Four Principles for Communicating Your Company's Strategy Effectively

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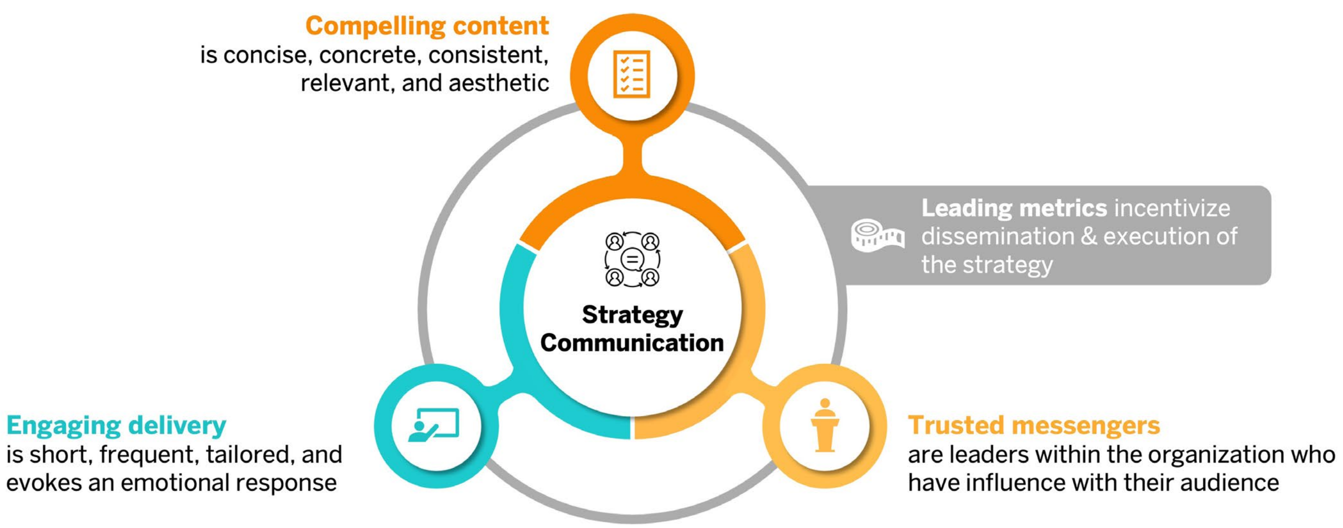
As companies create new strategies to navigate disruption or identify new paths to growth, they want to reap the benefits of an engaged and aligned workforce who can execute the strategy. Research from Gallup shows the payoff: companies that place a high priority on employees' engagement with strategy show a 22% increase in profitability over companies that don't.

Strategic communications play a critical role in aligning the organization. They also ensure employees at all levels understand the strategy and support its implementation in their day-to-day actions.

In our work advising companies on strategy development and execution, we have found that four factors have an outsized impact in creating effective communications that inform, engage, and empower employees: compelling content; engaging delivery; trusted messengers; leading metrics.

Best-in-Class Strategy Communication



Principle #1: Compelling Content

Every organization has a strategy, but the strategy developed in the boardroom needs to be properly packaged to be effectively communicated throughout the organization. Leadership teams must ensure the strategy is delivered concisely, concretely, consistently, and relevantly so that employees can internalize the strategy and its importance to broader organizational goals.

Leaders often feel compelled to communicate minute details of the strategy to employees. Counterintuitively, communicating more detail often leads to less understanding. USAA provides an illustrative example of the importance of conciseness in communicating strategy. When the company conducted an internal audit of 35,000 employees, they found the average employee spends only 8 minutes per day consuming internal communications. USAA revised their internal communications in response, and the KPI for employee engagement showed an increase of 8.6% (PR Week). Most organizations are similar; if your communications on strategy take more than 8 minutes to read, the average employee won't read them.

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In addition to getting employees to engage with the content, it's important they retain key strategic information. There are two techniques that can help with retention: concrete examples; regular and relevant communications. One organization that has embedded using concrete examples into their processes is the U.S. Military. Manuals require commanders to describe mission objectives via a concrete, easy to understand description that can be clearly understood two levels down in the organization. In practice that may be as simple as "get Platoon 345 onto Hilltop 24 and neutralize all threats."

Netflix's novel approach to strategic information sharing exemplifies regular and relevant communications. Messages across the organization are carefully vetted for consistency, impacting everyone from board members to entry-level employees. Content is then filtered and tailored for the appropriate audience, with lower-level employees only receiving information necessary for their specific function (HBR).

