Chapter 30

Internal marketing communications

The concept of 'internal marketing' recognises the importance of organisational members (principally employees) as important markets in their own right. These markets can be regarded as segments (and can be segmented), each of which has particular needs and wants that require satisfaction in order that an organisation's overall goals be accomplished. Internal (marketing) communications not only serve to convey managerial intentions and members' feelings, but in many circumstances represent an integral aspect of communications with external stakeholder groups.

Aims and learning objectives

The aim of this chapter is to examine the context of internal marketing and how such issues might impact on an organisation's overall marketing communications.

The learning objectives of this chapter are to:

1. introduce the concept of internal marketing;
2. consider the purpose of internal marketing and communication;
3. explore issues associated with organisational identity;
4. examine the impact of corporate culture on planned communications;
5. explain the intellectual and emotional dimensions of brand engagement;
6. develop an insight into the notion of strategic credibility and stakeholder perception of organisations;
7. explain how the use of communication audits can assist the development of effective marketing communications.

For an applied interpretation see Simon Hardaker's MiniCase entitled *Valuing internal communication: why should companies invest in communicating with employees?* at the end of this chapter.

Introduction

It was established earlier that marketing communications is concerned with the way in which various stakeholders interact with one another and with the organisation. Traditionally, external stakeholders, for example, customers, intermediaries and financiers, are the prime focus of marketing communications. However, recognition of the importance of internal stakeholders as a group who should receive marketing attention has increased, and the concept of *internal marketing* emerged in the 1980s. This developed with greater impetus in the 1990s and is becoming a major focus of attention for both academics and practitioners.

Berry (1980) is widely credited as the first to recognise the term 'internal marketing', in a paper that sought to delineate between product- and service-based marketing activities. The notion that the delivery of a service-based offering is bound to the quality of the personnel delivering it has formed the foundation of a number of research activities and journal papers.

The popular view is that employees constitute an internal market in which paid labour is exchanged for designated outputs. An extension to this view is that employees are a discrete group of customers with whom management interacts (Piercy and Morgan, 1991), in order that relational exchanges can be maintained (developed) with external stakeholders. Although care needs to be taken to ensure that different groups of employees are recognised, employees are, as Christensen and Askegaard (2001) state, the most central audience for organisational communication.

> The popular view is that employees constitute an internal market in which paid labour is exchanged for designated outputs.

Both employees and managers impose their own constraints upon the range and nature of the activities an organisation pursues, including its external 'promotional' activities. Employees, for example, are important to external stakeholders not only because of the tangible aspects of service and production that they provide, but also because of the intangible aspects, such as attitude and the way in which the service is provided: 'How much do they really care?' Images are often based more on the intangible than the tangible aspects of employee communications.

Management, on the other hand, is responsible for the allocation of resources and the process and procedures used to create added value. Its actions effectively constrain the activities of the organisation and, either consciously or unconsciously, shape the nature and form of the communications the organisation adopts. It is important, therefore, to understand how organisations can influence and affect the communication process.

Therefore, as a legitimate type of 'customer', they should be subject to similar marketing practices. Each organisation is a major influence on its own marketing communications. Indeed, the perception of others is influenced by the character and personality of the organisation.

It can be argued that the role of the employee has been changing. Once they could be just part of the company, but this role has been extended so that they are now recognised as, and need to adopt the role of, brand ambassadors (Freeman and Liedtka, 1997; Hemsley, 1998). This is particularly important in service environments where employees represent the interface between an organisation's internal and external environments and where their actions can have a powerful effect in creating images among customers (Schneider and Bowen, 1985; Balmer and Wilkinson, 1991). It is evident that many now recognise the increasing importance of internal communications (Storey, 2001).

> The role of the employee has been changing.

Member/non-member boundaries

The demarcation of internal and external stakeholders is not as clear as many writers suppose. The boundaries that exist between members and non-members of an organisation are becoming increasingly indistinct as a new, more flexible workforce emerges. For

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example, part-time workers, consultants, outsourced workers and temporary workforces spread themselves across organisational borders (Hatch and Schultz, 1997) and in many instances assume multiple roles of employee, consumer (product) and financial stakeholder (e.g. Halifax or Standard Life employees, who may be borrowers or savers and are now also shareholders).

According to Morgan (1997), many organisations have a problem, as they do not recognise that they are themselves part of their environment. The context in which they see themselves and other organisations is too sharp. They see themselves as discrete entities faced with the problem of surviving against the vagaries of the outside world, which is often constructed as a domain of threat and opportunity. He refers to these as *egocentric* organisations. They are characterised by a fixed notion of who they are or what they can be, and are determined to impose or sustain that identity at all times. This can lead to an overplay of their own importance and an underplay of the significance of the wider system of relationships of which they are a part. In attempting to sustain unrealistic identities, they produce identities that end up destroying important elements of the context of which they are part. The example provided by Morgan is of typewriter manufacturers who failed to see technological developments leading to electronic typewriters and then word processors.

It would appear that by redrawing or even collapsing boundaries with customers, competitors and suppliers, organisations are better able to create new identities and use internal marketing communications to better effect.

Purpose of internal marketing and communication

Research by Foreman and Money (1995) indicates that managers see the main components of internal marketing as falling into three broad areas, namely development, reward and vision for employees. These will inevitably vary in intensity on a situational basis.

All of these three components have communication as a common linkage. Employees and management (members) need to communicate with one another and with a variety of non-members, and do so through an assortment of methods. Communication with members, wherever they are located geographically, needs to be undertaken for a number of reasons. These include the DRIP factors (Chapter 1), but these communications also serve the additional purposes of providing transaction efficiencies and affiliation needs (see Table 30.1).

Table 30.1   The roles of internal marketing communications

DRIP factors	To provide information
	To be persuasive
	To reinforce – reassure/remind
	To differentiate employees/groups
Transactional	To coordinate actions
	To promote the efficient use of resources
	To direct developments
Affiliation	To provide identification
	To motivate personnel
	To promote and coordinate activities with non-members

The values transmitted to customers, suppliers and distributors through external communications need to be reinforced by the values expressed by employees, especially those who interact with these external groups. Internal marketing communications are necessary in order that internal members are motivated and involved with the brand such that they are able to present a consistent and uniform message to non-members. This is an aspect of integrated marketing communications and involves product- and organisation-centred messages. If there is a set of shared values, then internal communications are said to blend and balance the external communications. This process whereby employees are encouraged to communicate with non-members so that organisations ensure that what is promised is realised by customers is referred to as 'living the brand'. Hiscock (2002) claims that employees can be segmented according to the degree and type of support they give a brand. He claims that, in the United Kingdom, 30 per cent of employees are brand neutral, 22 per cent are brand saboteurs and 48 per cent are brand champions, of whom 33 per cent would talk about the brand positively if asked, and 15 per cent spontaneously.

> Internal marketing communications are necessary in order that internal members are motivated and involved with the brand.

In a large number of both b2b and b2c organisations new products and services are often developed through the use of project teams. According to Lievens and Moenart (2000), project communication is characterised by both flows of communication among project members (intra-project communication) and flows across boundaries with external members (extra-project communication). Boundary spanners act as mediators facilitating communications flows internally (for resources) and externally to customers, suppliers, competitors and technologies. Project teams perceive differing levels of uncertainty associated with their task and these are related to external (user needs, technologies and the competition) and internal (human and financial resources) factors.

> Boundary spanners act as mediators facilitating communications flows.

Uncertainty about the resources needs to be reduced in order to reduce uncertainty associated with external stakeholders, improve communication effectiveness and achieve project tasks. As will be seen later, the integration of internal and external communications is a key factor in the development of integrated marketing communications. Project teams have an important role to play in enhancing corporate reputation, particularly in the b2b sector.

