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Organization's Name: Pharmacia Corporation
Category/Division/Subdivision: Communication Management/Division 9/Subdivision 9.01
Title of Entry: Global Internal Communication Strategy Pilot
Time Period of Project: January – December 2001
Brief Description: Implemented Pharmacia's global internal communication strategy within a small global business unit (Animal Health) to demonstrate that effective internal communications drive bottom-line results and should be a priority in terms of focus and resources among business unit leaders around the world.

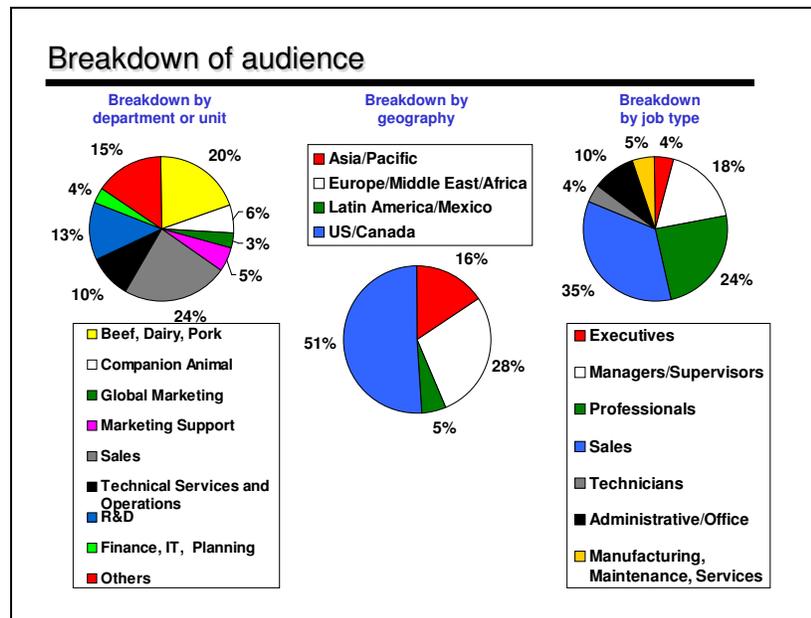
Need – Opportunity

Pharmacia hired a new leader for its Animal Health business unit, George Gunn, who understands the business impact of internal communications. Mr. Gunn generated a new business strategy that needed to be communicated. These developments—combined with the fact that Animal Health has a small employee base that is representative of Pharmacia's structure and reach, and has a dedicated, full-time communications professional—created the following opportunities:

1. To enhance Animal Health's approach to internal communications, including reinforcing organizational and brand initiatives, and aligning employee behavior with business priorities.
2. To test Pharmacia's corporate internal communications strategy by implementing each component within Animal Health and measuring results.
3. To proactively share this approach and results with business unit presidents throughout Pharmacia to gain global support and resources for internal communications. This was to begin when the pilot was completed (2002).

Intended Audience

The audience for the communication pilot and the research project was 860 Pharmacia Animal Health employees in over 100 countries worldwide. The illustration at right shows the percentages of employees broken out by their department or unit, where they work around the world, and the types of jobs they do. The main audience for communication about our major sales goal described below was employees in the Global Marketing department. Executives and managers were the primary audience for our new face-to-face communication tools.



Goals – Objectives

Goal: To demonstrate that effective internal communications drive bottom-line results

- Obtain a return on investment (ROI) of at least 500%; in other words, for every dollar we spent on employee communication, have the company be able to make \$5 more because of our efforts.
- Obtain Animal Health senior management commitment to the value of employee communication, measured as a doubling of the 2000 employee communication budget from \$50,000 to \$100,000.

On our **one key message**, the sales goal:

- Have 50% of employees understand our main sales goal.
- Have at least 66% of Global Marketing employees understand the main sales goal, since they were the key target audience for this message.

