



EMPLOYEE COMMUNICATION: DRIVING EXPERIENCE, CULTURE AND BUSINESS RESULTS

Companies that invest in employee communication are more likely to achieve business results such as improved performance, retention, and consistent employee engagement. This report based on data collected in February 2016 will explore the need for strategic communication, the communication challenges in today's workforce, and the role of technology in driving business outcomes.

June 2016

EXECUTIVE SUMMARY

The Year of Communication

Ensuring effective employee communications in today's marketplace requires a shift in the tools, skill set, and strategy for HR leaders. It is no longer about broadcasting information, but opening a dialogue with clear, effective and engaging communication to employees. When asked to identify the top priorities for recruiting and engaging talent, stronger employee communication was top of the list across all industries and company sizes. Today, success is defined by a company's ability to align strategy and execution, and effective communication is critical to achieving this alignment.



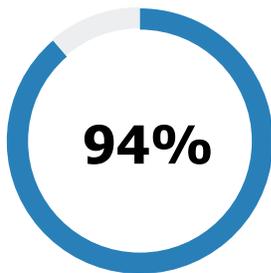
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“ *Top-performing companies are three times more likely to invest in employee communications than their peers.* ”

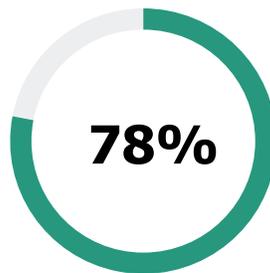
In fact, top performing companies are 3 times more likely to invest in communication than their peers.

As companies try to rethink their talent strategies, research shows that the benefits of communication extend beyond HR into other areas of the business including improved retention, engagement and performance.

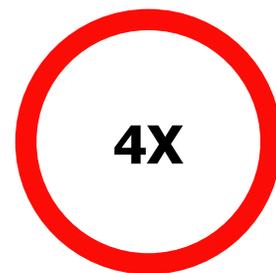
The Business Impact



94% of individuals said they would be better at their jobs with better communication.



78% of companies with a communication strategy were able to improve their employee experience.



Companies with a communication strategy are 4X more likely to have engaged employees and 3X more likely to improve quality of hire.

Communication cannot be ignored. This research based on data collected in February 2016 will help companies understand the demand for better communication and provide key action items for making changes in their own organization.

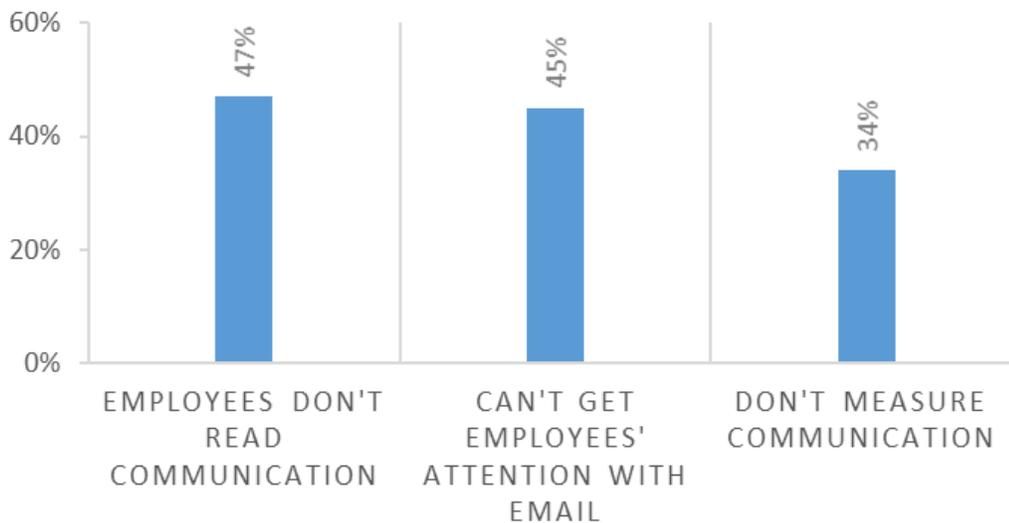
- **Email is not enough:** Companies are leveraging a variety of tools and multimedia resources to better communicate with employees.
- **Communication is Important across the entire employee lifecycle:** Communication is not an isolated activity and needs to integrate with existing recruitment, development, and retention strategies.
- **Invest in the Right Technology:** Technology can have a dramatic impact on how a company communicates with its workforce and how it measures and tracks these efforts.