Welch and Jackson (2007) provide an interesting and helpful insight into some of the issues associated with understanding internal communication. Although they assume a stakeholder approach and refrain from considering any related marketing issues, they suggest that internal communication should be considered in terms of four dimensions: internal line management communication; internal peer communication; internal project communication and internal corporate communication. These are intended to provide a typology of internal communication and are set out in Table 30.2.

Attention is given to the fourth dimension, internal corporate communication. Welch and Jackson believe that this refers to communication between an organisation's strategic managers and its internal stakeholders, with the purpose of promoting *commitment* to the organisation, a sense of *belonging* (to the organisation), *awareness* of its changing environment and *understanding* of its evolving goals (2007: 186). These four goals are depicted in Figure 30.1.

These four goals serve to engage employees not only with their roles, tasks and jobs but also with the organisation. It is recognised that the internal environment incorporates the organisation's structure, culture, sub-cultures, processes, behaviour and leadership style and that this interacts with the external environment and provides context for the internal communication.

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Some of these ideas about commitment, belonging and identity with an organisation are explored later in this chapter.

Table 30.2	Internal communication matrix			
Dimension	**Level**	**Direction**	**Participants**	**Content**
1. Internal line management communication	Line managers/ supervisors	Predominantly two-way	Line managers-employees	Employees' roles Personal impact, e.g. appraisal discussions, team briefings
2. Internal team peer communication	Team colleagues	Two-way	Employee-employee	Team information, e.g. team task discussions
3. Internal project peer communication	Project group colleagues	Two-way	Employee-employee	Project information, e.g. Project issues
4. Internal corporate communication	Strategic managers/top management	Predominantly one-way	Strategic managers-all employees	Organisational/corporate issues, e.g. goals, objectives, new developments, activities and achievements
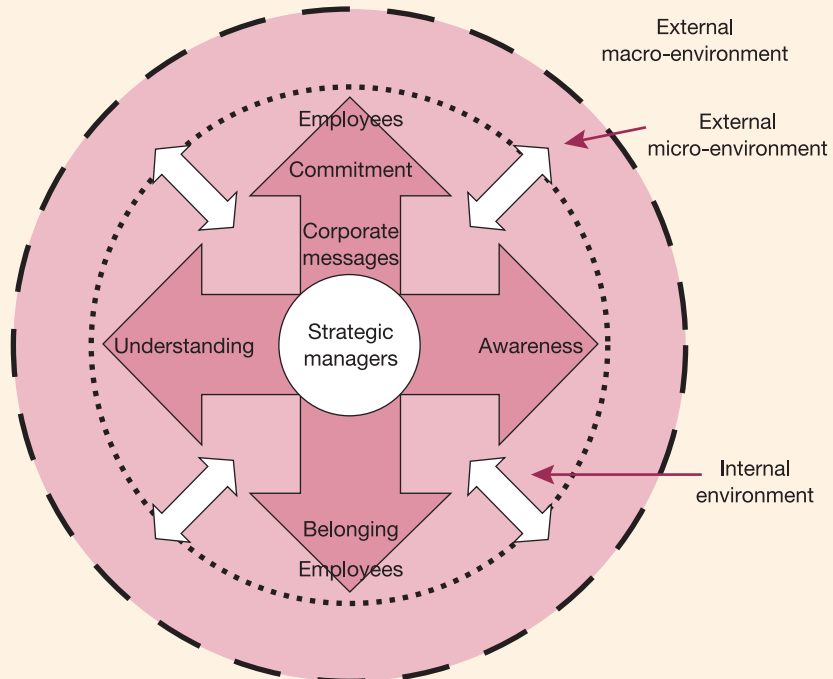
Figure 30.1   Internal corporate communication

Organisational identity

Organisational identity is concerned with what individual members think and feel about the organisation to which they belong. When their perception of the organisation's characteristics accords with their own self-concept then the strength of organisational identity will be strong (Dutton *et al.*, 1994). Organisational identity also refers to the degree to which feelings and thoughts about the distinctive characteristics are shared among the members (Dutton and Dukerich, 1991). There are, therefore, both individual and collective aspects to organisational identity.

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Mention was made earlier of brand ambassadors, people who identify closely with a brand and speak openly and positively about it. Albert and Whetten (1985) stated that organisations must make three main decisions: who they are, what business they are in and what they want to be. In order that these decisions be made, they claim that consideration must be given to what is central, what is distinctive and what is enduring about the character of the organisation.

Non-members of an organisation also develop feelings and thoughts about what are the central, enduring and distinctive characteristics of an organisation. It is highly probable that there will be variances between the perceptions and beliefs of members and non-members, and this may be a cause of confusion, misunderstanding or even conflict.

ViewPoint 30.1 Using people for strategic positioning

The role of employees within the strategic branding process is understood by some organisations. However, there is a big difference between understanding the issue and implementing a cohesive strategy designed to integrate the workforce.

One company to have successfully implemented a strategic approach is easyJet. Several directors visited Southwest Airlines and returned with fresh insight into how service can be used as a key point of differentiation. In what is referred to as the 'low cost' airline market, price is normally the discriminating attribute. Low costs are traditionally achieved by providing few elements of service. Indeed, easyJet helped pioneer the use of the web to drive bookings, and in doing stripped out a high level of service costs.

EasyJet reformulated their proposition to 'Low cost, with care and convenience'. This delivered messages about price, care and destination: i.e. they fly to recognised and accessible airports, at a low price but provide customers with a high level of care.

In order to provide customer care with credibility, the company sought to establish linkages through each point of customer interaction. However, early research found staff unhappy about the colour of the uniforms (bright orange) and structure of the shift rostas. The uniforms were redesigned with the help of staff and the shift system changed. The brand repositioning was explained in the staff magazine and discussed at internal workshops. This was supplemented with a revised incentive scheme designed to promote exceptional customer service.

The net result was that profits rose 56 per cent.

Source: Edwards (2008).

Question

To what extent is the emphasis on customer service and interaction a contradiction to the web-only booking system?

Task

Consider a flight you have taken and make a list of the customer/airline points of interaction. How would you improve them?

Table 30.3   When organisational identity is important

During the formation of the organisation
At the loss of an identity-sustaining element
On the accomplishment of an organisation's *raison d'être*
Through extremely rapid growth
If there is a change in the collective status
Retrenchment

Source: After Albert and Whetten (1985).

This discrepancy between what Goodman and Pennings (1977) termed private and public identities can impair the 'health' of the organisation. The 'unhealthier' or greater the discrepancy, the more will be the difficulty in generating the resources required to guarantee corporate survival. In other words, the closer the member/non-member identification, the better placed the organisation will be to achieve its objectives.

Organisational identity is deemed to be important at a collective level, when an organisation is formed or when there is a major change to the continuity of the goals of the organisation or when the means of accomplishment are hindered or broken (see Table 30.3). According to Dutton and Penner (1993), what an individual sees as important, distinctive and unique about an organisation will affect the individual's assessment of the importance of an issue facing the organisation and also the degree to which it is of personal importance.

For members, organisational identity may be conceptualised as their perception of their organisation's central and distinctive attributes, including its positional status and relevant compositional group. Consequently, external events that refute or call into question these defining characteristics may threaten the perception that organisational members have of their organisational identity (Dutton and Dukerich, 1991).

Research by Elsbach and Kramer (1996) found that members of a high-ranking organisation (MBA schools) perceived a threat because the ranking devalued their central and cherished identity dimensions and so refuted their prior claims of positional status.