Principle #2: Engaging Delivery

Engaging modes of delivery are critical to successful strategy communication. Best-in-class delivery requires frequent communication in small doses, via multiple media formats, all leveraging key elements of storytelling.

Many companies default to in-person or town-hall meetings for strategic communications, but lengthy, large meetings should not be the default delivery method. In fact, studies have found an inverse relationship between the length of a presentation and attendee engagement. Companies should look towards TED, an organization whose purpose is idea sharing, for inspiration. All of TED's internal strategic communication out-briefs are 18 minutes or less. As TED curator Chris Anderson says: "[18 minutes] is long enough to be serious and short enough to hold people's attention" (Inc.).

In addition to in-person meetings, leadership teams should leverage various media formats. Video is a particularly effective way for leaders of large organizations to reach all employees, with studies showing that people are 75% more likely to watch a video than read text

(TechSmith). Southwest utilizes videos to demonstrate the importance of their employees to Southwest's success. Videos include customer quotes such as, "because of you, I was able to be at my daughter's side during a difficult pregnancy." Southwest founder Herb Kelleher wanted his employees to "feel as though they are participating in a crusade" (Forbes).

Storytelling is an extremely effective tool to increase audience attention, content retention, and the subsequent likelihood of action. Facts are 20 times more likely to be remembered if they are part of a story (Harvard Business). Stories related to a company's strategy are critical to ground front line employees on desired future behaviors.

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To illustrate, we can look to Nordstrom. As a luxury retailer, best-in-class customer service is a key component of Nordstrom's strategy. Nordstrom uses storytelling to describe creative ways their employees have delivered exceptional customer service; one iconic story new employees hear is about an associate who gift wraps an item a customer purchased from a competitor.

Finally, research into behavioral enablers has shown that changing habits requires frequent nudges, and the more frequent the better if these nudges do not require significant cognitive load. DBS bank grew into the largest bank in Southeast Asia before setting out to transform their culture into "a 27,000-person startup." DBS's initial one-time, large change management effort failed to shift employee behavior. They then pivoted their approach to smaller, more frequent nudges that leveraged reinforcing artifacts to overcome behavior change blockers. This ultimately lead to DBS being recognized as the most innovative workplace in India (Scott Anthony on DBS).

Principle #3: Trusted Messengers

In addition to getting the content and delivery right, it's important that employees hear messages from people they trust. Corporate leaders are key messengers for driving morale and action on strategic initiatives, but direct managers and peers are also important and can act as "support messengers" to reinforce key messages, or as "accountability partners" to help drive behavior change (Kennedy, 2018).

Ford Motor Company has used a unique variation on this principle in a system called "Matched Pairs," connecting two employees from different departments who have similar day-to-day objectives or who are both working towards the same high-level strategic goal. These pairs act as key points of contact for each other to discuss progress and challenges with strategic initiatives, and the pairs help foster a sense of accountability throughout the organization (BSR).

Principle #4: Leading with Metrics

The final principle concerns tracking progress. Metrics can serve multiple functions, but the adage "what gets measured gets done" applies here. Many organizations diligently use KPIs and incentive structures to track progress, gauge employee's performance, and reward specific outcomes. When executing a new strategy, companies should update those evaluative criteria to measure comprehension and execution of the new strategy.

One technique that can evaluate comprehension is "back briefing." Derived from the Prussian military's "Auftragstaktik" doctrine, a back brief is when the receiver of a plan or instructions summarizes what they heard back to the leader. A successful back brief ensures alignment between leaders and their teams, while also allowing for the autonomous function of the team.

Once teams understand the strategy, leaders should update team's annual goals to measure progress against the strategy. One effective technique is Google's Objectives and Key Results, or OKRs, which outline employee's personal goals for the year. Employee's OKRs must align with the company's strategic goals and are publicly visible, adding an element of accountability while providing employees an option to see how their peers are contributing to strategic objectives (Google).

Updating evaluation criteria can provide a clear statement of commitment from the leadership team to the strategy. It acts as a signal to employees that a new strategy is not just a passing fad but is an integral part of how success is defined in their role.

Successful execution of a new strategy requires that all employees of an organization independently make decisions that support the direction of the strategy. Too often, leadership teams make the mistake of underestimating the difficulty of aligning an organization around a strategy. To address this challenge, leadership teams can use the four principles outlined here to effectively disseminate their strategy, greatly enhancing their organization's ability to capture the new growth they're seeking.

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ABOUT INNOSIGHT

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