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INTRODUCTION

Employee communication has become the most critical job of today's modern HR professional and too often, the most overlooked. Any workforce challenge can be linked to poor and inconsistent communication around engagement, retention, productivity, and performance. Communication is really about setting expectations. No matter what your business strategy, your performance management philosophy, or your organizational culture, people are more comfortable when they know what to expect. They can better align behind efforts when they know what's going on. Communication should consistently align expectations in both directions. When employees do not receive the information they need to do their jobs and connect them to an organization's culture, they are more likely to underperform and to leave. Although 96% of companies recognize that stronger communication drives business results, most employee communication is ineffective and inconsistent. In fact, only 47% of employees read their communication messages (see Figure 1).

Figure 1: Communication Challenges as Identified by HR Professionals



Source: Aptitude Research Partners. Higher, Engage, Retain Study, 2016. N=311

96% of organizations believe stronger communication drives business results but only 47% of employees are reading their communication messages.

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COMMUNICATION: THE ONLY OPTION

A laissez-faire attitude towards employee communication is not a new phenomenon. Poor and inconsistent communication has plagued the employer/employee relationship for decades. But today's organizations are putting themselves at risk as the generational shift of the workforce rapidly continues. Companies that are transforming their communications to effectively connect with their workforce outperform their peers. Companies that do not communicate effectively will ultimately damage productivity, growth, and profitability. Strategic employee communication is no longer optional; it is the future of HR.

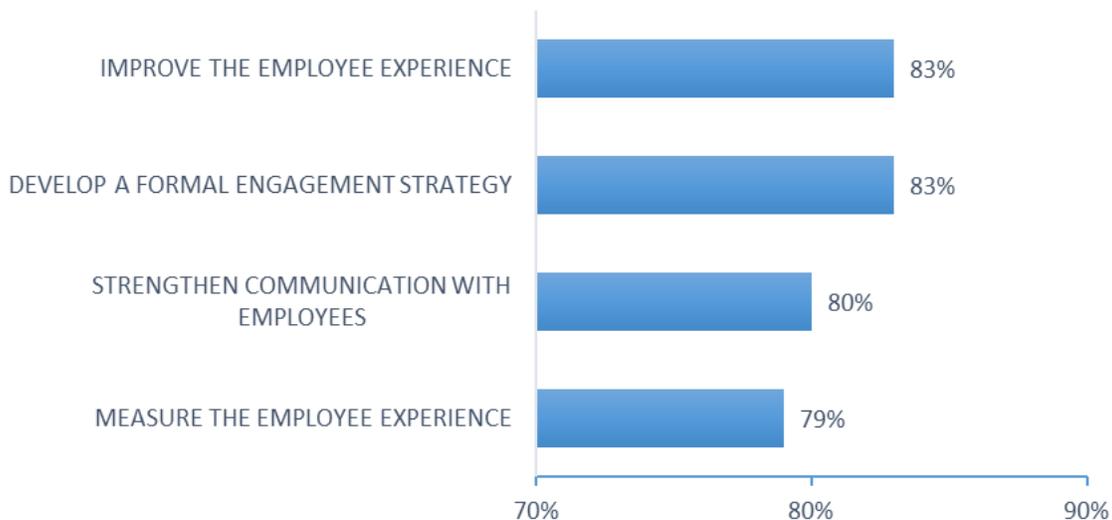
“ *Strategic communication is no longer optional; it is the future of HR.* ”



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When asked what HR priorities companies are facing, communication with employees was identified as one of the top three (see Figure 2). Organizations understand that employees need more consistent information on every aspect of their employment including wellness, rewards and recognition programs, and strategic talent management initiatives. Yet, nearly half of employees are not reading their company’s communication messages and 1 in 3 companies are not even measuring these efforts. How does something so critical to the employee experience go ignored?