On **two key mass media channels**:

- Have 50% of employees find the annual strategic planning publication helpful in understanding the strategy.
- Have 50% of employees find the newly revised intranet useful in doing their work.

On **supervisory communication**:

- Have at least 50% of employees rate their supervisors and senior management favorably on a number of communication behaviors that were part of our leadership communication training program.

Solution Overview

The Corporate Internal Communications team partnered with the Animal Health communications representative to develop and implement an internal communications strategy patterned after the corporate strategy. Components and tactics included:

- **Align and integrate messages**
 - Developed a strategic roadmap that articulated vision, mission, strategies, annual goals and initiatives. This was distributed to top leaders within the organization.
 - Produced for all employees a strategic direction publication and companion brochure that outlined the business strategy and goals articulated in the strategic roadmap.
- **Leverage leaders as key communicators and subject matter experts**
 - President hosted quarterly “Town Hall” meetings
 - Distributed monthly President’s message
 - President and other leaders hosted regular site visits
 - President held regular employee dialogue sessions
 - Working with Human Resources, launched leadership training program on communications
 - Working with Human Resources, incorporated accountability for communication into leaders’ performance appraisal process
 - Began development of an electronic toolbox and printed vehicle for leaders
- **Develop the intranet as the “place we work”**
 - Launched redesigned home page using new corporate design and standards

- **Measure and continuously improve**
 - Conducted a comprehensive communications effectiveness survey designed to connect communication with bottom-line results. The research enabled us to calculate the return on investment for employee communication.

Implementation and Challenges

A team with representatives based across the United States developed and implemented the pilot. I led the effort from Peapack, New Jersey, with assistance from Steve Latus, another member of Pharmacia's Corporate Internal Communications. Joe Burkett, our Animal Health communications representative in Kalamazoo, Michigan, spearheaded implementation and secured approvals. Gary Grates and Allen Putman of GCI BoxenbaumGrates, New York, worked with us on the strategic roadmap. Angela Sinickas of Sinickas Communications, Lake Forest, California, and Marietta, Georgia, led our measurement component. April Bogle of April L. Bogle Communications, Atlanta, Georgia, served as overall project coordinator.

The team participated in a weekly conference call to discuss status and issues. Work was exchanged primarily via e-mail. Overall budget for the ongoing Animal Health communication program, the pilot program (strategic roadmap, strategic direction publication/companion brochure), the effectiveness survey and consultant support was approximately \$217,000.

The most challenging aspect of the pilot was finding the right group to handle the measurement component. Prior to contracting with Angela Sinickas, we worked with two other prestigious firms who said they could help us tie communications to bottom-line results. Their efforts were unsuccessful, and the project was delayed by several weeks.

Measurement - Evaluation of Outcomes

Goal: To demonstrate that effective internal communications drive bottom-line results

Result: As the slides in this section show, we proved that, within a margin of error of $\pm 3\%$:

- 54% of employees identified communication as a major reason the sales goal was achieved; the number was even higher in Global Marketing (78%).
- We calculated a very conservative estimate of the return on investment on our entire 2001 communication program at Animal Health based just on the increased sales of the one product we communicated about so heavily. **Return on Investment = 1971% (not a typo or misplaced decimal) or a dollar ROI of \$4,059,800.**

This was calculated as follows:

\$24 million (incremental year-over-year increase in the sales of our key product)

TIMES

54% (employees who said communication was "the single greatest" or "a major" factor in the increase)

