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# Measuring the effectiveness of change — The role of internal communication in change management

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*Previously, James was Head of Global Internal Communications at The Body Shop International plc where he was responsible for developing the company's internal communications strategy. This involved developing the appropriate media for communicating to all employees and franchisees and providing a communications consultancy service to support the 46 markets in which The Body Shop trades.*

*James is frequently invited to speak on internal communications and change at conferences, and this article is an adaptation of the paper he presented at the Henry Stewart Communications/Change Conference in July 1998 when he was working for Banner McBride.*

**KEYWORDS:** *internal communication, change, measurement, behaviour, research*

**ABSTRACT** *Change is constant in business. It is increasingly recognised that internal communication plays a role in helping employees deal with change. But how effective is it? The evidence available to date suggests that internal communication has a dismal track record. The author argues that this is because most internal communication does not get measured and so does not get done. Case studies are used to show that where measurement has been part of the plan, the effectiveness of internal communications in change management can be proven.*

Nothing is permanent but change  
Heraclitus, ca. 500 BC

Two and a half thousand years of history cannot be wrong. Change affects man, machine and nature. It is a familiar story to everyone. It is a particularly familiar story to business where the only constant seems to be constant change.

Changes brought about through mergers and acquisitions and re-engineering currently steal the

headlines in the business pages of newspapers and compete with stories of advances in technology and changes in customer expectations. At the same time, however, political change, social trends and working patterns are all shaping the environment in which organisations are doing business.

Corporate change is a fact of life, but one which is often seen in a negative light. In the third annual quality of life survey recently published by the Institute

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of Management, the number of managers reporting they had been affected by corporate change continues to rise and had reached 67 per cent (quoted by Becket, 1999). It also reported that many managers' loyalty, morale, motivation and sense of job security had been eroded, making managers cynical about organisational claims that people are the greatest assets.

An organisation is made up of people and so, when change affects the organisation, it ultimately affects all its people, whether managers or frontline employees. An increasing number of organisations recognise that change is not just about systems and processes, but, more importantly, that an organisation's people are key to managing the change process. The aim is to get everyone facing in the same direction, sharing the same vision. 'Restructuring with humanity', 'Bosses back internal marketing', 'Reaching and changing frontline employees' are typical headlines from change stories that emphasise the importance of an organisation's people in the change process.

## COMMUNICATING CHANGE

### Internal communication's poor record

'What does it take to build a communicating culture?' is a headline that reflects the growing interest in internal communication as a tool of change management. There is, however, staggering room for growth in this area. In a Watson Wyatt survey, chief executive officers (CEOs) ranked communication as the number one oversight in change programmes. And another survey (Hilpern, 1999) found that over a quarter of companies which had restructured during the previous five years had failed to draw up a detailed communications plan.

As a discipline, internal communication has a dismal track record. The research agency MORI has been tracking employee opinions since the 1970s. Despite all the advances in technology and the growth in media and communications tools, employee satisfaction with internal communication has barely changed in 25 years. In fact, satisfaction rates have been on a downward slope since 1987, when they reached a peak of 50 per cent satisfaction. The level of satisfaction in 1995 was comparable with that in 1970, ie around 40 per cent.

One of the reasons why internal communication has been unable to raise its profile as much as other disciplines, is because there are no straightforward tools that can be used uniformly to measure the impact of internal communication. The reason for this is very simple. Communication, even with all our advances in information technology, remains a hugely dynamic human process. Good internal communication engages the hearts and minds of people — how do you go about translating that onto the balance sheet?

### What gets measured gets done (and what gets done gets copied)!

It is my personal conviction that what gets measured gets done. At a simplistic level, if there is a box on a monthly report for an update on internal communications activity, people are much more likely to hold regular team briefings, for instance, so that they have something to add to their report. If no check is being kept, it is easy to let things slip until internal communications cease to function at all.

I also believe very strongly that what gets done, gets copied. If internal communications activity is being measured and reported, it is very likely

that the departmental manager will want to make sure his or her team is doing at least as well as the department at the other end of the corridor. Increasingly, there is also pressure from the 'bottom up' for internal communication. Colleagues talk and share information and will often demand that the best practice set in a colleague's department is replicated for their team.

