

Organizations whose internal communication structure is not aligned with their brand and organization structure will not be adding value. They will be destroying it. Bill Quirke says that, in order to succeed, organizations need internal communication that is match fit – that matches their structure and fits their brand strategy.

# ***GET YOUR INTERNAL COMMUNICATION MATCH FIT***

Don't get wrong-footed when the goal-posts shift

**M**aking communication coherent and managing information overload is a tough job in an increasingly complex environment. Within an organization there may well be a raft of communicators, at the corporate center and in the business units, who are dedicated to change initiatives and who effectively compete for the time, attention and brainspace of employees. In a world which is searching for value, this competition destroys value. To get match fit, communicators need to find a way of managing this complexity.

This article looks at the communication implications of shifting organizational structures. It provides a framework for ensuring the communication architecture is matched to the business structure, and to corporate identity and brands. This framework can be used to negotiate responsibilities between corporate and other communicators. There are four reasons there is pressure to improve their match fitness.

**1. The re examination of the value of the corporate center:** With an increased focus on improving shareholder value, organizations have a greater focus on corporate center costs, and on what value the corporate center adds. This inevitably sparks a debate about the value of internal communication, and how the function should be structured, located and resourced to deliver what the organization needs.

**2. Restructuring and the shift to globalization:** The spread of global brands demands common world-wide approaches and consistency in marketing and manufacturing. These factors all put pressure on internal communication to help deliver these objectives.

**3. Brand discipline and the desire to protect the corporate reputation:** An increasing proportion of a company's market value is made up from its brands and reputation. To protect these assets, organizations are placing greater emphasis on ensuring employees' behavior is consistent with their brand, yet another job for internal communication.

**4. The need to reduce information overload:** In a world where organizations are asking employees to "think globally, act locally" there's the added rider: "and communicate coherently."

## **Improving your match fitness**

To get match fit, communicators need to ensure the communication architecture matches the business structure, its corporate identity and brands. They also need to negotiate responsibilities between corporate and other communicators.

## KEYPOINTS

- Information and communication are competing for employees' time; communicators must find ways to manage this complexity.
- To avoid this problem, communication structure, business architecture and brand strategy must all be matched.
- The main pressure points to be tackled are: corporate center costs and communication structures; globalization; brand discipline; and information overload.

From reviewing best practice in the structure and role of internal communication departments, we have identified the following steps which communicators need to take to improve their fitness:

1. Calculate where the “center of gravity” for employees’ identification and loyalty should be. In doing that, take account not only of the brand which employees need to deliver, but also of the structure of the business – how centralized, centrally co-ordinated or decentralized it is.
2. Understand how the business has balanced business structure and brand structure to create value. Identify how the structure/brand balance might be changing.
3. Match communication “wiring” to structure and brand.
4. Identify how communication can add value through consistency, co-ordination and accountability.
5. Identify how communication should be managed to add most value.

### 1. Calculating the center of gravity

Traditionally, how communication is managed has depended upon an organization’s degree of centralization or decentralization. In more centralized organizations the corporate center had a claim on the brainspace of employees; in more decentralized organizations, the local barons ran their own communication show. To find the center of gravity, you need to consider the business structure and the brand structure.

#### Business structure

Is the organization’s current structure **centralized**, **decentralized**, or **centrally co-ordinated**?

**Centralized:** a centralized organization is characterized by close, central control of decisions. Typically, a small number of people at the center have the authority to take decisions which affect the whole organization.

In a centralized organization with a monolithic brand, for example, communication is run on the

“Roman empire” model. Strategy and planning happen at the center, and pre-packaged messages are distributed with minimal local change.

**Decentralized:** Communication aims specifically to foster strong identification with the business unit. Business units are generally more responsive to customers’ needs. Senior managers in business units are allowed greater autonomy, within clearly established frameworks. Communication from the center tends to be only occasional to all employees, and has only the top management tier as its constituency.

**Centrally co-ordinated:** Communication is co-ordinated more strongly from the center, and common standards, planning frameworks, and measurement are adopted across the business units. The central communication department aims to ensure employees in the units are fully aware of corporate messages.

