



# How to Communicate Business Strategy to Employees

How the world's leading organizations engage employees with company goals



## Executive Summary

# Introduction

**In this executive summary, you'll find highlights of Melcrum's comprehensive report, *How to Communicate Business Strategy to Employees*. To find out how to purchase the full report with an exclusive 15% discount, see the order form at the back. Alternatively call +44 (0)20 7795 2205, or e-mail [info@melcrum.com](mailto:info@melcrum.com)**

Communicating business strategy to employees in a compelling and engaging way is something all communicators strive for. Ultimately, employees who feel part of the 'bigger picture' and are pulling in the same direction will not only have a positive impact on the bottom line, but also give your company a competitive advantage.

But how can you ensure your strategy translates not only to senior executives but also to the front line? What information should you communicate, how often and to whom? And what are the best channels to use – intranet, roadshows, newsletters, senior leaders, line managers?

***How to Communicate Business Strategy to Employees*** is the latest report from Melcrum, which gives you all the answers. With a detailed behind-the-scenes look at how best-in-class organizations communicate their strategy and expert analysis on the pitfalls to avoid, this report will show you how to tailor messages for different divisions and communicate them effectively across your organization.

This executive summary gives you an overview of what you'll find in the report's four chapters:

1. The planning and logistics of strategy communication
2. External challenges to strategy communication
3. The audience for strategy communication
4. The delivery of strategy communication

***How to Communicate Business Strategy to Employees*** brings you:

- The latest thinking and top tips from best-in-class companies. Learn from the experiences of **Aetna, Afrox, Agilent, BP, British Gas, Dow Corning, Goodyear, Halcrow, Hallmark, Medavia Blue Corss, Nokia, npower, Plzensky Prazdroj, RBC Financial, Sainsbury's, Thomson Financial** and **Vodafone**
- Ready-to-use techniques and practical tools from thought leaders including **Fraser Likely, Angela Sinickas** and **Bill Quirke**
- Statistics you can use to prove the case for investment in strategy communication
- Usable strategy toolkits and maps that you can adapt and implement in your own organization
- Example employee feedback forms to help you capture valuable information from your employees
- Practical ways to address different audience needs and engage employees in the 'big picture'

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## Case study organizations from the full report

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Aetna	Goodyear	Nokia
Afrox	Halcrow	npower
Agilent	Hallmark	Plzensky Prazdroj
BP	J Sainsbury	RBC Financial
British Gas	Medavie	Thomson Financial
Dow Corning	Blue Cross	Vodafone

## Thought leaders

---

Robert Bradford	Bill Quirke
Jim Cole	Paul Sanchez
Christopher Hannegan	Angela Sinickas
Jacqui Hitt	Jane Sparrow
Fraser Likely	

# 1. The planning and logistics of strategy communication

You can't hurry a good thing. The very purpose of strategy is that it is thought out in advance, contains contingencies, and looks at a problem from every angle. Before we examine the tools and tactics for increasing your audience's understanding of strategy, it's important to look at the pre-communication phase – the planning that precedes implementation.

A key aspect of the planning process is aligning communication with the business to ensure the strategy is executed. For some, the critical success factor was to limit the number of strategic goals (see Afrox case study extract below). Whilst at RBC Financial, the focus was on keeping communication short, easy to understand and simple (see case study extract over page).

**88% of staff with high commitment to organizational goals said it improved their job performance**

MCA/MORI, Buy-in Benchmark, 2000

**How to Communicate Business Strategy to Employees presents 17 in-depth interviews from your peers working in leading organizations around the globe and provides insight and advice from experts including Angela Sinickas, Fraser Likely, Bill Quirke and Christopher Hannegan on how to communicate strategy throughout the business. We take a special look at how to translate your strategies, how often to send communication and who to send it to. Chapter 1 looks at why it is so important to engage employees in business goals, presenting a round up of key research in this field.**

## AFROX

### Pair action plans with words for strategy success

"Between 2001 and today, our share price has tripled and our attributable earnings have gone up about two and a quarter times," says Rick Hogben, CEO of gases and welding company Afrox. "I attribute that to goal-oriented management and to a high level of communication, ensuring employees know exactly what the business is trying to achieve."

