

STATE OF INTERNAL COMMUNICATIONS IN 2023

FRATZKE RESEARCH

Fratzke

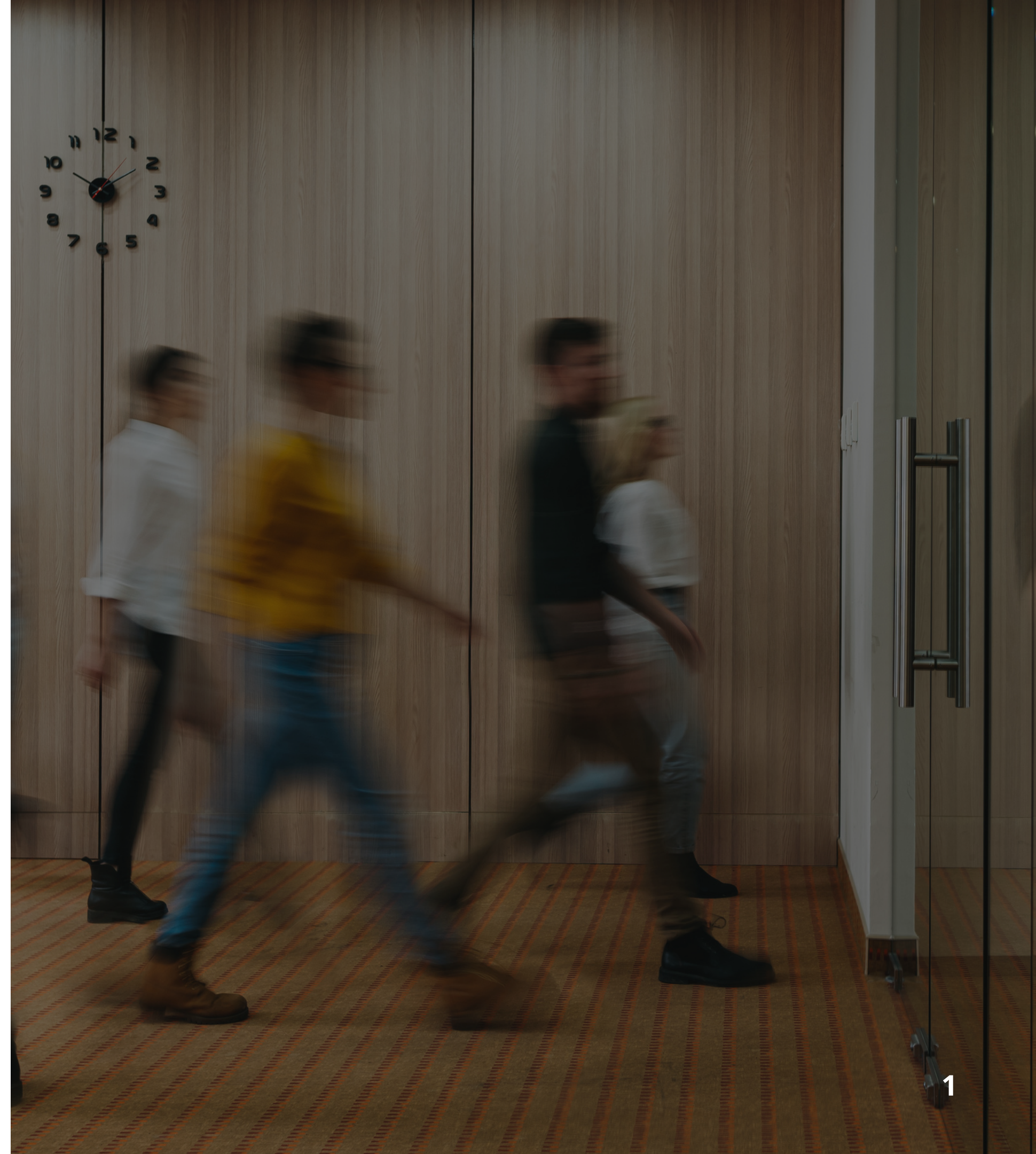
With rapid workplace disruption over the past few years, how are internal communications teams evolving to meet this moment? What are the most difficult challenges communications leaders are facing? And, how are communications leaders measuring success?

Fratzke's Internal Communications Operations and Strategy Survey captures the state of internal communications leading into 2023 and shares unique insights to help leaders plan for the future.



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Overview

There have been a number of disruptive dynamics affecting employee and company relationships in the past few years, including an increase in hybrid and remote work, the Great Resignation and evolving employee expectations.

Fratzke Consulting administered the Internal Communications Operations and Strategy Survey to 240 internal communications leaders in Q3 of 2022 to assess how leaders are strategically navigating this environment.

We found that those communications leaders who felt more valued by their organizations also felt more equipped to meet this moment. They are more satisfied with their performance (82%), more likely to use data to inform their internal communications decisions (61%) and more likely to have an annual strategic plan (71%).

These findings speak to the importance of companies prioritizing internal communications and giving this segment the resources necessary to drive key initiatives for brands.

Key Takeaways

Overall, the most consistent findings indicate positive outcomes for organizations that:

- ✓ **Value internal communications**
- ✓ **Have an I.C. budget that is 11% or more of org. budget**
- ✓ **Use data to inform internal communications decisions**
- ✓ **Have an annual internal communications strategy**

Internal Communications Budgets Are on the Rise

Almost half (45%) of internal communications budgets increased in 2022. This expansion of resources is likely influenced by many of the workforce dynamics we shared earlier in this report. Internal communications plays a key role in creating a sense of cohesion and culture within companies that are scrambling to recruit and retain talent.

Industries with the largest budget increases include:

