

Brussels Talk

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Capitalising on effective communication: how courage, innovation and discipline drive business results in challenging times

It might seem unusual to discuss courage in the context of human capital and HR initiatives, but according to new research from Towers Watson, that's exactly the idea organisations should be focusing on – especially now.

In fact, our 2009/2010 Communication ROI Study Report, "Capitalising on effective communication: how courage, innovation and discipline drive business results in challenging times," found that utilising these three tenets of effective communication can have a major impact on the bottom line.

The study found that effective employee communication is a leading indicator of financial performance and a driver of employee engagement – and companies that are highly effective communicators had a whopping 47 per cent higher total return to shareholders over the last five years, compared with firms that are the least effective communicators. The message is clear: be communicative during difficult times.

Acknowledging change

Speaking in terms of ROI, especially during these economic times, is something that gets senior leadership listening carefully. And there is much to be said. Firms that acknowledge and deal with a changing landscape by communicating effectively to employees perform better than those who do not.

Today's status quo is that there is no status quo. We are in an era of constant change, and with the

economy in flux, communication techniques need to be more consistent, more on message and more heartily transparent than ever before. Why? Because managers and employees need clear direction in uncertain times.

It can be a little easier said than done. But companies that are highly effective communicators have the courage to talk about what employees want to hear and they redefine the employment deal in light of significant take-aways or shifts in focus. The Communication ROI Study found that highly effective communicators explain the rationale behind difficult business decisions, provide leadership training and actively address the impact on employees. All of these actions can help keep employees engaged – which is key. Various Towers Watson studies have shown that engagement is a leading indicator of company performance.

The messages about and during times of change should be clear from all levels of the organisation. That means senior leadership and HR executives need to trust and train leaders to talk about change. Managers in high-effectiveness companies in the report support the senior leadership's vision and implement changes enthusiastically.

Companies need to go beyond simply providing managers with information and talking points in advance of changes. They need to prepare managers to lead employees through significant change.

The Communication ROI Study found that managers in high-performing organisations are much more effective at implementing change and supporting the organisation's vision. And about half of the highly effective communicators are going the extra step to provide management with training, versus a third of the low-effectiveness communicators.

Compensation Surveys in Western Europe

While many companies are now on the road to recovery, they still find themselves faced with tough questions and choices. A critical question at this time is surely how to ensure that the right people are not only in place, but also properly motivated in order to engage with the challenges at hand. With this in mind most HR professionals look to have the very latest, most accurate compensation information at their fingertips whilst also being able to confer with industry experts, in order to quickly access the knowledge which is most relevant to their region and sector. At Towers Watson Data Services, we fully understand this. In order to stay ahead in the talent market, it is essential to continue to participate in the compensation surveys from Towers Watson Data Services, thus staying abreast of market changes through access to a combination of the highest quality compensation data and informed consultants.

Data will be collected until 31 March 2010. Participants can order the general industry reports at the reduced price of € 795 by country. Should you wish to participate in the survey or receive further details, please contact our customer services team at customerservice@towerswatson.com

