

Research Brief Series

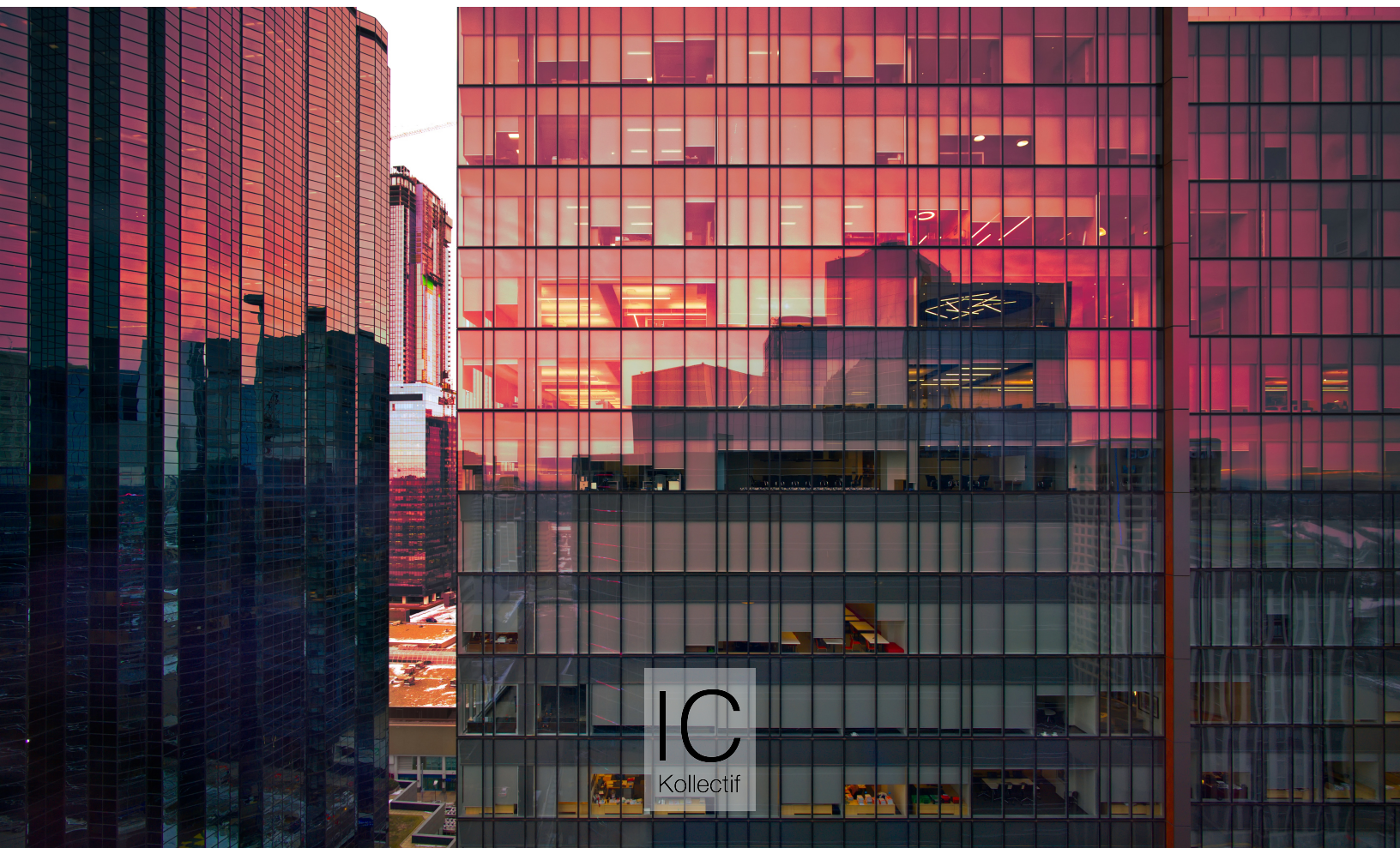
**INTERNAL COMMUNICATION
IN THE EYES OF C-SUITE LEADERS**
Perceptions & Expectations

Global Research Report

The Next Level

The Business Value of Good Internal Communication

May 2019



The report *The Next Level*¹, produced by IC Kollektif, examines the value and practice of internal communication (IC) from many angles around one central theme: the business value of good 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, following are the key findings based on qualitative results found in the report about how business leaders perceive internal communication and what they expect from practitioners and the function. The full global report is available at ickollektif.com/report.