Technology, Software, Media & Telecommunications

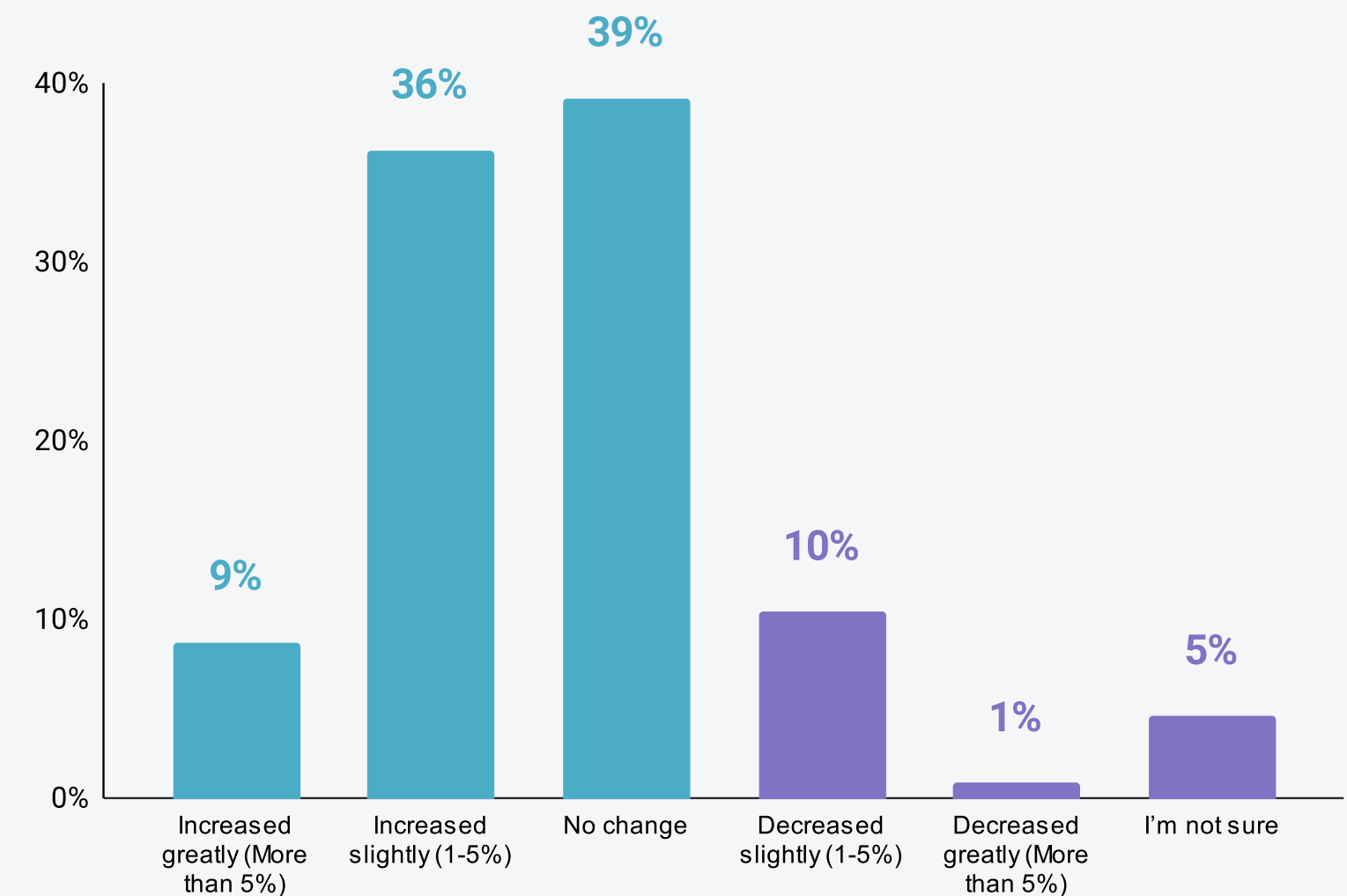
These industries saw one of the highest increases in I.C. budgets with 55% experiencing a 1-5% increase. This was likely driven by the adaption of digital technology spurred on by the pandemic and the increase of hybrid/remote workers.

Retail, Ecommerce and Consumer Goods

The pandemic saw an unprecedented uptick in retail spending online, positioning these industries for growth. More than half of communications leaders (54%) shared that I.C. budgets increased by 1-5%.

Figure 1: Majority of I.C. Budgets Stay the Same or Increase

I.C. Budget Changes Within Last 6 Months



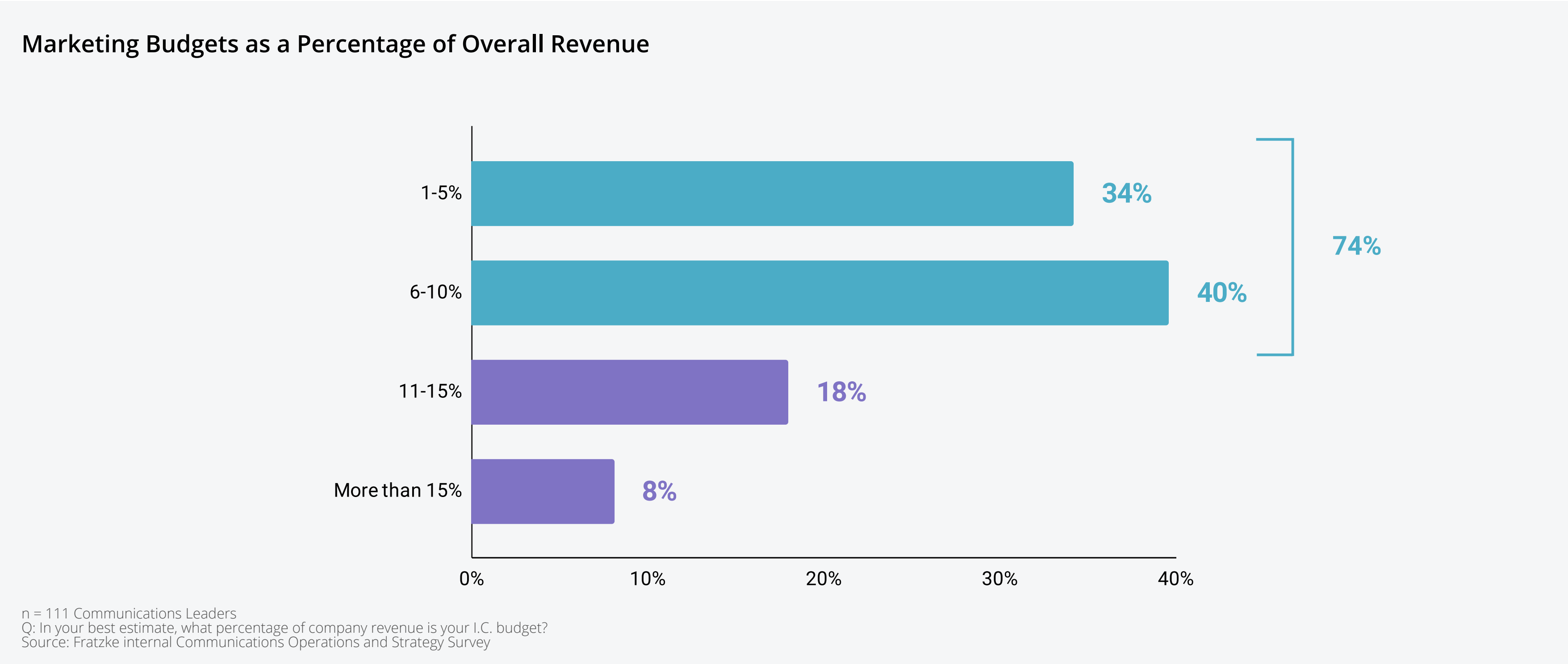
n = 240 Communications Leaders

Q: Has your internal communications budget changed within the past 6 months?

