

Speakap Whitepaper

INTERNAL COMMUNICATION - A STRATEGIC PERSPECTIVE



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INTRODUCTION

Over the past few decades, the way in which C-suite managers have utilized internal communication has changed dramatically. Whereas boards previously only considered internal communication from a tactical standpoint, it is now become a priority. This whitepaper demonstrates how internal communication contributes to change management and internal marketing, and how social media have recently evolved to play a key supporting role.

During the last century, internal communications has become an increasingly important focus for many organizations¹. While previously companies only consider it before a (major) change, these days companies increasingly use internal communications to involve employees in all internal processes. Additionally, internal communication now marks the starting point of business change in the name of innovation. Studies have shown that 86% of current senior managers spend part of their budgets on internal communication².

Announcements and information about the strategies and activities of a team, a division or the entire organization ensure that employees feel more involved. This, in turn, results in increased productivity and quality³. Effective internal communication also creates an atmosphere in which staff members feel more appreciated and empowered to improve their work skills⁴. In addition, a strong internal communications strategy engenders a more robust company culture and associated sense of identity.

The contribution internal communication can make to a company's culture is especially vital to those organizations operating across locations. In order to be able to attract the best local talent and contract the best employees, companies

¹ Cornelissen, J., van Bekkum, T., & van Ruler, B. (2006). Corporate communications: A practice-based theoretical conceptualization. *Corporate Reputation Review*, 9, 114-133. doi:10.1057/palgrave.crr.1550015

² Weber Shandwick. (2012). The company behind the brand: In reputation we trust. New York, NY: Author. Retrieved from <http://www.webershandwick.com>

³ Pinos, V., Twigg, N., Parayitam, S., & Olson, B. (2006). Leadership in the 21st century: The effect of emotional intelligence. *Academy of Strategic Management Journal*, 5, 61-74.

⁴ Spreitzer, G., & Porath, C. (2012). Creating sustainable performance. *Harvard Business Review*, 90(1/2), 93-99.

need a strong culture and identity. Communication supports a strong culture by bolstering our individual and collective pride and intelligence. Internal communications can help to create a company culture in which important characteristics such as commitment, agility, speed, self-awareness, entrepreneurialism and a sense of responsibility are core focal points.

However, despite its increasing profile, internal communications still face a challenge around shared portfolios. While 94% of managers from large organizations indicated they regarded internal communication as a key priority, just 46% of respondents said they were actually involved in efforts to boost employee participation⁵. The reason for this is the sharing of these responsibilities with managers in the communications and HR departments. Only two out of ten companies have established internal communications as a separate division.

⁵ Gatehouse (2016). State of the Sector. Internal Communication & Employee Engagement. Volume 8. Retrieved from www.gatehouse.co.uk/SOTS_report_2016.pdf

About this whitepaper

This whitepaper clarifies how C- suite managers invest strategically in internal communications and support two key business processes: *change management* and *internal marketing*. In addition, we will address the supportive role of internal social media.

For the purposes of this whitepaper, we define a C-suite executive as a person within a company charged with developing organizational strategies and who executes these by directing managers, employees and means of communication.



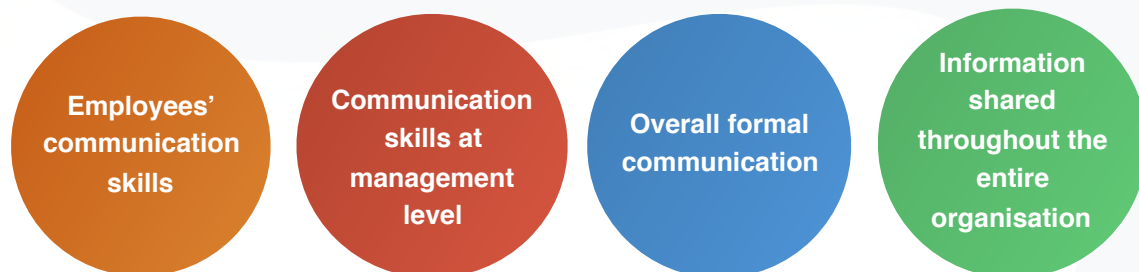
INTERNAL COMMUNICATION

For the past two decades, internal communications have been one of the fastest growing specialist capabilities in the field of business communication ⁶. It determines the capacity of organizations to involve their staff in the company's activities. Internal communication assumes this role by bringing together employees and managers' input and information, and making it available internally, either shared formally or informally ⁷.

In 2016, Bill Margaritis, a former C-suite exec at FedEx and Hilton Worldwide, said the following in relation to internal communications ⁸:

"Internal communications play a key role in shaping the culture and behavior by assisting with adjusting business goals, programs, values and actions within enterprises."