Internal Communication Through the Lens of C-Suite Leaders

Ron Culp and Matt Ragas, both authors and teachers, have surveyed and interviewed more than 100 public relations executives and their counterparts in senior management, including chief executives, presidents and chief financial officers within the last few years. Their findings resulted in two books.² The global report features their essay *What the C-Suite Wants From Internal Communication: Business Results*³ highlighting the role and value that C-suite executives want to see from their internal communication teams.

The authors note that while public relations pros have recognized the vital role of internal communication for years, it took management a long time to get there. C-suite executives now see internal communication as “an essential management tool for improving their financial bottom lines.”

An increasing number of top internal communication professionals have a ‘seat at the table’. To get there, practitioners must gain the trust of senior leaders and be able to speak their language. The authors outline that, “too many communication professionals simply lack the critical business knowledge that allows them to communicate on the same strategic levels with senior management.”

Business people with an expertise in communication

C-suite executives “need their CCOs and communication teams to demonstrate they’re bona fide business people with an expertise in

communication. How can someone provide strategic counsel if they are not an expert on the business, the industry, and the drivers of it?”

Gavin Hattersley, CEO of MillerCoors, the U.S. operation of global brewer Molson Coors, says, “Any young communication professional should act as an *internal news reporter* to understand in-depth each function at the company.”

The authors cite GM, MillerCoors, SAP, Southwest Airlines, Starbucks, Vodafone, and Walgreens Boots Alliance as example of brands endorsing the importance of business basics for their communication teams.

“The role of being both counsellor and advisor rather than simply that of a skilled communication technician demands greater business acumen, **not just for the chief communications officer (CCO) or senior agency professionals, but for mid-level and junior-level team members who help support these leaders.**”

SAP’s head of marketing and communications, Nick Tzitzon, confirms that expectation of top business leaders on their communication teams are higher than ever. “We, in the communication profession, are expected to be strategists that help drive business results.”

Courageous counsel grounded in an outside-inside perspective

Business leaders “value when their communication teams provide courageous counsel that incorporates a diverse range of stakeholder views. Bill McDermott, CEO of SAP, the global software giant, states “give [business leaders] candid advice, based heavily on a true ‘outside-in’ perspective.”

Strategic storytelling consistent with corporate purpose and character

Employee engagement was often emphasized as being particularly critical. C-suite leaders say that communication teams are critical to developing and communicating corporate strategy. Such a strategy should be consistent with corporate purpose and character.

Tom Nealon, the President of Southwest Airlines, argues that “the success of a 50,000-plus employee airline adopting a single corporate strategy depends on each employee knowing the *what, why* and *how*,” which is a “daunting task.” In a related vein, Steve Shebik, until recently the CFO of Allstate and since promoted to be its Vice Chairman, acknowledged that “translating complex business strategy into simple concepts isn’t easy” but “strong communication pays off.”