Source: Fratzke Internal Communications Operations and Strategy Survey

Data Snapshot

Figure 2: The Majority of Internal Communications Budgets are 10% or Less of Company Annual Revenue



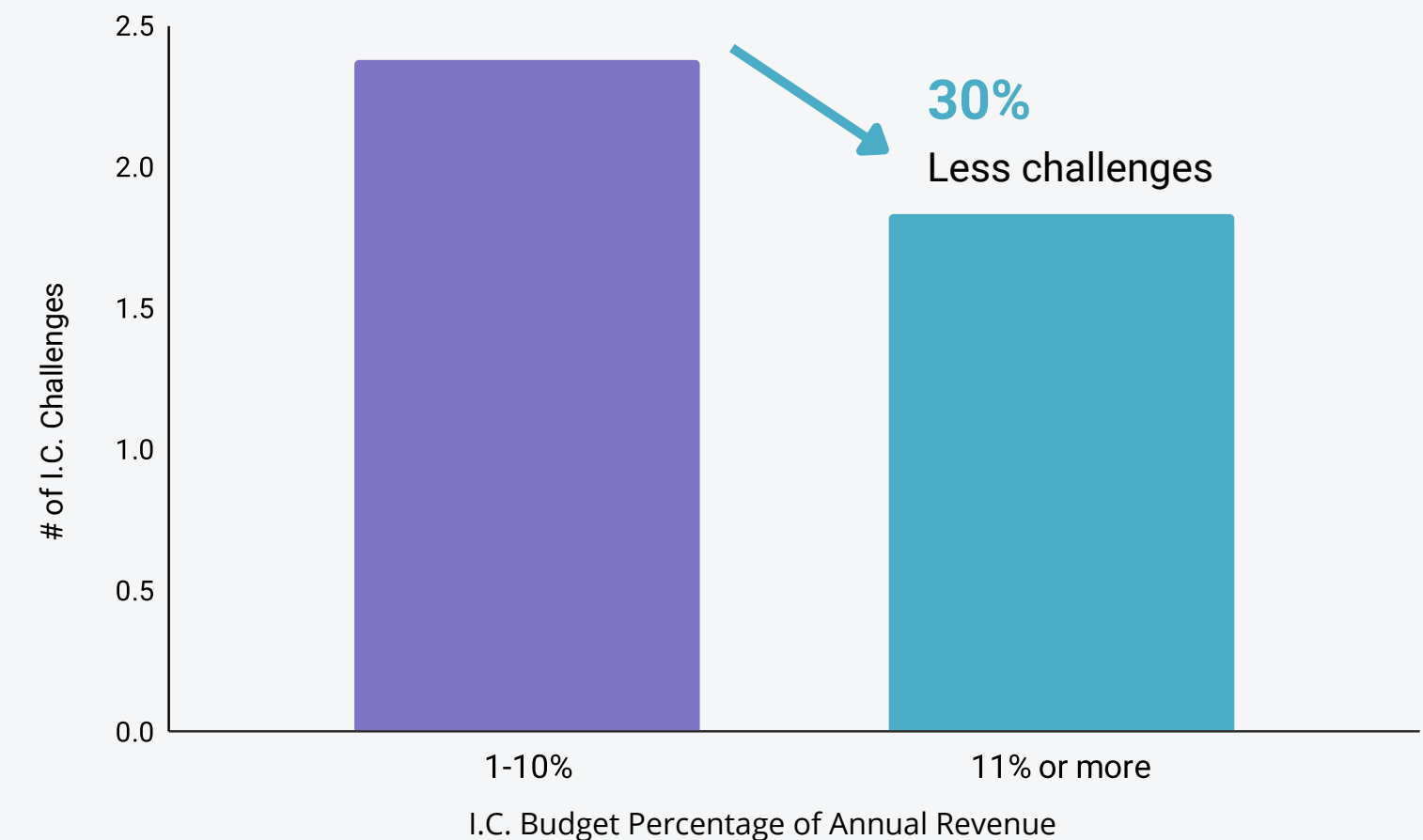
Brands With Larger Budgets Have Fewer Internal Communication Challenges

Although the majority of internal communications budgets are 10% or less of company annual revenue, internal communications leaders with budgets that take up a greater percentage of annual revenue are less likely to experience challenges with internal communications. This is likely because these leaders feel confident they have the resources necessary to prevent challenges or mitigate them as they arise.

When reviewing your organization's communication challenges, it is important to assess whether the issues you have can be mitigated with additional budget spend or by introducing processes that can maximize your existing resources and time.

Figure 3: I.C. Teams With More Budget Allocation Have Less Challenges

Relationship Between I.C. Budgets and # of Challenges



n = 111 Communications Leaders

Q: In your best estimate, what percentage of company revenue is your I.C. budget?

Q: In your opinion, which, if any, of the following are challenges for your organization's internal communication efforts? Please select all that apply.