#### Brand structure

A brand is a name and/or visual design given to a product or service to differentiate it from competing offers. The brand reflects both the promise to customers and their expectations of the product or service.

Corporate identity is an expression of the personality of the organization which owns brands. Sometimes identity and brand are synonymous.

The relation of brand and corporate identity to business structure and management style is important. If businesses within a group share a brand which is seen as a valuable asset, they will be held accountable for protecting and building that asset. Their accountability to the center and to each other will be higher than in a federation of businesses which do not share a brand. Where businesses promise a consistent service world-wide to global clients, epitomized by a brand they share across all the countries in which they operate, their interdependence and accountability will be all the higher.

There are three principal types of brand



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☉ structure: **monolith**, **portfolio** and **federation**. The **monolith** has a strong single business identity, which its divisions share, for example 3M, BP, Virgin and ICI. Employees in each of a monolith's divisions will have a strong loyalty to the name, and constantly see it in advertising and on the High Street.

The **portfolio** is an organization with individually branded businesses, owned by a group which is itself branded, such as Kingfisher, Storehouse, Rover and Whitbread. The companies forming the group are perceived either by visual or written endorsement to be part of

corporate identity, brand structure and business structure, and shows where some businesses sit on the grid.

Organizations are continually shifting around the chessboard of structure and identity. Most are on a migratory path which may take them from a decentralized low-profile portfolio to centrally co-ordinated monolith, in pursuit of greater differentiation, responsiveness and shareholder value.

**A break from tradition**

Hanson, once a traditional federation, managed a portfolio of businesses and added value in ways which meant more to the City than to the consumer. Hanson is now shifting from diverse conglomerate to a focused building materials producer as the group looks for acquisitions. It has 'Hansonized' its three operating companies. Cornerstone, the largest business, becomes Hanson Building Materials America, ARC is now Hanson Quarry Products Europe and what was Hanson Brick becomes Hanson Brick Europe.

This means they will have to rebalance the identification with the Hanson name and style, at least with senior managers in the renamed business units.

**Global identity**

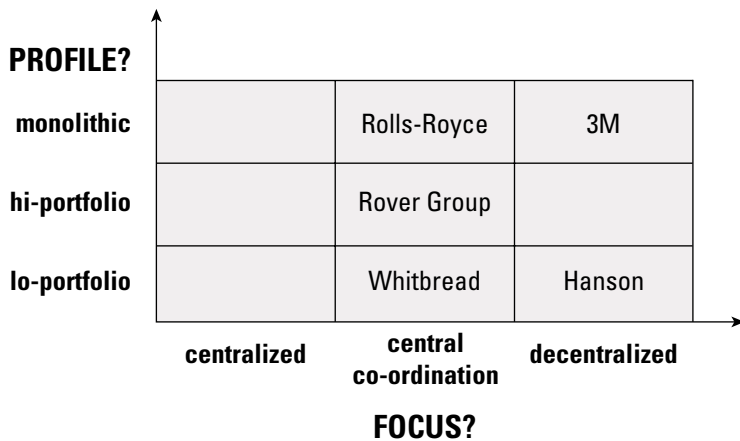
HSBC, originally the Hong Kong and Shanghai Banking Corporation, used to be a federation of banks and financial services companies, located and managed within the communities they served. Managers were asked to act locally and think globally, and operated with minimal involvement from head office. However, the global nature of its competition and the need to produce greater value for customers and shareholders alike have meant a move towards central co-ordination and the adoption of a single global identity.

**What's in a name?**

With a similar aim of squeezing more value from its operations, Rover Group has moved from decentralization to central co-ordination, and shifted the balance between its individual brands and the Rover and BMW corporate names.

Rover moved away from the business unit structure it created in the early '90s. Managing Directors used to run their own businesses, and had their own manufacturing and engineering. These business units had grown up independently on four sites, with sufficiently different ways of operating to need pulling together more consistently. Now they have more co-ordinated

Figure 1: Structure and identity



that group. Within portfolio businesses there are two types: the high-profile portfolio, like Rover, where the parent brand is visible to the customer, and the low-profile portfolio, like Whitbread, where individual brands eclipse the parent. Unilever and Procter and Gamble are other examples.