Broadly speaking, internal communications comprises of four key pillars⁹: employees' communication skills, communication skills at management level, overall formal communication and information shared throughout the entire organization.



⁶ Verčič, Ana Tkalac, Dejan Verčič, and Krishnamurthy Sriramesh. "Internal communication: Definition, parameters, and the future." Public relations review 38.2 (2012): 223-230.

⁷ Quirke, B. (2008). Making the connections: Using internal communication to turn strategy into action (2nd ed.). Hampshire, England: Gower.

⁸ Argenti, Paul A (2017). "Strategic Communication in the C-Suite." International Journal of Business Communication (2017): 2329488416687053.

⁹ Kalla, H. K. (2005). Integrated internal communications: A multidisciplinary perspective. Corporate Communication, 10, 302–314.

INTERNAL COMMUNICATION AND CHANGE MANAGEMENT

A particularly important prerequisite for executing new strategies is *change management*: guiding an organization through times of change. Change management is originally also why companies have started focusing on internal communications. Managers have long since utilized internal communications to inform and reassure employees. In addition, the right kind of internal communications can also include lower and middle management in newly developed management policy, allowing them to embrace a new direction instead of resisting it¹⁰.

However, internal communication also plays a major role in creating a strategy that requires *change management*: managers use it to encourage innovation. Improved knowledge exchange ensures high quality ideas. Moreover, it is important in regards to fine tuning and enhancing the execution of new strategies through employees' feedback. Once an innovation has been rolled out, internal communications remain valuable in terms of implementing and integrating routines around the new work processes.

Major changes

The chairman and CEO of Mondelēz International has said that 'a major task of the leader centers on communicating clearly and consistently, in particular during times of change'¹¹. Indeed, big transitions such as mergers, takeovers and crises often lead to highly pressurized situations. Thus, the tone and content highlighted by managers can make or break *change management*. Uncertainty causes stress amongst employees and across organizations as a whole. This can then result in discrepancies in terms of adhering to service procedures or safety guidelines.

¹⁰ Gadiesh, O., & Gilbert, J. L. (2001). Transforming corner-office strategy into frontline action. Harvard Business Review, 79(5), 73-79. Retrieved from <https://hbr.org/2001/05/transformingcorner-office-strategy-into-frontline-action>

¹¹ Scudder, V. (2014). Let's get growing: CEO Irene Rosenfeld on leadership and communications. Retrieved from <http://www.prsa.org>

Scientific research has shown that it's necessary to focus on these emotional aspects of change when establishing parameters of communication¹². Studies have found that a thorough forward-looking review in relation to an imminent merger can alleviate stress amongst staff as well as increase trust in the company and its management team. Adopting such an approach allows negative emotions to fade into the background. In addition, emotions may be tempered by organizing meetings and creating dialogue to connect employees, managers and departments.

It's imperative that organizations can communicate change management in a company-wide, integrated manner as well as on an individual basis. This would entail businesses addressing everyone within the organization, as well as in a division-to-division and individual employee configuration. All these interactions make it easier to explain both the strategic and cultural vision behind any change – thus reinforcing the commitment and offering employees the means to explore the concept.

Consistent communication

Former Governor of New Hampshire, John Lynch – previously CEO at Knoll – discusses the importance of consistent communication in a qualitative interview with Argenti¹³: *"The 'Theory of the Fix' was my strategy for the turnaround of Knoll: if we made instant savings of \$70 billion, our margins would rebound."* Lynch took his message to everyone in the business: *"It didn't matter with whom you discussed it, in this way everyone knew what our plans were with the 'Theory of the Fix'. I don't think everyone liked it, but the likelihood of it being accepted was much greater."*

Siemens USA President and CEO Eric Spiegel, in the same study, said: *"During times of great change, you need to be always 'on'. You'll be constantly communicating – internal or external – you need to ensure all messages and responses are tailored to the wider strategy."*

¹² Gilley, A., Gilley, J., & McMillan, H. (2009). Organizational change: Motivation, communication, and leadership effectiveness. *Performance Improvement Quarterly*, 21(4), 75-90. doi:10.1002/piq.20039

¹³ Argenti, P. A., & Van Riel, C. B. (2016). Developing a one-company culture. Retrieved from <http://exec.tuck.dartmouth.edu/news-knowledge/blog/developing-a-one-company-culture>

Internal social media and change management

Social media is the most suitable communication platform to facilitate 'change management', due to one simple characteristic: its significant capacity to not only inform but also connect. After all, modern business don't only want it's employees to be apprised of new plans, they also want to instill a sense that they are actively participating and involved in the change.