Source: Fratzke Internal Communications Operations and Strategy Survey

Data Snapshot

Figure 4: Just Over Half of Companies Value Internal Communications

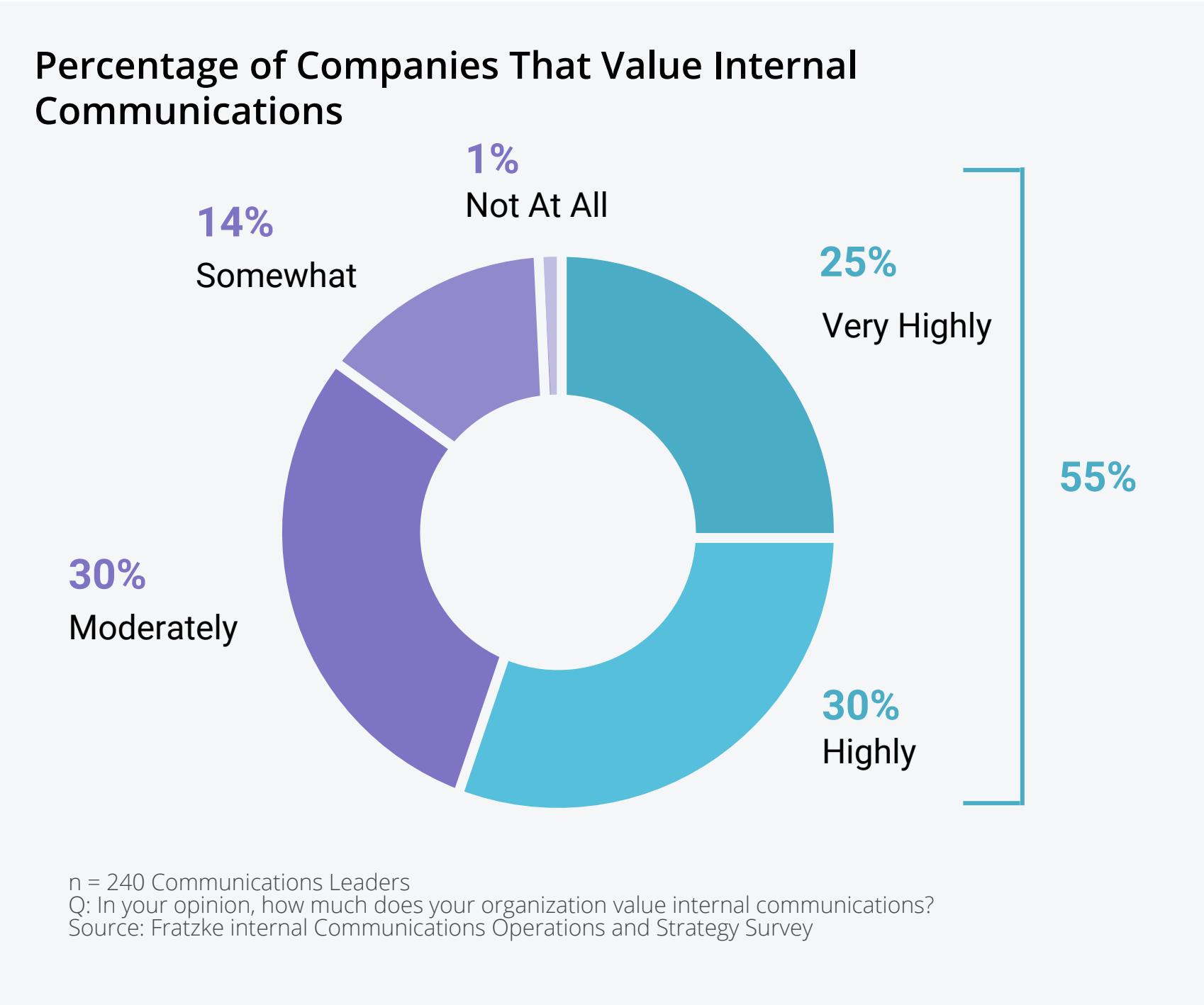
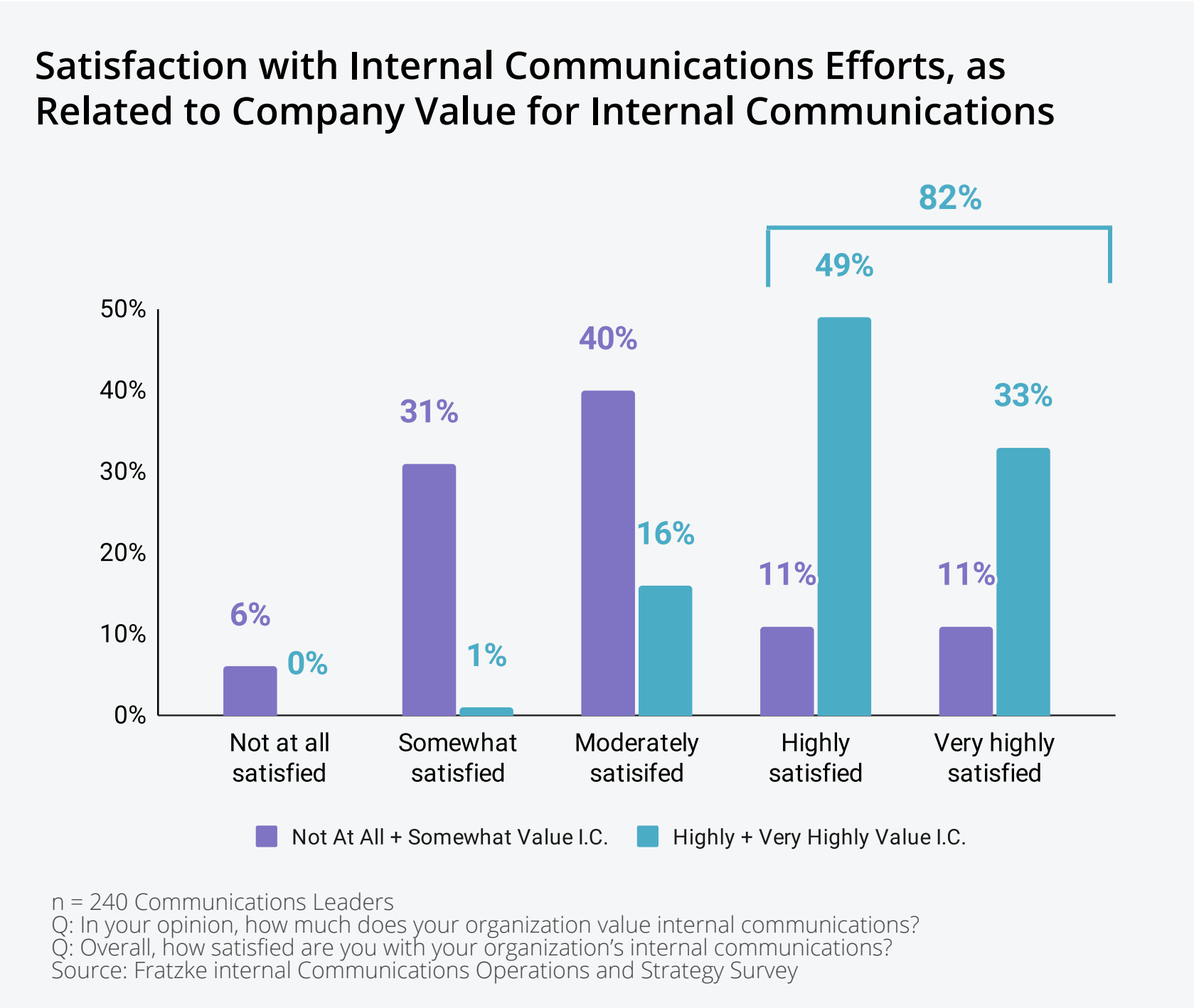


Figure 5: Communications Leaders' Satisfaction with I.C. Efforts Increases When Their Company Values I.C.



Companies That Value Internal Communications...

Experience Greater Team Satisfaction and Employee Retention

Most communications leaders (55%) say their organization highly or very highly values internal communications. However, 45% report that their organization moderately, somewhat or not at all values internal communications. (Figure 4)

Whether or not companies value internal communications affects communications leaders' perception of performance. Respondents who report that their organizations value internal communications are more satisfied by their internal communications efforts (82%) than those who say their organizations do not value or only somewhat value internal communications (22%) (Figure 5).

Interestingly, communications leaders who have worked at their companies for a longer period of time (5+ years) are more likely to say their organizations value internal communications. This may suggest that organizations that place greater value on internal communications are more likely than those who do not to satisfy and retain good talent.

Communicating recognition and value are key pillars in any employee retention and engagement strategy - and the same applies to internal communications team planning.