Members used selective categorisations to re-emphasise positive perceptions of their organisational identities for both themselves and their non-member audiences by highlighting identity dimensions or alternative groups with which they should be compared and that were not previously identified, the intention being to deflect attention.

> There is a significant interdependence between individuals' social identities and their perceptions of their organisational identities.

Dutton and Dukerich state that there is a significant interdependence between individuals' social identities and their perceptions of their organisational identities. Thus, as they care about how their organisations are described and how they are compared with other organisations, so they experience cognitive distress (identity dissonance) when they think that their organisation's identity is being threatened by what they perceive as inaccurate descriptions or misleading (unfair) comparisons with other organisations.

In response to this distress, members restore positive self-perceptions by highlighting their organisation's membership in alternative comparison groups. It is normal to assume that identity is relatively static. However, just as organisations can experience strategic drift when the corporate strategy and performance move further away, each period, from the intended or expected pattern, so organisations can suffer from identity drift away from the expected lifecycle. Kimberley (1980) argues that this can occur for three main reasons: environmental complexity; identity divestiture; and organisational success.

This indicates that care must be given to understanding and managing the organisational identity to ensure that any discrepancy between members' and non-members' perceptions of what is central, enduring and distinctive is minimised and to be aware of identity dissonance should the organisation be threatened and the values upheld by its members challenged.

Organisational culture

According to Beyer (1981), organisational identity is a subset of the collective beliefs that constitute an organisation's culture. Indeed, internal marketing is shaped by the prevailing culture, as it is the culture that provides the context within which internal marketing practices are to be accomplished.

Corporate culture encompasses the basic assumptions and beliefs that members of an organisation take for granted, share and use to shape its view of itself (Schein, 2004). A more common view of organisational culture is 'the way we do things around here'. It is the result of a number of factors, ranging through the type and form of business the

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organisation is in, its customers and other stakeholders, its geographical position, and its size, age and facilities. These represent the more tangible aspects of corporate culture. There are a host of intangible elements as well, including the assumptions, values and beliefs that are held and shared by members of the organisation. These factors combine to create a unique environment, one where norms or guides to expected behaviour influence all members, whatever their role or position.

ViewPoint 30.2   B&Q shares values

B&Q is part of Kingfisher plc, Europe's leading home improvement retail group and the third largest in the world, with over 800 stores in eight countries in Europe and Asia. In the UK B&Q has over 320 stores and employs over 34,000 people, which means that communicating a consistent message to these employees is a complex yet important task.

B&Q utilises a number of different internal communications tools to undertake this task, including magazines and newsletters, email and team briefs.

B&Q pioneered the use of real-life store staff in its advertising, back in 1996 and over the years more than 500 employees in orange aprons have featured in the popular B&Q ads. The ads were successful partly because they featured fallible, real life people and partly because they reflect the popularity of reality TV programmes.

In the autumn of 2008 B&Q launched a new advertising campaign 'Real Staff, Real Value' which featured real-life store staff. The multi million pound TV and print campaign also introduced an evolution of B&Q's end line from 'Let's do it' to 'Let's do it . . . let's B&Q it'.

The first execution in the TV campaign 'Kitchen' shows Lynne rehearsing her lines at home before she's filmed in store selling the kitchen range. Another execution features David rehearsing his lines on a park bench before doing a piece to camera on B&Q's bathroom range.

Research undertaken by B&Q reveals that in periods of financial uncertainty people feel more confident shopping in well-known, multiple retailers with expert staff. The B&Q campaign returns to the company's roots and taps into the existing goodwill people have for the brand.

B&Q recognises that their staff are a major part of the brand's success. It also recognises that the continuing commitment of its staff is essential, and effective internal communications are an important component in the process to gain this commitment.

Source: Material kindly provided by B&Q.

Question

How would you measure staff commitment?

Task

Can you think of other firms who have involved their employees in their promotional activities?

Exhibit 30.1 B&Q feature their staff in their advertising to provide credibility, boost morale and enhance customer perceptions
Picture reproduced with the kind permission of B&Q.

Levels of organisational culture

Corporate culture, according to Schein (1985), consists of a number of levels. The first of these, according to Thompson (1990), is the most visible level. This includes physical aspects of the organisation, such as the way in which the telephone is answered, the look and style of the reception area, and the general care afforded to visitors. Other manifestations of these visible aspects are the advertisements, logos, letterheads and other written communications that an organisation generates.

The second level consists of the values held by key personnel. For example, should particular sales teams who regularly better their targets have their targets increased or should certain members of the sales team be redeployed to less successful teams or new markets? If the decision is made to increase the target, and the outcome is successful, then the decision is more likely to be repeated when the same conditions arise again.

The third level in Schein's approach is achieved when the decision to increase the target becomes an automatic response to particular conditions. A belief is formed and becomes an assumption about behaviour in the organisation. This automatic approach can lead to complementary behaviour by members of the sales team. The placing of orders can become manipulated, to the extent that orders placed in month 6 may be 'delayed' or stuck in the top drawer of the sales representative's desk, until some point in month 7, when it is appropriate to release them.

The belief that the targets will be increased can lead to a behaviour that is referred to as 'the way we do things around here'. This behaviour leads to relative stability for all concerned and need not be disturbed unless a change is introduced, whose source is elsewhere in the system, i.e. outside the team.

ViewPoint 30.3   Changing values at QinetiQ

The Defence Evaluation and Research Agency (DERA) owned by the Ministry of Defence (MoD) in the United Kingdom has recently moved from public to private ownership. Many of the staff at the organisation are scientists and engineers who, under public ownership, had no real need to interact with a diverse external audience and, indeed knew little of the work in other divisions and parts of DERA. However, the success of the QinetiQ organisation depended on employees adopting a commercially focused value set, one that is very different from that engrained through working in a publicly owned organisation. They also needed to be committed and engaged with the new organisation.

This transformation was achieved partly through the use of CEO-led roadshows plus printed matter, cascade briefings, desk drop packs and online web chats (with the CEO). Internal, direct-looped radio, accessed through telephones and later desktop PCs, are used by the CEO to communicate key developments, to provide divisional results or just to encourage feedback. One broadcast attracted an audience of 2,000 people, of whom 300 provided immediate feedback. In addition, the use of an intranet, a variety of posters and notice boards plus face-to-face staff meetings all reflect the organisation's drive to reach employees, to actively encourage involvement and in doing so engage them within the QinetiQ brand.

Source: Hardaker and Fill (2005).

Question

To what extent is the choice of media important in internal communications?

Task

Choose three media and make a list of their qualities with regard to delivering internal communications.

Culture and communication

Corporate culture is not a static phenomenon; the stronger the culture, the more likely it is to be transmitted from one generation of organisational members to another, and it is also probable that the culture will be more difficult to change if it is firmly embedded in the organisation. Most writers acknowledge that effective cultural change is difficult and a long-term task. Achieving a cultural fit is necessary if an organisation wishes to embrace a strategy that is incompatible with the current mind set of the organisation. Hunger and Wheelan (1993), for example, state that, to bring about cultural change, good communication, throughout the organisation, is a prerequisite for success.

Mitchell (1998) considers the strong corporate culture that exists at Procter & Gamble. Depending upon one's perspective, this rigid formal hierarchical culture may be considered an advantage or a disadvantage. On the plus side it allows for strong identity, consistency and people development opportunities, as the company has a 'promote from within' policy. On the downside, the strength and penetration of the culture and need to toe the party line can restrict innovation, entrepreneurship and the use of initiative.