#### ★ TOP TIP ★

#### LIMIT STRATEGIC GOALS TO KEEP LEADERS & EMPLOYEES FOCUSED

Afrox's critical success factors are not revolutionary in the business world. In fact, they sound much like any other business's

strategic goals: create shareholder value, provide superior customer service, pursue organizational excellence, build the capacity of employees, value safety, and demonstrate corporate responsibility. But Afrox's method for instilling them into the organization was the key to setting its results apart.

Each success factor has its own "team," a series of concrete action plans, 50 in total, that become the heartbeat of the strategy, keeping the blood moving through the body of the business. The action plans have specific qualities that help motivate leaders to cascade them, and allow employees who receive them to know who to talk to and what to expect.

CASE STUDY EXTRACT

# RBC FINANCIAL

## Linking communication strategy to business goals

Forget complex theories resulting in 3,000 word strategies and wide-eyed leaders. Communication strategies should be short, easy to understand, and simple to assemble. RBC link their strategies to business goals in a way that adds measurable value to the bottom line.

### THE PLACEMAT PLAN AND OPERATING PLAN

To add consistency to their planning, RBC developed a placemat template plan, which fits all the strategy information on one page in an easy-to-read format (see figure 1). This provides a concise communication strategy

that is clearly linked to the organization's bottom line, provides criteria for making everyday communication decisions, and allows the alignment of tactics and measures throughout the organization.

On the reverse side of the placemat, there is a summary of the key tactics to support each strategic communication priority. This listing of tactics is not exhaustive, but conveys the major initiatives and broad areas of focus. These tactics are drawn from a more detailed operating plan, which is of interest to senior executives, as well as those with responsibility for implementation. The operating plan contains several key elements, as shown below (see Figure 2).

Figure 1: RBC Financial's "Placemat Plan" template



Figure 2: RBC Financial's operating plan template

Date:		Prepared by:				
COMMUNICATIONS PLAN						
OVERRIDING STRATEGY:						
KEY COMMUNICATION OBJECTIVES:						
TARGET AUDIENCE						
DESIRED OUTCOME/ BEHAVIOR	ISSUE	STRATEGY	TACTICS	TIMING	MEASURES	RESP.

> The full versions of these case studies also contain top tips on where to find strategy information and dividing strategy into action plans, as well as RBC's own placemat plan with the thinking behind each stage.

## 2. External challenges to strategy communication

“Corporate governance” has become something of a watchword in recent years, after the corporate scandals of Enron, WorldCom and so on. The ensuing regulations added to an already complicated situation for companies and communicators trying to practice open-book management. But how can we be transparent about our business to employees when there are so many restrictions on what we can and can't say?

When spending significant time and money on communicating business results, it is important to ensure it is worthwhile and that there is no misinterpretation of the messages you are trying to convey from other forms of media. Vodafone, for example use SMS technology to ensure their employees get their messages before hearing them in the news.

**“80% of employees said that they heard our broadcast before getting the news elsewhere”**

Darren Briggs,  
Head of Group Internal  
Communications, Vodafone

### VODAFONE

#### Beating the media to financial news

With high employee share ownership across the group, Vodafone has put together a plan to ensure that employees hear its headline financial and business results from the organization before getting them from external media sources.

##### Instant news via SMS

An employee recorded an interview with the CEO highlighting the key results and drawing direct responses on any anticipated outcomes. Just after the figures were released to the London Stock Exchange, an instant SMS message was sent to the mobile phone of every Vodafone employee, alerting them

to dial a specified number and listen to the interview. As well as ensuring that employees heard the news from the company first, the approach role-modeled the use of Vodafone products and services to communicate with its people.