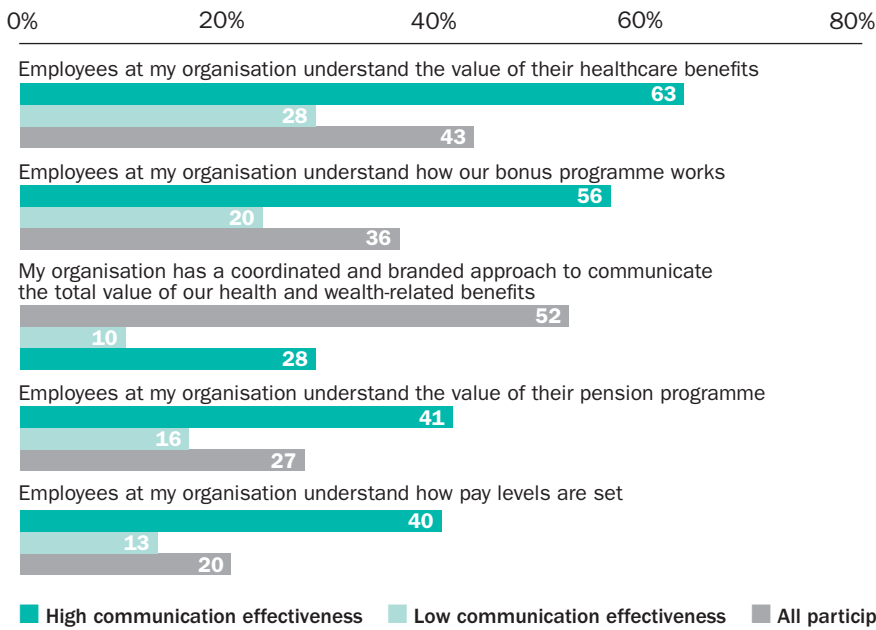


Figure 01

A coordinated, branded approach to communicating rewards helps improve employee understanding.

Figure 01

Getting the word out on the EVP

Right now, organisations are presented with an opportunity. Whenever there are benefit changes or other business modifications, employees are thirsty for information. It is a teachable moment. Yet only 14 per cent of respondents in the Communication ROI study reported that they are explaining the terms of the new employee value proposition (EVP).

There is a lot of room for improvement. The best organisations invest in helping leaders and managers communicate with employees. While only 3 out of 10 organisations reported training managers to deal openly with resistance to change, highly effective communicators are more than three times as likely to do this as the least effective communicators.

Put simply, when an organisation's employees know what their deal is, they are more likely to be engaged and productive. Communicating the EVP effectively helps companies get the most out of their investment in talent, compensation and benefit programmes. It promotes attraction and retention during a time when every productive employee is asked to do more with less.

EVP is not just about recruiting new talent. Companies should include the message as part of the overall employee communication strategy, and align it to the external brand. Doing this well increases employee appreciation of the total package, reinforces the EVP, helps better connect employees to the brand promise and helps retain employees through times of change.

Be innovative

In addition to being courageous about communication during tough times, organisations also need to ensure they are not stuck in the past. New tools, such as social media, are one option – but be careful. While highly effective communicators in the Communication ROI study reported using social media tools two to three times more than the low-effectiveness group of companies to reach employees, on average, usage is fast outpacing effectiveness.

To get a better return on their investments in social media, companies will need to build on their knowledge base and:

- Document the social media policy.

What is EVP?

We define EVP as the value an employee derives from his or her job and what is expected from them in return.

It is evidenced in an organisation's business drivers, human capital strategy, architecture, reward and talent management design – as well as implementation and ongoing delivery, and ultimately ROI on reward and talent management.

In defining your organisation's own EVP, consider these points:

- EVP is influenced by the organisation's brand, values, culture, leadership, environment, talent and reward programmes.
- Employees determine the worth or value of their experience and determine whether to join, stay or give discretionary effort.
- Employers can shape the organisation's EVP through talent and reward programme design that is aligned with both their culture and current/future employee expectations.

The right media for the message

Although social media gets the most media attention and is an emerging trend, the most prevalent means of communication continue to be things such as email, intranet and staff meetings; however, while employees have a keen interest in job security, 24 per cent of companies provide no information on this topic (see Figure 02).

	Technology			Print	In person			None
	Social media	Intranet	Email	Printed materials	All staff forums	Staff meetings	Other face-to-face	
Business performance	12%	70%	70%	37%	56%	73%	44%	2%
Business strategy for riding out the downturn	11%	53%	55%	26%	54%	65%	40%	7%
Financial education	5%	43%	29%	27%	23%	37%	34%	19%
Customers	15%	47%	47%	37%	31%	54%	45%	10%
Pay	1%	43%	44%	38%	13%	27%	58%	5%
Benefits	4%	61%	54%	51%	21%	32%	51%	3%
Job security	6%	29%	31%	15%	28%	45%	48%	24%

Figure 02

Figure 02

Face-to-face communication is preferred for business change messages.

- Develop tools to measure the success of social media at the company.
- Integrate social media into an overall communication strategy.
- Build executive support.

Innovation is not just about social media. It is a way of challenging yourself to make sure you are maximising limited resources and reaching audiences in the most effective and efficient means possible. Think about ways to reach a dispersed audience – in real time. Try new tools to reach a culturally diverse and geographically varied audience. Just be sure to have a plan in place when you do.

