

Research can help identify which communication factors influence understanding of strategy

IMPROVING UNDERSTANDING OF STRATEGY

The role of communication in making sure employees grasp both business strategy and their role in its execution, is undisputed. But research reveals that a variety of different factors influence the effectiveness of that communication. Angela Sinickas crunches the data from a number of audits to shed light on the issue.

The results of dozens of communication audits from organizations large and small, for-profit and non-profit, show that understanding of organizational strategy is generally weak – but can be improved. Looking at 34 organizations' results where we asked on a five-point scale¹ how well informed employees felt about their organization's strategy or long-term goals, we find that:

- On average, 38 percent of respondents said they felt well or very well informed.
- The highest score at any participating organization was 61 percent and the lowest was 20 percent, which shows a great deal of room for improvement.
- The average has not changed over time (comparing results before and after January 2002).

In 21 of the organizations we looked at, we also asked how well informed employees felt about how they can contribute to achieving their organization's goals:

- On average, 43 percent felt well or very well informed, which means they understand their role in fulfilling strategy better than they understand the strategy itself.
- The highest score at any participating organization was 63 percent and the lowest was

28 percent, which shows about the same level of variation as for understanding the strategy.

- The average has not changed over time.

What affects information levels?

If an organization's understanding of the strategy is lower than management would like to see, what can a communicator do to help? To see if the research could provide any answers, we looked at the data in two ways:

- 1) We looked at a few organizations at the extreme ends of survey results to see what made them so different. We analyzed six organizations with some of the highest and lowest scores on how well informed employees were about strategy and how they could contribute to it. We wanted to see if the variations in information levels matched how often supervisors and senior management discussed strategy – what seemed like an obvious hypothesis.
- 2) We then analyzed 27 organizations where we had extensive numbers on a variety of communication inputs and strategy outcomes, and split them into two groups: those with higher scores on strategy and those with lower scores. Then we examined the amount of difference between the two groups in terms of: how often supervisors and senior management communicated about strategy; how many employees had access to various types of information channels; and how useful employees rated the channels to be.

Differences at the extremes

The level of face-to-face communication appears to be a

good, but not infallible, predictor of how well informed employees are about the organization's business strategy.

As you can see in Figure One, three organizations with low scores on strategy have widely different ratings of face-to-face communication. Organization X has supervisors rated about 20 points higher than supervisors at organization Z, and senior management is rated 25 points higher. Yet, organization X's respondents are only five points higher on being informed about strategy. Worse, organization X's respondents are four points less informed on how they can contribute to reaching the company's goals.

Similar inconsistencies appear at the other end of the spectrum, where companies have employees better informed on strategy than average (see Figure Two):

- Organization A, with the highest score on senior management communication (70 percent), has only 47 percent of respondents feeling well informed about strategy.
- Organization B, with the highest information level about company strategy (61 percent), has its senior management rated just above average on being able to communicate strategy (55 percent).
- Organization C has employees who understand how they can contribute to the company's strategy (54 percent) far better than they understand the strategy itself, even though they rate senior management better at communicating the strategy (64 percent) than they rate their supervisors' ability to translate that strategy to the work-group level (51 percent).



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Clearly, factors beyond face-to-face communication play an integral role in the understanding of strategy.

Differences on a larger scale

Here's what we discovered about the half of our 27 organizations with higher scores on information levels about strategy. Their scores were:

- Twelve percentage points higher on senior management's frequency of explaining strategy.
- Eleven points higher on access to an intranet.
- Nine points higher on access to a frequent newsletter (either printed or electronic).
- Six points higher on supervisors' frequency of communicating company strategy.
- Five points higher on supervisors' frequency of communicating how their employees can contribute to company strategy.
- Five points higher on access to staff meetings.
- Six points *lower* on how valuable a printed publication is.