Getting IC right

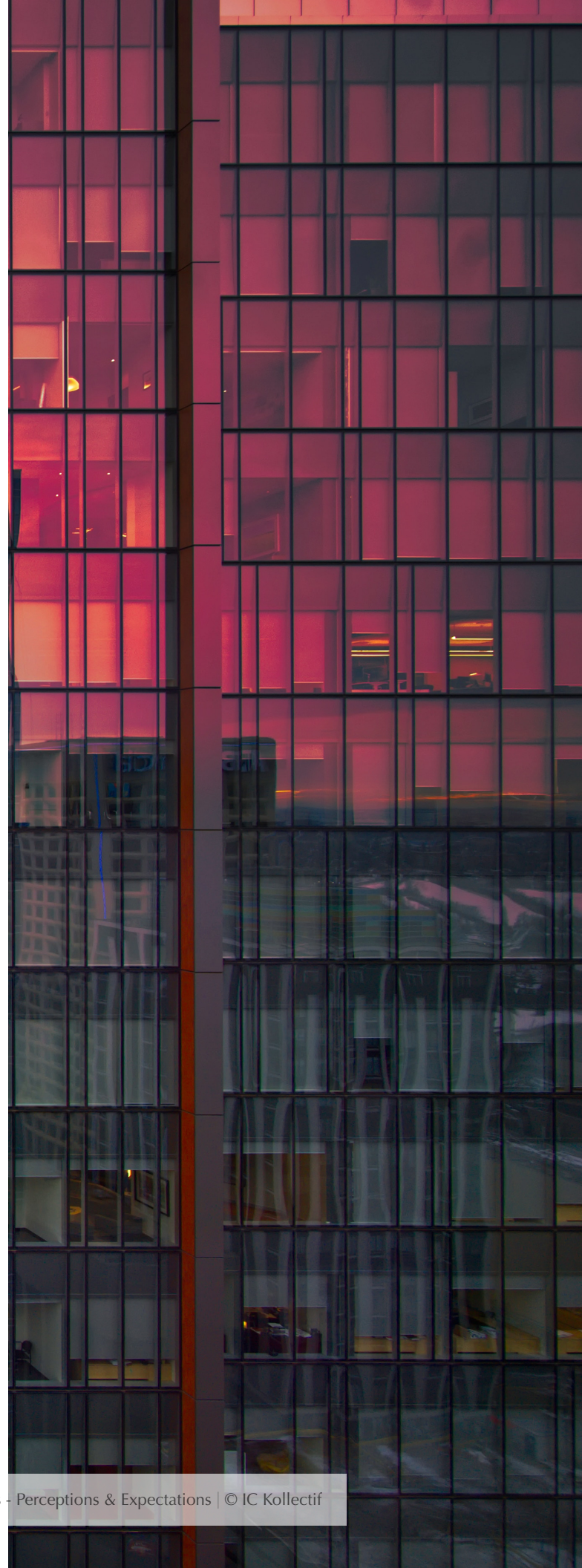
According to *The CEO Communications Audit*,⁴ the one area of corporate communication that CEOs are most concerned about getting right is internal communication. The study is based on one-on-one interviews with 33 Canadian CEOs.

It reports that CEOs believe internal communication is tightly linked with core business objectives and they recognize that the chances of successfully implementing strategic initiatives are greatly diminished if employees do not understand or know how to help support key objectives. CEOs talked about how internal communication helps employees understand not only their responsibilities in project implementation but the vision guiding corporate initiatives.

Many emphasized the importance of real dialogue in internal communication rather than a top-down approach.

IC is foundational to successful external communication

Most business leaders and researchers interviewed in this research were reluctant to say whether any specific aspect of corporate communication was more or less important. “However, business leaders tended to prioritize internal communication as the





most important communication function. Even those company leaders that invest substantially in consumer-facing marketing communication still tended to say internal communication was the most critical piece," indicates the report.

The authors note that, "Many CEOs saw internal communication as foundational to successful external communication. Many who spoke of the strategic importance of 'corporate brand' discussed how internal communication was important in establishing the values or culture that would help reinforce the brand and how it is perceived by external audiences. A few CEOs discussed the importance of employees as 'brand ambassadors' and how internal communication was therefore critical."

"They're both critical, but internal deserves more attention – 60 percent to 40 percent. So, internal communication makes external communication easier. Every employee is a brand ambassador."

Taking their internal role seriously

The report outlines that CEOs believe they have an important role to play in IC. "The more frequent and seemingly more important engagement that CEOs feel they are involved with their boards, their membership (in the case of associations), senior leadership, middle management, and front-line personnel, the more important internal communication becomes. These are key audiences that CEOs must engage with on an ongoing basis and they take that role seriously."