Are More Data-Driven and Strategic When Approaching Internal Communications

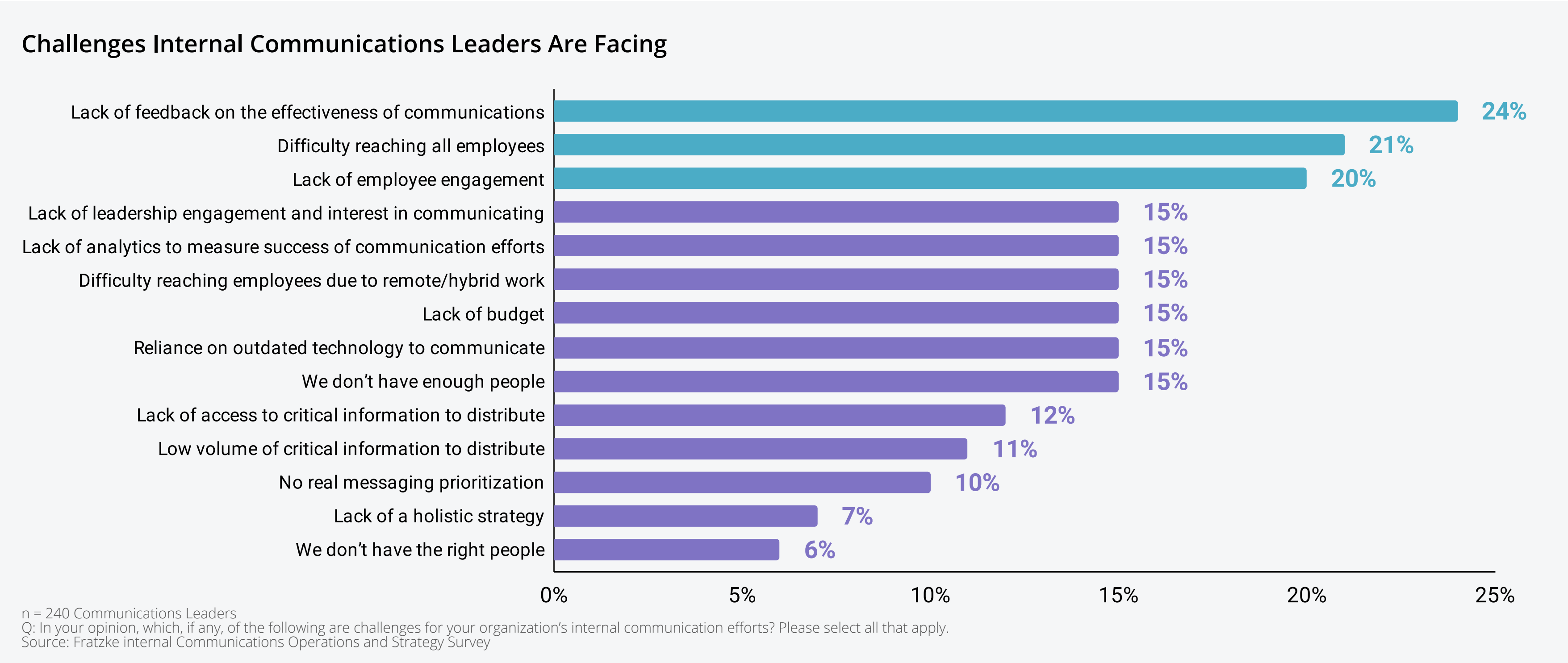
Furthermore, when a company values internal communications, leaders are far more likely to have an annual strategic internal communication plan (71%) and use data to inform their strategies (61%). Having an annual strategic plan positions leaders to think proactively about communication goals and how to measure success.

Communications leaders struggling to find their footing within organizations that don't value internal communications are fighting an uphill battle. It's essential for these leaders to communicate the value of internal communications to executive leadership to gain buy-in.

One of the best ways to do this is by sharing this data from the Fratzke Internal Communications Operations and Strategy Survey and performing internal feedback surveys. Gaining valuable buy-in will not only increase a communication team's ability to perform, but also the team's overall satisfaction and retention.

Data Snapshot

Figure 6: Lack of Feedback and Difficulty Reaching All Employees Are Top Struggles for Communications Leaders



Communications Leaders Struggle to Understand Effectiveness

The three biggest challenges for communications leaders are:

- **Lack of feedback on effectiveness of communications (24%)**
- **Difficulty reaching all employees (21%)**
- **Lack of employee engagement (20%)**

In today's attention economy, it's not a surprise that communications leaders are struggling with reaching employees and a lack of employee engagement.

The increased mix of remote and hybrid workers, along with industries that have a variety of role types from hourly and salaried to frontline and office workers, can make it more challenging for communications leaders to reach their intended audience.

In addition, efforts to gather employee feedback can often feel time consuming, especially when faced with a barrage of urgent communication needs. Although leaders understand the importance of employee surveys, those surveys need to be designed and administered strategically and rigorously to gather accurate and informative insights. Often, this will require an experienced specialist internally or externally to work with the internal communications team.

Inviting feedback from employees on the effectiveness of communications is a critical priority that will help inform strategic efforts to reduce these challenges and reach workers where they are.

Data-Driven Internal Communications is a Priority

When it comes to crafting strategic communications, data is king. A strong majority (85%) of communications leaders use data to inform their internal communications decisions and strategies. The three most popular types of data include:

- **Internal Surveys (54%)**
- **Internal Reporting and Metrics (48%)**
- **External Data and Research (43%)**

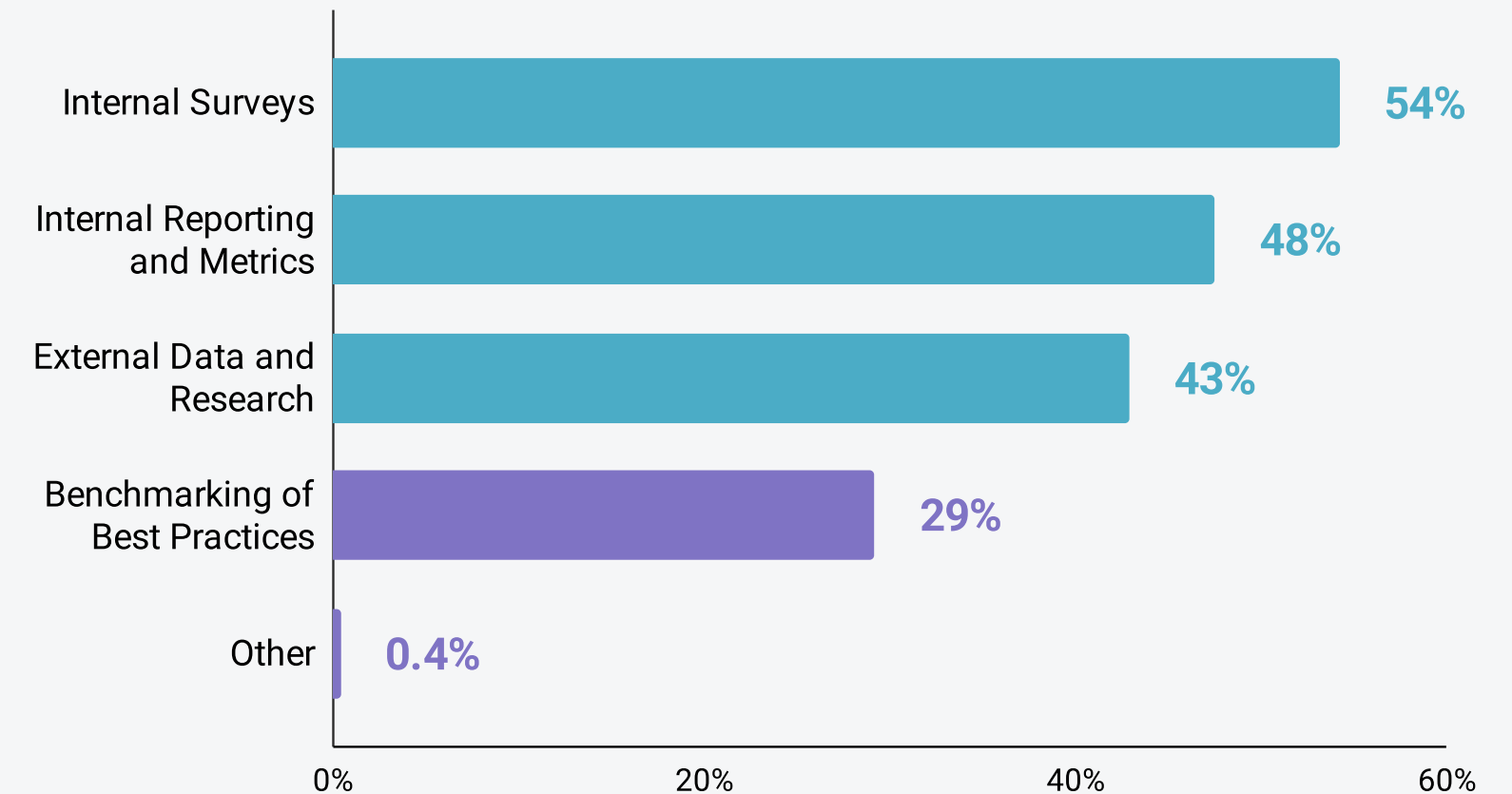
Although internal surveys are some of the most utilized forms of data, as we have discussed, communications leaders also list a lack of feedback on the effectiveness of communications as a top challenge (Figure 6). The disconnect may be that although many leaders understand that surveying their workforce is valuable, it takes time and resources to do it right.

