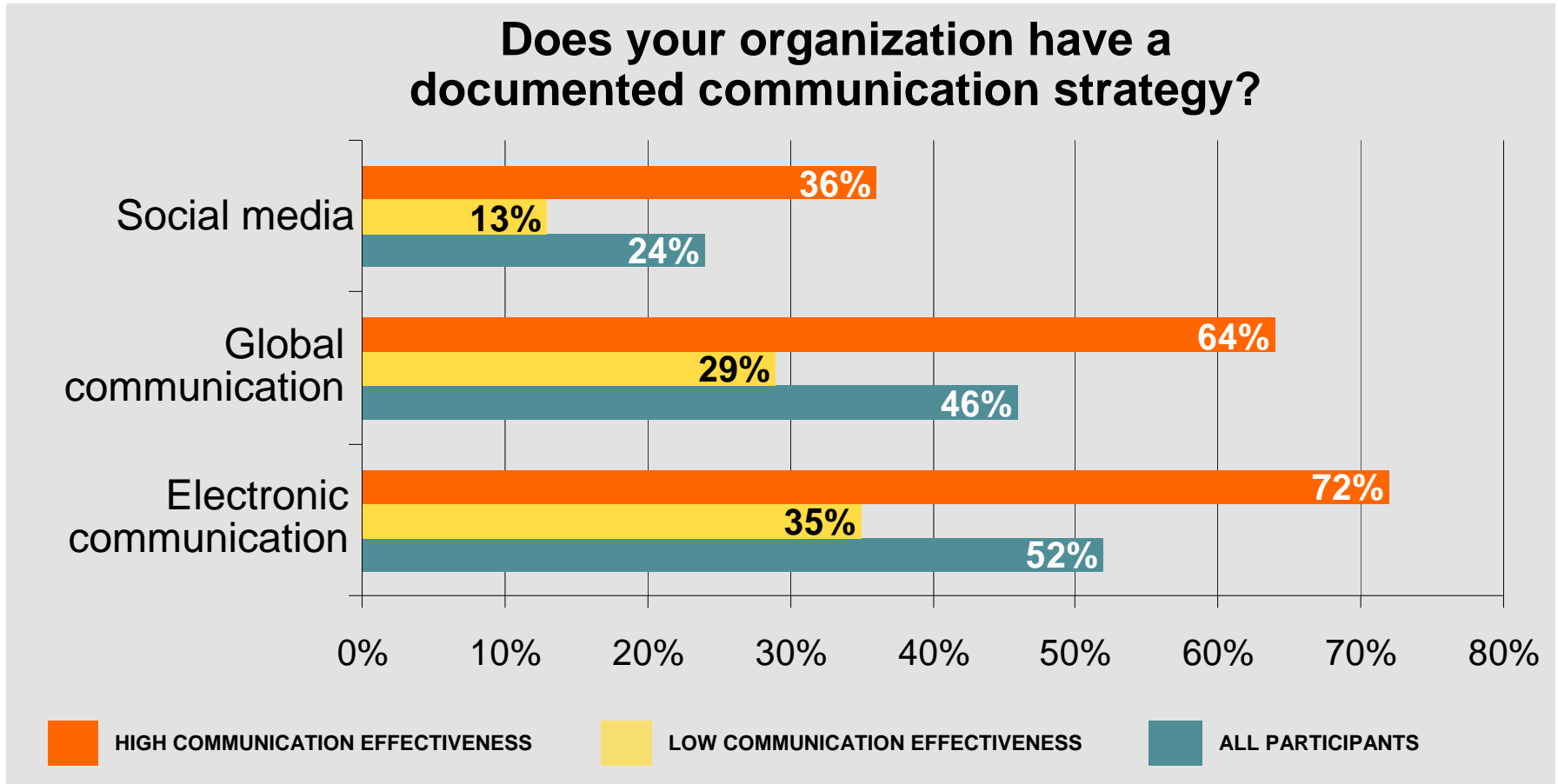
**Highly Effective Communicators
have the DISCIPLINE to plan and
measure success**

Be Disciplined

When the going gets tough – highly effective communicating companies:

