



An Independent Melcrum Research Report



How to Structure Internal Communication

The definitive benchmark for the internal communication function

Executive Summary

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Executive Summary

In this executive summary, you'll find highlights of Melcrum's comprehensive research report, *How to Structure Internal Communication*. 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 8600 4670, or e-mail customerservice@melcrum.com

Introduction

Internal communication has raised its profile in business recently and where it sits in the organization has become quite a political debate. *How to Structure Internal Communication* provides the definitive guide to where the "best" home for IC is and what skills and competencies are required to build a high performance communication team.

In this report you'll find best-practice techniques for organizing your communication function – looking at how global organizations structure teams; how they manage their communicators' skills, competencies and development; and how they fit IC into their organization. The report assesses every possible structure – from centralized to shared service models – and is the most comprehensive quantitative and qualitative research analysis on the structure of internal communication functions available. This summary will give you an overview of what you'll find in the report's five chapters:

1. **Where internal communication sits**
2. **Skills and competencies**
3. **Strategies and plans**
4. **The structure of internal communication teams**
5. **Shared services**

Overview

How to Structure Internal Communication will bring you:

- **Tried and tested techniques for structuring your team.** Packed with case studies from global organizations, this report enables you to benchmark your function against best-practice organizations like General Motors, HP, Westpac and Washington Mutual.
- **Ideas for recruiting top talent.** Get insightful recruitment tips, sample job descriptions and an invaluable interview checklist to help you hire the best communication talent.
- **Professional development advice for your team.** You'll get a comprehensive competency framework and a sample development plan that will enable you to better manage the skills and competencies of your existing team.
- **Sample Organizational Charts.** Find out where internal communication sits in large multinationals, who reports to whom, and how departments manage their processes.
- **A comprehensive view of the shared service model.** There are a variety of shared service models and this report covers them all, detailing how these structures operate, and outlining the benefits and differences of each.
- **Quantitative data on shared services and communication structures.** Two global surveys provide answers to the tough questions communicators face. Whether you're struggling with whether or not to centralize your team, or you need to know what the average department size is to prove your efficiency – this is the data to do it.

1. Internal communication's place in the organization

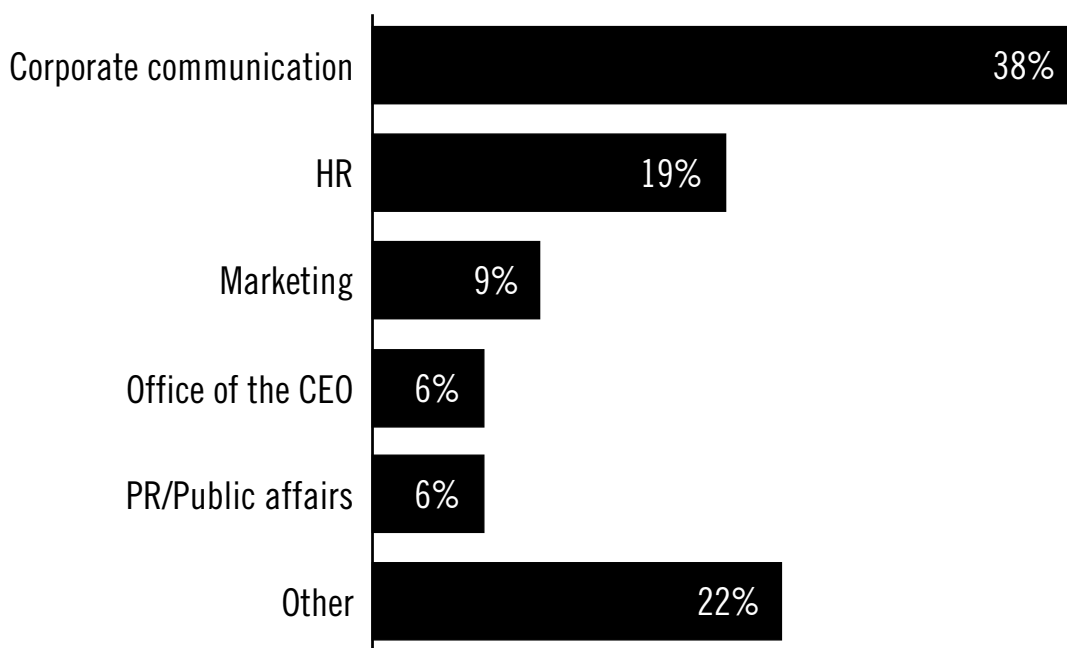
A wide array of functions have been responsible for housing internal communication, and the debate about the “best” home for a strategic IC function continues unabated. From the attempts to build “marketing communication” functions in the 1980s, to the 1990s demand for it to be incorporated into HR, there have been few clear answers.