The least used type of data is benchmarking of best practices. This could speak to a lack of access to this type of information or a lack of interest. More so than other departments, internal communications is often hyper-focused on the internal dynamics of the company they are supporting.

It's important for communications leaders to find resources that expand their understanding of the latest communication benchmarks and best practices outside their organization.

Figure 7: Communications Leaders Use Data to Inform Strategies

Data Types Used by Internal Communications Leaders



n = 240 Communications Leaders
Q: What kind of data do you use to inform your decisions and strategies within the organization? Please select all that apply.
Source: Fratzke Internal Communications Operations and Strategy Survey

Leadership Engagement is Lackluster

Leaders play a critical role in the communication process by helping to close the gap between communication distribution and the intended audience.

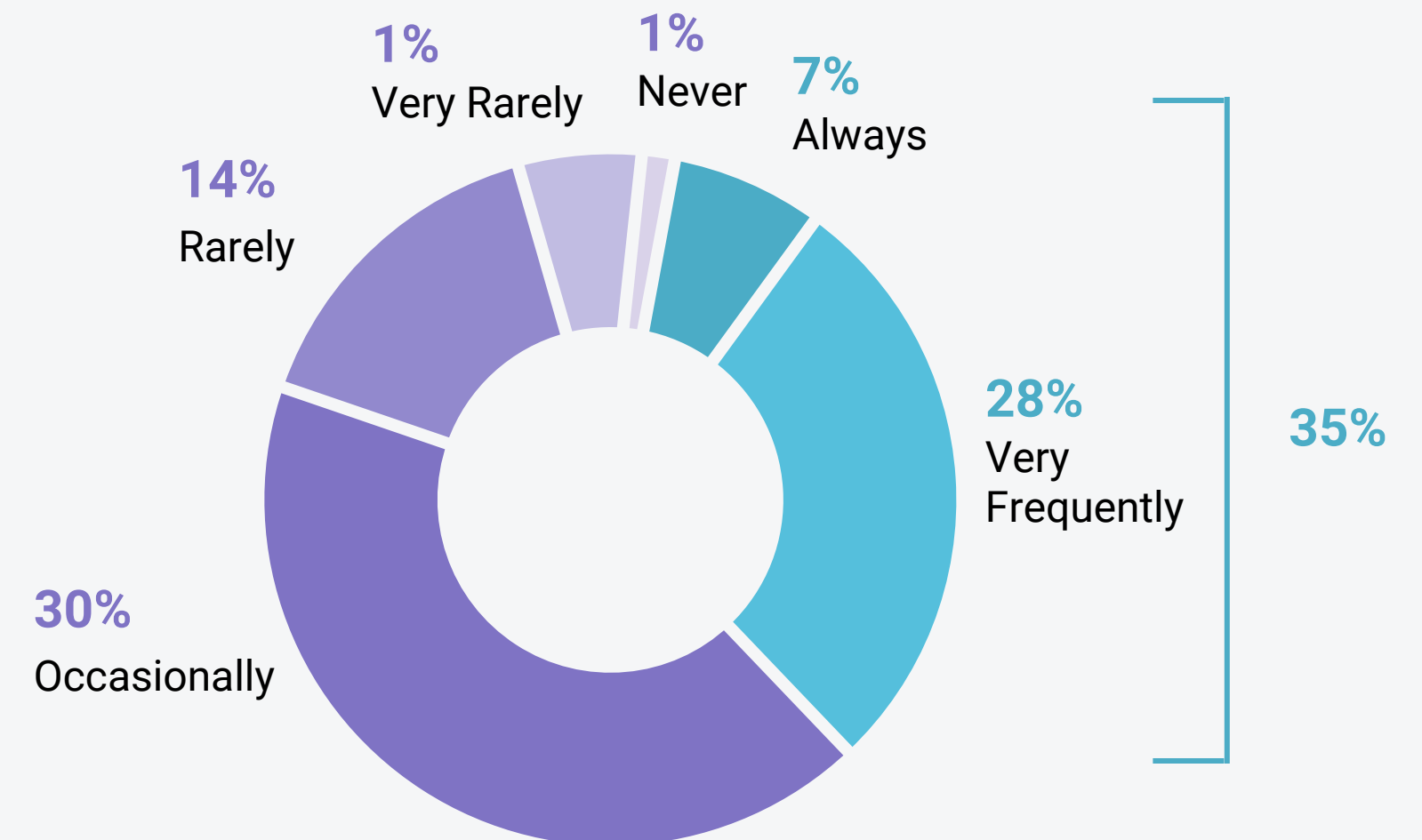
Unfortunately, communications leaders often struggle with leadership engagement with only about one-third (35%) of leaders playing a regular and active role in internal communications.

The value an organization places on internal communications is correlated with leader participation. Those organizations that value I.C. increase the ratio of leaders playing a regular and active role in distributing internal communications to 52%, but there is still room for improvement.

If communication organizations want to increase the success of communication efforts, they need to close the leadership gap with a proactive strategy to increase leadership engagement. This begins with establishing the value of internal communications with executive and salaried leaders, setting up accountability frameworks and providing the right tools to make it easy for leaders to engage.

Figure 8: Few Leaders Play an Active Role in Communicating

How Often Leaders Play an Active Role in Distributing I.C.



n = 240 Communications Leaders
Q: How often do the leaders within your organization play an active role in distributing internal communications?
Source: Fratzke Internal Communications Operations and Strategy Survey

Internal Communications Succeeds in Supporting Key Company Priorities

We asked respondents to tell us how satisfied they are with the impact of their organizations' internal communications efforts on key initiatives. Overall, communications leaders are satisfied with their impacts on a number of key priorities including organization goals, organizational culture and crisis management.