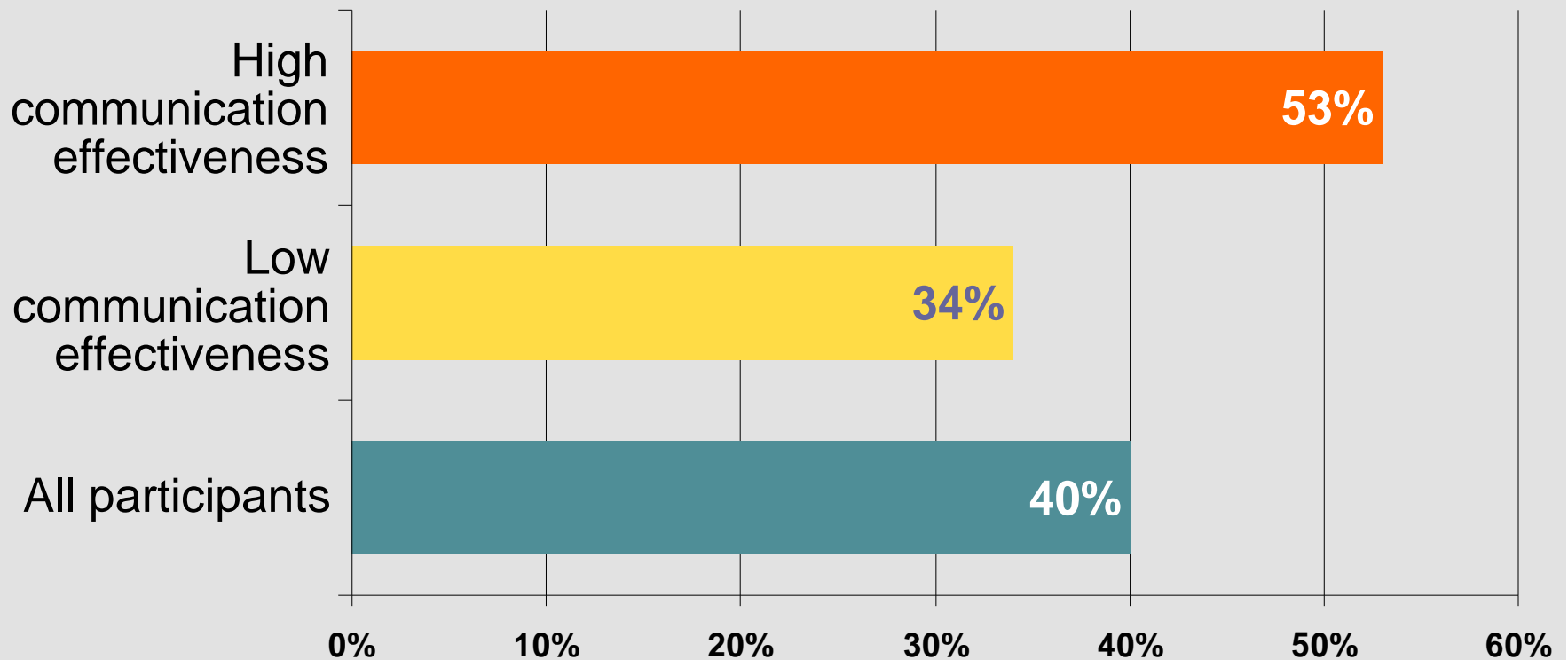
- **Make sure they have a documented plan**
- **Measure their success in driving behavior change and achieving desired business outcomes**
- **Get input from employees**
- **Benchmark other companies**