Figure 2: HR Priorities as Identified by HR Professional



Source: Aptitude Research Partners. Higher, Engage, Retain Study, 2016. N=311

For starters, HR has relied solely on email, posters, and mailers to manage their communication efforts. HR professionals send out an email and hope that employees will find the information they need. Furthermore, HR departments rarely follow-up or evaluate this method. In fact, nearly 60% of companies believe that email is getting the job done. The influx of the millennial and Gen Z workers and the vastly different

“*Email is not enough to connect with today’s employees, and companies need a more systematic approach to communicating with their workforce.*”

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perspective these workers bring to their jobs have made communication a critical business need. Email is not enough to connect with today's employees and companies need a more systematic and consistent approach to communicating with their workforce. As the workforce has changed, companies face new pressures and expectations.

What is driving the need?

- **The Role of HR has Changed:** With shifts in demographics, geography, and global expansion, the workforce has become more complex and so has the role of the modern HR professional. Today's HR leaders must wear multiple hats in order to be successful. No longer focused solely on administrative tasks, the modern HR function requires a new set of skills and competencies. They must become more proactive and less reactionary in the way they communicate with and engage workers. Instead of simply pointing employees in the right direction, they must empower them with all of the information, tools, and resources to be successful.
- **The Need for Greater Transparency:** Transparency is a reality for today's workforce. Companies are expected to be transparent about their employer brand, perks and incentives, financial performance, and engagement levels. HR professionals are expected to be transparent about the employee experience, career development, and company culture. Employees are expected to be transparent about their experiences and career aspirations. While this level of transparency is positive, it adds an extra layer of complexity to the employer/employee relationship and requires stronger communication.
- **Existing Technology is not Enough:** HR systems were designed to be tactical and not focused on the experience of employees. These systems are not fully integrated and do not consider today's employees' varying preferences and needs. Only 39% of companies are satisfied with their HCM providers and would recommend them. There is a new set of technology tools that focuses on what the experience is and how it can drive stronger engagement, productivity, and performance.

Only 39% of companies are satisfied with their current employee communications provider and would recommend them to others.

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- **Communication across the Entire Employee Lifecycle:** Communication is not an isolated activity. It is not something that starts and stops during the onboarding phase. Strategic communication needs to be consistent, frequent, and something that spans the entire employee lifecycle, which means 365 days a year. When asked at what stages employee communication is the most critical, organizations cited performance management, career development, learning management, talent acquisition, compensation, and rewards and recognition (in that order). These require constant communication to be successful. (Figure 3 outlines the top areas from Aptitude’s Hire, Engage, and Retain survey).

In order for communication to be a priority, it is time for companies to make a change. Currently, 93% of companies are open to and interested in changing the way they communicate with their workforce. But how do companies embrace a new communication strategy? How do they shift their view of HR from a passive to an active role? How do they leverage the right tools and technology to use communication to help change their culture and keep employees productive and happy? The following pages of this report will explore the shift that organizations must make in their strategies and investments.

93% of organizations are ready for a change in how they communicate with employees.

Figure 3: HCM Processes Where Communication Matters Most



Source: Aptitude Research Partners. Higher, Engage, Retain Study, 2016. N=311

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CASE STUDY: LIONSGATE

Lionsgate Entertainment Company was founded in 1997 and is headquartered in Santa Monica, CA. With over 700 employees, communicating performance was a company-wide challenge that needed to align with the company culture.

In December 2014, Lionsgate made the decision to improve its communication strategy and put more emphasis on its line managers - which account for 30% of its employee population. Lionsgate made the following changes to achieve that goal:

- **Revamped Performance Management:** Lionsgate shifted its performance management strategy from a forms-based and ratings-based system to a conversation-based system. By eliminating forms and ratings, it was able to empower both line managers and employees to engage in more frequent discussions. It also changed the way it used its performance management system, SuccessFactors. It began to leverage the system to manage conversations rather than forms.
- **Invested in Change Management:** Lionsgate went through many changes throughout the company including a move to HR Business Partners instead of general practitioners. Change management became a priority and included company-wide training and ongoing check-ins. The new system also puts more responsibility on both supervisors and direct reports.
- **Leveraged a Communication Platform:** By leveraging GuideSpark, Lionsgate was able to empower line managers with a library of videos to begin conversations with their direct reports.
- **Evaluated Results:** Lionsgate continues to reevaluate its communication strategy and the way line managers are engaging employees. It measures its participation in training sessions and gathers feedback from Division heads and leaders within the company.