But it appears that the argument has reached something of a common-sense climax. Our conversations with global practitioners strongly suggest that the widely-held preference within the profession is to be integrated into a single department covering both internal and external communication – increasing leverage and building consistency between internal and external messages. And our survey suggests this preference is largely realized. Of those who say their responsibilities are “predominantly internal communication,” by far the greatest proportion – 38% – sit in a dedicated corporate communication function (see Figure 1.1, below).

The next most common home for internal communication worldwide is HR, with a significant 19% sitting there. Internal communicators in the UK are the most likely to sit in HR – nearly one quarter (24%) of IC respondents from the UK do so. But it seems the once-fashionable predilection for housing internal communication in a “marketing communication” department is now definitely gone – fewer than one in 10 now sits in a marketing department.

6%
of internal
communicators
sit within the
office of the CEO

Fig 1.1
Where does IC sit in your organization? (All data)



How to Structure Internal Communication presents case studies from your peers around the globe and provides expert advice from leading communication specialists Fraser Likely, Bill Quirke (see the following excerpt) and Jim Shaffer on where internal communication departments should sit within the organization, who they should report to and new ways to position the function for maximum effect. In addition to quantitative data, this report also gives you a collation of findings from 27 in-depth interviews to help you determine exactly where the "best" home for strategic internal communication is within your organization.

BILL QUIRKE: Partnering with HR (excerpt)

Research by Synopsis Communication Consulting reveals that HR departments are increasingly taking responsibility for internal communication. Here, Bill Quirke, examines how HR and corporate communication professionals can work together to bring about organizational success.

In a 2002 survey of 100 leading international blue-chip companies, 38% of internal communication heads reported to HR, a rise from 20% in the same survey in 2000. There are a number of reasons for this trend. Firstly, organizations have redefined what they want internal communication to do. It used to be that efficiently distributing information was enough; now they need it to create understanding. This means both clarifying meaning and translating communication into action.

Secondly, HR often has a crowded change management agenda: helping the organization restructure, downsize or recruit; introducing new ways of working and making it a great place to work; improving performance management; ensuring clear career paths; and organizing succession planning. This means HR already has numerous internal communication challenges, since each of these strands needs to be communicated to the organization.

What each side contributes

Good employee communication is usually the result of a robust partnership. If either HR or corporate communication is solely in charge, poor communication inevitably ensues. Turf wars between the functions undermine good communication. For every HR director who complains that corporate communicators are all form and no substance, packaging empty phrases in glossy brochures, there's a corporate communicator pointing the finger at HR functions for being all model and no message. But both functions can bring complementary strengths to the communication table.

HR's involvement can broaden internal communication from messages and media to include managers' style and skills. It shifts internal communication from megaphone management to a process of creating shared understanding and meaning. A partnership means that while HR creates the necessary capability, corporate communication provides the relevant content. In *How to Structure Internal Communication*, you'll find Quirke's views on what HR and communication professionals can do to create an engaged and business-focused organization.

