

Bob Legge™

Helping organizations maximize their return on people

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What is "Return on People"?

It means getting the most out of your people and yourself. Most companies are missing out when it comes to realizing a high return on people -- they tap only a fraction of their performance potential. The opportunity is there for greater profit per employee and significantly better business outcomes such as:

- A more energized and engaged workforce
 - Successful organizational change
 - Better strategy implementation
 - Improved teamwork and communication
 - Increased customer satisfaction
 - Stronger employee retention
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7 Insights to Communicate Business Strategy to Employees

My first job out of graduate school was in the strategic management group of an international consulting firm in Chicago. We worked with companies to implement strategy. Since then, I've helped many companies clarify their business plans and improve their ability to implement strategy. This month, I'll share key insights on how to effectively communicate strategy to employees:

1. Communication is an essential part of retaining good employees. Employees want to know that the company they work for has a clear strategy, and that management can articulate the company direction. It tells employees a number of important things:

- Where the business is going
- What the important priorities and challenges are
- How their jobs fit into that strategy
- What the outlook is for a job security

2. Doing nothing is not an option. Companies that don't communicate strategy to employees are actually signalling a lack of clear direction, or a disregard for employees, or both. When I went to work as the top HR executive with Adelphia Communications at the beginning of their bankruptcy, it was a monumental task to communicate with employees. It was a company in crisis with 15,000 employees in over 500 locations. We could have let the newspapers and other news media communicate the story, but we knew that to establish credibility, calm employees, and continue to serve five million customers, it was important to get out our message which included a business strategy and bankruptcy strategy. To do less than provide clear, unvarnished strategy communications would have sent a strong and very undesirable message.

3. Don't hand out copies of your strategic plan. While it may be a good plan document, it's

rarely effective as an employee communication tool. Instead, pull out the salient points and provide a clear, concise summary. A very effective approach is to tell the company's story and especially why today is an exciting time in the company's history.

4. Tell them "why" in addition to "what" and "how". It's not enough to tell people what the strategy is and how it will be carried out, you also need to communicate the why. Why this strategy? Why these priorities? Why this way to leverage competitive advantage. If you don't provide the why, people will make up their own reasons why, and those reasons will be cynical.

5. Communicate, communicate and communicate again. You must communicate strategy over and over in order for it to sink in and be understood. People initially retain only about 25% what they hear, and the percentage goes down as time passes. To really ingrain strategic messaging so that it effectively influences behavior requires lots of repetition, preferably in different media and formats. A good rule of thumb: By the time you're sick and tired of saying the same thing, you're beginning to get through.

6. People want to hear from the top. It's far more effective to have strategic messaging from the CEO than for people to hear it from a local manager. The CEO's message does not have to be lengthy, in fact, a short pithy piece is often best. But do not rely solely on "chain of command" to communicate strategy. There is only one top sponsor, and that's the CEO.

7. Effective senior executives get out and talk strategy. An effective strategy informs everyday decision-making. It is not a "once and done" exercise. Executives can make strategy real every day, just by getting in front of employees on a regular basis to connect strategy to operations. Danny Wegman, of Wegmans Food Markets, is not available for meetings on Thursdays and Fridays because he is out in the stores. He'll ask employees what they've done that day to improve the customer experience. It makes a huge impression and creates stories to share throughout the organization - something a newsletter or article cannot accomplish.

Communicating strategy is an important step in strategic management - and an important priority for senior management teams.

The Costs of Organizational Change

You have a choice: You can pay prevention costs or healing costs, but you will pay one way or the other. Unfortunately, many companies don't treat it as strategic choice. Instead, they have a default approach based on their corporate culture and whether their senior executive team is risk-averse. Neither approach is correct every time.

For example, speed to market is vitally important for software companies and consumer goods companies. They will send a product to market, often times without all the bugs worked out, or even identified, and take care of problems as they occur. In these cases, the companies choose to pay for the change with "healing" costs, after the fact.

Other change efforts require flawless execution because post-implementation problems are unacceptable. For example, a major software implementation such as SAP, PeopleSoft or Oracle needs sufficient preparation and upfront training. The advance preparation involves "prevention" costs.

Which type of costs does your organization tend toward? Would it be worthwhile to improve your ability to choose the costs you incur?

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