Research Brief Series

Measurement
Linking Internal Communication to Business Results

Global Research Report

The Next Level
The Business Value of Good Internal Communication

March 2019

IC
Kollectif

The report The Next Level[1] produced by IC Kollectif examines the value and practice of internal communication (IC) from many angles around one central theme: the business value of internal communication. This publication is part of a series on topics and issues addressed in the 164-page global report. Based on primary and secondary research, this edition of Research Brief presents key findings from quantitative and qualitative results found in the report on evaluation and measurement of internal communication and its impact on business results. The full report is available at ickollectif.com/report.

Measuring IC Effectiveness: Critical yet Complex

Measuring communication effectiveness and the link between communication initiatives and business results is a challenge largely shared among internal communication professionals. It is possibly the most critical, yet complex, activity. Still, it is the only way to know to which extent our strategic communication activities and programs are giving the expected results and its impact on business goals. In other words, measurement is fundamental to assess and demonstrate the value of our work.

The following findings revealed in the survey *Internal Communication in Europe: Key success factors and managerial, approaches,*[2] illustrate that the what and how of assessment and measurement remain a difficult task for IC practitioners. The survey was conducted in 12 European countries.

Items monitored or measured to assess IC effectiveness

- **60%** employee satisfaction/engagement
- **60%** intranet usage
- **56%** impact on strategic and/or financial objectives
- **56%** financial/personnel costs for projects
- **46%** channel effectiveness
- **45%** quality of internal communication processes
- **31%** employee attitude and behaviour change
- **35%** employee understanding of key messages

Main barriers for properly measuring the effectiveness of IC

- **40%** the organization doesn't have the right tools
- **32%** the organization doesn't understand what to measure
- **32%** the metrics are too difficult to get
- **30%** it takes too much time to measure IC
- **22%** IT won't run the reports needed to generate the metrics
- **22%** it's too costly to measure IC
- **17%** metrics are not actionable

Methods used for assessing IC effectiveness

- **54%** feedback from face-to-face events
- **51%** intranet analytics
- **47%** employee surveys
- **37%** enterprise social networks metrics
- **28%** focus groups
- **25%** exit interviews
- **17%** cost-benefit analysis

Employees' structured listening methods

- **63.9%** regularly carry out internal climate surveys
- **56.3%** use quick online polls to get feedback on single initiatives, projects and issues
- **53.2%** use mailbox for suggestions and proposals by colleagues
- **50%** use feedback on top management statements
- **49.4%** use focus groups
- **41.8%** use panels of colleagues
- **39.9%** use online voting systems (likes, etc)
- **36.2%** regularly hold listening activities

Measurement Still not Taken Seriously

The results of the latest *State of the Sector*[3] survey conducted by Gatehouse were released after the publication of *The Next Level* report. Nonetheless, it is noteworthy to look at the findings related to measurement in the context of this brief.

More than 820 respondents across all continents took part in the survey. The results revealed that many internal communication practitioners are rarely measuring and often not measuring what matters. Data remains mainly output-focused. Seventy-three percent admitted that employee engagement surveying is the top method they used to measure internal communication, followed by online analytics (71 percent) and feedback from face-to-face events (51 percent). More results are presented below.

The findings of the survey also showed that measurement and evaluation are far from being a top priority for respondents. Less than 25 percent say they will be focusing on improving measurement and evaluation over the next 12

How the impact of internal communication is currently measured

- **73%** employee engagement surveys
- **71%** intranet or online analytics (page views, etc.)
- **51%** feedback from face-to-face events
- **43%** email stats
- **33%** pulse surveys
- **32%** social media metrics (number of comments, likes, etc.)
- **29%** IC audit or survey (run in-house within the past 3 years
- **28%** feedback from communication champions
- **11%** IC audit or survey (run by external agency within the past 3 years)
- **11%** one-to-one interviews
- **12%** don't currently measure impact

Where to go From Here

The following pages offer resources, examples, and advice from researchers and communication professionals to help measure and evaluate the effectiveness of internal communication, and show its impact on the bottom line.