Internal communication is, however, far from being simplistic. It is not about holding two meetings a month to read out five memos from the board. It is about engaging people to understand the organisation's values, vision and business objectives and to feel they can contribute to the business' success. In turn, this means that the measurement tools have to be able to capture qualitative data, ie attitudes and behaviour, as well as quantitative data.

### **What the surveys show**

Many surveys have been conducted over the years which give a valuable insight into perceptions of internal communication. Whether the communication is verbal, printed or hi-tech, the general picture is still gloomy. According to the Council of Communication Management, two-thirds of employees do not believe their senior managers. Other research by the Institute of Management reveals that many perceive employee publications as 'attempts at the truth' and despite the widespread use of video communications (used by 60 per cent of those surveyed) three-quarters thought video ineffective.

What is clear is that internal communication has a poor reputation. The question is why? In 1997, Banner McBride interviewed 400 communications and marketing professionals to find out. According to 75 per cent of respondents, the main

reason internal communication is not working is because there is no link to the bottom line. Sixty-seven per cent said it was because internal and external communications were not aligned. Half believed internal communication was divorced from real business needs — seen as something 'nice' to have or do, but not essential. Significantly, 42 per cent said that internal communication failed to bring about change in behaviour.

We were surprised by the results and so took them away to benchmark against other surveys already published. Was internal communication really not linked to the bottom line? According to the Industrial Society, whose survey results indicated that two-thirds of organisations did not link employee communications to business strategy. This was mirrored by reports from Alexander Consulting Group, which showed a similar number did not even have a strategy for employee communication.

Next, we looked into the lack of alignment between internal and external communications and identified the reason why: studies from Cardiff University showed that internal marketing is not part of three-quarters of marketing directors' planning processes, presumably because they are not responsible for internal communication.

However, research by the HR Consultancy, Towers Perrin, showed that internal communication can be linked to behaviour. It found that in high-performing organisations, managers were more aware and concerned about employee issues and so gained their trust. Where managers were much clearer about saying what they wanted and were better at recognising performance, they gained significantly higher levels of involvement from employees.

## ISSUES AROUND EFFECTIVE MEASUREMENT

There are several factors which affect the measurement of internal communications. The first of these is the involvement of senior management. When announcing a new scheme for internal communication, the employees will listen less to the words being spoken and look more to the CEO's behaviour. Is the CEO walking the talk and acting as a real champion for improved communication? Does his or her behaviour reinforce the spoken message about the importance being accorded to communicating more? Are there visible signs that this is a two-way process where senior management encourage and support feedback from their people? If not, it is going to be very hard to get constructive feedback that can be used to develop a successful communications plan.

It is also important to measure communications in context with other business objectives. For instance, linking the communications campaign to a drive for improved customer service. This way it is much easier to assess the impact of the programme on the bottom line and demonstrate the benefits of internal communication to the business.

Measurement should not come only at the end of a communications programme. It has to be scheduled in at intervals so that there is time for adjustments to be made to the plan, based upon the interim results received.

There is also the question about 'what' to measure. Whilst it is important to capture hard data to show the impact on the bottom line, or the extent of understanding of key information, it is also useful to gather feedback to show whether the programme is successful at improving the so-called 'softer' sides of communication, ie whether the emotional commitment of people has been gained and how engaged they feel.

## MEASURING THE EFFECTIVENESS OF CHANGE

Conventional wisdom about measuring the effectiveness of internal communications places more emphasis on the data that is easiest to gather, which produces the hard data and statistics.

It follows a fairly standard formula whereby the issues and problem areas are identified. The effectiveness of processes and efficiency of people are studied and evaluated. The programme starts and progress is monitored. This is completed by tracking the changes in employee attitudes.

I believe the above is vital information to gather, but it does not measure whether the communications programme has been effective in capturing the hearts and minds of employees. Less work has been done in this area, and so it takes rather more creative wisdom to decide what to look for and measure.