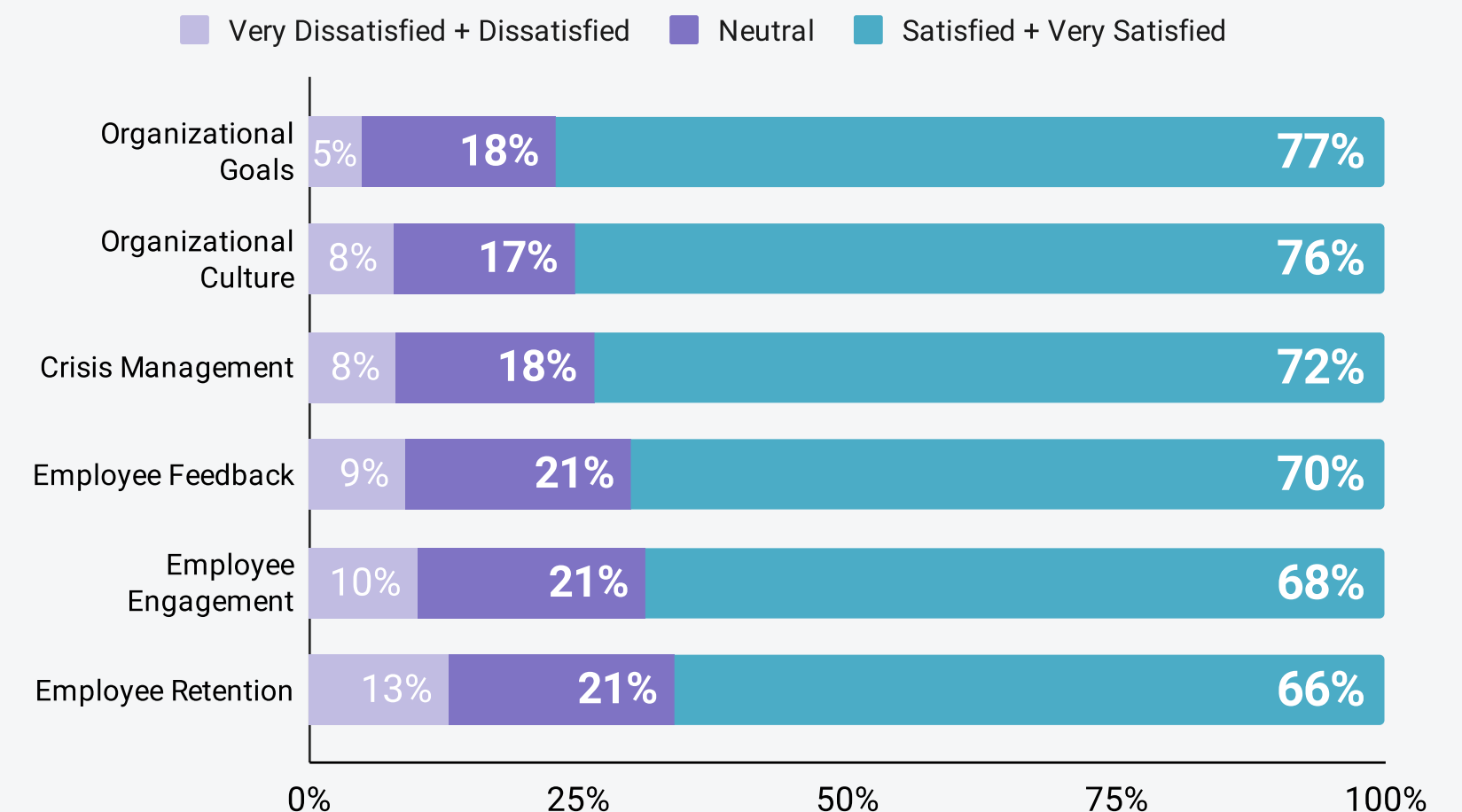
The initiatives that communications leaders feel most successful at driving are also those that are currently the highest priority for organizations due to evolving workplace dynamics pushing the importance of culture to the forefront, along with navigating the COVID-19 crisis.

Employee engagement and retention continues to be important, but not urgent, and has fallen to the bottom of the priority list. And yet, these two initiatives often have the highest impact on company growth and revenue generation.

Communications leaders who desire to make employee engagement and retention a priority need to proactively put plans in place instead of reacting when there is an issue.

Figure 9: Internal Communications Helps Drive Company Priorities

Impact of Internal Communications on Organizational Priorities



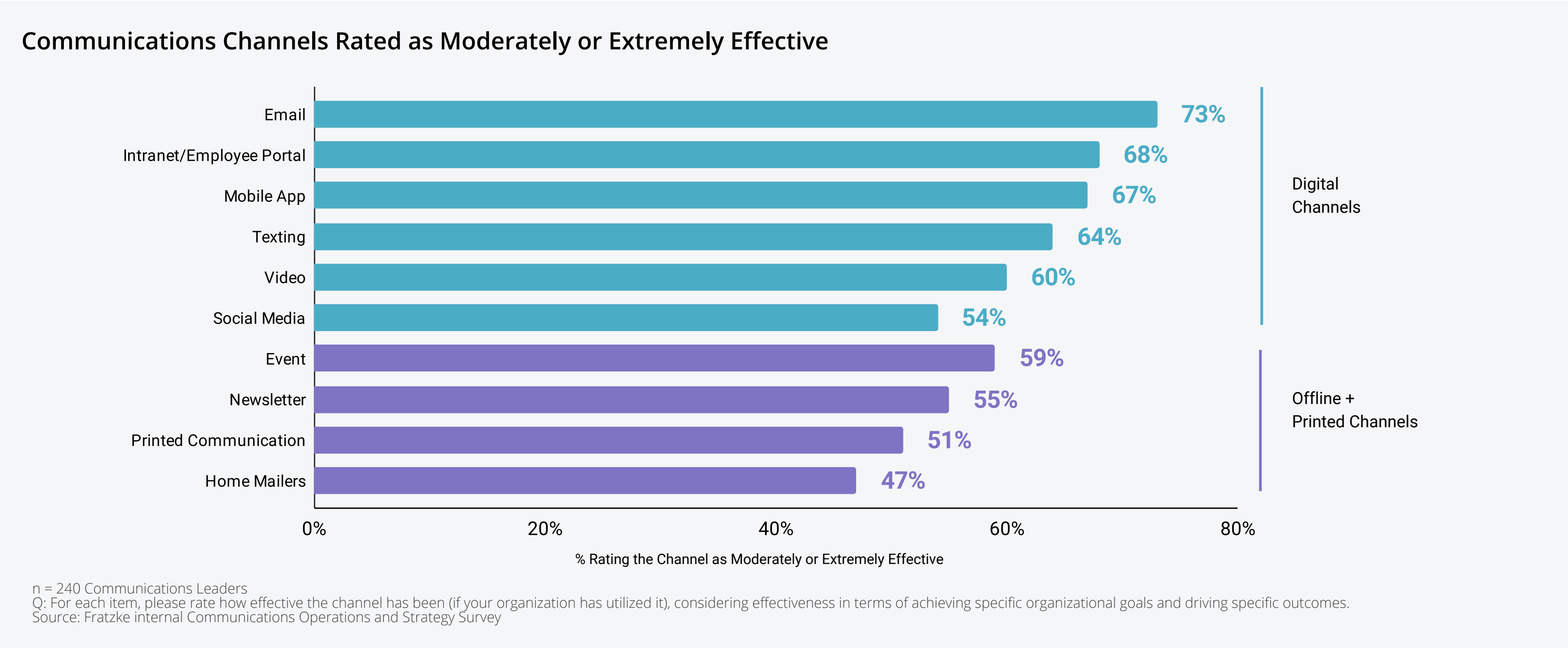
n = 240 Communications Leaders

Q: How satisfied are you with your organization's internal communications efforts' impacts on: organizational goals, employee engagement, organizational culture, crisis management, employee feedback, employee retention.