“And it appears we succeeded on all counts,” says Darren Briggs, head of group internal communications. “When we analyzed the results, approximately 80% of employees said that they heard our broadcast before getting the news elsewhere. Even more encouragingly, almost 99.5% said that they found it an excellent medium for communicating this type of information and would want us to use it again.”

CASE STUDY

**Find out how you can overcome the external challenges to communicating your strategy, including low business literacy, legal constraints and handling the emotional side of controversial announcements. Read case studies from Vodafone and British Gas, with top tips and a five-step guide to presenting financials with meaning. Plus, get expert insight from Jim Cole, Jacqui Hitt and Christopher Hannegan.**

With companies becoming more and more transparent about their business to their employees, further obstacles to delivering the information have to be overcome. Firstly, with complex financial information, many employees may not have the business literacy to fully understand it. Below is a summary of Jim Cole's five-point process to help overcome this issue. Another potential problem arises when communicating emotionally sensitive information, such as redundancies or takeovers. Jacqui Hitt of JMHCS consulting gives a checklist to consider when dealing with high concern issues.

## JIM COLE: Communicating financial information to employees

I've witnessed many senior leaders frustrated from the stress of attempting to communicate financial information to employees and middle managers. To be successful, this requires a combination of self-knowledge and a willingness to listen and think differently about financial information.

**Planning** – understand the financial data, the intent of your communication effort, the employee expectations of it and the audience's perspective.

**Play a game of "Stump the Expert"** – quiz yourself, the communication expert, to make sure everything you are saying will be understood by the audience.

**Differentiate between "need-to-know" and "noise"** – senior leaders often want to disclose too much, which can lead to communication becoming "noise." Try to communicate an idea rather than a number.

**Whose bottom line is it?** – remember, not everyone has the same concept of the "bottom line," so concentrate on what your audience wants from the information.

**Match metaphors to audience** – remember the professional and personal perspective of the audience, and use key words and phrases to make communication easier to understand.

**Jim Cole, Director of Development, Masonic Home of Virginia**

EXTRACT

## JACQUI HITT: Dealing sensitively with high-concern issues

Hitt offers this checklist to ensure you are making your materials sensitive to employees' emotional needs:

- Get all the right people at the table right from the start
- Tone of voice must be very clear and agreed
- Incorporate face-to-face communication into the mix
- Employees need space to review and share
- Manage emotional empathy

**Jacqui Hitt, Consultant, JMHCS Consulting**

EXTRACT

> See the report for Jim Cole's full article, including a checklist of common mistakes to avoid and techniques to enhance communication in presentations and reports. Also, read Jacqui Hitt's detailed explanation of the points above

### 3. The audience for strategy communication

Communication gravitates around the audience: without a solid understanding of your audience, you are not communicating – you are merely dropping information into a vacant area and hoping for the best.

There are numerous internal challenges to communicating about the business to employees, not least appreciating their level of understanding, and planning appropriately according to the needs and capabilities of different employee segments. The case study extract from Hallmark, below, demonstrates the value of increasing the business literacy of your workforce. The extract from Dow Corning shows a model for measuring employee understanding and commitment to strategic goals.

*“Our employees didn’t really have any understanding of the pressures being put on the business...our new business strategy would fail unless they could see why we were changing and how it would work.”*

Dean Rodenbough,  
Corporate Communications  
Director, Hallmark

#### HALLMARK

#### Communicating change through business literacy

##### RISING TO NEW CHALLENGES IN THE MARKETPLACE

By the late 1990s Hallmark’s business performance had become lackluster. Sales of its core products lagged as consumers were turning to e-mail and low-cost long-distance telephone calls to keep in touch. Cost pressures to compete in the global marketplace were forcing it to reduce the size of its workforce and find new ways of working.

In order to compete in this challenging business environment, Hallmark needed to undergo a major structural reorganization.