Portfolio organizations have sometimes acquired overlapping ranges of products in different countries and have problems of competition and confusion among suppliers, customers and their own employees.

The **federation** comprises a collection of businesses, each with its own identity, owned by a Hanson, a Tompkins or a BTR. The owners' identity may be visible only to the financial community, and irrelevant to the consumer. Federations by definition leave their businesses to be self-sufficient on internal communication, so the following focuses on monolithic and portfolio brands.

**2. Balancing act: business structure and brand structure**

Figure 1 shows the relationship between

back of house operations and reduced complexity in the engineering process. Greater standardization and consistency means greater efficiency, reduced costs and higher quality.

The business units represent a mixture of brands, locations and identities – Rover small and medium cars are made at Longbridge, while Rover Oxford produces large cars and Land Rovers are built at Solihull. Rover's move to greater central co-ordination demands a shift in its approach to corporate identity. Rover has to balance its group identity under the Rover Group name, with the growing visibility of the name of its owner the BMW Group.

These examples illustrate the internal communication issues other organizations will encounter. These organizations will have to rewire lines of information to sustain the new structure and reposition loyalties so that employees within individual companies also feel part of the wider family. To do this may involve creating a network of communicators in different business units who work together effectively.

### 3. Match communication: wiring to structure and brand

Your communication wiring – lines of information and identification – has to match your chosen structure and use of brand and corporate identity. When organizations shift this balance, the communication needs re-wiring, or it will act as a drag on the organization.

If your new strategy calls for a decentralized organization with local brands, business units can focus their internal communication on creating their own cultures. However, if your strategy calls for a centrally co-ordinated organization, internal communication has to focus on creating a common group culture with common ways of doing things which facilitate cross-functional networking.

The first approach gives more discretion to the business units, and a much lower profile to the center. Although there may be a communication framework, content and style will be determined to a very great extent by the businesses.

The second approach requires a higher level of centrally co-ordinated internal communication. It also requires greater visibility of the corporate name among employees. From a communication viewpoint, this means greater reach from the center into the business units, and more communication resources at the center.

### 4. Identify how communication can add value

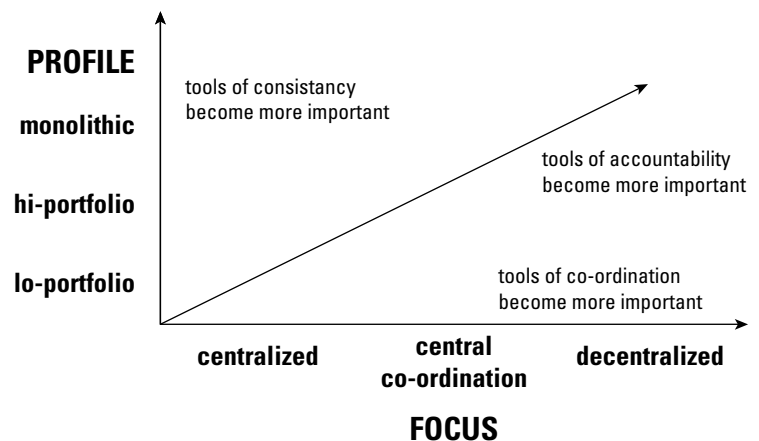
In order to create the value they seek, organizations need to understand where the

communication levers are, which of them they need to pull, and in what direction. There are three factors which must be taken into account in creating the best architecture for internal communication to fit an organization's structure and identity:

- the requirement for consistency;
- the need for co-ordination;
- the need to set accountability.

Figure 2 shows how they relate to brand profile and management focus.

Figure 2: Profile and Consistency



#### Consistency

The more an organization raises its profile from low portfolio to monolith, the more important consistency becomes. With businesses drawing on the assets of brand and reputation, sticking to brand values and protecting the corporate reputation becomes more important. This becomes crucial as the number of brands available decreases and the number of people using the brands increases.