Have a Documented Communication Strategy

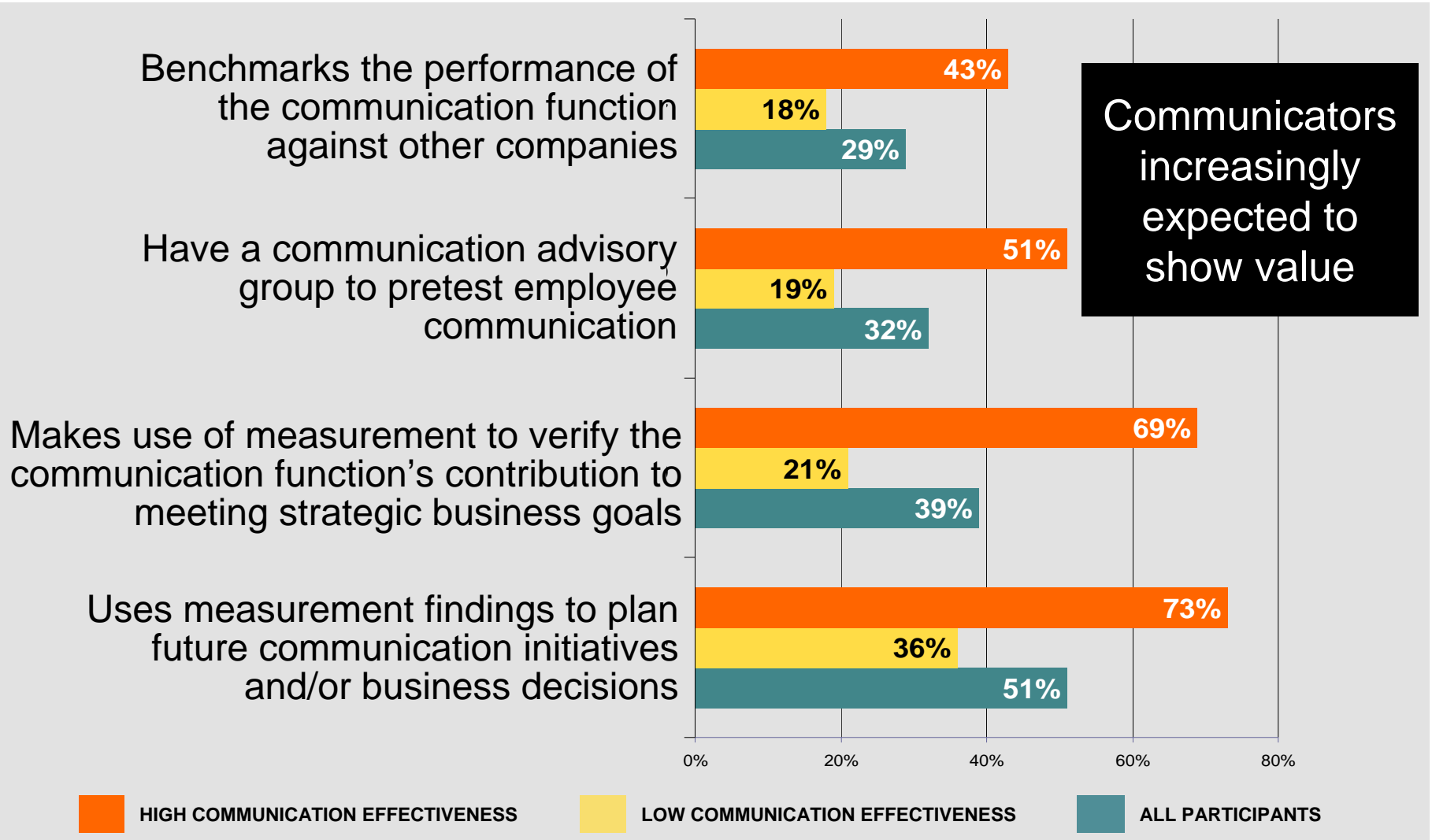


Measure – Especially in Tough Times

Compared to last year, are you including more communication outcome metrics?



Highly Effective Firms Seek Input – From Inside and Out



What The Study Tells Us...

- 1. When the going gets tough – successful companies say more not less**
 - The best take the initiative to deliver the tough messages in real time
 - Use a variety of media – from face-to-face to Facebook!
- 2. The employment deal has changed – companies need to recalibrate the new deal to retain high performers and keep all employees engaged**
 - Employees believe there is a deal – even if the company doesn't
 - What are you saying about the deal going forward? What's staying the same?
- 3. Treat managers as a special audience**
 - Help them use communication to effectively manage change
 - Provide tools and training to communicate with a diverse/dispersed audience
- 4. The three secrets to success – measure, measure, measure**
 - What gets measured gets done, acknowledged and rewarded
- 5. Investing in effective communications pays dividends to the business**

2009 Results Report



Capitalizing on Effective Communication

How Courage, Innovation and Discipline Drive

Business Results in Challenging Times

2009/2010

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TOWERS WATSON 

With courage.

Communicate to employees about what matters to you and tell it like it is.

1. **Re-communicate** your employee value proposition >>
2. **Talk** about the new deal now. >>
3. **Help employees appreciate** what they have today. >>
4. **Trust and train** your leaders to talk about change. >>
5. **Learn how to communicate** effectively with diverse employees. >>

1. (Re-)communicate your employee value proposition.

In its simple form, the EVP or employment deal means what employees can expect from the company and what the company expects from them.

During challenging economic times and amidst changing market conditions, many companies take steps to control costs and protect the business. These often include eliminating or altering employee programs or the way work is organized. All of these changes affect employees personally. When employees perceive that the EVP is changing, you have an opportunity to re-align your employees with the direction of the organization and to re-engage the talent you have.

Through the EVP, you can:

- Align your workforce with the mission and brand of your organization
- Differentiate your organization to attract and retain talent
- Get the most out of your investment in talent, compensation and benefit programs

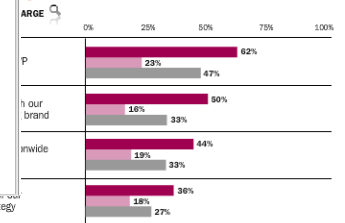


John Finney
senior communication consultant

WATCH THE VIDEO ▶

Effective communicators do a better job of communicating EVP— although there is still a lot of room for improvement (see 4). In particular, more companies need to include the EVP message as part of their overall employee communication strategy.

Effective firms establish a coherent EVP aligned to their brand



Questions