HARVARD MANAGEMENT COMMUNICATION LETTER

A NEWSLETTER FROM HARVARD BUSINESS SCHOOL PUBLISHING | TOOLS, TECHNIQUES, AND IDEAS FOR THE ARTICULATE EXECUTIVE

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# Communicating Is Not Optional

by Angela Sinickas

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# Communicating Is Not Optional

## *Too many managers think they don't have the time, or that they should wait. They're kidding themselves.*

FACING A FLOOD of memos, e-mails, reports, and meetings every day, stressed supervisors sometimes respond by shutting down the information flow. To save time, they may try to pass information on a "need-to-know basis" to a small group. And if they feel like they're not ready—or not willing—to discuss an important issue with employees, they choose to say nothing at all.

But not communicating with employees—or not allowing them access to important information—can exact a heavy price. A communications gap doesn't only undermine morale and performance, it can ultimately impact the bottom line:

Over a five-year period, companies with higher scores on information-sharing had higher return on investment and higher return on sales than companies with low scores, according to a University of Michigan survey.

An analysis of data from employee attitude surveys at Hewlett-Packard and GE found strong correlation between improved two-way employee/supervisor communication and increased productivity and employee retention.

At Sears, analysts found that a five-point improvement in employee attitudes—a factor often tied to information-sharing—will drive a 1.3% increase in customer satisfaction and a 0.5% improvement in revenue growth, according to "The Employee-Customer-Profit Chain at Sears" (*Harvard Business Review*, January–February 1998).

Opening information channels and making sure that communication flows in the right directions can be critical to performance. In addition, holding back information may prove destructive, giving employees and even customers the wrong signals.

### Don't wait for the "final answer"

Many managers believe they have nothing to communicate until the final answer to a question becomes clear. But the silent treatment sends several messages—that management doesn't know what it's doing, is doing nothing, or is contemptuous of employees. What these managers don't realize is that employees often would be satisfied with updates on the process of getting to the final decisions, or the options being considered and the criteria being used to make the decisions.

Two examples: A company in the energy industry decided to re-engineer its sales and marketing functions by re-staffing both departments with current managers. Instead of waiting until all the assignments were nailed down, senior management sent an e-mail to all employees after each level was staffed. The most important message for employees was not who was selected for what role, but why and how the selections were consistent with the company's new goals. The e-mails contained examples of the successful behaviors of the appointees, not just lists of their prior positions. This helped candidates for positions further down the line understand the standards and the decision making.

And a pharmaceutical company acquired a less successful competitor with distribution centers (DCs) in many of the same locations. The grapevine reported that all duplicate DCs would be shut down, creating a flurry of serious job hunting and lost productivity. In fact, the company planned to conduct an extensive assessment to determine which DCs to shut down. Once this was communicated to the employees, the rumors stopped and productivity began to rise as the DC staffs competed to be the survivors.

### Define the expectations

While most people agree that all levels of management have a responsibility to communicate, there can be a lot of ambiguity about what that means. One solution is to develop a written set of expectations about what each supervisor should be communicating, either via company policy or, better yet, as part of the performance review process. The document should address all directions of communication: top down, upward, horizontal, and outward.

❶ **From the top, interpret and facilitate—don't broadcast.** All too often companies expect information to cascade through the organization level by level. In fact, that rarely occurs. The facts and degree of detail change with each transmission. The timing may be inconsistent, leaving lower-level people in one department to hear about something long before more senior ones do in another department.

A better approach is to send company-wide messages via publications and intranet postings. Then the supervisor's role in top-down communication becomes more manageable and targeted:

Make sure employees are allowed time to gather the information they need. That means encouraging people to read company publications, visit the intranet site at least once a week, attend meetings, and watch video programs on company time. If you as a manager discourage these activities as nonproductive, you actually increase the burden on yourself for providing all this information and delay the chance for your employees to put information to use.

Once employees have a chance to absorb the information, your role is to provide context for what it means to your own work group. Whenever possible, translate the big picture into specific actions your staff can take to contribute to the big-picture goals, values, or programs.