The tools that help create consistency include: communication templates; delivery guidelines and toolkits; shared communication processes and models; and communication channels with a common design.

#### Co-ordination

If an organization shifts from centralization to decentralization, the need for co-ordination increases. Individual businesses will still have some degree of corporate family membership to balance with local priorities. Co-ordination will help avoid collisions, duplication and will get the most from resources while minimizing confusion.

Tools for helping create greater co-ordination include a communication “air

“traffic control” discipline; a standard communication planning framework; planning and communication toolkits; an internal communicators’ network with professional leadership and a program of skills development and transfer.

**Accountability**

As both the profile rises, and the business decentralizes, the need for accountability increases. Businesses are able to take advantage of the brand and have greater freedom to do what they see fit. To balance freedom and responsibility, business units are required to work within strategic and financial frameworks, and are accountable for producing results. The same holds true for communication. Tools for allowing freedom while ensuring accountability include shared communication standards and clear measures regular tracking and measurement, and agreed communication competencies included in appraisal and linkage to reward.

**5. Identify how communication can add the most value**

Organizations need to understand which communication structure and style is right for where they are on the map, and for where they are heading. Synopsis has identified a model for managing internal communication that is appropriate to each.

The nine boxes in figure 3 represent nine styles of communication which will create value for the organization at each stage.

**Communication styles**

Each box represents a different combination of tools and rules with a different prescription for:

- rules of engagement for internal

- communicators at the center and in business units;
- the structure, location and role of the communication function;
- the kind of communication skills needed;
- the best mix of accountability, co-ordination and consistency;
- the roles, skills and competencies of communicators to deliver on a new communication promise.

As examples, we’ll look at the communication issues and implications in Boxes 2, 3 and 8.

1. Dictate	<b>2. Integrate</b>	3. Co-operate
4. Lead	5. Network	6. Negotiate
7. Frame	8. Co-ordinate	9. Influence

**Box 2. Integrate**

As organizations with monolithic brands become more decentralized, local

autonomy increases, but accountability to deliver a result consistent with the brand remains. Strategy will be set at the center, while communication planning and execution will be devolved more to business units.

This stage increases the complexity of matrices in the organization, and the number of communicators. The risk is that an expanding and entrepreneurial community of communicators will erode consistency.

Integration is called for, a stronger discipline than co-operation. It will be important to have communication “air traffic control,” and strong professional leadership of an integrated communicator network with quality standards.

In business units, there will be a need for able communication managers, who can interpret the overall strategy in the light of their own business unit needs. They will need to be able to do sound planning, working alongside local management team. The business unit will also need good craftspeople and execution skills to turn the plan into effective messages and guarantee their distribution.

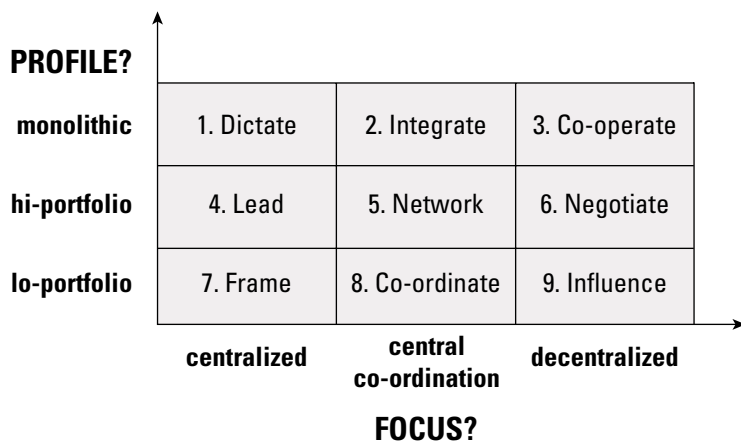
1. Dictate	2. Integrate	<b>3. Co-operate</b>
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**Box 3. Co-operate**

3M is a good example of an organization which has restructured to create a matrix organization, and shifted the focus of its internal communication to create stronger relationships across its business units.

3M is a decentralized network of 35 businesses, sharing a monolithic brand. It has focused on creating co-operation among its internal communicators. This means that there are shared messages and shared tools across the different regions world-wide.