Dialogue and openness

Internal social media provides an environment that stimulates dialogue and reflects a culture of openness. Studies show that when managers use this space to communicate elements of new strategy, employees will use the forum to provide new responses and valuable feedback¹⁴. In this way, a new strategy can also be fine tuned; retail chain Blokker Holding, which has some 20,000 employees, said in an interview that it had updated its recent new model after it had assessed feedback from staff in regards to its internal social platform¹⁵.



¹⁴ Sievert, Holger, and Claudia Linke. "The Potential of Internal Social Media in Organisational Change Processes: Results of a Hermeneutic Interdisciplinary Literature Analysis and Selected Qualitative Interviews." (2015).

¹⁵ Mirande, R. (2017). Formule 'Nieuwste Blokker' wordt bijgesteld. Adformatie. Retrieved from: <http://www.adformatie.nl/nieuws/formule-nieuwste-blokker-wordt-bijgesteld>

Consistent and quick communication

Managers who want to communicate consistently and want to be ‘always on’ will find that internal media offers them the best method to do so: sending out two emails or publishing two blog posts won’t work (or won’t get done), but posting a message twice on social media can. Using a simple response to a previous post you can also refocus employees’ attention. (Mobile) notifications ensure that both managers and staff are instantly made aware of new responses and thus are ‘always on’.

Implementing changes

In addition, when used as collaboration and information tools, internal media assists with implementing the change process; employees can use the platform to review a new roster or protocol and upload strategic documents provided by additional teams. The ‘Readiness for change’ per employee is enhanced by using internal social media, according to a team of researchers at a German technology development firm with 375,000 employees¹⁶.

New transitions

Internal social media also drive new changes. For instance, a researcher at CERN – a European institute for nuclear research with 10,000 employees – found that an internal social network encourages dialogue and knowledge exchange¹⁷:

“It provides a platform with which everyone can express opinions, ask questions and join discussions that contribute to the process of knowledge-sharing, which creates a self-reinforcing flow of information that contributes in making the organization ever more ready for future challenges.”

¹⁶ Haddud, Abubaker, John C. Dugger, and Preet Gill. "Exploring the Impact of Internal Social Media Usage on Employee Engagement." *Journal Social Media for Organizations* 3.1 (2016): 1.

¹⁷ Cavalazzi, M. *Enterprise Social Networks: The Case of CERN*. Diss.

INTERNAL COMMUNICATION AND 'INTERNAL MARKETING'

Businesses need to inform their employees just as thoroughly as they do their customers. Moreover, they need to convince their staff of the value proposition of their products and services in an equally decisive manner. This is due to two reasons: firstly, employees will understand better with which key points 'we're beating the competition,' and staff will feel more involved and appreciated.

This is the essence of 'internal marketing'¹⁸, a concept enterprises have recently increasingly started to implement. Internal marketing is necessary to train staff and to be able to retain the best people, to boost staff engagement and thus lift company-wide performance to a higher level.

A limited vision around motivating and training staff would merely concern itself with offering pleasant working conditions, amenities and lots of fun events. However, to be able to perform work duties in a better, more enjoyable way, employees want to be informed as much as possible and have the means to efficiently enhance their knowledge. Ultimately, this is how staff members derive the most satisfaction. Or rather, this is how you would like to see your staff derive the most satisfaction.

¹⁸ Ahmed, P. K., & Rafiq, M. (2002). Internal marketing: Tools and concepts for customer-focused management. Oxford, UK: Butterworth-Heinemann

Importance in retail, hospitality and health care

Internal marketing is crucial for customer-facing staff, such as in retail, hospitality and health care. After all, employees are part of the customer experience and subsequently must be well informed. Internal marketing also serves as a key bonding tool due to the fact that these branches employ many part-time staff. On top of that, the quality of service businesses operating in retail, hospitality and health care tends to be of a high level, so it's clear that internal marketing must be a priority. It's vital to notify staff as much as possible of changes to your strategy and execution and to help them in this regard, in order to be able to compete with other players. To put this into practice, you'll have to have a game plan for internal communications.



Involving all management levels

Studies reviewing the impact of managers on internal marketing have found that the rate of success lies in large part on how executives promote internal marketing¹⁹. Incidentally, this applies not only to C-suite managers but also to senior staff who directly supervise sales personnel. In addition, the interplay between multiple layers of management has an impact on the success of internal marketing. The cascading communication model operating between high, middle and lower echelons is important in all business departments.

The same data also flagged a lack of involvement with internal marketing on the part of middle management. This can at times result in sales managers not having access to the right kind of input. It also means sales managers have to do without a communication protocol laying out how they should approach their location to ensure talented staff don't leave.

Availability of information

In the B2C world, successful internal marketing depends on the availability of information through internal communications systems. This is a bigger driver of success than management. Research shows that information provided to sales and service staff removes 'role stress'²⁰: They are better prepared and are thus able to act in a more convincing manner. The level of clarity or lack thereof around protocol and the role of employees determines the difference between staff adopting an indifferent attitude towards the company and those who will be dedicated to the firm.