This strength of culture and the cautious approach to risk taking may be responsible for the consistent emphasis on product attributes, performance and pack shots in its advertising and communications, unlike its close rival Unilever, which makes greater use of emotions in its advertising. Procter & Gamble appears to recognise this as a limitation and has recently embarked on a change of emphasis and has incorporated a more emotional approach in its communications.

> The strength of culture and the cautious approach to risk taking may be responsible for the consistent emphasis on product attributes.

Changing the culture will be a challenge, but to be successful senior management will, among other things, need to be 'obsessive' about communicating the following to all members of the organisation (Gordon, 1985):

1. the current performance and position of the organisation in comparison with its competition and the outlook for the future;
2. the vision of what the organisation was to become and how it would achieve it;
3. the progress the organisation had made in achieving those elements identified previously as important.

The focus of this communication is internal, usually through training and development programmes. Certain complex offerings, such as information technology-based products, require channel members to provide high levels of training and support. It is also important to communicate the objectives of the network and to share responsibility for the performance of the channel as a whole. This is partly achieved by members fulfilling their roles as successful dealers, retailers or manufacturers, but there is still a strong requirement for the channel leader to set out what is required from each member of its different networks and to report on what has been achieved to date.

Management of the communication finances, through time, will show the degree to which an organisation values such investments. Brands need time, the long term, to build and develop strength. Cutting back on investment in communications, especially advertising, in times of recession and difficulty, reveals management to view such activities as an expense, a cost against short-run needs. Furthermore, the expectation of channel members may be that a certain volume of marketing communications is necessary, not only to sustain particular levels of business, but also because competitors are providing established levels of communication activity. What is important is that the communications manager understands the culture of the organisation and the primary networks, values, styles, motivations and norms so that the communications work with, rather than against, the corporate will.
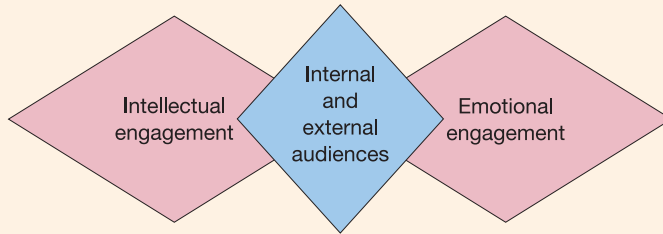
Brand engagement

The relationship between corporate strategy and communications is important. Traditionally, these communications are perceived as those that make the network between an organisation's employees and its managers. This internal perspective of communications is important, particularly when organisations are in transition (see the mini case at the end of the chapter). This is only one part of the communication process. Employees are just one of the many stakeholders each organisation must seek to satisfy. Communications regarding strategic issues should also be targeted at internal and external stakeholders in order to gain their goodwill, involvement and understanding.

> It is clear that long-term relationships cannot be sustained if the brand delivery is unsatisfactory.

It is clear that long-term relationships cannot be sustained if the brand delivery is unsatisfactory and where the people behind the brand do not match the expectation generated by the promise. Apart from computer-mediated communication, employees provide the main points of contact between organisations or with customers. These interactions or 'moments of truth' as Gummesson (1999) refers to them, need to be consistent and of high quality.

Intellectual and emotional aspects

Employees are required to deliver both the functional aspects of an organisation's offering and the emotional dimensions, particularly in service environments. By attending to these twin elements it is possible that long-term relationships between sellers and buyers can develop

Figure 30.2 Brand engagement

effectively. Hardaker and Fill (2005) explore ideas concerning the notion that employees need to buy-in to organisational vision, goals and strategy (Thomson and Hecker, 2000). This buy-in, or engagement, consists of two main components, an intellectual and an emotional element (see Figure 30.2). The intellectual element is concerned with employees buying-in and aligning themselves with the organisation's strategy, issues and overall direction. The emotional element is concerned with employees taking ownership of their contribution and becoming committed to the achievement of stated goals. Communication strategies should be based on the information processing styles of employees and access to preferred media. Communications should reflect a suitable balance between the need for rational information to meet intellectual needs and expressive types of communication to meet the emotional needs of the workforce. It follows that the better the communication, the higher the level of engagement.

> Communication strategies should be based on the information processing styles of employees and access to preferred media.

The development of internal brands based around employees can be accomplished effectively and quickly by simply considering the preferred information-processing style of an internal audience. By developing messages that reflect the natural processing style and using a diversity of media that best complements the type of message and the needs of each substantial internal target audience, the communication strategy is more likely to be successful.

Advertising and the impact on employees

Gilly and Wolfinbarger (1998) concluded that an organisation's advertising can have both a positive and a negative effect on its employees. Such advertising can serve to clarify roles, make promises that can be realistically delivered and demonstrates that the organisation values its employees. These positive outcomes can be seen in terms of improved morale and commitment.

Conversely, negative effects ensue when the advertising promises are unrealistic and cannot be delivered, messages are not true or the roles portrayed are far from flattering. For example, Boots used a campaign to inform consumers about its 'mix-and-match' offer. The ads depicted a member of staff explaining the deal to a confused colleague, who then apologises announcing that it is her first day. Staff, according to Witt (2001), complained that they were made to look stupid and incompetent. The outcome is low morale, distrust and unfavourable attitudes that can be perceived by non-members. It seems important, therefore, to generate advertising messages that are perceived by employees to be transparently achievable and consistent, and this may involve the participation of a few staff in the development of advertising strategy.

Gilly and Wolfinbarger developed a framework that presents the impact of advertising on employees (see Figure 30.3). This model shows that employees use three main criteria when evaluating the advertising used by their employers, namely accuracy of the message, value

Figure 30.3 The impact of advertising on employees
Source: Adapted from Gilly and Wolfinbarger (1998). Used with kind permission.
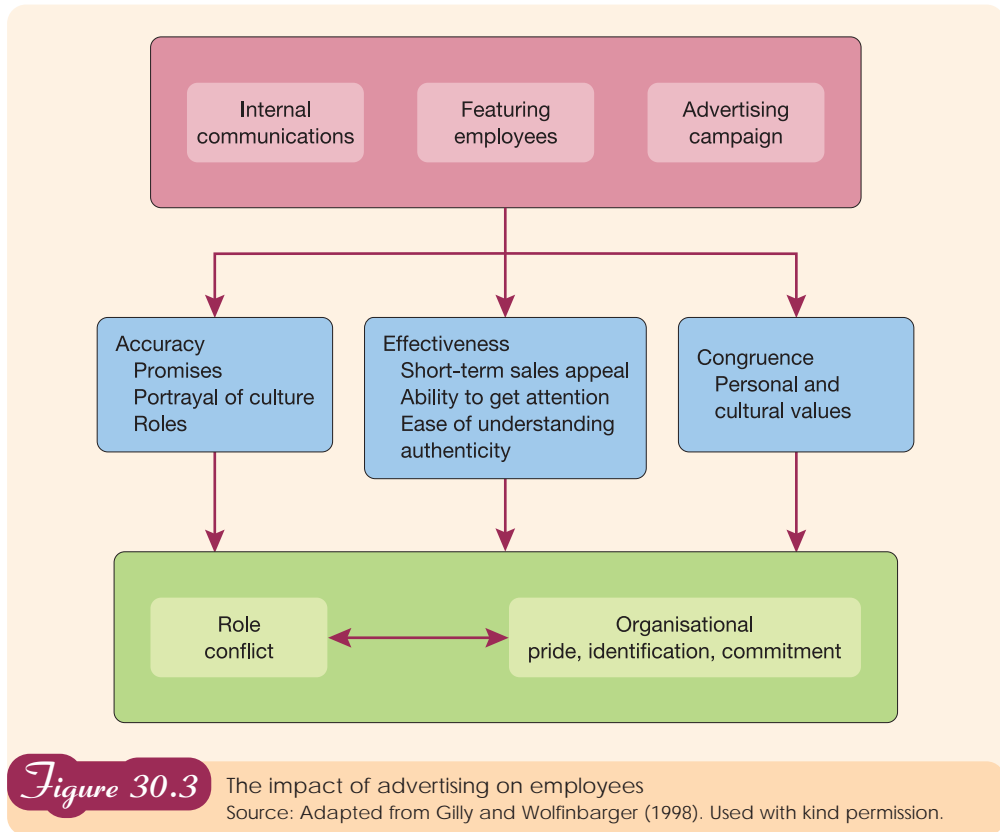
congruence and effectiveness. In order to reduce any gap that might emerge as a result of an advertising campaign (and consequent deterioration in morale and commitment), increased vertical and horizontal communications are deemed necessary. This might require staff to be involved in both advertising development and in some cases actual participation in the advertisement, the pretesting of ideas and the dissemination of the advertising and the supporting rationale.