By changing its approach to communication and performance management, Lionsgate now has 70% of employees who participate in performance conversations, compared to only 50% before this strategy. Lionsgate has also been able to align performance strategy to the company culture.

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they interact with their workforce need to rethink their technology investments.

High-performing companies are three times more likely to invest in a communication platform to improve the employee experience and engage their workforce.

These solutions help companies move away from the traditional email and seminars and leverage more engaging tools such as video to connect employers and employees. This platform can create a consistent experience by simplifying messaging across the employee lifecycle including areas such as benefits, compensation and onboarding. Nearly 80% of high-performing companies believe that video would be a compelling way to improve communication.

Figure 4: Traditional HR Systems vs. Employee Communication Platform

Traditional HR Systems	Employee Communication Platform
Focused on tactical activities	Focused on the employee experience and strategic initiatives
Separate modules that may or may not be integrated	Spans the entire employee experience
Designed to handle every activity and task without integrating with outside providers	Designed to integrate seamless with existing HR systems and third-party providers
Initiates emails as the primary form of communication	Various channels and tools for communication including video, mobile, collaboration and messaging.

TOP PERFORMERS: Aptitude defined Top Performers in the study as those with 80% or more of employees achieving annual performance goals, and 90% or greater retention of top performers.

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CASE STUDY: THE STATE OF COLORADO

With over 95,000 total employees and offices in all 65 counties, the State of Colorado is the second largest employer in Colorado. Communicating with employees and providing the right education on Total Compensation became a top priority in 2015 when the State of Colorado revamped its communication strategy and invested in a communication platform.

The Challenge: Several years ago, employee communication was a major challenge for the State of Colorado. For starters, HR was not centralized and agencies within the State of Colorado had their own independent communication strategies. These agencies had no clear model or even a standard employee benefits guide to inform them on issues such as benefits, wellness and compensation. Communication was not consistent and often had conflicting messaging throughout the organization. As a result, only 12% of employees participated in open enrollment in 2014.

The Strategy: Two years ago, the State of Colorado made the decision to invest in a more systematic approach to communication. HR began to shift from a reactionary role of delivering messages to a proactive role of empowering employees to achieve success. Instead of agencies doing one-off communication, the State of Colorado made the following changes:

- **Communication Campaign:** The State of Colorado invested in a multi-channel campaign, referred to as its "HR Toolkit" that included emails, train-the-trainer materials, webinars, regional meetings, and posters.
- **Communication Platform:** Through the use of GuideSpark's multi-media solutions, the State of Colorado was able to provide compelling videos and content to engage and connect with employees. It was also able to measure those efforts through GuideSpark's analytics.
- **Develop an Annual Employee Benefits Guide:** For the State of Colorado, the employee benefits guide replaced the independent communication efforts of the various agencies and provided the consistency and context that employees needed.

Through a new communication strategy and the right technology investment, the State of Colorado was able to achieve the following results in open enrollment in 2015:

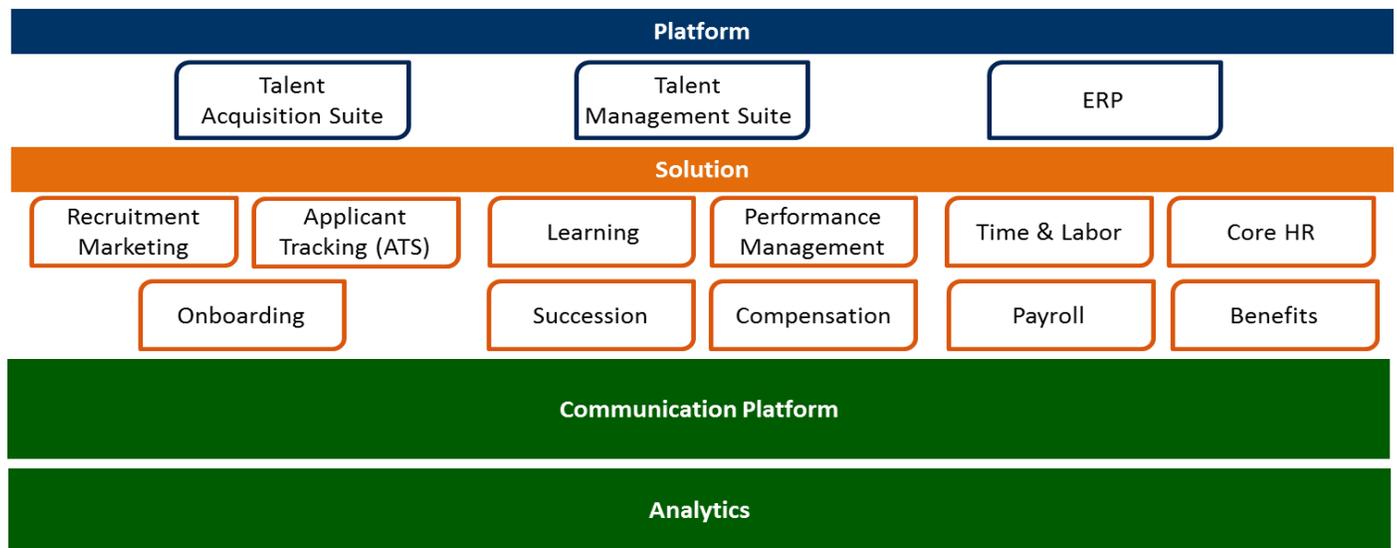
- 98% participation in open enrollment program
- 31% increase in High Deductible Health Plan enrollment
- 150 hours of time saved by eliminating meetings
- 50% participation in wellness program.