The report authors say: *"Effective communication of organization-related information significantly enhances the psychological cohesion of employees towards their organizations and improves their commitment and behavior in relation to colleagues and customers. Additionally, effective internal communications also reduce stress around roles and responsibilities."*

¹⁹ Wieseke, Jan, et al. "The role of leaders in internal marketing." Journal of Marketing 73.2 (2009): 123-145.

²⁰ Malhotra, M. & Ackfeldt, A. (2016). Internal communication and prosocial service behaviors of front-line employees: Investigating mediating mechanisms. Journal of Business Research 69 :10, 4132-4139.

Internal social media and internal marketing

Along with the intensive use of social and mobile technology in society, the way in which enterprises communicate and collaborate with stakeholders is changing as well. Social media are considered to be an eminently suited instrument in this regard: not only in terms of reaching consumers, but also to inform, convince and 'get employees on board'.

More trust and improved collaboration and communication

Scientists analyzed the usage of a social network at a South-Korean casino with some 2,000 employees²¹. They found that 'an internal social platform in dynamic hospitality markets create a trustworthy environment which focuses more on collaboration and communication'.



²¹ King, C & Lee, H., (2016), "Enhancing internal communication to build social capital amongst hospitality employees – the role of social media ", International Journal of Contemporary Hospitality Management, Vol. 28 Iss 12 pp. 2675 - 2695.

Reduced stress around role description

In paragraph 3.3 we highlighted the importance of internal marketing in reducing role stress. Internal social platforms can have a significant impact in this regard, according to a study conducted at a US-based military services provider with a 23,000 headcount²². Specifically, it found that a sense of clarity around what was expected from staff had increased among the workforce.

Increased involvement and entrepreneurship

Following a study previously released by us, which was carried out at a major German development firm specializing in technological products, scientists concluded that 'as employees increasingly adopt internal social media, they show a steadily growing involvement with their employers'²³. This level of commitment also appears to increase because internal social media to a lesser degree imparts the notion that staff are subject to a hierarchy: according to the same data, employees indicated they felt more like employees as their usage of the platform increased.

Here again, a key characteristic of social media centers on facilitating conversations. It enables employees to respond to internal marketing messages, either centrally within the company, or with a team through the timeline, or with a co-worker using the chat function. That sense of involvement which companies seek to create is bolstered in a social environment. The use of social media also strongly employs smartphones: this aspect closely reflects the situation of staff working in direct contact with customers and aren't seated behind a desk. In addition, internal social media offer the same trusted user experience as that provided through personal social media.

Improved knowledge exchange and performance

Finally, using internal social media boosts the quality at companies seeking to increase implementation of internal marketing. In the case of the Austrian communications services provider EQS Group, feedback from employees resulted in the firm upgrading its service portfolio. The move dramatically lifted supplier's product and service level²⁴.

²² Gonzalez, Ester S (2012). Internal social media's impact on socialization and commitment.

²³ Haddud, Abubaker, John C. Dugger, and Preet Gill. "Exploring the Impact of Internal Social Media Usage on Employee Engagement." *Journal Social Media for Organizations* 3.1 (2016): 1.

²⁴ Herzog, Christian, and Melanie Steinhuser. "The Impacts of Enterprise Social Software on the Innovation Process." *Enterprise Distributed Object Computing Conference (EDOC)*, 2016 IEEE 20th International. IEEE, 2016.

Another recent study conducted at a German software provider with a 50,000 global headcount supported the finding that internal social media can contribute positively to performance levels. Coworkers confirmed that by using internal social media their individual achievements increased significantly.



ABOUT SPEAKAP

Speakap has developed an internal social platform, offering employees an identical experience to that provided by their personal social media. Our goal is to assist companies seeking to improve their internal communication, knowledge exchange and employee engagement.

Our solution ensures that organizations or their divisions and teams can highlight important discussions in an open, transparent environment. In addition, our platform facilitates private conversations between two or more persons. It is also possible to use Speakap to create groups for specific subjects. Each new department or group forum will feature timelines and chat capabilities.

Employees at Marriott Hotels, McDonald's, Rituals, IKEA, Hudson's Bay, and Mars, among others, utilize our timelines and private chat options to communicate with each other, to connect, to view files and exchange knowledge. According to one's preference, the platform is branded to reflect the look and feel of your business.

As internal communication specialists, we realize how important it is to thoroughly prepare for the rollout of a successful new social platform. We use a team of experts who support enterprises with rollout and installation. After all, technology only has significant added value when we first create the appropriate conditions.

For more information, please check out [speakap.com](https://www.speakap.com).

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