Measuring Internal Communication
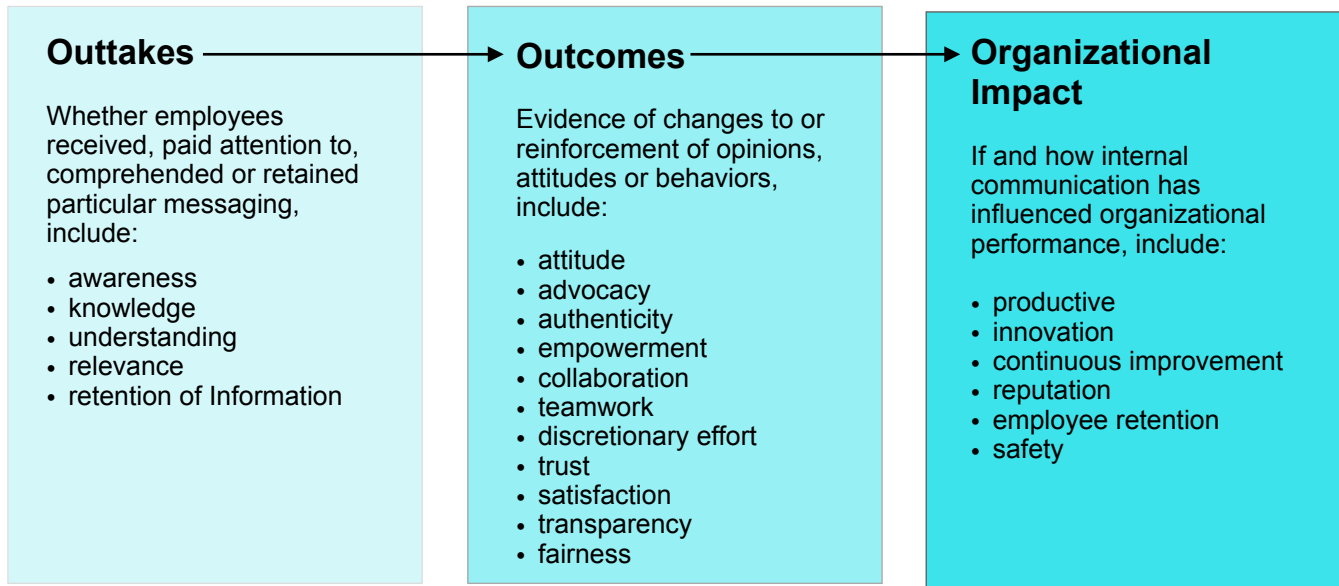## Applying Standards to Help Link Communication to Business Results

Measuring communication effectiveness and the link between communication initiatives and business results is essential, but it has presented a real challenge to the public relations practice. In recent years, many organizations have focused on employee engagement as an end measure for internal communication. While analyzing employee engagement is a start, it does *not* provide deep insight for identifying gaps and developing informed communication strategies.

In 2015, four public relation professionals, two practitioners, and two academics began a conversation about identifying industry standards at the International Public Relations Research Conference (IPRRC). Julie O'Neil, Ph.D. of Texas Christian University, Michele Ewing, Associate Professor of Kent State University, Sean Williams, M.A., True Digital Communications, and Stacey Smith, Jackson Jackson & Wagner, agreed to tackle this challenge under the auspices of the Institute for Public Relations Measurement Commission. This team of four organized a worldwide steering group from corporate, agency, and non-profit organizations.

Following a deep dive through academic literature, much discussion, and arguments, the team conducted a two-round Delphi study with leading internal communication professionals (those with 10 years plus of practice in the field and known as thought leaders in the profession) in which participants were asked to comment on, criticize, and polish the committee's work. From there, the preliminary standards were presented for comment, discussion, and further criticism at numerous venues including PRSA and IPRRC conferences.

The proposed standards suggest an operational model that **outtakes** lead to **outcomes, which in turn, lead to *organizational impact*.** The standards suggest that a successful internal communication program must *fulfill the standards associated with outtakes and outcomes to achieve standards of organizational impact.* These causal links will be tested in future research studies. Twenty-two standards were identified and defined (see definitions p. 6). The standards were clustered into three areas:

Outtakes →	Outcomes →	Organizational Impact
Whether employees received, paid attention to, comprehended or retained particular messaging, include:	Evidence of changes to or reinforcement of opinions, attitudes or behaviors, include:	If and how internal communication has influenced organizational performance, include:
• awareness • knowledge • understanding • relevance • retention of Information	• attitude • advocacy • authenticity • empowerment • collaboration • teamwork • discretionary effort • trust • satisfaction • transparency • fairness	• productive • innovation • continuous improvement • reputation • employee retention • safety

Using the standards to measure and create organization change/improvement
Practitioners can apply the standards through a variety of ways and timeframes for measurement:

- Hold a few focus groups with employees to discuss the standards and identify which might be most problematic within your culture. Then, conduct a smaller survey (dipstick) focused on just those topics with a sample of employees.

- Pilot-test the standards with an employee group or division, then design programs to deal with issues that are identified. Implement programming to address, then conduct a study to measure progress.