2. Skills and competencies

This chapter looks at how internal communication departments operate internally – their structure, key issues and how they set a strategy. You'll find a comprehensive overview of the tools and techniques you need to effectively manage and develop your internal communication team. Find out how your peers build team skills and competencies, set team strategies and plans and ensure continuous development. You'll find case studies detailing:

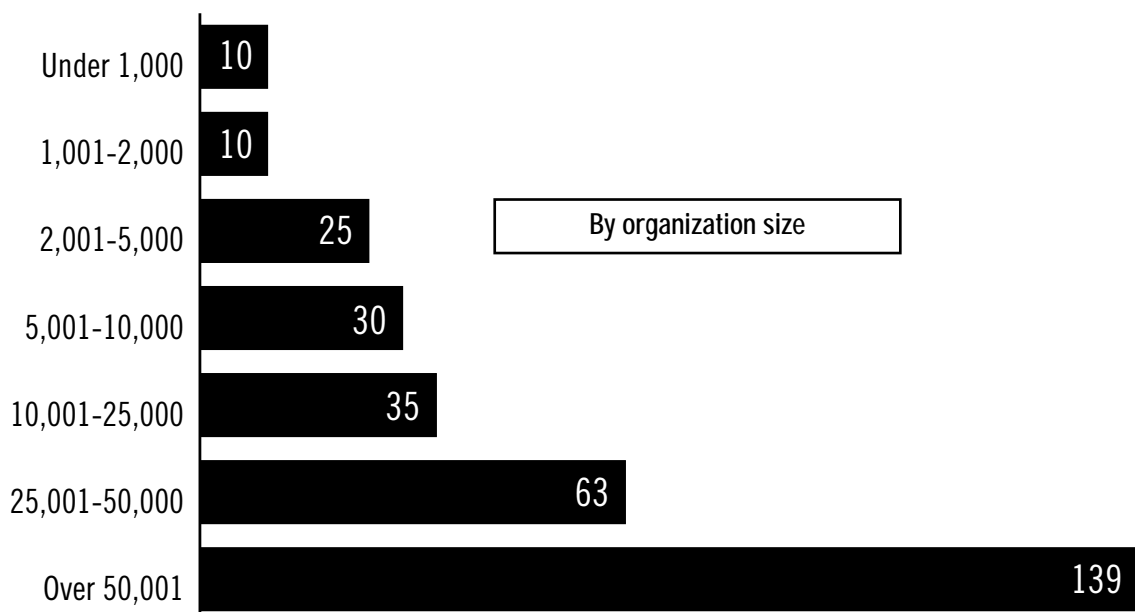
- Core processes applied systematically at General Motors.
- The skillset for a strategic communication manager from Sodexo, with a detailed job description that you can apply in your own organization.
- A communication competency framework from Bank of America, with an in-depth interview guide and checklist, to help with recruitment.
- A professional development template – the Inter-comm matrix that breaks down the research skills needed at every level of a communicator's career.

Benchmarking your communication headcount

Figure 2.1, below, outlines average communication department sizes against the organization size. The full report also analyzes the size of the department against budget. (Budget figures are inclusive of team salaries and benefits.) In small to medium-sized enterprises – organizations with anything up to 5,000 people – the ratio of communicators to employees stays fairly constant (hovering around 1:150). It's only when organizations exceed 5,000 employees that the ratio changes significantly. Organizations with between 5,000 and 10,000 employees see a ratio of 1:250. And companies of 10,000 to 50,000 employees have an average ratio of 1:550.

Fig 2.1

Average number of communicators, by number of employees (All data)



This chapter focuses on the internal structure and development of IC teams, with quantitative data on team sizes and in-depth case studies from:

- WESTPAC BANK “Getting the most from your team”
- GENERAL MOTORS “Five processes”
- SODEXHO “Skillsets” and “Setting the strategy”
- BANK OF AMERICA “Building competencies”
- WASHINGTON MUTUAL “Mapping the strategy”

And advice on research and measurement skills from leading communication measurement expert Angela Sinickas.