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A NEW MODEL

Communication is not a separate module like many areas of HR but rather it is the foundational layer of the current HCM landscape (see Figure 5). Communication intersects and strengthens every area of HR from recruitment to talent management to workforce management. Understand that strong communication comes from a variety of efforts and a platform that can manage these efforts across the full spectrum of the employee experience.

Figure 5: HCM Landscape



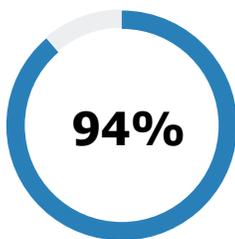
When communication intersects every areas of talent management, the overall experience of the employee and the candidate is strengthened. Similar to the consumer world, the power has shifted from the organization to the individual. Employees have greater demands, greater expectations and a greater influence over their employers. This shift is not only an indication of a maturing economy, but also a shift in what drives value in these relationships. Data from this study shows that 83% of companies plan to continue to improve the experience of candidates, employees, and managers. Strong communication is the best place to start.

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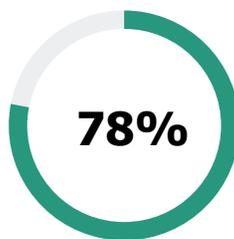
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THE BUSINESS IMPACT

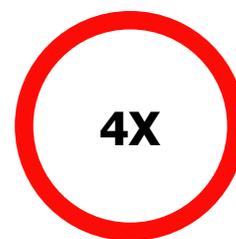
In addition to the overall benefits to an HR strategy and the relationship between employer and employee, a strategic approach to communication and the right technology can dramatically impact the business. Aptitude Research Partners identified the following Key Performance Indicators that distinguish companies that make an investment in consistent communication. Companies with no communication plans are three times more likely to lose high-potential talent.



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KEY RECOMMENDATIONS

1. **Communication is not an isolated activity:** Any communication strategy and technology investment must integrate with existing talent management processes and systems, from recruitment to development to retention.
2. **Companies must reevaluate their current technology and invest in dedicated solutions:** Both the research and case studies reveal that most of the HCM technology providers do not support communication efforts or a strategy for engaging with employees.
3. **Communication must be measured:** Companies that successfully bridge the gap between employer and employee are examining their communication efforts often and making changes.

As companies try rethink their talent strategies, research shows that the benefits of communication extend beyond HR into other areas of the business including improved retention, engagement, and performance.

APTITUDE RESEARCH PARTNERS

Aptitude Research Partners is a research-based analyst and advisory firm focused on the new conversation required by changes in how HCM technology is delivered and utilized by today's organizations.

Our goal is to look beyond the obvious product capabilities to identify the real differentiators organizations should be looking for when considering providers, as well as the change management and change readiness capabilities consumers must have in place for successful technology adoption.

We conduct quantitative and qualitative research on all aspects of Human Capital Management to better understand the skills, capabilities, technology, and underlying strategies required to deliver business results in today's complex work environment.

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