- Talk with leadership to identify which standards are most problematic and/or important. Then, ask a sample of employees the same. This "gap" type of study can start a meaningful dialogue that can jumpstart change.

- Identify behavioral markers that might reveal action on these standards. Behaviors are the most solid form of measurement because they go beyond what employees "think" or "want" to do, and measure what they are actually doing.

- Minimally, sort what you have been asking to date among the standards. Are you covering all areas? What have you been missing that you might want to address? Does the analysis of your findings sorted in this manner shed a different light on their feedback or change priorities for your employee relations work?

Any foray into asking employees for input on these standards prepares a culture for change. Identifying individual problem areas and working on them can improve a culture immensely. Even if the attempt is not 100 percent successful, it shows you are trying. However, tread lightly, for if senior management is not open to change, then asking about these areas only hardens feelings and solidifies what might be an already difficult culture to manage.

Why Outputs and Engagement Were Discarded

Outputs were discarded as a measurement standard. Such basic public relations activity like the number of click-throughs, number of employees in attendance, and so forth, were considered to be indicators of activity around a particular tactic, but not a result.

After careful consideration, engagement was also discarded as a standard. The consensus was that engagement is a function of several other standards, including knowledge, understanding, discretionary effort, trust, and satisfaction. By measuring engagement's components, organizations would be able to pinpoint issues that influence engagement. What specific factors influence change in employees' perceptions and behaviors? If communicators can better understand these influencers by independently measuring them, they can then more effectively address the root cause of the engagement problem.

Want to Test the Standards in Your Organization or to Learn More?

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The Standards With Definitions

OUTTAKES

Awareness	Whether employees have heard of an organizational message, issue, or topic
Knowledge	Employees' level of comprehension about organizational messages, issues, or topics
Understanding	Employees' ability to relate their knowledge to their work in a way that helps the organization achieve its goals
Relevance	Degree to which employee communication from the organization is meaningful and useful
Retention of Information	Degree to which employees can recall key messages or topics when asked after an x timeframe

OUTCOMES

Attitude	A way of thinking or feeling about a subject (an organization, topic, or issue) ranging from very positive to very negative
Advocacy	Employees' discretionary effort and time to promote or defend an organization and its products and services
Authenticity	Perception that an organization is transparent, honest, and fair, especially regarding the pursuit of its organizational objectives
Empowerment	Employees have the information, rewards, and power to take initiative and make decisions to solve problems and improve performance
Collaboration	The process of employees coming together across different divisions and or units to solve a problem and/or create something successfully
Teamwork	The process of employees coming together within the same unit to successfully achieve a common goal or objective under the leadership of an appointed manager
Discretionary Effort	The amount of effort employees give to an organization, a team, or a project, above and beyond what is required
Trust	A belief in the reliability, truth, and integrity of the organization's leadership, decision-making, and communication
Satisfaction	Extent to which employees are happy or content with their job or work
Transparency	The willingness of the organization to share positive and negative information with employees in a timely fashion
Fairness	Employee perception that organizational processes that allocate resources and resolve disputes are impartial and just

ORGANIZATIONAL IMPACT

Productivity	The quality and quantity of work output based on resources
Innovation	Thinking differently and experimenting with new approaches, ideas, or behaviors related to the organization
Continuous Improvement	The process by which employees offer small or large improvements to improve efficiency, productivity, and quality of a product or process in the work environment
Reputation	Stakeholders'—both internal and external—evaluation of an organization based upon personal and observed experiences with the company and its communication
Employee Retention	The number or percentage of employees who remain employed after X period of time
Safety	Employees' freedom from physical and emotional harm, injury or loss

Resource | The Communication Value Circle
Optimizing Communication Measurement

"Overall, the best approach is always to build up a measurement approach from scratch by starting with identifying business goals, defining communication targets, establishing KPIs, identifying suitable research methods and evaluation techniques, and selecting the latter from the broad range of techniques and services available in the field."[4]

Developed by the Academic Society for Management & Communication / University of Leipzig, in Germany, the Communication Value Circle (CVC) identifies twelve major communication goals that directly benefit the general corporate goals, thus ensuring alignment between business and communication strategy.

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Applying the Communication Value Circle

Explain the value-add of communication - The CVC identifies the most important value dimensions that can be influenced by corporate communications and that are particularly relevant to corporate success.

Derive and align communication objectives - It can be used to align communication targets with overarching corporate strategy.