To ascertain whether the programme has secured the commitment of people, a measure should be made of the new ideas generated through communication forums such as focus groups and brainstorming sessions. Another indicator of the effectiveness of the change communications plan is the number, willingness and calibre of change champions who have been recruited to motivate others. A culture audit is an excellent means of measuring how effective managers and communicators are at exciting interest in the future of the company.

Once best practice has been identified, it is important not only to share it and to track the impact it has on other areas of the business, but to celebrate it. Whether that means drinks down at the pub or a bonus cheque, celebrating success is a recognition that sharing best practice benefits the business and its people.

Creating understanding of company values is often an objective of a

communications programme. Measuring the level of understanding is all very well, but tells you nothing compared with measuring how much people are living the values through doing. Measuring for action is a means of evaluating how much people are walking the talk.

I believe that, by combining the conventional and creative wisdom on measurement, one gets a more complete picture of the real effectiveness and deep value of the communications programme. I should like to demonstrate through case studies how different types of measurement have been used effectively with clients: Lloyds TSB, GNER and SmithKline Beecham Vaccines.

### **LLOYDS TSB GROUP PLC**

Lloyds TSB is one of the big four banking institutions in the UK, created from a merger between Lloyds and the TSB a couple of years ago. It has undergone large changes and we were invited to work with them to improve customer service through internal communication.

Our specific objectives were to:

- find out if there is a link between the way managers run branches and the customers' perception of the service they get
- establish what managers can do in the way they manage operations to improve customer service
- establish what impact customer service levels have on business results
- change behaviour in line with the lessons emerging.

What we found was that the bank was already measuring employees' and customers' levels of satisfaction through regularly surveys, but it had never combined the two sets of data. When we did this, we identified that a major

differentiator of the more successful branches is the way the management teams communicate with their employees and that this had a marked effect on their performance.

Through research with staff and customers and by looking at results from high-performing branches and control group branches, we were able to compare the different results and identify gaps. The most effective actions were identified and the link between communication and customer service and branch performance was demonstrated.

This information allowed us to establish 'Best Branch Practice', which led to innovation through proactive reorganisation of physical resources and creative deployment of human resources. Defined roles, responsibilities and practices and clear communication processes resulted in overall clarity. Flexibility was ensured through little or no demarcation and customer-driven delivery processes.

As a result, the Bank has rolled out a new management development programme; internal communication has been restructured and given a more strategic brief; staff and customer views are combined into an integrated measurement process and serious research has been undertaken into performance management based on employee issues. The bank has also been honoured with awards for its service.

### **GNER — A NEED TO CHANGE TRACK**

Great Northern Eastern Railway services over 50 stations and transports 13.5 million passengers a year on the route between Inverness and London. The company has 2,600 employees working across the disciplines — from administration to maintenance, telesales to catering — on and off the trains, over

the length of the country and on a 24-hour shift.

GNER needs to increase revenue to make up the shortfall of the government subsidy which will end in 2003. To increase revenue, it has to improve efficiency, customer service and ensure quality in all areas. The employees, being on the frontline, need to develop and drive the change programme, which required a significant change in their behaviour.

The project was set up and we were given the following objectives:

- assess the effectiveness of internal communications
- investigate understanding of and commitment to the Mission Statement and Service Vision
- evaluate corporate culture and management style
- assess understanding of and commitment to change within GNER.

We held focus groups with a cross-section of employees to establish the areas where changes would be beneficial. We also created a confidential all-staff survey, which gave everyone the chance to provide their comments and contribute towards the future.

We promoted the survey with a high-profile communication campaign and received a good response. The answers were mixed, but it gave the senior management an insight into how their people were feeling.

We found out that not everyone wanted to participate or trusted the confidentiality assurance. It was believed that not all managers would welcome the truth or want to take action. On the flip side, the 'converted' could not get enough detail and they wanted more! They also saw serious endorsement from the top as critical.

From the internal audit, GNER now understand the need for even more senior management visibility and closer involvement between middle managers and employees. The need for an ongoing communications programme to create more integration, motivation and to keep disparate employees better informed was identified.