All stakeholders need to know what the objectives of the organisation are, particularly the organisation's mission and overriding vision, as this will impact on the other organisations in the performance network. For example, if Heinz or Pedigree Petfoods were to announce that, in the future, all their products were to be presented in recyclable containers, then current suppliers might need to reformulate their offerings and any future suppliers would be aware of the constraint this might place on them. The information is provided in order that others may work with them and continue supplying offerings to end-users with a minimum of interruption.

> All stakeholders need to know what the objectives of the organisation are.

Barich and Kotler (1991) suggest that the concept of positioning (the process whereby offerings are perceived by consumers relative to the competition) applies at the brand and corporate levels. If an organisation is pursuing a generic strategy of differentiation, then the positioning statements of the organisation need to reflect this. The image that stakeholders have of an organisation and its offerings affects their disposition towards the organisation, their intentions to undertake market transactions and the nature of the relationships between members.

Good external communications are important because, among other benefits, they can provide a source of competitive advantage. Perrier has built its share of the mineral water market on the volume and style of its planned communications. It has dominated communications in the market and has effectively set a mobility barrier that demands that any major challenger

must be prepared to replicate the size of Perrier's investment in communications. The quality of the Perrier communications has also led distributors and other network members to support and want to be involved with the organisation, as evidenced by the swift recovery in market share after all world stocks had to be withdrawn because a small number of bottles had been identified as 'contaminated'. Morden (1993) refers to these positive external perceptions as intangible benefits that help to differentiate the organisation from its competitors.

All marketing strategies, such as those to harvest, build, hold and divest, require different communication strategies and messages. Similarly, market penetration, product development, market development and product penetration strategies all require varying forms of support that must be reflected in the communications undertaken by the organisation.

Marketing research may indicate that different stakeholders do not perceive the corporate and marketing strategies of an organisation in the same way as that intended by management. Some stakeholders may perceive the performance of an organisation inaccurately. This means that the organisation is failing to communicate in an effective and consistent way, and any such mismatch will, inevitably, lead to message confusion and relative disadvantage in the markets in which the organisation operates.

The communication of strategic intent and corporate performance must be harmonised. Understating, or even misleading different stakeholders may influence performance, and if claims are made for an organisation that suggest a level of performance or intent beyond reality, then credibility may be severely jeopardised.

Strategic credibility

According to Higgins and Bannister (1992), strategic credibility refers to 'how favourably key stakeholders view the company's overall corporate strategy and its strategic planning processes'.

> Strategic credibility refers to 'how favourably key stakeholders view the company's overall corporate strategy and its strategic planning processes'.

If stakeholders perceive the focus organisation as strategically capable, it is suggested that it will accrue a number of benefits. The benefits vary from industry to industry and according to each situation, but it appears from the early research that those organisations experiencing transition and that are not regulated in any way have potentially the most to gain from open corporate communication with their stakeholders. The benefits from this open attitude include improved stock market valuations and price/earnings multiples, better employee motivation and closer relationships with all members of the performance and support networks, particularly those within the financial community. There are four main determinants of strategic credibility:

- an organisation's strategic capability;
- past performance;
- communication of corporate strategy to key stakeholders;
- the credibility of the CEO.

Strategic capability

Capability is a prerequisite for credibility. The perception that stakeholders have of the strategic processes within an organisation will influence their belief that the focus organisation can or cannot achieve its objectives. This is important in networks that are characterised by close working arrangements and high levels of interdependence. Should one organisation indicate that it lacks the necessary capability to perform strategically, then other members of the network are likely to be affected. The sharing of a strategic vision, one that may be common to all members of the stakeholder network, is a positive indicator of the acceptance that the focus organisation is strategically capable.

$\mathcal{V}iew\mathcal{P}oint$ 30.4   **Virtual internal learning**

One critical part of the employee/customer interface is the customer's perception of the employee's knowledge of the organisation's products and services. It is therefore important to ensure that all employees have a comprehensive and up-to-date knowledge of the organisation's offerings.

Vodafone established an elearning facility designed to help employees understand the business and recent developments. The programme was based within a microsite on the web site facilitating employee interaction from wherever they were based. Once staff had become familiar with Vodafone's range of products and services they were required to complete an online assessment.

Source: Gardner (2007).

Question

What does the online assessment at Vodafone really achieve?

Task

Using an organisation you are familiar with, find out how they enable employees to develop their knowledge of the organisation's products and/or services.

Past performance

The maintenance of a sustained strategic capability profile depends partly on corporate performance. Poor performance does not sustain confidence, but even the existence of a strong performance is only worthwhile if it is communicated properly. The communication should inform the target audiences that the performance was planned and that there was sound reasoning and management judgement behind the performance.

Corporate communications

> Organisations should inform members of the network of their strategic intentions as well as their past performance.

Organisations should inform members of the network of their strategic intentions as well as their past performance. This requires the accurate targeting and timing of the messages at a pace suitable and appropriate to the target's requirements. Higgins and Bannister refer to financial analysts, in particular, as stakeholders in need of good information. They argue that trying to evaluate the performance of a diversified organisation operating in a number of different markets, of which many of the analysts lack knowledge and expertise, is frustrating and difficult. Good information delivered through appropriate media and at particular times can be beneficial in the development of the realm of understanding between parties.

By keeping financial analysts aware of the strategic developments and the strategic thinking of the organisation and the industries in which it operates, the value of the organisation is more likely to reflect corporate performance.

The credibility of the CEO

The fourth element proposed by Higgins and Bannister concerns the ability of the CEO to communicate effectively with a variety of audiences. By projecting strong, balanced and positive communications, it is thought that a visible CEO can improve the overall reputation of the organisation. Coupled with the improvement will be a perception of the strategic capability of the organisation. The CEO, can therefore, be regarded as a major determinant of the organisation's perceived strategic credibility.

Haji-Ioannou, Terence Conran, Alan Sugar, James Dyson and Richard Branson are some of the major CEOs to promote themselves on behalf of their organisations, but there are many others who have tried and failed. However, research by Newell and Shemwell (1995) suggests

that care should be taken when using CEOs as endorsers. They argue that the impact of source credibility may be reduced because of beliefs about product attributes, and this in turn may affect behavioural intentions. Therefore, CEOs might be best used as endorsers when informational-, rather than emotional- or transformational-based messages predominate.

ViewPoint 30.5   A groce(ry) way of using CEOs?

The choice of CEO is normally based on a range of criteria. For most organisations the key criteria include a successful career track record, particular knowledge and insight to the market and industry, a strong network of influential contacts and that candidates be able to demonstrate excellence at a range of tasks. For most, one of these tasks concerns their media relations skills, their ability to manage the media and front-up the organisation, especially when events are not running well.