CASE STUDY

WESTPAC BANK: Getting the most from your team

Lorraine Lennon, head of internal communications at Westpac Banking, has introduced a number of measures for her communications team that could be useful if you're trying to build the communication competencies of your own team.

- *“Greater good” awards:* A monthly recognition prize, in which those who have demonstrated the communication team's core values are recognized for having contributed to the greater good of the team.
- *Practice groups:* Knowledge-sharing teams that discuss best practice on individual issues. Each communicator must be a member of a practice group for at least four months, and they can nominate themselves to lead one, to develop their leadership skills.
- *Skills maps:* While every team member must be able to deliver end-to-end communication services, psychometric profiling has also highlighted individual talents. “It allows us to really leverage our internal skills,” explains Lennon. “We all know who's the best to go to for help with design, for example, or PowerPoint or copywriting.”
- *Knowledge-sharing:* One of everyone's key performance indicators is to share a piece of knowledge with the group twice a year. It might simply be feedback from a conference, or sending around the URL of a useful Web site.
- *Operating guidelines:* Lennon has designed an operating manual – outlining team objectives and providing tools for its members. One section details what to do if asked by a department to create a newsletter – how to establish their motives and help them understand the need to think through the objectives carefully. Others show how to prepare an audience for change, or how to map out ambassadors and saboteurs. There are also guidelines on how to estimate costings. “It means that our procedures are consistent,” she says, “and it ensures we don't reinvent the wheel each time.”

3. Strategies and Plans

Getting your global internal communication team singing from the same hymn-sheet is critical to avoiding what one interviewee called the “mosaic effect” of global communication – with employees trying to piece together patchwork information received from internal communication outposts all over the organization.

But building a single and consistent strategy is a thorny issue, especially if yours is a decentralized function with a diverse spread of internal communicators operating independently in a complex web of reporting relationships and functional ties.

In the Strategies and Plans chapter, therefore, we collect together a few examples of how our case study organizations build global communication strategies. We also print an exclusive article by Maril MacDonald on the vital role senior communicators play in setting corporate strategy, as well as just “aligning” to it. You’ll find out:

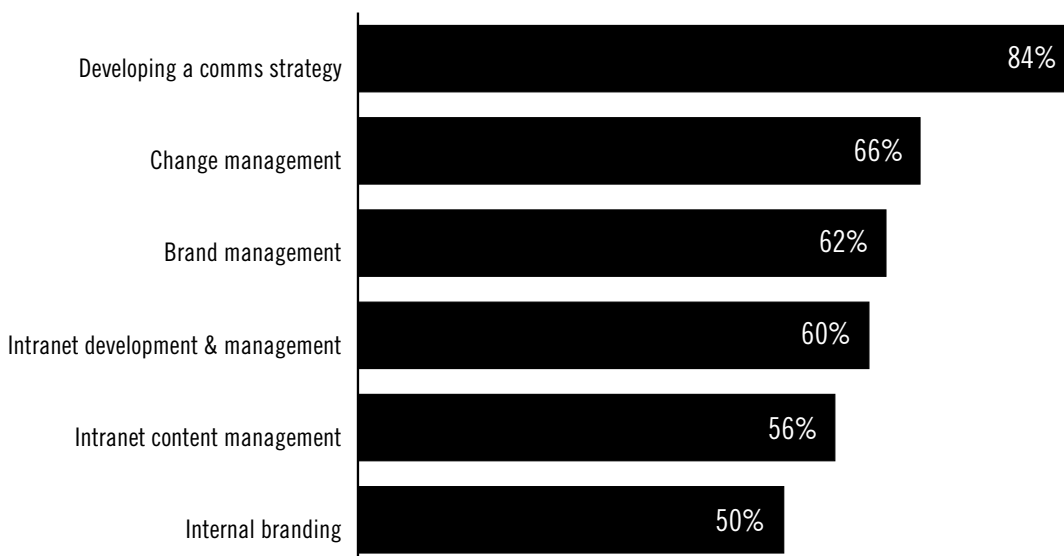
- How Sodexo sets objectives for communicators based on strategy.
- How to devise a strategy setting process chart like the templates provided by Washington Mutual which chart the flow of responsibility and enable effective project management.
- How to make agendas to enable communicators to standardize their approach to ensure it is always linked to strategy.
- Three possible ways to structure your department in order to have the most strategic influence.