Source: Fratzke internal Communications Operations and Strategy Survey

Data Snapshot

Figure 10: Digital Communication Channels Seen as Most Effective



Digital Communication Channels Rise to the Top

When it comes to the most effective communication channels, digital channels top the list. Below are the four most effective communication tools according to leaders (Figure 10).

- **Email (73%)**
- **Intranet/Employee Portal (68%)**
- **Mobile Apps (67%)**
- **Texting (64%)**

Email and employee intranet are tried and true channels that are often successful at reaching employees who use a computer to do their work. The introduction of mobile apps and texting can be helpful in reaching employees that are on-the-go and in frontline roles that don't utilize computer screens.

Historically, communication organizations have used printed collateral or electronic screens to reach these frontline employees, but it is often difficult to measure the success of these efforts.

Mobile apps and texting introduce new digital tools that can better reach employees where they are and measure engagement. The key is to follow the appropriate labor laws when using these tools for hourly workers.

Is Using More Communication Channels Better?

On average, internal communications organizations use nearly 9 different communication channels to reach their employees. The use of more channels is positively associated with greater satisfaction with internal communications efforts overall.

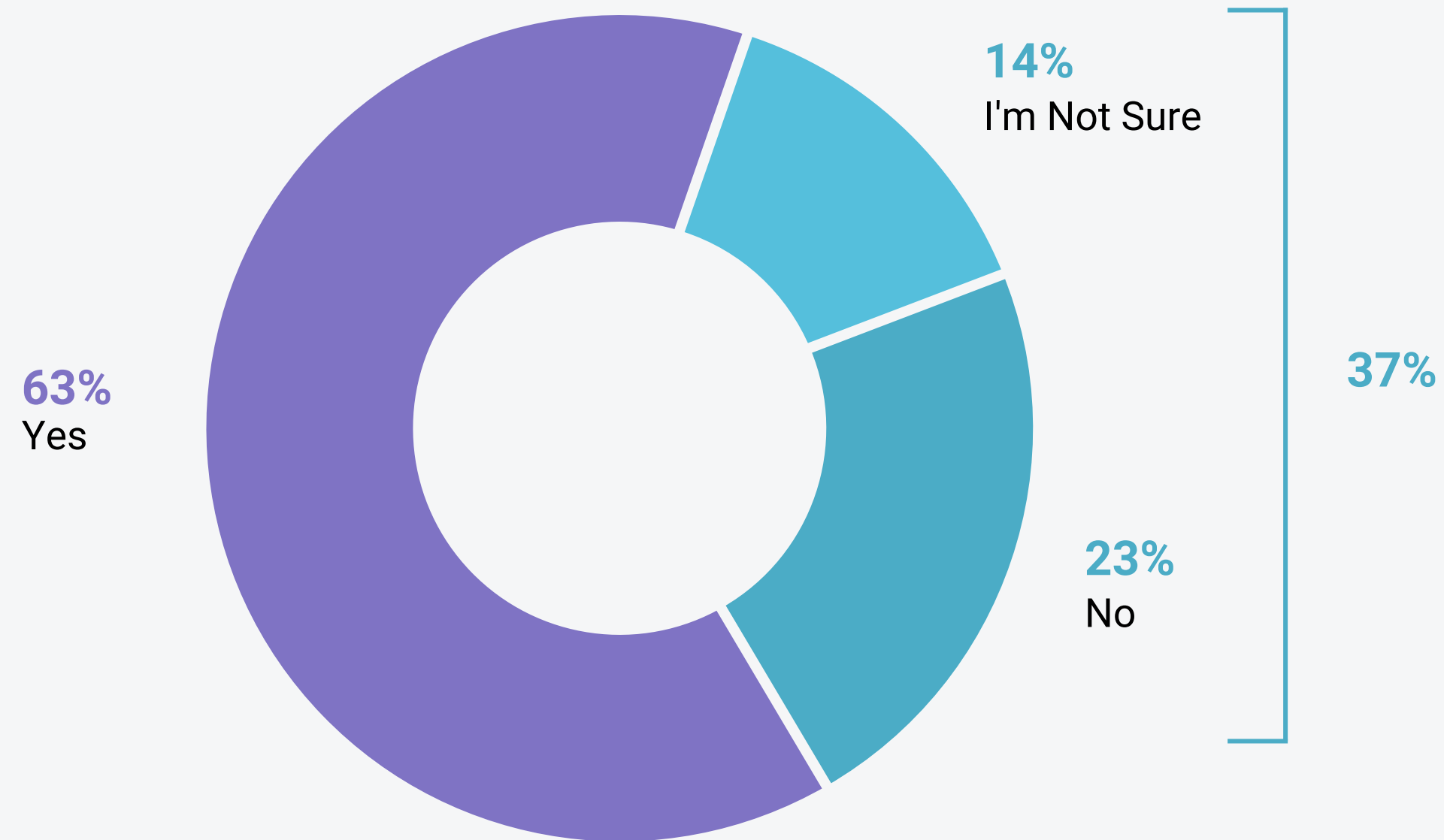
The relationship between the number of channels used and communication success may be based on a false assumption that more time and effort equals success. Communication organizations may be resorting to "spray and pray" communication instead of strategically planning the right message for the right audience on the right channels.

That's why it's important for leaders to collect feedback and data to ensure the success of communication efforts.

Data Snapshot

Figure 11: More Than One-Third of Internal Communications Teams Don't Have an Annual Strategic Plan

Percentage of Organizations with an Annual Strategic Plan



n = 240 Communications Leaders
Q: Does your organization have an annual strategic internal communications plan?
Source: Fratzke Internal Communications Operations and Strategy Survey

Annual Strategic Plans Associated with Greater Data Capture and Targeted Messaging

When it comes to annual planning, more than one-third of communications leaders say they don't have an annual strategic internal communications plan (Figure 11). Crafting an annual strategic plan is often seen as a “nice to have” vs. a “need to have” for communications leaders who are scrambling to meet an onslaught of requests from executives and business partners throughout their organization.

The benefits of having an annual plan are clear:

Distinct internal communication strategies for different audiences

Communications leaders who say they have an annual strategic plan are also more likely to have targeted strategies for reaching employees with different roles types (45% vs. 13%) and locations such as remote and hybrid vs. in-person (82% vs. 51%).

Concrete strategy in place to capture and use data

Communications leaders with an annual strategic plan are more likely to have clear strategies in place to capture data to measure communication effectiveness (89% vs. 44%) and use data to inform strategies (70% vs. 28%).

Regularly collect employee feedback

Those who have an annual strategic I.C. plan are much more likely to say they regularly collect employee feedback (74% vs. 7%).

Annual strategic plans shouldn't be “set it and forget it” or set in stone. They should evolve over time. Regardless, they give communications leaders the opportunity to proactively put plans in place to reach their audience, measure success and calibrate along the way.

Get In Touch with Us.

Fratzke is a human-centered consulting firm that helps communications leaders achieve their top priorities. Our expert guidance, analytics and tools equip leaders to drive results and increase internal communications performance.

Contact us today if you need help with your internal communications strategy, an audit to benchmark your team's performance and more.

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