In 2004, Sainsbury's appointed Justin King as CEO, and he quickly established a recovery plan. Since its inception he has consistently been in the media, taking questions and putting forward a positive message about the organisation at all times. For example, he regularly appears on Breakfast Television commenting on the latest trading reports or discussing a supermarket-related issue.

In much the same way, Marks & Spencer appointed Stuart Rose as CEO at a time when the company was in crisis and under threat of a take-over. The success of his recovery plan has been even more astounding in comparison to Sainsbury's, and he too appears frequently in the media commenting on the latest results and future activities associated with M&S.

Question

Why do some companies prefer to use their CEOs as their lead media person when they could use trained actors, media-friendly staff or just not comment at all?

Task

Make notes listing reasons why Asda and Tesco do not use their CEOs in the same way as Sainsbury's and M&S.

Exhibit 30.2   CEO endorser for M&S – Stuart Rose
Courtesy of Marks and Spencer Group plc.

For example, Richard Branson has been used as CEO endorser of the Virgin Group. As chairman he has been a focal point in the promotion of Virgin financial products (mainly informational messages), but has not played such a central role in the planned communications concerning the airline Virgin Atlantic, where emotionally based messages have been used to influence brand choice decisions.

In addition to advertising, some CEOs are using personal blogs as a means of communications and standout. For example, Mark Price, Managing Director of Waitrose, launched a blog through the company's web site. His theme is healthy eating and the blogs monitor his attempt to lose weight. As Bokaie (2008) argues, this approach has difficulties because blogging requires answers and interaction. So when Charles Dunstone, CEO of Carphone Warehouse, started his blog he promised to keep everyone up-to-date.

Unfortunately he began just as the company had launched Talk Talk, a free broadband offer. The demand was so heavy that the company could not keep up. Thousands of customers became extremely frustrated and the media leveraged the story in their inimitable way. The result was that even though the connections were eventually made, the blogs stopped immediately.

Internal communications: auditing and planning

Increasingly, organisations understand the need to adopt a planned approach to the deployment of their employees in order to support the external brand. One such approach has been identified by Mahnert and Torres (2007) who offer a framework to the process of developing a internal brand. They identify seven key factors that influence the success or failure of internal branding. These are set out in Table 30.4.

Table 30.4   Seven factors for internal branding

Internal factors	Explanation
Organisation	Cultural change is difficult but may be necessary where there is no match with the objectives. Use cross-functional coordination and cooperation to reduce departmentalised thinking and internal competition.
Information	Important to provide in-depth knowledge of the external and internal environments. Changes to current programmes may emerge as a result.
Management	Senior management must not only support and actively endorse the internal programme, they must be *seen* to do so as well. Visibility is key.
Communication	Critical to keep everyone informed but without overloading them.
Strategy	Need to align strategies and programmes in order to reduce the potential for conflict where there is a poor fit between the brand and the objectives of the organisation.
Staff	Support at all levels internally is an antecedent for success. Therefore, recruiting, motivating and rewarding staff is important for internal branding.
Education	It is necessary to understand and monitor employee beliefs, attitudes and perceptions in order that an internal programme be kept on track.

Source: Based on Mahnert and Torres (2007).

STAGE	STEP	ELEMENTS
Stage 1: Planning	I Preparation	1 Decide on timing
		2 Establish quantifiable short- and long-term targets
		3 Gain managerial support and generate awareness
		4 Secure a suitable budget
	II Investigation	5 Constituency assessment
		6 Internal market research
		7 Cultural fit analysis
	III Configuration	8 Align business objectives and brand values
		9 Link external and internal messages
		10 Segment where appropriate
		11 Ensure appropriate frequency
		12 Decide on language and messages design
Stage 2: Executing	IV Facilitation	13 Decide on degree of staff empowerment
		14 Obtain and sustain staff involvement
	V Implementation	15 Utilise multiple channels in multiple directions
		16 Reduce hierarchical communicative and executive boundaries to ensure organisational permeation
	VI Remuneration	17 Develop a fair bonus system
		18 Offer brand-oriented education and training
		19 Link measurable effective brand commitment and team spirit to promotional prospects
Stage 3: Evaluating	VII Quantification	20 Establish a coherent balanced scorecard measurement system
		21 Regularly assess internal brand commitment and external orientation
	VIII Reaction	22 Facilitate constant, multi-directional feedback
	IX Alteration	23 Conduct regular review of programme and alter where necessary

Figure 30.4 The consolidated internal branding framework
Source: Mahnert and Torres (2007).

Mahnert and Torres develop a consolidated internal branding framework, drawn from the key, salient and confirmed elements in the literature. These they group into the planning, execution and evaluation phases. Their framework is replicated at Figure 30.4.

Research is an important element in the design of communication plans. Associated with this should be an evaluation of the most recent attempts at communicating with target audiences. The accumulation of this type of short-run information is useful because it builds into a database that can be used to identify key factors over the long run. Regression analysis can eventually be used to identify key variables in the marketing communications and marketing plans.

The communications strategies of competitors should also be measured and evaluated. Organisations and offerings do not exist in isolation from each other and competitor activities; messages, styles and levels of spend should also be taken into account. If a differentiation strategy is being pursued it would appear pointless and wasteful to position an offering in the same way as a main competitor.

The process by which an organisation communicates with its target audiences is, as we have seen, extremely important. To assist the process of evaluating the effectiveness of past communication strategies, strategic credibility and the corporate image held by different members of all networks, a communications audit should be undertaken. Financial audits examine the processes by which organisations organise and systematically manage their financial affairs. Some of the underlying agenda items may be to prevent fraud and malpractice, but the positive aspects of the financial audit are to understand what is happening, to develop new ways of performing certain tasks and to promote efficiency and effectiveness. The same principle holds for the communications audit. How is the organisation communicating and are there better ways of achieving the communication objectives?

A communications audit is a process that can help assess whether an organisation is communicating with its consumers and other stakeholders in an effective and meaningful way. A further important goal of such an exercise is to determine whether the communications perceived and understood by the target audiences are the messages that were intended in the first place. Are the messages being decoded in the manner in which they were designed when they were encoded? This exercise helps organisations to develop their realm of understanding with their respective network members and includes all internal and external communications, whether overt or covert.

Procedures associated with a communications audit

The task is to identify consistent themes and the logic of the organisation's communications.

All forms of printed and visual communications (brochures, leaflets, annual reports, letterheads, advertisements, etc.) need to be collected and assembled in a particular location. Examples of main competitors' materials should also be brought together, as this will provide benchmarks for market evaluation. Once collated, the task is to identify consistent themes and the logic of the organisation's communications.

Ind (1992) suggests that one way of accomplishing this is to develop a communications matrix (see Figure 30.5). Information needs to be grouped by type of offering (vertically) and then by each type of medium (horizontally). The vertical grouping helps determine the variety of messages that customers receive if they are exposed to all the communications relating to a single offering. Are the messages consistent? Are the messages logically related? Is the related logic one that is intended and what is the total impact of these communications? The horizontal grouping helps determine message consistency across a number of different offerings, perhaps from different divisions. If a single dealer or end-user receives the communications relating to a product line or even a particular product mix, is the perception likely to be confusing?

Internal communications should be included in the audit. An analysis of official publications, such as in-house magazines, is obvious, but materials posted on notice boards and the way in which the telephone is answered affect the perception that stakeholders have of the organisation.

