



How to build client relationships through internal communication

Struggling to get the best out of staff? Overworked employee with a poor manager? *RICS Business* explores communication in the workplace

Over the last few years there has been a step change in the attitudes of professional services firms to communicating with their own people.

To deliver in a rapidly changing environment, firms today need the energy, creativity and commitment of their employees. Good communication by managers is vital to making this happen.

Research consistently shows senior managers are most concerned about four things:

- Creating competitive differentiation
- Developing new markets/products
- Reducing cost/streamlining processes
- Restructuring, integrating an acquisition, and making a merger work.

Successful firms are discovering business challenges such as these can be affected by the clear targeting, and management, of internal communication. The box below lists the reasons why firms are taking this process on board.

Competitive edge

Professional service firms know, for example, that their knowledge – both about their clients and about their technical abilities – is a crucial tool for competitive advantage. Capturing best practice in one area and transferring it to others in the firm avoids reinventing wheels and gets a better return on the cost of developing new approaches. Internal communication can be used to make that connection and to create better networking of knowledge.

Damage limitation

Improving internal communication is becoming such an issue because poor communication has been so damaging. Peter Drucker estimated “60% of all management problems result from faulty communication”.

Disengaged employees can undermine competitiveness. *The Journal of Marketing* cites the main reason clients move

elsewhere is down to employees. While 9% are lured away by competition, 68% are turned off by an employees’ indifferent attitude.

The amount of change has worsened employee attitudes and damaged management’s credibility. Employees are frustrated by continuous waves of change initiatives and information overload. The average professional worker now receives 178 messages per day by fax and voicemail, and employees’ information load increases by 2% per month. Companies are losing the ‘battle for brainspace’ while employees are losing the plot. 70% of change initiatives fail to deliver their planned benefits. At the heart of this failure is poor communication. And organisations’ failure to communicate is increasing the resistance to change.

The Fortune Survey of the World’s Most Admired Companies identifies companies’ ability to engage and retain employees as

Why companies are managing internal communication

Firms are trying to build a reputation, and believe their own people are the first audience they must convince

The drive for greater collaboration between offices, or between departments within offices, means people need a common understanding of the firm’s priorities

Restructuring of firms to focus on markets, or lines of

service means people are pulled in different directions by conflicting priorities and loyalties

Working on more complex projects with a larger number of colleagues increases the chances of duplication and cost overruns

Firms that have grown quickly find they now need to pay more attention to how they lead and manage the

firm and how to engage and take their people with them

Professional services firms tend to have fairly autonomous professionals with the danger that individuals know their bit off the puzzle but don’t understand how the whole picture fits together

Partners and managers are often promoted for their technical expertise and not

because of their people or management skills. Running a project team now entails a broader range of issues than simply getting the job done on time and on budget

Partners and professionals are not the only important people in a firm. Increasingly staff are seen as important to delivering cost-effective service to clients

the single best predictor of excellence. Employees are more likely to deliver good client service effectively, if they feel a sense of ownership and pride in what the firm stands for.

Most managers know communicating with their people is important. They just don't make time to do it. A survey by Albert Karr of the chief executives of 164 large companies shows they believe personal communication helps workers' job satisfaction and commitment, and results in improved earnings. However, many chief executives said they couldn't



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afford the time to communicate with their people.

It's no surprise then that a Louis Harris study states “less than a third of employees say management provides clear goals and direction”.

Perception

Better communication creates greater employee satisfaction, and improves employee perception of their line manager. Greater satisfaction reduces staff turnover and improves customer satisfaction. Research shows the more satisfied the customer, the longer they stay, and the more profitable the business.

Firms want their employees to turn strategy into reality through excellent client service, continuous improvement and innovation.

For strategies to succeed people need to understand the overall company mission and direction. They need to know what the strategy is, the rationale behind it, their own role, and what specific actions they should take.

People expect to be treated as adults, and are more questioning of management decisions. Increasingly, people want to know ‘why’ as well as ‘what’. Where are we headed? How’s my department doing? What’s my job? How am I doing?

If firms want high performance, leaders have to show the connection between individual success and company success.

Role of manager

In surveys, employees invariably rate their line manager as the most important channel of communication. But the role

of the manager is shifting. Whereas information used to be power, now interpretation is power. The vital role of the manager is to communicate direction, put information in context and make the connection between information and its implications for their people.

Employees who understand the big picture are more likely to play their part in helping the company succeed. When employees understand their overall role in the business, 91% will work to help the success, but the number plummets to 23% if they don't. This means that managers have to provide everyone with a shared understanding of the organisation's strategic business issues, and ensure they understand the ‘whys’ as well as the ‘whats’.

Jack Welch, former chief executive of General Electric Company, recognises this need for communication: “Yesterday's idea of the boss, who became the boss because he or she knew one more fact than the person working for them, is yesterday's manager. Tomorrow's person leads through a vision, a shared set of values, a shared objective.”