Test communication strategies - The CVC provides a useful tool for testing existing communication strategies. By analyzing gaps between corporate and communication goals, communicators can detect misalignments and refocus their activities.
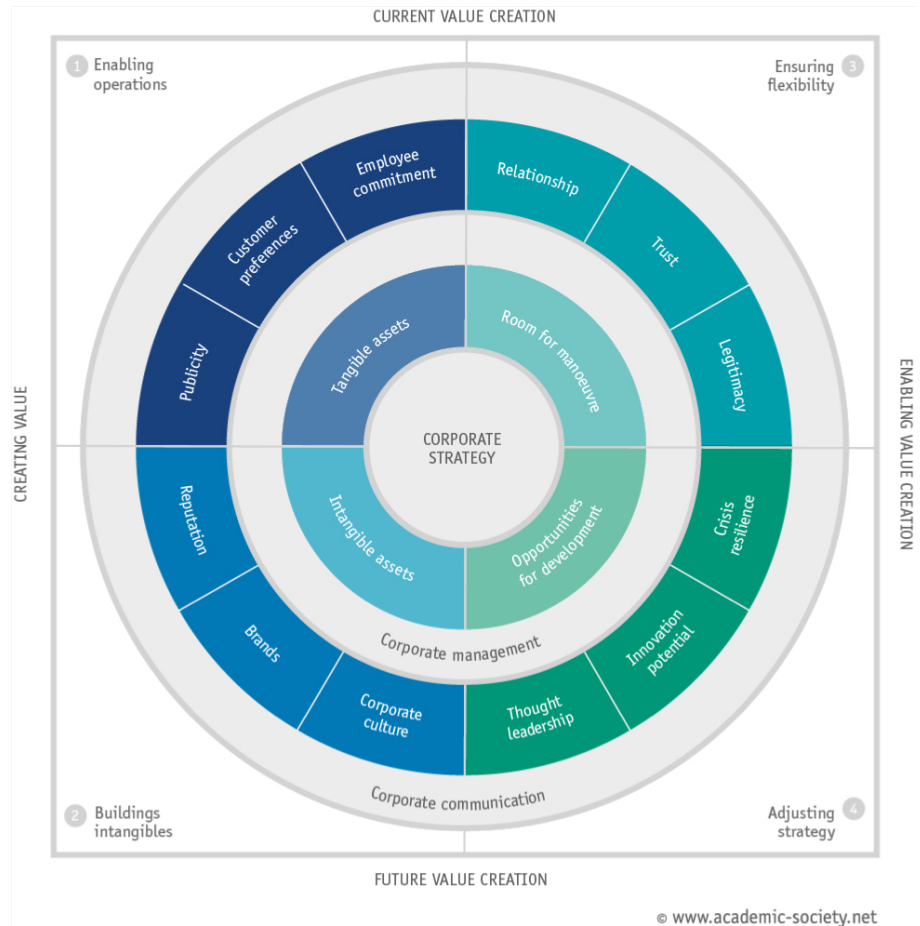
Optimize communication measurement - The CVC can be used to match all communication goals with key performance indicators (KPIs), which helps to reflect on existing measurement activities. They can be integrated into a consistent performance management system focused on communication and business objectives alike.

Set the right priorities - Not every single goal is relevant to each communication department or situation. For example, employee commitment or corporate culture become more relevant during restructuring, while trust and legitimacy are critical goals during a corporate crisis. It is the responsibility of the communication executive to set the right priorities without losing sight of the other contributions.

More info in the report on p. 141.

THE REALITY ON THE GROUND
# How Practitioners Demonstrate the Impact of IC on Business Results

We interviewed 33 communication professionals/ executives for our research and we asked them how they demonstrate the impact of internal communication on organizational goals to their business leaders. This portion highlights what they measure, the methods they use and include some of their advice.

Everything starts with a business-aligned strategy

Measuring the results of internal communication necessitates a clear understanding of what the communication efforts try to achieve. The measurement process starts at the strategic planning stage, which includes a thorough analysis of the situation and setting SMART objectives (Specific, Measurable, Achievable, Relevant, Time-Bound) aligned with organizational objectives.

"Internal communication is only considered valuable to leaders when it shows measurable results. Our objectives are based on the objectives of the company," commented Alicia Martínez Venero, Head of Communications Peru at Enel Peru.