TIMES

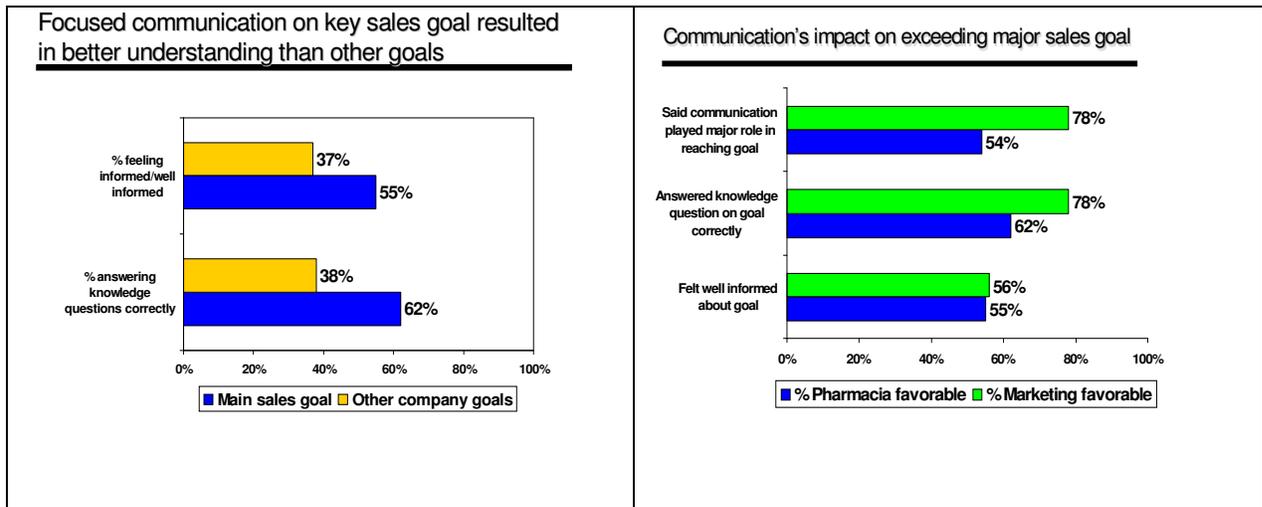
33% (to represent that communication may have been one of up to three factors)

DIVIDED BY

\$217,000 (total employee communication costs in 2001, including Animal Health's ongoing budget, our pilot program and the cost of this research).

- Animal Health's 2002 internal communication budget is \$150,000, which is 300% higher than last year (\$50,000); our goal had been to double the budget.
- Since the presentation of results, 11 Animal Health executives have requested full reports showing all the numbers for just their units so they can implement localized changes as well.

On our **one key message**, the sales goal:



- Employees' perceived understanding of the main sales goal (55%), where we focused our efforts, was higher than understanding of our other four goals (37%).
- Actual knowledge of the main points of the sales goal (62%) was higher than the knowledge of the other four goals (29%, 33%, 42% and 46%), which averaged to 38%.
- Actual knowledge of the main sales goal among the key audience for this message, Global Marketing employees (78%), was much higher than for the Animal Health average (62%).

On two key mass media channels:

- Our one-time printed strategy publication resulted in 66% of employees saying it helped them understand the strategy, and 53% saying it helped them understand how they can contribute to strategy, which connected the publication with employee behaviors.
- 76% of employees said the Animal Health intranet provides information they either want to have or need for their jobs; this is well above the database norm of 59% for a business unit intranet site. Also, from 25% to 46% said the intranet helps them do their work in various specific bottom-line ways, such as saving the company money, avoiding mistakes, etc.

On supervisory communication:

- While all our supervisor face-to-face communication skills were rated above database norms, the key one related to employee performance and bottom-line results was the extent to which supervisors explain how employees can contribute to achieving the company's goals. Our results, which were 62% favorable, set a new high for the database (which is projectable to over 750,000 employees worldwide). Similarly, our senior management's communication skills were rated much higher than database norms; for example, 70% of our employees believe senior leaders explain the company direction, while only an average of 45% of other companies' employees agree.
- Employee ratings of how valuable the Town Halls and other leadership dialogue sessions were (81% favorable) are also above the database norms (76%).

Next Steps

Now that the pilot is completed and results are in, the Corporate Internal Communications team is planning to visit Pharmacia business unit presidents throughout the world and present them with this information. The goal for 2002: gain global support and resources for internal communications.