	Product A	Product B	Product C	Corporate
Literature		Assess horizontally		
Promotions				
Advertising				
Direct mail				
Point of sale	Assess vertically			
Stationery				
Signage				
Uniforms				
Vehicles				

Figure 30.5   A communications audit matrix
Source: Ind (1992). Used with kind permission.

The audit needs to incorporate research into the attitudes of employees to the organisation and the perceptions held by various stakeholders. This will involve both qualitative and quantitative research. The objective is to determine whether the image of the organisation reflects reality. If corporate performance exceeds the overall image, then corporate communications are not working effectively. If the image is superior to performance, then the operations of the organisation need to be improved.

> The objective is to determine whether the image of the organisation reflects reality.

Organisations should understand how they are perceived by their stakeholders. A communications audit focuses attention on the totality of messages transmitted and provides a framework for corporate identity programmes.

Functional capability

The final elements to be reviewed as part of the internal marketing context are those relating to the individual functional areas within an organisation. A firm's overall core competence may be the result of a number of competences held at functional level. Internal marketing can be regarded as a key to providing strong external marketing performance (Greene *et al.*, 1994). This is achieved by releasing high levels of internal service provision within the functional areas. As Varey (1995: 42) confirms, 'Internal service quality is necessary for superior external service quality'.

Financial capability

Before any communications plan can be devised in any detail, it is necessary to have a broad understanding of the financial capability of the organisation; in other words, how much money is available for communications? This is important, as it affects the objectives that are to be set later and the choice of media necessary to carry the organisation's messages. For example, it is pointless asking dealers to undertake training programmes with end-users if the manufacturer does not have the sales representatives and training staff to instruct the dealers in the first place. Most medium-sized tour operators do not have the capital to fund television-based campaigns, even though some of the major national tour operators regularly use television.

Manufacturing capablility

One of the main aims of the communications plan is to stimulate and maintain demand. If production resources are limited the capacity needs to be aligned with the potential demand of a region or local area rather than nationally. Equally, the communications programme should be geared to the same area. All demand must be satisfied and likewise much of the communications programme will be ineffective in the short term if full production capacity has been reached.

Marketing capability

Discussion so far has assumed that the available corporate and marketing expertise is of sufficient calibre not only to formulate, but also to implement, a marketing strategy and its associated communications requirements. This raises questions about the customer orientation of the organisation, its attitude towards marketing and its general disposition towards the provision of a sustained level of customer service and satisfaction.

In a Research International study reported by Simms (2004) it was found that 47 per cent of respondents had little or no idea of what marketing does while 54 per cent believe that if marketing was abolished it would have little or no manageable impact on the company. This type of information is fairly typical of a number of studies in this area. Marketing appears to have difficulty establishing itself within many organisations, although its prominence in FMCG companies is high.

Many CEOs still have a poor understanding of what marketing is: to a number of them marketing is about selling and promotion. Such a shallow perspective is unlikely to lead to an

organisational culture that will support a marketing orientation, especially when so few marketing directors have a main board position. The ability of an organisation to deliver consistently effective marketing communications is dependent upon many things, but among them are the presence of a customer-oriented organisational culture and leadership with a broad mix of marketing skills.

It seems reasonable to extend these conclusions by surmising that the same values and beliefs are necessary for the successful adoption of a planned approach to marketing communications, if only because it is a subsystem of marketing planning.

Summary

In order to help consolidate your understanding of internal marketing communications, here are the key points summarised against each of the learning objectives:

1. Introduce the concept of internal marketing.

Employees constitute a major stakeholder group, and an internal market based on the exchange of wages for labour. However, they have many other roles of varying complexity and they make a major contribution to the success and performance of the organisation. Their role in providing service and support for a brand has become increasingly recognised. The boundaries that exist between members and non-members of an organisation are becoming increasingly indistinct as a new, more flexible workforce emerges.

2. Consider the purpose of internal marketing and communication.

Managers see the main components of internal marketing as falling into three broad areas: development; reward; and vision for employees. These will inevitably vary in intensity on a situational basis. Internal communication can be considered in terms of four dimensions: internal line management communication; internal peer communication; internal project communication; and internal corporate communication.

The values transmitted to customers, suppliers and distributors through external communications need to be reinforced by the values expressed by employees, especially those who interact with these external groups. Internal marketing communications are necessary in order that internal members are motivated and involved with the brand such that they are able to present a consistent and uniform message to non-members.

3. Explore issues associated with organisational identity.

Organisational identity is concerned with what individual members think and feel about the organisation to which they belong. When their perception of an organisation's characteristics accords with that of an employee, the strength of organisational identity will be strong. Organisational identity also refers to the degree to which feelings and thoughts about the distinctive characteristics are shared among the members. There are, therefore, both individual and collective aspects to organisational identity.

4. Examine the impact of corporate culture on planned communications.

Corporate culture is concerned with the basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously and define an organisation's view of itself and its environment. A more common view of organisational culture is 'the way we do things around here'.

Both internal and external communications often reflect the prevailing and dominant culture, whether this be adventurous or cautious, innovative or solid, or pessimistic or optimistic the theme and tone of the communications is often mirrored.

5. Explain the intellectual and emotional dimensions of brand engagement.

Employees are required to deliver both the functional aspects of an organisation's offering and the emotional dimensions, particularly in service environments. By attending to these twin elements it is possible that long-term relationships between sellers and buyers can develop effectively. Engagement consists of two main components – an intellectual and an emotional element. The intellectual element is concerned with employees buying-in and aligning themselves with the organisation's strategy, issues and overall direction. The emotional element is concerned with employees taking ownership of their contribution and becoming committed to the achievement of stated goals.

6. Develop an insight into the notion of strategic credibility and stakeholder perception of organisations.

Strategic credibility refers to the extent to which key stakeholders favour the company's overall corporate strategy and its strategic planning processes.

If stakeholders perceive the focus organisation as strategically capable, it is suggested that the benefits include improved stock market valuations and price/earnings multiples, better employee motivation and closer relationships with all members of the performance and support networks, particularly those within the financial community. There are four main determinants of strategic credibility: an organisation's strategic capability; past performance; communication of corporate strategy to key stakeholders; and the credibility of the CEO.

7. Explain how the use of communication audits can assist the development of effective marketing communications.

A communications audit is a process that can assist marketing communications manager to assess whether an organisation is communicating with its consumers and other stakeholders in an effective and meaningful way. A further important goal is to determine whether the communications perceived and understood by the target audiences are the messages that were intended in the first place. Are the messages being decoded in the manner in which they were designed when they were encoded? This exercise helps organisations to develop their realm of understanding with their respective network members and includes all internal and external communications, whether overt or covert.

Review questions

1. Write a short definition of internal marketing and explain how marketing communications needs to assume both internal and external perspectives.
2. What is the role of internal marketing communications?
3. Write short notes explaining why organisational boundaries appear to be less clear than was once thought.
4. What is organisational identity and what do Albert and Whetten (1985) consider to be the three important aspects of identity?
5. Write a brief paper explaining why an understanding of corporate culture is important for successful marketing communications.
6. Why should marketing communications accommodate corporate strategy?

7. What are the elements of strategic credibility?

8. Select three different CEOs from a variety of organisations and evaluate their strategic credibility. What is your justification for selecting these individuals?

9. Prepare a communications matrix for an organisation (or brand/product) with which you are familiar.

10. Why might the functional capabilities of an organisation affect an organisation's marketing communications?

MiniCase   Valuing internal communication: why should companies invest in communicating with employees?