Research conducted with 125 C-suite members in the UK by Censuwide⁵ on behalf of Hanover Communications also suggests that top management tends to give a high priority to their internal audiences. The results showed that they were more likely to prepare for an internal meeting and for a presentation to a wider internal audience than a media interview.

All employees are spokespeople

The notion of employees as brand ambassadors is expressed again in a report from Page Society (formerly known as the Arthur W. Page Society). *The CEO View: communications at the center of the enterprise*,⁶ is based on interviews with 24 CEOs. The report indicates that "all employees are spokespeople and are increasingly being viewed as

potential brand ambassadors. To help accomplish this, CEOs expect that employees are at a minimum educated about the basics and in the case of a crisis, they are provided with well-vetted responses to questions they might face.”

The Page Society’s report states, “CEOs are clear that they want advanced methods to engage and understand employees. Whether it’s gathering local intelligence, understanding what employees think about the enterprise, or ultimately encouraging employees to be brand ambassadors, CEOs want to be sure that systems are in place for employee engagement.”

Value and purpose of the function

Findings from the study *Beyond Communications: A CEO Perspective of Reputation Leadership*,⁷ by VMA Group, demonstrated that when asked to outline the function’s value and purpose, most CEOs instinctively confined their comments to the universe of external communication. Based on interviews with 40 CEOs across Europe, the report shows that reputation, brand, and media were top-of-mind. “Only when prompted did they acknowledge that internal communication was important, too. The exceptions were largely the CEOs in organizations currently going through major change. Here, the value of internal alignment and company culture arose much more naturally as value points in the conversation.”

There’s a critical need for communication professionals to convince senior management of their capacity to deliver value.

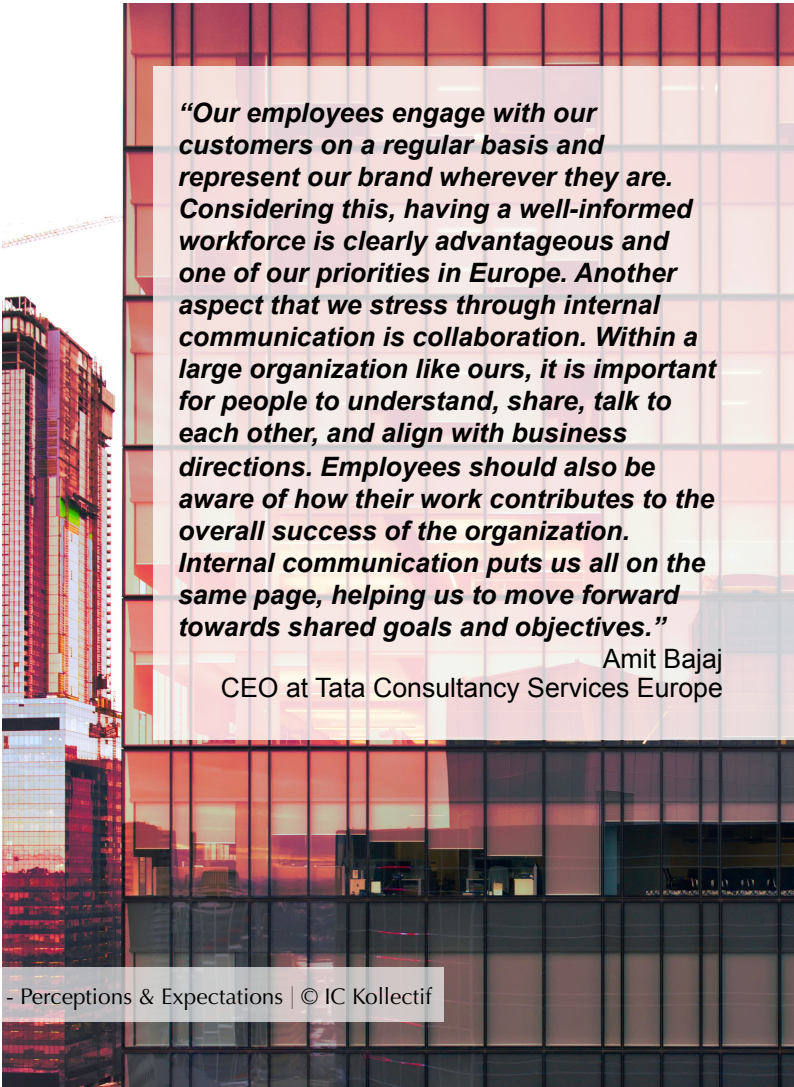
“There is a nuanced difference between business leaders accepting the inherent value of good communication and them being confident that their own communication teams are delivering it, and that the case made internally was often unconvincing.”