This requires a strategic mindset, business acumen, financial literacy, a firm understanding of the business, and knowledge of how the organization works. Practitioners must also be able to understand and speak the language of leadership management, and converse about their business with their CEO and executives, or any other corporate officer (i.e. HR, IT, Finance, Sales, Marketing, etc.). This ensures a better understanding of the organization's objectives.
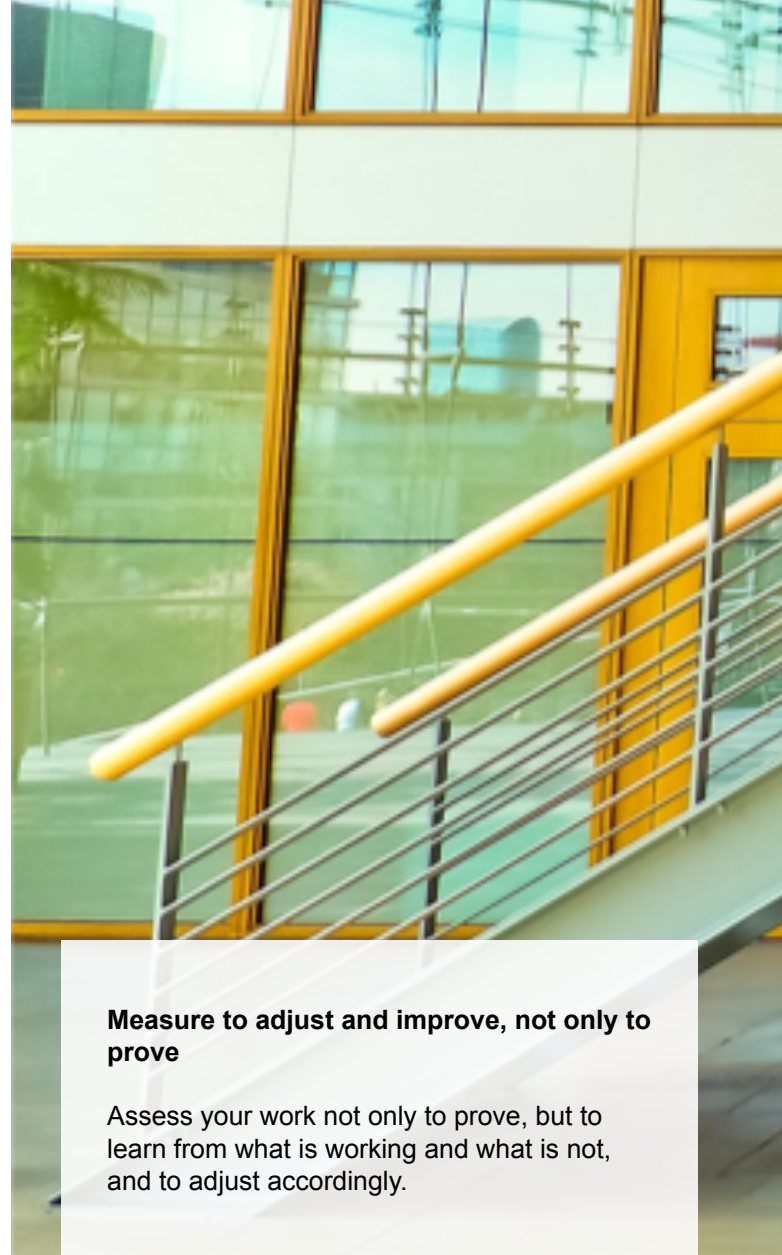
Measure to adjust and improve, not only to prove

Assess your work not only to prove, but to learn from what is working and what is not, and to adjust accordingly.

"Just as the company and unit goals are clearly measured and presented on a monthly and quarterly basis, we prepare our own reports for internal communications. Having a dashboard helps us sense when our target audience is pulling back enabling us to go in and investigate the root cause. By having our finger on the pulse of the organization we can course-correct in real time. Having solid data helps leaders understand what you are saying is not a "hunch or gut feeling", but something real that needs to be addressed."