In this chapter we address the key strategy issues facing internal communicators today (see Figure 3.1, below) and look at the most effective ways of dealing with them so you can guide your team into singing to the same tune. By delving into a diverse spread of internal communication plans, we show you how to save time and money by building a global communication strategy that feeds into a local one.

84%
of internal
communicators
say developing a
communication
strategy is a key
issue

Fig 3.1

Internal communicators’ key issues for 2004 (All data, internal communication sub-set)



4. The Structure of Internal Communication Teams

In general, equal numbers of internal communicators find themselves in highly centralized (39%) and highly decentralized (40%) departments. However, this kind of “average” is a slightly disingenuous statistic since the type of department you operate will depend greatly on a variety of factors, most notably the size of your organization.

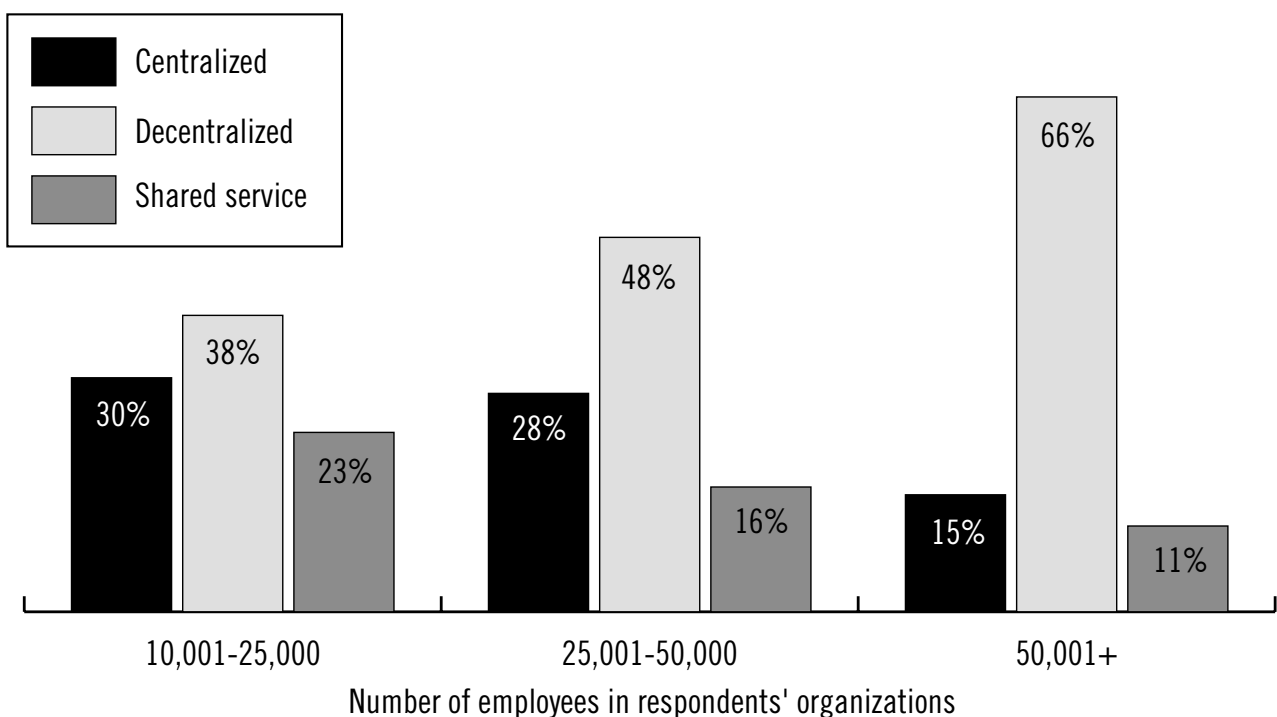
Internal communication structures in large companies