Indeed, research shows “that most board members and top managers recognize the critical importance of communication for their organization, but they are unclear what role communication practitioners have and frequently view them as channel producers or technicians.”⁸

This uncertainty is expressed in *Making it Count*,⁹ produced by CIPR Inside. The report is based on

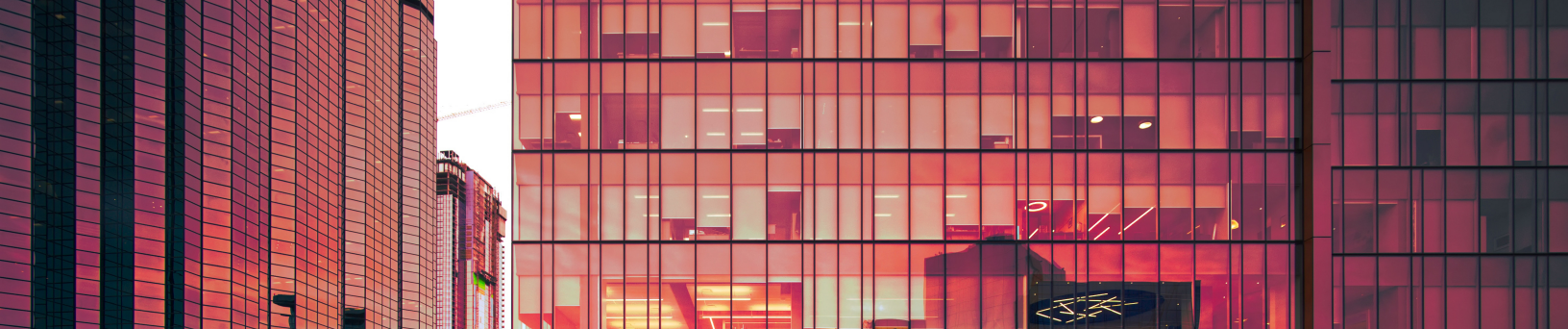
interviews with 14 CEOs and 89 IC practitioners. It indicates that CEOs view IC practitioners as the custodians of translating strategy, company values and priorities. The report states, “While it is encouraging that CEOs seem to understand the support and impact internal communication has . . . there were still issues with their perception of the role. Many of their examples highlighted the fact that IC teams were mainly required to focus on the tactical job of broadcasting messages, rather than the strategic job of shaping those messages. CEOs commented that internal communication as a function was strategic. However, examples given were mainly tactical.”

Also, IC had to be defined for CEOs, leadership, and IC practitioners. The report proposes the need “for further discussion with CEOs and leadership teams to better promote what we do and the value we add and provide clarity on the importance of the function.”