-Tali Dulin, Teva
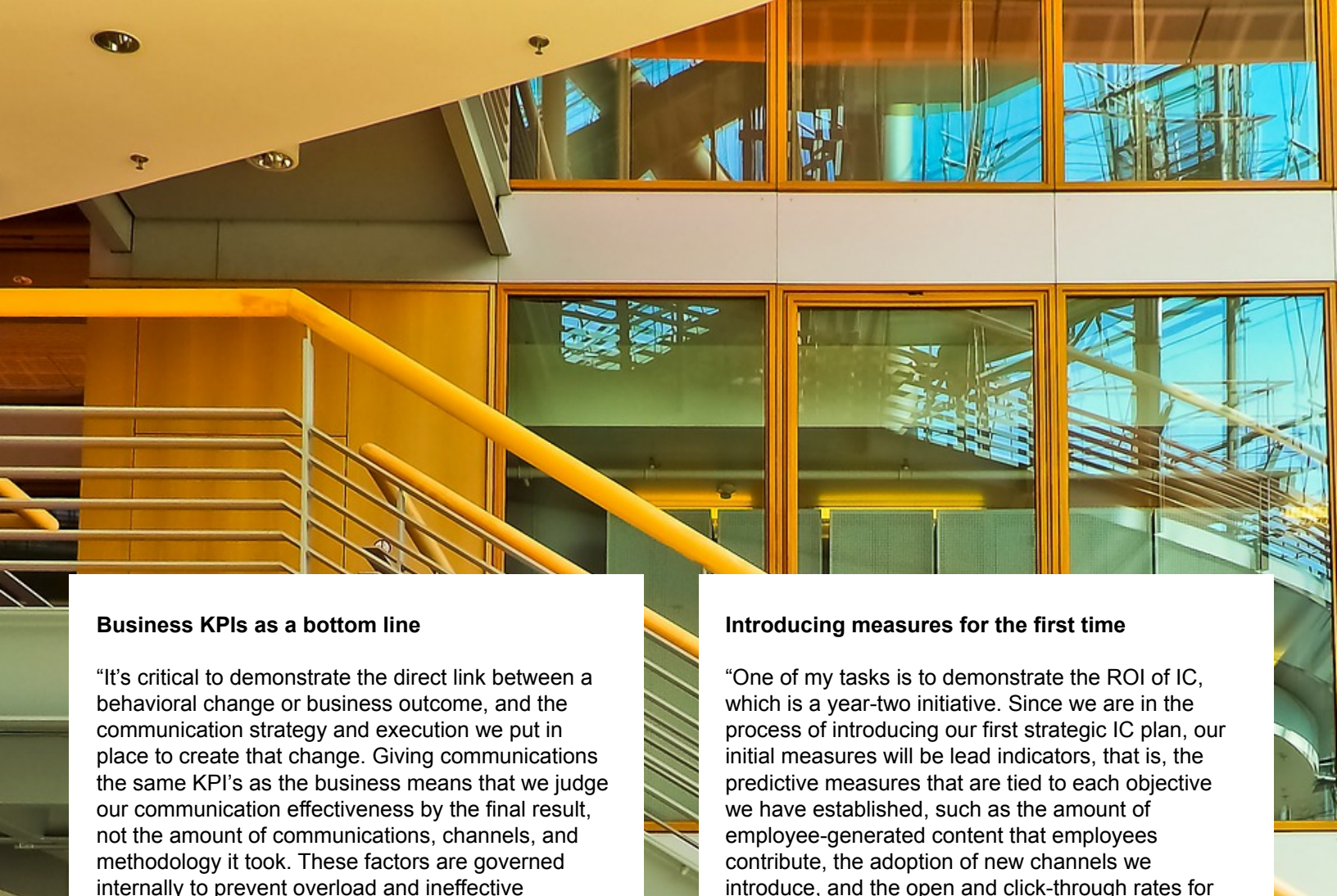
Business KPIs as a bottom line

"It's critical to demonstrate the direct link between a behavioral change or business outcome, and the communication strategy and execution we put in place to create that change. Giving communications the same KPI's as the business means that we judge our communication effectiveness by the final result, not the amount of communications, channels, and methodology it took. These factors are governed internally to prevent overload and ineffective communications. While we examine opening and click rates, attendance and feedback, our bottom line is the business KPI. This also helps leaders to understand that we are full partners in their goals."

- Tali Dulin, Teva

Introducing measures for the first time

"One of my tasks is to demonstrate the ROI of IC, which is a year-two initiative. Since we are in the process of introducing our first strategic IC plan, our initial measures will be lead indicators, that is, the predictive measures that are tied to each objective we have established, such as the amount of employee-generated content that employees contribute, the adoption of new channels we introduce, and the open and click-through rates for new email bulletins. Once we have established that people are using the various components of the plan, we can move to lag indicators that measure the impact the communication is having on the company's strategies and culture. For example, we will measure the degree to which communication has led to front-line support for key strategic initiatives and reduced turnover."

- Shel Holtz, Webcor

"To badly paraphrase Dan Ariely, "Data is like teenage sex: everyone talks about it, nobody really knows how to do it, everyone thinks everyone else is doing it, so everyone claims they are doing it." Excellent internal communications data needs a great deal of energy, persistence, and patience. It's a classic voyage of discovery for the internal communications professional and, in my opinion, a journey that not enough practitioners seem willing to make."