Figure 3: Matching communication to fit



The role of internal communication at the center is to act as consultant and supporter, with the individual businesses focusing on their own internal communication strategies and plans.

The role of the center is to help create cross-business communication, and to supply corporate messages in a common format, which will be tailored at local level. The responsibility for local external and internal communication is held in the individual businesses and organized by the relevant regional Business Center, who also act as the professional leaders for all the communication people in that region.

1. Dictate	2. Integrate	3. Co-operate
4. Lead	5. Mediate	6. Negotiate
7. Frame	8. Co-ordinate	9. Influence

### Box 8. Co-ordinate

A business which is a low-profile portfolio and centrally co-ordinated wants the

advantages of scale, and the pooling of “back of house” activities wherever possible. However, it also respects the individual brands’ power over issues that directly affect the customer, and the delivery of the product or service.

Communication people have to assess the need to create “dual citizenship” for some employees, balancing their loyalty to their own brand with identification with the corporate portfolio-owner. This will mean that corporate communicators at the center will have some reach into the individual businesses. They will work in co-operation with the local business unit communicator to strike the best balance of corporate and local information, and the best emphasis on corporate and local brands.

The relationship between the communicators at the center and those in the business units will be a collegiate one of equals. Their roles will be similar, though their focuses may differ – one focusing on a corporate brand, the other focusing on the business unit brand.

There will be recognition that there is a high need for co-ordination to ensure coherence, to avoid duplication, and to save confusion. However, there will also be recognition that the business units’ situations will vary, and that they will need to be given the room for manoeuvre to focus on satisfying their individual markets, and to act in line with their individual brands (see sidebar on Whitbread, above).

### How to move towards match fit

To add value, internal communication needs to be correctly organized and deployed to support the organizational and branding architecture.

Communicators need to identify their organization’s current structure and brand

### Whitbread – centrally co-ordinated owner of portfolio brands.

In addition to brewing and retailing premium lager and specialist drinks, Whitbread owns a range of branded outlets: TGI Friday, Pizza Hut, Marriott, David Lloyd Leisure, Brewers’ Fayre and Costa coffee shops. Whitbread employs some 90,000 people and serves 10 million customers per week.

Whitbread sees its business as being brand-led, but the Whitbread endorsement is not put on all brands. The company combines high quality “front of house” customer service managed by the branded businesses, with the maximization of “back of house” economies of scale in areas such as purchasing, property and IT.

Brands tend to have separate cultures, with employees identifying with those brands and largely uninterested in Whitbread as a whole. The vivacious Italians staffing the increasing number of Costa coffee houses need to feel part of Costa – that’s where the center of gravity is for them. Managers, however, need to understand the whole Whitbread picture, since they need to understand the reasons for some decisions being taken, and appreciate the trade-offs that need to be made. A sense of Whitbread among managers also helps the sharing of resources and best practice.

### Role of corporate communication

With this decentralized approach to internal communication, Whitbread’s central internal communication department sees its role as communicating to the top 2,500 managers, supporting them in communicating to their people, stimulating communication between the business units, and creating a feeling of “dual citizenship” – of both their own business and of the wider Whitbread business.

It also acts as a consultant, ensures quality standards and equips the communicators in each of the business units to do their own internal communication. The central communication department signalled its recognition of the low profile portfolio it had become by stopping the group-wide all employee newsletter *Whitbread News*.

Since it’s a low profile portfolio there is no common brand “exoskeleton” to keep the business together. The relationship between business unit communicators is therefore an important corporate glue. Communication quality has to be maintained by close liaison within the internal communication network. The head of communication provides professional leadership for the communicators in nine divisions.

profile. Having done so, they should then identify their current approach to communication, and match it against the profile recommended here.

Does the way communication is being managed fit the organization’s aspirations for its brand and structure? Do colleagues agree what box the organization is in, and which communication model is appropriate?

A mismatch between current and recommended approach indicates that communication is not adding as much value as it could, and that there’s likely to be confusion and frustration around roles and responsibilities. *SCM*

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## MORE?

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