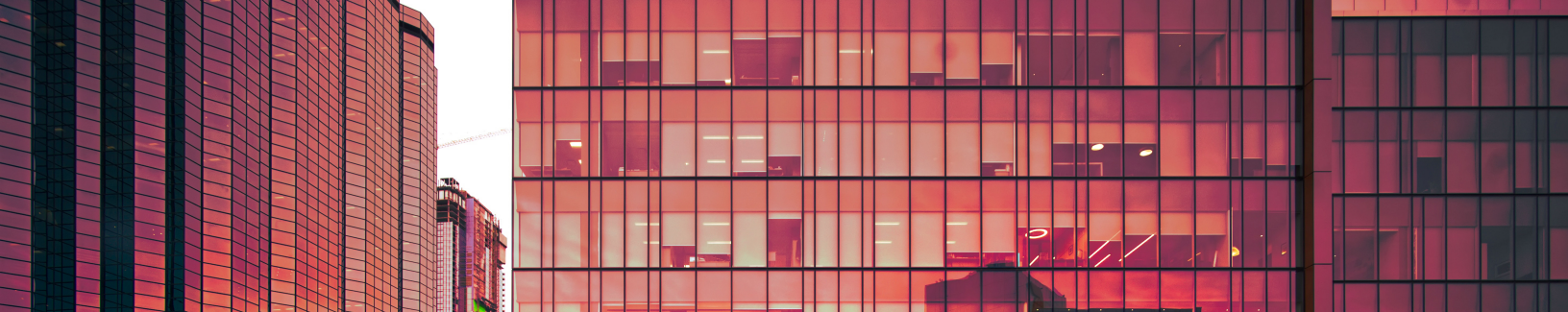
“Our employees engage with our customers on a regular basis and represent our brand wherever they are. Considering this, having a well-informed workforce is clearly advantageous and one of our priorities in Europe. Another aspect that we stress through internal communication is collaboration. Within a large organization like ours, it is important for people to understand, share, talk to each other, and align with business directions. Employees should also be aware of how their work contributes to the overall success of the organization. Internal communication puts us all on the same page, helping us to move forward towards shared goals and objectives.”

Amit Bajaj
CEO at Tata Consultancy Services Europe



Findings | How C-suite executives perceive internal communication

Perception disparity in the role of IC	C-suite executives from leading brands recognize the vital role of internal communication as an essential management tool for improving their financial bottom lines and help driving business results. In those organizations, the role and expectations of IC seem to be well understood by both practitioners and senior management. IC is part of the strategic management process and has a seat at the table, as HR, finance and other functions do.
	Some studies suggest that many board members and top managers recognize the critical importance of communication for their organization, but some are unclear what role communication practitioners have and frequently view them as channel producers or technicians.
	Internal communication still needs to be defined for some CEOs. While some say that internal communication as a function is strategic, examples given are mainly tactical. IC teams are often mainly required to focus on the tactical job of broadcasting messages.
Capacities & credibility	An increasing number of top internal communication professionals have a 'seat at the table'. Yet, one of the reasons cited to explain why some senior executives don't recognize the vital role of internal communication is because communication professionals still lack the critical business knowledge that allows them to communicate on the same strategic levels with senior management.
	There is a nuanced difference between business leaders accepting the inherent value of good communication and them being confident that their own communication teams are delivering it, and that the case made internally is often unconvincing. There's a critical need for communication professionals to convince senior management of their capacity to deliver value.
IC linked with core business objective, strategic initiatives, vision	CEOs believe IC is tightly linked with core business objectives and they recognize that the chances of successfully implementing strategic initiatives are greatly diminished if employees do not understand or know how to help support key objectives.
	IC puts everyone on the same page, shapes perceptions, aligns people with business directions, and help employees understand how their work contributes to the overall success of the organization, and the vision guiding corporate initiatives and objectives.
Critical for major change	The value of IC alignment and company culture become critical in organizations facing major change.
Role of IC in employee engagement	Employee engagement is often emphasized as being particularly critical and senior leaders believe internal communication plays an important role to support this.