It may seem obvious that senior management and supervisors' discussion of strategy can improve employees' understanding of it, especially if there's better access to staff meetings where the topic could be discussed. What may be surprising is that senior management seems to account for twice as much variation as supervisors. This may come as a shock to some consultants who are very vocal in belittling the impact senior management has on employee communication.

Two other points of difference bear further analysis.

Greater intranet access could explain a better understanding of strategy if the strategy is posted on the site and made specific to various business units or geographies. On the other hand, it could be that organizations having greater intranet access also have more white-collar jobs, where communication of strategy might

be easier for other reasons.

However, looking at the types of jobs at each of the 27 companies, the number of organizations with large sectors of employees lacking desktop computers was virtually the same in the low-scoring and high-scoring groups.

Printed publications are likely to be of greater value at organizations with lower scores on strategy because supervisors and senior management are less communicative, on average, at those organizations. Since human sources are failing employees, they probably rely on publications more.

Plus, in organizations that have both printed and electronic newsletters, the print publications tend to be less frequent and therefore focus more on topics like strategy that have a longer "shelf-life."

Examining the demographics of the 27 organizations in this study to see what non-survey factors might have affected results, we found that these issues seemed irrelevant:

- In the organizations with higher information levels on strategy, 12 were for-profit, eight publicly traded, two were small, and eight had significant groups of employees lacking computer access. The numbers for the organizations scoring lower on strategy were virtually the same: 11, nine, three and seven respectively.
- In fact, the lower-scoring group on strategy included not only the three largest organizations, but also the two smallest.

What else affects strategy?

A number of other factors can also improve or diminish understanding of strategy, most of which typically are not measured on surveys:

- 1) How clearly and concretely the strategy is articulated.
- 2) How many years the same strategy has been in effect.
- 3) How long the same leadership team has been in place.
- 4) The extent of major changes at

an organization, such as mergers, restructurings or large numbers of new employees.

- 5) The volume of content provided on strategy.

While some of these inputs are beyond communicators' control, there are many aspects of communication that we can either control or influence. The factors identified by the research in this article, and the articulation and dissemination of clear information about the strategy and how different groups of employees can affect reaching the organization's goals, is a good place to start.

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This information is excerpted from a longer report by Sinickas Communications, Inc. on which communication inputs can affect understanding of strategy.

¹ Note that the midpoint of the scale is "somewhat well informed," not a neutral opt-out choice.

Figure One: Face-to-face communication and lower scores on strategy

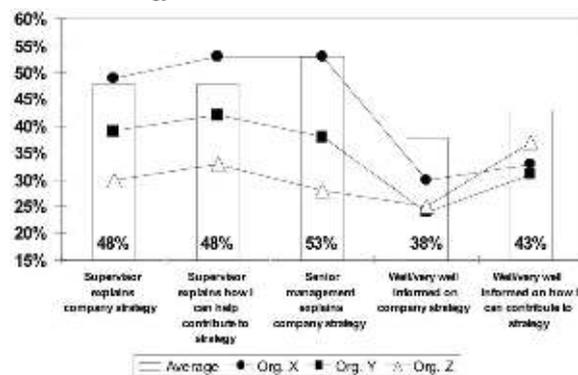
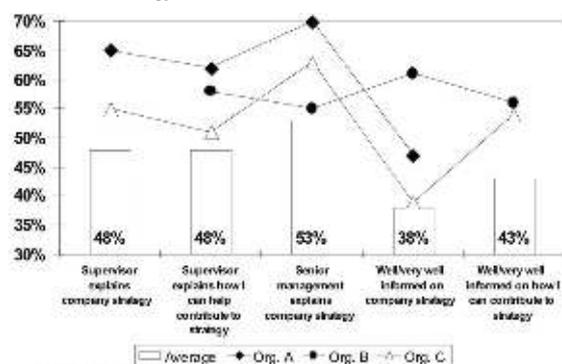


Figure Two: Face-to-face communication and higher scores on strategy



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