

Reasons Companies Build Communication as a Strategic Capability

By Spencer Patterson, Ph.D. and Scott Freeman

We recently met with the CEO of one of the world's largest organizations. His company has over one million employees serving billions of customers each year. As he shared his perspective on some of their primary challenges he said, "communication is the central solution to almost every problem we face, we just need to figure out how to do it." This mature leader recognized the importance of strong interpersonal skills as well as strategically organizing systems to optimize communication channels that affect policy and culture. We spent the next hour discussing some of his challenges, and how effective communication would have prevented or could have helped resolve them.

We do not advocate reliance on communication as the great panacea for all business challenges. Some problems cannot be resolved with better communication. Economic downturns, surprise competitors, and many other elements of the universe do not respond positively to communication alone. Notwithstanding, a significant number of the problems we face in our workplaces (and personal lives) can be avoided or improved through effective communication skills and processes. After studying large and small organizations around the globe, as well as observing and interviewing thousands of people, we have identified six primary reasons companies focus on internal communication as a strategic capability.

Reduce Errors

In an ideal world, no one would make mistakes and important information would be freely shared without misunderstandings or hurt feelings. Alas, in our real world, most employees commit costly errors that may be traced back to ineffective communication skills and processes. When this occurs, those involved often spend

more time pointing fingers and attempting to discern who is at fault than they do attempting to improve the skills and processes that could lead to the elimination of mistakes.

These errors cost money, time, both, or worse. Take for example, the great plague of medical mistakes (avoidable errors) in health-care settings. According to researchers at Johns Hopkins University, more than 250,000 Americans die each year from medical errors. This is a staggering statistic! Medical errors are not

Top Three Causes of Death in the US

1. Heart Disease
2. Cancer
3. Medical Errors

classified as a cause of death, but if they were, they would be the third leading cause of death in the US after heart disease and cancer. As a result, the

researchers wrote an open letter to the Centers of Disease Control and Prevention urging them to add medical errors to their list reporting top causes of death.

Some organizations reduce errors by developing communication skills that lead to clarity, understanding, and shared mindsets. Others do so by implementing clear communication processes (take a look at the airline industry). Ultimately, every organization would benefit from the elimination of avoidable errors.

Minimize Waste

Minimizing waste of resources and time is another reason organizations build communication as a strategic capability. For example, last week while ordering a burrito over the glass counter at a favorite restaurant, the condiment preferences were made quite clear. Having told the employee that cheese was not desired, about

10 seconds later, he added a handful of cheese. The comment, "Excuse me sir, no cheese on that burrito" did not startle him. He simply looked back and said "Oops", then threw the burrito in the garbage and started over.

Wasted burritos, paper, and other physical resources are obvious physical examples of waste resulting from ineffective skills and/or processes. Wasted time and energy are less apparent, yet also significant forms of inefficiency. Clients often approach us with concerns about ineffective meetings, email exchanges, process designs or change management efforts. On a macro scale, the market has responded with methods including Six Sigma, Lean and TQM to improve processes. These methods provide powerful tools and approaches to address concerns of waste, but it should be noted that all of these require effective communication skills and processes for successful implementation.

Increase Customer Satisfaction

Customer facing departments and functional groups have much to gain by focusing on communication as a strategic capability. When clients ask us "Why?", the response is quite elementary. Customers usually hate spending their time and energy waiting for organizations to help them. For example, consider your last visit to a US-based doctor or hospital. Studies show that cumbersome check-in and check-out processes are patients' primary complaints. Lack of individual attention from the doctor, poor listening, rude staff, and confusion with billing and finances are also high on the list.

While recently speaking with a friend who had experienced a frustrating telephone conversation with his retirement investment firm, a similar theme emerged. After hours of explanation and multiple phone calls, the customer service representative acknowledged that she did not understand his concerns from the start. Addressing the problem he said, "If she would have listened during our first conversation, none of this would have happened." All

of us have stories about poor customer service. Most of these problems stem from poor interpersonal skills, compounded by cumbersome internal communication processes that lead to feelings of frustration and anxiety. Typically, these customer service problems are preventable.

Increase Employee Satisfaction

Most businesses consider Development/HR departments as inescapable expenses, and often fail to realize the potential they have to influence culture, morale, engagement and the general success of their enterprises. This depiction of Development/HR as an albatross is largely unfounded from an empirical perspective. Employees often find joy and fulfillment in their careers when they do not have to worry about tripping over each other's feet, nor being concerned about wasting their time and energy on tasks that someone else might redundantly perform or restructure. As an almost automatic side effect, the contagious emotions of enthusiasm and happiness tend to be inculcated simultaneously into company morale. Happy workers engender happy workplaces.

Studies on both job satisfaction and engagement indicate that leaders and managers have major opportunities to positively influence employees. After satisfaction with the work itself, satisfaction with supervisors and co-workers have the strongest bearing on employees' overall job satisfaction. These relationships are typically either strained or successful depending on communication styles and processes. Similarly, decades of research illustrate that employees are not primarily motivated by salary, benefits, free soda nor ping-pong tables. But rather, identification with the vision and values practiced by company leaders. The effects of leadership communication on employee satisfaction cannot be overstated.

Increase Productivity

Dabbawalas are people in Mumbai, India who deliver lunches. We learned about them while visiting with a prominent business leader in New Delhi. While discussing the recent success of the Indian business economy he proudly asked if we had heard of the dabbawalas. It became apparent that many Indians, including the dabbawalas themselves have pride in these people, and they should.

Every day, approximately 5,000 dabbawalas deliver hundreds of thousands of lunches. Many Indian workers prefer to eat home-cooked lunches at work for hygienic and convenience purposes. So, the dabbawalas pick up lunches from thousands of homes, deliver them to the workers, and return the lunch boxes after lunchtime has concluded. It has been estimated that they make only one mistake per 8,000,000 deliveries! Astonishingly, the dabbawalas use their own bicycles and public transportation systems to conduct their business each day. Perhaps more impressively, they use no electronic logistics tracking system. Instead, they created a process where each person is trained to understand distinguishing hand written marks on each lunch box that indicates instructions for sorting and delivering.

We have witnessed many teams, departments, and organizations develop and execute communication processes with precision. As external observers, the best part is to see the enthusiasm and pride that ensues from being part of the processes and associated results. When the train of effective communication gets rolling, it can be hard to stop.

Assuming that effective communication is mandatory for success in all business environ-

ments, we conclude that efforts to improve overall productivity of an organization hinge upon exchanging ideas effectively. Doing so cultivates a virtuous cycle fostering improvement of the entire organization, adding value to owners, employees and external stakeholders at once. This is an ultimate form of productivity.

Increase Profits

It is sometimes difficult to connect profits directly to the strategic capability of strong internal communication. However, clarity emerges when you adopt a more holistic perspective. Review the following equation:

$$\begin{array}{l} \text{Decrease in errors and waste} \\ \text{Increase in customer satisfaction} \\ \text{Increase in employee satisfaction} \\ + \text{Increase in productivity} \\ \hline \end{array}$$

Increase in profits

Communication itself does not typically bring money through the doors. But it plays a massive role in reducing expenses and increasing production.

In sum, very few organizations need to seek outside guidance to help them clearly define what they want to do. Intriguingly, almost every organization spends more effort asking "how do we do it?" Our contention is simply that when organizations assess which strategic capabilities they need to cultivate for business success, the most appropriate and oftentimes overlooked answer is, "Building internal communication as a strategic capability is where you need to start."

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