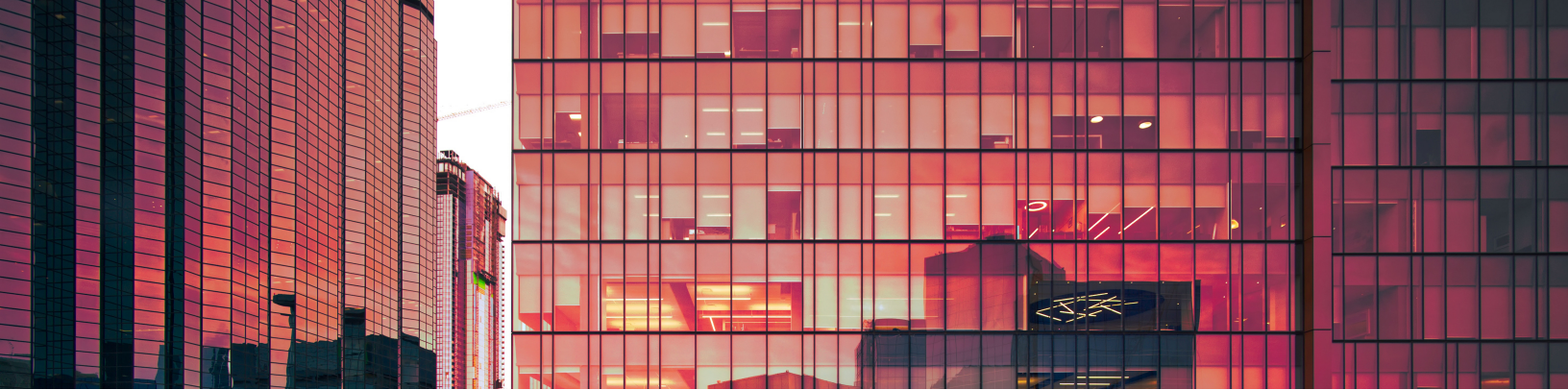


Findings | How C-suite executives perceive internal communication

Foundational to successful external communication	IC is often seen as the foundation of successful external communication. In some instance, business leaders tend to prioritize internal communication as the most important communication function because it makes external communication easier.
Corporate reputation and brand	On the aspect of the strategic importance of 'corporate brand' CEOs believe internal communication is important in establishing the values or culture that help reinforce the brand and how it is perceived by external audiences.
	IC is critical for those who consider employees as brand ambassadors. Many believe that all employees are spokespeople and are increasingly being viewed as potential brand ambassadors and therefore should be well-informed to represent the brand effectively.
Importance of IC increases with key internal stakeholders	The more frequent and seemingly more important engagement that CEOs feel they are involved with their boards, senior leadership, middle management, and front-line personnel, the more important internal communication becomes. These are key audiences that CEOs must engage with on an ongoing basis and they take that role seriously.
	CEOs emphasizes the importance of real dialogue in internal communication rather than a top-down approach.

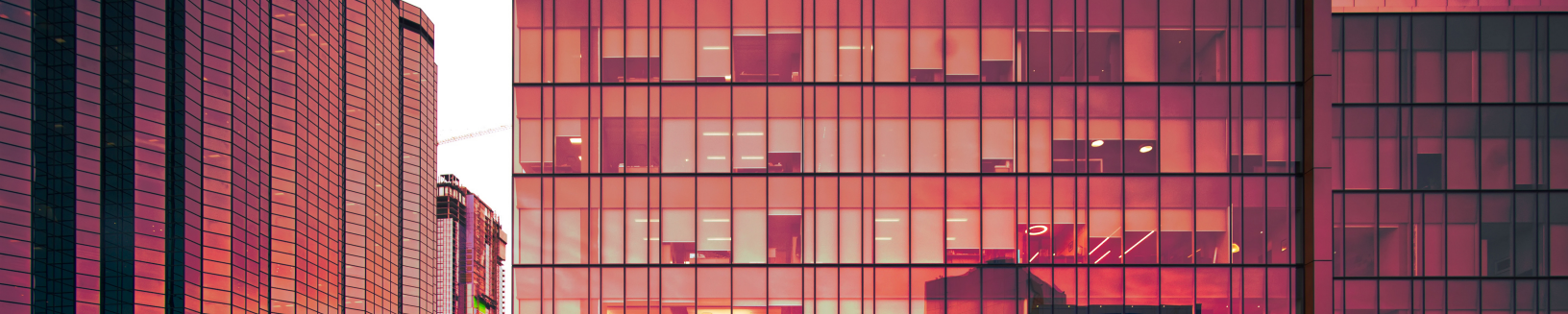
Findings | The role and value that C-suite executives want to see from their IC teams