- Paul Orgood, Clifford Chance LLP

Impact of measurement at Dupont

"That which gets measured gets done. We deepened our focus on communications measurement, and perhaps more importantly, connected those communications metrics to business outcomes. During our 2016-2017 merger communications at DuPont, we routinely showed steady, solid progress and connectivity between communication measurement efforts and organizational health and engagement scores. We also showed the impact of internal communications on voluntary attrition rates in a very compelling and positive way. We had to up our game, literally, in measurable ways. That means knowing what to measure and when, doing the analytics on the data, and showing how we're using those insights to drive continuous improvement. It's what leadership cares about and how it assigns a value for the function.

Deliver actionable recommendations

Beyond measurement, it's about bringing insights that leaders cannot, and will not, get from anyone else. We have to measure communications activities, distill the feedback, and deliver actionable recommendations. That's a true value-added service for leaders that translates to business metrics like higher employee engagement, greater productivity, safety, or lower voluntary attrition rates.

Share your results

It's key NOT to keep the results confined to the communication function. Executive leadership and HR/OD leadership need to understand what's working and see the commitment to getting the job done. It requires that we keep putting ourselves out there and transparently showing our results. Even if we fail from time to time, seeing the core commitment to driving results is important to getting -- and keeping -- a seat at the table to influence senior leaders. If we expect and work to be seen as something other than order takers, we have to own the agenda and not be afraid to learn what's working and what isn't. That kind of transparency is what moves our function forward."

- Mark Dollins, Dupont

Measurement methods used at Nationwide

"We use a variety of methods to keep our leaders up-to-speed on the value of strategic communications. Like many organizations, we have a quarterly scorecard that tracks a host of key metrics important to the business and important to show our value. While a number of these show trends such as readership, click-throughs, and the like, we strive to show how our associates are understanding key messaging and applying it to their daily work.

Wherever possible, we attempt to track outcomes, not just activity. Some activity is worth tracking and we do our share of it in communications scorecards.

Where we're able to track and show behavioral change is where communicators truly earn their salary. Do strategic words and phrases start working their way into common language and presentation decks? Do we see discussion on internal chat boards by individuals who are motivated to discuss these issues? Can we trace employee engagement score increases, and increased open rates and click-throughs of key messages on some of our internal tools?"

- Rick Phillips

Measuring the impact of IC at General Motors

"Measurement tools are the main way to demonstrate the impact that communication has on the organization's objectives. The global organizational climate survey contains results related to the knowledge, understanding, and assessment that our collaborators have for key issues such as security, vision and values, business results, and the impact of organization actions in the communities where we work. We measure our results through the same metrics used by the rest of the company (EBIT, Free Cash Flow, Market Share), but we also implement our own KPIs (Key Performance Indicators) through ad hoc measurement tools such as opinion polls or data analytics that allow us to understand the impact and assessment of the different actions.

- Selva Carbajal

Finding proof that a uniform, centrally-generated message has accomplished what it intended to do is still all too often a subjective matter. Therefore, it is of crucial importance to use modern communication tools and analytics to track and measure messaging success making it objectively concrete.

- Luis Ramos, thyssenkrupp Elevator

Methods Used to Measure and Report

Balanced scorecard grounded in business priorities, bringing a set of qualitative and quantitative measures, which could include:
- Annual and monthly employee surveys
- Insights from employee engagement activities
- Other surveys
- Reports on email effectiveness
- Reports on intranet usage
- Reports on enterprise social engagement

Results measured through the same metrics used by the rest of the company : EBIT, Free Cash Flow, Market Share

Internal communication KPIs (Key Performance Indicators) through ad hoc measurement tools such as opinion polls or data analytics to understand the impact and assessment of the different actions

Monthly and quarterly dashboards

Quarterly scorecard that tracks a host of key metrics important to the business

Monthly communications dashboard one-pager and report covering all communications channels (internal, external, digital, marketing communications), and the results of activities in each channel referring to two organizational goals: growing reputation and employee engagement. Measure pre-defined KPIs to track impact on both of them and compare with the competition. The dashboard and report are discussed in the monthly operating board meeting.

Corporate-wide pulse to establish a baseline and follow up on key organizational topics, goals and the company's reputation among employees. These surveys help communicators and local leadership identify strategic communication gaps and progress toward creating alignment and engagement around key priorities.

Global organizational climate survey: contains results related to the knowledge, understanding, and assessment that collaborators have for key issues such as security, vision and values, business results, and the impact of organization actions in the communities where they work.

Ad hoc measurements for specific campaigns include specially formulated questions to understand the importance of communication in the achieving results.

Annual survey covering the main dimensions of employee motivation and empowerment.
Employee engagement survey to evaluate success in communicating change or strategy

Traffic and footfall indicators (effectiveness of IC channels)
System data to monitor various aspects of communications activities or programs.