Choose the communication channel that is most appropriate to your audience's likelihood of "getting" the message, not the one that is most convenient for you to send. For example, one VP didn't like to write. Instead, she sent voicemails almost exclusively, asking at the end of each message for the recipients to share the information with their staffs. Unfortunately, many staff members didn't have voicemail. That meant that most of the original recipients had to write their own memos or e-mails summarizing the VP's voicemails. Not surprisingly, few took the extra time to do this.

❷ **Encourage upward communication.** All too often, new supervisors mistakenly see asking questions of employees as a sign of weakness. It actually is seen by most employees as a strength, as long as it results in some follow-through on their input.

Instead of waiting to tell your employees about a final decision, float the possible options with them early in the process. You'll often discover improvements on your original ideas, which will make implementation much smoother, faster, and cheaper. Plus, you won't have to listen to so many complaints later about why the decision won't work.

Share what you hear upward with your own management. If it's bad news, then pass it along with suggested solutions.

❸ **Don't neglect horizontal communication.** Problems often occur during the handoffs from one link to another in the product-creation process or service-delivery chain. Often, one group doesn't realize it is creating problems. A survey of a retail company found that more than 25% of store employees identified a significant communication barrier with a particular department in the distribution centers. Yet, the DC employees didn't see any barriers at all and would have continued creating the same problems endlessly if they hadn't been compelled to address the underlying issues.

Another area with frequent communication breakdowns is the relationship between the sales and customer service functions. Service staff complain that salespeople promise more than can be delivered. Sales reps complain that service personnel don't take good care of their customers, compromising repeat business.

Instead of continuing to complain, see if you could be sharing information more effectively among groups. Some examples of the impact this step can have:

A California Public Works agency saved millions of dollars after finding a way to share scheduling information between different departments to avoid ripping up and resurfacing the same roads several times in close succession for work on different projects.

Because of competition among shifts, supervisors often purposely don't tell each other about equipment that is malfunctioning, orders that have changed, or parts that have been moved. Several companies, including Osram Sylvania, a division of Siemens Corporation based in Danvers, Mass., and Shell Exploration and Production Company, have reduced waste and improved quality and productivity by instituting formal communication at shift changes.

❹ **Let information flow from employees to customers.** This is most critical in places like call centers where employees are in constant contact with customers, yet the productivity targets set for these call centers often have little to do with customer satisfaction.

Often communication in these pressure-cooker environments is eliminated because it "gets in the way" of productivity numbers. Customer service reps are expected to log on to their customer service screens as soon as they begin a shift and only log off for scheduled breaks until the end of their shift. There's no time to check e-mails or the intranet for any information about things that their customers may ask them about—a story in the *Wall Street Journal* about the company, a new direct mail piece they received, specs about how a competitor's product compares, etc.

However, the lack of needed information usually results in each employee making multiple calls to track down the information their customers expect them to know. Taking time each day to share needed information can improve your statistics on call resolution and average call time.

Or, you might consider taking communication time explicitly out of your cost structure. So, for example, when employees participate in communication activities, such as meetings and watching videos, they enter a communication code on their time sheets. That time is excluded from the time on which productivity numbers are calculated. This eliminates any incentives for supervisors to skip communication time just to hit their other numbers.

## Communication is not a cost item—it's an investment

Not communicating with employees—or not allowing them access to important information—carries a heavy price, as Blue Cross of California learned in 1994. When news releases describing a groundbreaking new product that would offer guaranteed coverage to all individuals regardless of their medical condition appeared in newspapers, Californians flooded Blue Cross's phone lines wanting to buy the policy. But the health insurance organization failed to distribute information about the product to its customer service representatives. As a result, hundreds of potential customers were told that Blue Cross of California offered no such product.

The real trouble began when some irate consumers complained to the reporters who published the stories. A news story appeared in the *Los Angeles Times* describing Blue Cross of California's communication snafu. As a result, Blue Cross lost both sales and credibility with the press.

Managers need to stop seeing employee communication as a cost item that's nice to do when you have time. In this economy, you can't afford not to communicate.

—***Angela Sinickas*** *is president of Sinickas Communications, Inc., and author of the manual* How to Measure Your Communication Programs *(www.sinicom.com).*