##### BUILDING BUSINESS KNOWLEDGE BY MAPPING THE ENVIRONMENT

The team chose an innovative approach to kick-start the process of communicating this change to employees: live, tangible Learning Maps to provide people with a basic understanding of the challenges that the company faced and explain to them why certain choices had been made. “Learning Maps were the single most impactful tactic we have ever employed to communicate our business strategy to our employees and engage them in working towards its key objectives,” says Rodenbough. “Visual learning is a way to connect with people who can’t just absorb a report filled with facts and numbers.”

CASE STUDY EXTRACT

> See the report for the full case study, including two examples of Hallmark’s Learning Maps and an employee feedback form from its CEO forum.

**This chapter focuses on understanding the audience for strategy communication and how to plan accordingly and deliver information that will speak to their needs and wants. Case studies include examples of how npower, Nokia, Medavie Blue Cross and Sainsbury’s all use an understanding of their employees to communicate to them effectively.**

**Expert insight comes from:**

- **Angela Sinickas: The different needs of different audiences – tailoring campaigns to make them more effective**
- **Bill Quirke: Refitting strategic communication for the elevator – breaking down strategy into a 30 second story**

# DOW CORNING

## Four-quadrant approach to measurement

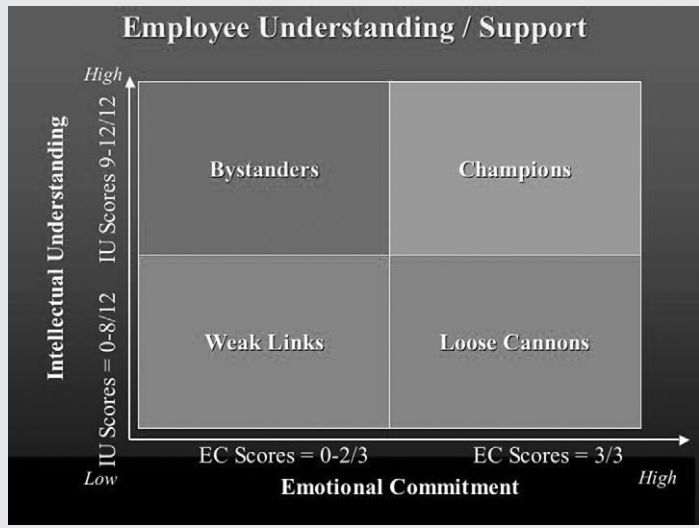
In 2002, Dow Corning launched its new brand strategy with company president Stephanie Burns driving a strong culture of communications behind it. To support this new approach, the communications team introduced a series of initiatives aimed at increasing employees' understanding of the organization's strategic objectives and their commitment to them. The communication team developed an innovative way to measure exactly how well the communication program is getting strategy messages through to all employees.

The idea to measure employees' knowledge and their level of commitment to the various elements of the strategy was brought forward. As Laura Asiala, global manager of corporate positioning explains, this is not a standard employee survey. "When we measure employees' knowledge, we don't just ask them,

'How well do you understand the corporate strategy?' We actually quiz them. We ask them multiple choice questions and each question has at least two possible answers that people have to think about to get right. So we actually assess how well our employees understand our corporate vision, our strategic direction, our priorities and our brand. We also ask them questions that assess their commitment."

The results of these assessments are then scored, and these scores are used to segment the employee audience into four groups (see Figure 3, below). Knowledge of these four groups is then used to address any issues through targeted initiatives and management education, to increase the number of employees moving into the "champions" quadrant.

Figure 3: Employee understanding results



> This is an extract of the full case study. Read the report for an explanation of each quadrant and find out how Dow Corning use the results of this approach.

## 4. The delivery of strategy information

Communicating about the business to employees presents a range of challenges, even with the greatest amount of planning and research. Key to this is how you effectively cascade material in a way that will create a clear line of sight at every level.

In a large multinational, how you strike the right balance between global and local strategy, and how you effectively balance local and corporate business priorities are vital issues. Read the extract below to learn how BP used a toolkit approach to overcome this challenge.