Methods Used to Measure and Report	Network of internal ambassadors, internal (intranet) and external (social groups) qualitative sources to evaluate mood.
	Content analyzed by type, use, and appreciation by means of analytics and qualitative feedback : comments on news items, feedback questionnaires at events and themed surveys.
	Focus groups Employee champions Channel monitoring to measure reach and uptake
	Examine opening and click rates, attendance, and feedback, however bottom line is the business KPI.
	Communication Effectiveness Reviews, 4-6 times a year, through quantitative and qualitative methods, based on surveys, individual management, team, and focus group interviews among employees and middle managers.
	Readership, click-throughs, attendance, and the like. Ex tracked/showed: Can trace increased open rates and click-throughs of key messages on internal tools.
	Effectiveness of IC channels measured using traffic and footfall indicators
	AMEC's Integrated Evaluation Framework
Further Resources to Explore	Available in the report (pp. 141-152)**:** • The Communication Value Circle (more info in this brief on p. 8) • The Communications Contributions Framework • The Strategic Alignment Process • Toolbox for Strategic Communication
Other Links	• AMEC's Integrated Evaluation Framework • AMEC Measurement Maturity Mapper (3M) • Demonstrating the Value of Communication Part 2, published by AMEC

What is Measured	
	Reach and uptake via surveys, focus groups, employee champions, and channel monitoring.
	Behavioral change. Ex of tracked/showed: Do strategic words and phrases start working their way into common language and presentation decks? Do we see discussion on internal chat boards by individuals who are motivated to discuss these issues? Can we trace employee engagement score increases?
	Content analyzed by type, use, and appreciation by means of analytics and qualitative feedback: comments on news items, feedback questionnaires at events and themed surveys.
	Corporate news center user data to adapt approach accordingly.
	Growing reputation: impact in organization and compared with competition
	Understanding of key organizational topics and goals and Understanding of the company reputation among employees, via surveys. Used to help communicators and local leadership identify strategic communication gaps and progress toward creating alignment and engagement around key priorities.
	Mood evaluated through the network of internal ambassadors and internal (intranet) and external (social groups) qualitative sources.
	Knowledge, understanding, and assessment employees have for key issues such as security, vision and values, business results, and the impact of organization actions in the communities where they work.
	The impact communication has on the company's strategies and culture. For example, the measure of the degree to which communication has led to front-line support for key strategic initiatives and reduced turnover.
	Communications activities or programs
	Quantitative and qualitative information is gathered from various sources to evaluate the effectiveness of IC practices and the sentiment within the company related to the key themes of strategy, business, and company life.
	Employee engagement Productivity Safety Voluntary attrition rates Internal reputation for planning

References

[1]*The Next Level: The Business Value of Good Internal Communication*, IC Kollectif, 2018. Available at ickollectif.com/report

[2] Roberto Paolo Nelli, *Internal Communication in Europe: Key success factors and managerial, approaches*, 2018. Retrieved on August 20, 2018.

[3] State of the Sector 2019, Gatehouse. Available at https://www.gatehouse.co.uk/signup/

[4] Volk, S. C., Berger, K., Zerfass, A., Bisswanger, L., Fetzer, M., Köhler, K. (2017). *How to play the game. Strategic tools for managing corporate communications and creating value for your organization* (Communication Insights, Issue 3). Leipzig, Germany: Academic Society for Management & Communication

About the report - <u>The Next Level</u> is the first publication of its kind bringing together C-suite leaders, in-house communication professionals/executives, and academics across all continents. Based on primary and secondary research, the report takes the conversation about internal communication to the strategic management level. Via solid insights, advice, frameworks and resources, *The Next Level* covers critical topics and issues dealing with today's challenges and future needs to truly help practitioners better position themselves as trusted counsellors and advisors and communicate on the same strategic level with senior management. Find out more and download the full global report at: ickollectif.com/report.

About the Research Brief series - 'Research Brief' is a publication series based on the findings of the global research report <u>The Next Level</u>. The series takes a step further as each edition puts a specific topic at the forefront, by consolidating critical information found on this subject in the 164-page report, in a clear and concise document. Each edition of the series is available at <u>ickollectif.com/next-level-research-brief</u>**.**

About IC Kollectif - IC Kollectif is an award-winning global organization dedicated to the strategic management of internal communication as a business function. The independent non-profit is based in Montreal and shares knowledge, insights and research from around the world on the practice of IC with people in more than 163 countries. For more information on IC Kollectif, please see our website <u>ickollectif.com</u>.

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The local version of spelling is used out of respect for the contributors and in recognition of the global community.

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Industry Partner | Gold Level