In large organizations (those of over 10,000 employees), for example, internal communicators are on average more than twice as likely to be operating in a highly decentralized environment (52%) as a highly centralized one (24%). Indeed, the larger the organization, the greater the likelihood of decentralization in internal communication. For organizations of over 50,000 employees, two-thirds operate this kind of devolved structure. (See Figure 4.1, below.)

It’s interesting that growth in size also appears to correspond to a progressively decreasing predilection for operating a “shared service” model. We shall discuss shared services in greater depth in Chapter 5, but it was clear from our research that many saw a shared service as not distinctly different from a centralized function – thus perhaps accounting for the decreasing regularity of those referring to themselves as a shared service (in line with the similar trend for centralized functions) as the company size grew.

Fig 4.1

How your department is structured (Large companies, internal communication, by organization size)



This chapter outlines the benefits and differences of internal communication structures globally. With case studies from HEWLETT-PACKARD, WASHINGTON MUTUAL and exclusive articles from Alaric Mostyn on 'The Seven Culture Models' and Fraser Likely on 'Ten Communication Structures'.



CASE
STUDY

HEWLETT-PACKARD: The Program Management Office (Excerpt)

How HP manage a widely decentralized organization with a central council to coordinate activity and eliminate duplication.

With more than 140,000 employees on six continents, Hewlett-Packard (HP) is by necessity a highly decentralized organization and its internal communication function mirrors the company's geographical and business line matrix. In essence, it is the typical system of devolved communication – a group of over 150 communication professionals worldwide performing a variety of roles in different markets, business groups and reporting relationships.

Internal communication reports to the company's senior vice-president for corporate marketing and the executive vice-president for human resources. This dual reporting structure enables internal communication to help coordinate myriad internal messages within a framework consistent with HP's external messaging and branding.

In addition to a small staff at the company's Palo Alto, California headquarters, designated internal communicators work within each of HP's four businesses: the customer solutions group; imaging and printing group; technology solutions group; and personal systems group. Other communicators are assigned to specific company executives, functions, regions, market segments and product divisions.

How to resolve the issues that decentralization raises

There are challenges to such a decentralized structure, explains Robin Andrews, global internal communication manager at HP. "I've been in decentralized and centralized structures and I can see that it is an issue that has to be managed. On the one hand, if you're working in a division in a small region and all that you do is driven by the needs of that part of the business, why should you report in to corporate? On the other hand, I do see the benefits it brings to have greater consistency, and a greater resource base from which to implement programs more easily across the whole company."

This is the guiding ethos at the heart of the new structure HP created in 2002: If both centralization and decentralization offer benefits to the organization, is there a way you can take the best of both models? The idea led to the roll-out of the team Andrews now manages – the Program Management Office (PMO).

The PMO is a standing internal communication committee that acts, at a base level, as an air traffic controller for internal communication. Its purpose is to unify messaging across regions, businesses and functions. "If you've got a strong enough PMO structure," she says, "You can resolve some of those typical issues that trouble us and other large, global organizations. It's a way to enable individual market-driven communication without being uncoordinated."

5. Shared Services

It's important to understand the distinctions that mark out a true shared service. It's good to realize that all of the models commonly termed shared service in the communication community are not, technically, real shared services – and why that is.

But does this mean that the models commonly referred to as shared services in the communication world are not interesting models? Each of them, in some way, pushes back the boundaries of the function. Each of them is a structural innovation that deserves investigation and makes for interesting study. And, since it was communication professionals who requested this research, it seems fair to assume that the models they're interested in looking at are not “pure” shared services, but those commonly touted as such in this community. In addition, our research with practitioners and thought leaders has concluded that few, if any, in internal communication actually operate a true shared service.