Business management	C-suite executives expect internal communication to be part of the management process and communication professionals to be strategists to help drive business results. At that level, they are looking for communication professionals who are both counsellors and advisors rather than simply that of a skilled communication technician.
Capacities and credibility	They want their communication teams to demonstrate that they have the capacity to deliver value.
Business people with an expertise in communication	An increasing number of C-suite executives welcome internal communication professionals 'at the table where it's happening.' But they expect practitioners to be able to speak their language, to demonstrate that they have the business knowledge that allows them to communicate on the same strategic levels with senior management.
	They want their CCO and communication team to be business people with an expertise in communication. They expect communication skills, but they want practitioners to have a firm understanding of the business, how it works, how it's put together, and what its issues are.



Findings | The role and value that C-suite executives want to see from their IC teams

Business acumen	They consider business acumen as a prerequisite for practitioners to gain their trust and credibility as trusted/strategic counsellors and advisors. IC pros should know how the business works, its strengths, weaknesses, and opportunities. They should have an overall sense of everything that happens inside and envisage the future.
Business knowledge required for communication team members at all levels	The role of being both counsellor and advisor rather than simply that of a skilled communication technician demands greater business acumen, not just for the chief communications officer (CCO) or senior agency professionals, but for mid-level and junior-level team members who help support these leaders.
	CEOs expect any young communication professional to act as an internal news reporter to understand in-depth each function at the company.
Advice based on an 'outside-in' perspective	Business leaders value when their communication teams provide courageous counsel that incorporates a diverse range of stakeholder views based heavily on a true 'outside-in' perspective.
IC linked with core business objective, strategic initiatives, vision	They expect IC to put everyone on the same page, to help shape perceptions, align people with business directions, to help employees understand how their work contributes to the overall success of the organization, and the vision guiding corporate initiatives and objectives. They say alignment is particularly critical, especially when facing major changes.
	CEOs believe IC is tightly linked with core business objectives and expect internal communication to play a key role in maximizing the chances of successfully implementing strategic initiatives by helping employees to understand and to know how to contribute to key objectives.
Strategic storytelling consistent with corporate purpose	Communication teams are critical to developing and communicating corporate strategy. They must be able to translate complex business strategy. Each employee should know the <i>what</i> , <i>why</i> , and <i>how</i> .
	They look for IC pros who are comfortable with business terms and able to translate corporate strategy to inform and motivate employees.
Understand and engage employee	CEOs are clear that they want advanced methods to engage and understand employees. Whether it's gathering local intelligence, understanding what employees think about the enterprise, or ultimately encouraging employees to be brand ambassadors, CEOs want to be sure that systems are in place for employee engagement.
Foundational to successful external communication and brand reputation	They expect IC to play a key role in supporting the corporate brand and establishing the corporate values and culture that help reinforce the brand and how it is perceived by external audiences.



Findings | The role and value that C-suite executives want to see from their IC teams

Corporate reputation and brand	They expect internal communication to ensure employees, who are potential spokespeople and brand ambassadors, are well-informed to represent the brand effectively.
Support employees in times of crisis	CEOs expect that employees are at a minimum educated about the basics, and in the case of a crisis, they are provided with well-vetted responses to questions they might face.
Alignment	They're not looking for one solution only. They expect internal and external communication to be aligned.

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^{2,3} Matthew W. Ragas, Ph.D., and Ron Culp (2017) *Mastering Business for Strategic Communicators: Insights and Advice from the C-suite of Leading Brands*, Emerald Publishing Limited. Available at: <https://books.emeraldinsight.com/page/detail/Mastering-Business-for-Strategic-Communicators/?k=9781787145047>

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About the report - *The Next Level* 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 *The Next Level*. 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 ickollectif.com/next-level-research-brief.

About IC Kollektif - IC Kollektif 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 Kollektif, please see our website ickollectif.com.

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