How to make messages interesting, compelling, and convey a clear direction for action is essentially the ultimate aim of strategy communication. Read the case study extract from Aetna to find out how it achieved this when launching a new strategic direction.

### BP

## A model for allowing local adaptation of strategy

When introducing an innovative new strategy, BP looked for a toolkit approach to relay its content. It wanted a solution that would be able to provide high-end detail for those who needed it, and allow for simple line-of-sight customization for those on the front line.

### PLANNING AND ANALYSIS

The solution was a management toolkit centered on a series of hexagonal tiles (see Figure 4, below). These were designed, first, to be a way to represent the interlocked challenges and needs of the organization and, second, because it fitted exactly the approach that the team needed – perfectly encapsulating the “directional but flexible” needs of the strategy.

### ★ TOP TIP ★

### CONTENT FIRST, TOOLS SECOND

Before introducing the hexagonal toolkit to the managers who would be using it, BP focused on the critical task of engaging them in the content of the new strategy. Once they had built up the required appetite for the strategy, the toolkits were introduced as a means of translating it to the wider audience. Jacqui Hitt, a consultant on this project, says: “We needed leaders to understand the full detail of the background to change. Once that was established, the tiles were just the next piece of the puzzle – an aid for them to distil all that content into an easy and practical format. It wasn’t just the tiles – it was about building the momentum behind them.”

Figure 4: A hexagonal tile toolkit



> See the full report for top tips on the toolkit approach, plus a model for running sessions with hexagonal tiles and an example of an activity sheet BP used to aid discussion.

## AETNA

### Educating employees to turn the business around

By 2002, following poor financial performance and negative media coverage, health insurance provider Aetna was in need of a new strategic direction. Its turnaround strategy was supported by a comprehensive communication campaign that helped to restore the company to profitability by highlighting external challenges and internal priorities. This included educating Aetna's 26,800 employees and engaging them in working to deliver the company's new strategic goals.

#### SETTING THE SCENE THE AETNA WAY

In 2002, the communication department, in partnership with senior leaders, devised the "Aetna Way," an innovative approach to setting the company's new strategy in context for all of its employees. The Aetna Way comprises a series of short statements divided into four sections:

1. Why We Exist, which defines the organization's mission;
2. What We Believe In, which sets out Aetna's core value;
3. What We're Trying to Achieve, which defines Aetna's goals; and

4. How We Run Our Business, which explains the business practices that Aetna uses to fulfil its mission, achieve its goals and profitable growth.

#### ENCOURAGING EMPLOYEES TO LIVE THE STRATEGY

The Aetna Way had to be more than just a wish list, however. It needed to become part of all employees' day-to-day business identities. For example, online streaming videos were produced showing examples of employees in different roles who were living the Aetna Way. "By showing people living the Aetna Way, we are really trying to humanize it," says Gothard. "We show how people are putting it into action every day and using it to meet their business objectives."

As a result of this new approach, in 2004, Aetna received an award for "Best Business Turnaround – More Than 2,500 Employees" as part of the American Business Awards competition, which recognizes outstanding leadership, innovation, perseverance, creativity, teamwork and integrity in business. Their share price has also improved from a low of \$23 in 2001 to a high of \$152 in 2005.

> See the full report to read this extensive case study in its entirety, including the graphical representation of The Aetna Way: the "Value Wheel."

**This chapter explores the actual delivery of strategy communication. This includes making sure messages are action-oriented, improving the cascade through the company and balancing global and local needs. Also, get top tips on engaging leaders throughout the communication process. Expert insight on this is from Bill Quirke and Jane Sparrow, while in-depth case studies come from:**

- **GOODYEAR: Communication strategy in a decentralized world**
- **AGILENT: Prepping strategy toolkits for the cascade**
- **THOMSON FINANCIAL: Engaging line managers in communicating strategy**



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## Executive Summary

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