We have therefore settled on three of the most common versions of the shared service ethos in internal communication and – regardless of whether or not they are technically “real” shared services – decided they are some of the most interesting models of internal communication currently in use, and therefore worthy of further investigation. They are:

- **The center of technical expertise:** The organization has a separate team of technical experts, whose individual communication services (e.g., research, writing, Web design) are shared among any departments that need them (e.g., among IC, marketing, PR, advertising, etc.).
- **The account management model:** Individual members of the internal communication team are appointed “account managers” to individual leaders in various business lines/regions/etc.
- **The agency model:** There are two variations of this. In the first, there is a central internal communication team who work like a consultancy on a *fee-for-services* basis for any “client” business lines/leaders/functions/etc. that wish to employ them. In the second the team again works like a client-based consultancy, but does not “hard charge” for its services, and is salaried and funded out of a central budget.

With over 60 pages of implementation ideas and seven case studies detailing different types of shared services from your peers around the globe (see RBC Financial case study on the next page for an example), this chapter explores what real shared services look like, the most effective designs and how to manage them. This chapter also features detailed agency models and team structure methodologies, which you can instantly adapt and make your own.

The first misunderstanding among communication professionals seems to center on the “shared” element of the term. It is commonly assumed that this refers to “sharing” the team's services out to the rest of the organization. In fact, it refers to the fact that the users of such services have, by joint agreement, decided to “share” between themselves the creation and resourcing of such a team.

RBC FINANCIAL: Centralization mixed with account management (excerpt)

How RBC Financial sits a group of account managers in the business, and provides a central service to administer their strategies.

RBC Financial operates a split structure in its corporate communications. At the department's head sits senior VP of corporate communications David Moorcroft, who reports to the senior executive vice-president of public affairs, strategy and human resources. Two types of communication team operate under Moorcroft's direction, operating a symbiotic relationship – six "account management" groups and five "centers of expertise."

1. Account managers: In each of the five corporate business lines at RBC Financial – banking, insurance, capital markets, transaction processing and investments – a team of account managers works, liaising with the senior leaders in their "client" business line and developing holistic communication plans for these individual areas. There is also a senior advisor of "functions," who provides support to all the head office functions (legal, finance, audit, corporate secretary, real estate, etc.).
2. Centers of expertise: There are five "centers of expertise," located largely in the company's corporate center in Toronto, Canada: employee communications, corporate social responsibility, media relations (including PR), change communication and event management. Each center of expertise is responsible for the implementation of central communication policy and strategy to their wide corporate audiences. They are also there to assist as enablers and implementers of the plans developed by the divisional "account managers."

How the account management framework works

The company has a team of account managers, each sitting within one of the organization's key business lines. "Those people are responsible for knowing their individual businesses totally, from A to Z," says Moorcroft. "And their job is to develop the strategies and communication plans for those businesses." They are therefore embedded within their assigned businesses, and operate as chief communications adviser to its senior officer. The number of account managers in a business line varies according to the size and needs of the business – a smaller area like transaction processing only has one adviser; the biggest unit, banking, has four.

The adviser's job is to be a general communication strategist. "They are, first and foremost, issues managers," explains Moorcroft. "They assess the needs of the business, identify gaps and weaknesses, conduct situational analysis, prepare for challenges and crises and develop integrated strategies and solutions to deal with them." Once this planning and analysis is done, they refer to the relevant centers of expertise for audience/message counseling as per their plan, then the centers of expertise implement it.

The account managers are provided with an estimation of how they should allocate their time:

- Proactive media strategy: 20%
- Reactive media strategy: 20%
- Issues management: 25%
- Employee communication within their own business line: 20%
- Client communication: 5% (which would not include marketing or advertising; it would be communicating corporate issues for the client business line).
- Corporate integration: 10% (i.e., looking at all the things within their business and ensuring they are integrated into the corporation's vision, goals and objectives).

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