Simon Hardaker: Group Head of Internal Communication at Rolls-Royce

Today's working environment is always changing. The job-for-life concept that our fathers may have anticipated when they left school is a rare one, both from an employee and from an employer perspective. Today's graduates join with a plan that rarely involves staying in the same company much beyond the completion of their graduate programme or apprenticeship. Employers since the 1980s have learned new vocabulary: downsizing; reengineering; right-sizing. All metaphors for shedding employees. The so-called psychological contract between employer and employee, 'I will do work in return for payment', has irrevocably changed.

In this environment, companies have had to find ways to recruit and hang on to the best employees. To this end, FTSE 100 companies such as Rolls-Royce are spending tens of millions of pounds, recruiting and training their workforce and expect a return on that investment over time.

Exhibit 30.3   The world's number two engine maker has over 12,400 jet engines in service
This photograph is reproduced with the permission of Rolls-Royce plc, copyright © Rolls-Royce plc 2006.

Since the early to mid 1990s, a concept known as employee engagement has been adopted to measure the amount of discretionary effort employees are prepared to expend at work; researched widely now for its affect on the employee/employer relationship, it is proving to be a popular metric to measure employees propensity to stay, give a 100 per cent to their work, and be positive about how they describe their employer. Research has highlighted a range of benefits to the company: improved performance and greater customer satisfaction and margins among others, that provide good reasons to invest in and pursue the idea of an engaged workforce. Communicating with employees is central to delivering this.

Rolls-Royce adopted the engagement measure in 2004, surveying a sample population, before doing a worldwide census of its workforce in 2006. While there were some variations in the levels of engagement, a consistent theme was repeated around the company, that of supervisor communication and the involvement of their staff in decision-making.

Some areas were better than others as might be expected. A range of approaches were adopted to address the engagement issues and one at the Rolls-Royce plant in Oakland, California, achieved particular distinction for the change in engagement. A programme

called Winning Workplace was launched there in 2005 and moved engagement from bottom-quartile to top-quartile engagement levels.

Can engagement be improved by corporate initiatives?

There is a phrase in human resources management that 'employees don't leave their company, they leave their manager'. This is a good starting point for building engagement with employees. The relationship between staff and their manager is what motivates individuals and engages them with their work.

One of the drivers of engagement in individuals is the extent to which individuals have a say in 'how they complete the work they are allocated', something that is embedded in the relationship between supervisors and their staff and formed the basis of the Winning Workplace process.

The consultants LM Dulye and Co, along with the North America Internal Comms team, were engaged to support the programme, establishing a concept described as 'action-based teams'.

In simple terms, the plant's employees initially elected two groups, 13 employees in each, to form action teams. The first team looked at trust in leadership, the second

Exhibit 30.4 The Rolls-Royce Plant in Oakland, California
This photograph is reproduced with the permission of Rolls-Royce plc, copyright ©
Rolls-Royce plc 2006.

at knowledge of the business. Each followed a process facilitated by Dulye's team, through root-cause analysis, to develop a set of recommendations for each topic area.

Employees were recruited from all over the Oakland site, from all functions and all job levels. They had to commit 10 hours per week during business hours to supporting the programme; quite an investment from individuals and the business. The teams received training on how to analyse problems, come up with solutions and ways to implement these. They conducted 15-minute 'huddles' each week to discuss progress on the topic areas and gather new issues to be brought into the programme.

Another new feature was the introduction of a standard form of measuring meeting effectiveness to evaluate the quality of communication and recommend improvements. The programme has since introduced enhancements to the induction process that new employees go through and continuous leadership learning programmes for senior managers. The business knowledge team introduced a 'voice of the customer' programme to bring plant members face-to-face with the people using the engines they serviced, a powerful eye-opener for both parties.

The 'secret' of the success is that, unlike so many initiatives, this one is run by employees for employees. They are truly engaged in its outcome. What is more, it has transcended the 'initiative' label by continuing to thrive, with new team members being elected to new project issues continuing the work.

The case illustrates at a micro-level how the quality of a partnership approach between employees and managers can enhance the working environment. It demonstrates some of the key issues for internal communication: supervisors are a central element that can lift or lower engagement – their training, accountability and involvement will influence the level of engagement of their staff in a way that corporate initiatives and, indeed, corporate communications cannot. Clear feedback mechanisms provide for employee contributions or questions about their work environment, which involves them in contributing to the increased success of their team. So, can engagement be improved by corporate initiatives? Probably not, but in this case, the plant's management were courageous enough to initiate the programme and their support undoubtedly contributes to its continued success.

If supervisors have been shown to be central to the quality of engagement, what role does internal communication really play in developing engagement?

If engagement works broadly at two levels, the rational and the emotional, staff being aware and proud of the performance of their part of their business might be rationally engaged; being inspired by managers to understand and contribute to that success is the emotional element. This is particularly important as it provides for greater contribution of discretionary effort from employees.

The role of internal communication is to provide the bedrock for the rational communications; what the company is doing, what new policies are being introduced and why, how the company is performing and so on. It provides and regulates the major channels of employee communication from intranets to printed magazines, web casting to organising leadership road shows. All of which establishes the ground for supervisors to build on emotional engagement. Training managers to communicate in a compelling way locally, converting the company information into local meaning, is also a role for internal communication professionals.

Methods such as cascade or team briefing have been widely used in companies to distribute information from senior leaders to front-line employees through their supervisors. These are not always successful in the corporate environment on one of three levels: timeliness, not everyone receives information at the same time; the information is conveyed in such a way that employees cannot relate to or remember it; and the opportunity for any feedback or contributing through dialogue is very limited. Timing can be addressed through initiating the communications globally through mass media. The dialogue and feedback issue can be resolved through more use of action-based teams as described in the case above, but conveying a message in a memorable way, such as through story-telling, is another useful skill.

The use of story-telling is nothing new; hundreds of years ago, before the widespread use of printed material, it was the only way to convey information. It has, however, seen a resurgence in recent years. Communication with employees went through a period of becoming increasingly writing-based – through company magazines, intranets and emails etc. Although these media are able to convey information in a rational sense, none is able to engage employees in the way that a supervisor can.

The re-introduction of story-telling as a key skill to relate information to staff is having a positive effect on engagement in many companies.

Rolls-Royce made use of the method on a global scale to its 40,000 employees. Story-telling provided the method to inform employees about the strategy it was following, the competition it faces and the context for its business operations, putting the various change programmes into some perspective and engaging employees with the need for action.

Using 'storyboards' and 700 trained supervisor story-tellers from the business, every employee over a period of a few months was taken through the company in short stories. The supervisors, using their own experiences, or those learned from other story-tellers, conveyed the complete picture of the company in its competitive environment. The 90-minute sessions, involving up to a dozen employees, were widely acclaimed by employees, underlining the contribution a good story can make. Material was all prepared and standard, posted as 60 A3 graphics on a 10m long 'wall'. Facilitators were able to walk along the wall, picking relevant pieces of material to illustrate their points and making the connections between what happened elsewhere and what happened in their audience's local area. Employees could absorb the material at their own pace, asking questions throughout.

Two important outcomes were achieved in this project: supervisors learned the value of using this method to communicate sometimes quite complex material in an engaging way and employees know much more about the opportunities and challenges that the company faces.

Both these cases help to illustrate the changing role of internal communications in corporations today. The function can contribute much more than simply running a global survey and publishing the results in its in-house magazine. While the role of supporting a rational level of engagement is still an important part of the responsibility through traditional and new media channels, some argue that a greater need is served through supporting managers across the organisation in developing ways of emotionally engaging employees with their work, to deliver higher and more rewarding performance to companies and individuals.

MiniCase questions

1. Why should companies invest in communicating with employees?
2. Can engagement be improved by corporate initiatives?
3. If supervisors have been shown to be central to the quality of engagement, what role does internal communication really play in developing engagement?

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