Measure twice, apply once

Measurement is critical. Companies that are less effective communicators are three times as likely as highly effective communicators to report having no formal measurements of communication effectiveness.

According to the Communication ROI study, high-performing organisations are two to three times more likely to have a documented communication strategy than low-performing organisations. Organisations need to have a communication strategy in place, and it needs to have clear success measures included. How else can you make good decisions on what to keep and what to change? And without clear measures in place how can you show leadership the impact of your efforts? Remember, the plural of anecdote is not data.

When creating a communication strategy or plan, one important step is to build the business case. Show potential impact, as well as resources

needed in order to continuously improve overall communication effectiveness. Highly effective communicators do not leave anything to chance – they benchmark and use advisory groups. They include the communication strategy and metrics in the overall business scorecard. Those that are unable to link communication initiatives with business results will struggle to succeed.

The bottom line? Tell it like it is

In all times – but especially in uncertain times like these – HR professionals and senior leadership cannot shy away from delivering difficult messages to employees. In the absence of consistent messages, employees will fill the void with rumors and speculation. While they are doing that they are not giving you the focus and effort needed. It takes 10 times the effort to correct misinformation than it does to deliver correct information in the first place – even when that message is “we do not have all the answers, but here is what we know and here is when we expect to know more.”

Start now to create the company you want, as you emerge from any change. Be courageous as you communicate, and do it centrally and locally. Be sure your managers are doing the same, with integrity, authenticity and consistency. Leverage all of the tools you have, and use them well. Do not be afraid to pilot something new. And be very sure to have metrics in place so that you can be sure your communicated messages are being received the right way.

Communicating with courage, innovation and discipline will give your organisation a headstart during these difficult economic times, and will leave you better positioned to succeed down the line.

“It is impossible not to communicate. Choosing not to say something still sends a message, invariably the wrong one.”

Details on the research

The first Communication ROI Study was launched in 2003. Since then, through four surveys in the series, more than 1,100 employers have participated in the study.

The biennial study reports are consistently among the most popular of Towers Watson's in-depth research reports – evidence of companies' need for quantitative data to help them plan effective communication programmes.

The most recent Communication ROI survey, conducted in April and May 2009, included 328 organisations that collectively represent 5 million employees in various regions around the world, encompassing companies from Australia, Canada, Europe, the Middle East and the United States. The global study report, released in November, identifies what companies with highly effective communication practices are doing to inform and engage their employees in challenging economic times, and shows how these practices vary around the world.

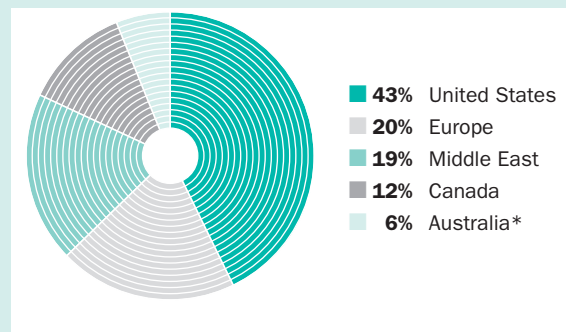
To achieve this goal, Towers Watson measured communication effectiveness for the participating companies and then divided them into three groups based on their survey scores. The top quartile had high effectiveness; the middle two quartiles had moderate effectiveness; and the bottom quartile

had low effectiveness. Working from these effectiveness scores, Towers Watson gathered financial data (where available) and measured the correlation between effective communication and financial performance.

Over the five-year period ending in 2009, companies with effective communication practices had 47 per cent higher total return to shareholders when compared with those with low communication effectiveness.

More details about the study can be found at towerswatson.com

Figure 03. Study participants by region



* Includes three participants from other countries in the Asia-Pacific region

Further information

Dealing with internal communications strategies on matters that impact the employee, such as reward programmes, Towers Watson strongly believe that effective communication must be focused, simple and meaningful. It is fundamental in engaging your employees to deliver the behaviours required for business success.

If you would like to discuss any of the areas covered in more detail or if you are wondering how you are doing on the communication front, please contact your usual Towers Watson consultant or alternatively:

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