The project also highlighted where GNER is most successful and where it can improve. Employees in areas that have been restructured are happier than those in unaffected areas. GNER is keeping the momentum going and changing working practices in line with the emerging lessons.

For instance, a staff newspaper has been introduced and a new team meeting process has been established. There has been a review of communication media and distribution and a commitment to further training. Customer service training has been increased and local action teams have been introduced to achieve specific improvements. There are marked improvements in operational communications, including a Customer Service Manager on each train.

GNER are now changing their practices and understand that they need to repeat the exercise of the staff survey to track attitudes towards the changes that have been brought about as a result of the first survey. They have also learnt that next time there need to be fewer questions and greater assurances about confidentiality and commitment. The focus next time will be on behaviours and core values, and they intend to change the emphasis from operational to corporate issues.

### **SMITHKLINE BEECHAM VACCINES**

SmithKline Beecham Vaccines (SBV) is a highly profitable unit within the global

pharmaceuticals company SmithKline Beecham. It provides vaccines direct to GPs' practices and clinics.

There were many reasons the unit had to change, not least because they were operating in a very competitive marketplace where discounts were fast becoming the only active market differentiator. SBV had a very product-focused approach but at the same time, was undergoing a reduction in product differentiation. They were losing customers, losing motivation and losing employees at a high rate of turnover.

To survive, SBV need to change radically, and it repositioned the brand in order to develop a service brand with a new proposition: 'Striving always to anticipate and answer your needs'.

In our approach to meet the challenge, we decided to hold workshops with ABMs in order to develop a greater understanding of the service brand; a sense of ownership of the change process and to ensure that middle managers were aware of their role in facilitating change. We also planned a two-day conference that would be integrated and motivational, with clear communication roles for the senior management. Research was conducted before and after the conference to measure changes in attitudes. Regional meetings developed a support network and people were given an opportunity to give feedback. We worked with human resources to link behaviour and competencies. Once we had the feedback, we integrated it into an internal communications plan.

Pre-conference research brought this type of typical response: 'We already have a recognised good service level. The question is — is service the issue or rather shouldn't we be addressing price?' People were still very product and price focused and needed a lot of support in making the transition emotionally and intellectually to the new service brand.

Post conference feedback was vital to show understanding and commitment to the new brand positioning. The results were staggering:

- 39 per cent improvement in the view that SBV has a differentiating marketing strategy
- 31 per cent improvement in understanding the long-term goals and objectives of SBV
- 28 per cent improvement in seeing SBV as providing a first class service to its customers
- 21 per cent improvement in the belief that other departments respond effectively to customer needs, and
- 25 per cent improvement in the feeling that employees' views matter.

Once the brand was being delivered to the customer, qualitative feedback from the sales force proved that the strategy was working: 'We are genuinely more customer focused'. 'They have given us a business plan that makes sense' and 'The Vaccines brand has had a phenomenal success'.

The changes have not only led to improved customer satisfaction and helped retain accounts, but made it easier to launch new products with a service focus. This inspired Pasteur Merieux to launch their own service initiative. And the good news from HR is that the sales force is remotivated, and there has been a 50 per cent improvement in employee retention.

## LESSONS TO SHARE

Measurement of communications activity with clients clearly shows that communication and performance are linked. Effective communication delivers behaviour aligned with goals, and communication programmes work best when they have a strategic perspective



and support the business strategy.

From my experience, Marketing and Human Resources share the required skill sets to put in place an effective internal communication programme, even if they sometimes lack the shared mindset. In order to benefit the business, companies should tap into these skills in existing departments and make sure people from all areas are involved in developing the communication and plan.

However, without measurement, progress is difficult. Integrating measurement into the communications plan increases the credibility of the proposition. This is strengthened even further when the communications measurement is linked with other

available performance data, such as recruitment and retention data.

Behaviour change needs to be tracked and quantified to make the case to senior management.

In an ever-changing work environment, the need for improved internal communication has never been greater. It is rising up the agenda of senior management. Effective measurement will make sure that it remains on the agenda.

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