

# The Power of Communication

— B abble is big in business today. It's the tendency for executives to talk about important issues in convoluted, evasive, or empty terms, and it's evident every day in the newspapers and on television. However, it's much more insidious inside companies than outside them. It corrodes an organization's ability to achieve results, derailing leader and employee alike.

Babble is the PowerPoint presentation filled with lists of priorities, confusing diagrams, and tables full of numbers. It's the multitude of devices leadership trot out to drive action—the visions and values, goals and objectives, metrics and performance indicators, initiatives and priorities. Babble is the clever but empty phrases written to make strategy exciting, and the catchy but irrelevant slogans promoted to build morale and fire up the troops. It's the town hall meetings in which leaders babble through prepared scripts that numb readers and listeners. It's the videos, posters, newsletters, and intranets filled with corporate buzz. In most organizations, there is enough babble to fill a shelf full of three-ring binders. Those binders seldom get off the shelf, and the strategic direction in them gathers dust.

Babble is a key reason behind employee antipathy toward management and apathy about strategy execution. More than half of employees in the United States are “not engaged” in their work, according to Gallup Research. They take a wait-and-see attitude toward their jobs, and results suffer. Even more detrimental to performance is the approximately 15 percent of employees who are “actively disengaged.”

According to Gallup, “These employees aren’t just unhappy at work; they’re busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.”<sup>1</sup> According to Gallup’s Curt Coffman, a key problem is a lack of clear communication from leadership.<sup>2</sup>

The most extreme case of babble we’ve encountered was also one of the first we addressed as leadership consultants. That was nearly twenty years ago. It concerned a direct-sales company where every word leadership spoke was positive and every communication, hyperbole. Everything was always “fantastic.”

There was history behind the babble. As a direct-sales organization, leaders continually needed to energize tens of thousands of men and women around the globe to sell product door-to-door. The company’s performance depended greatly on their state of mind. If anything spooked them—anything—sales would plummet. A rumor spread that a new product was going to be late; sales went down. The company reported lower earnings; sales went down further. There was a heat wave in Europe, and sales went down again.

So management bent over backward to avoid communicating any bad news. The company always hyped good news and buried the bad. Internally, stories of success and achievement filled the company’s newsletters and reports, but everyone knew the grapevine was the real

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*Babble obscures critical issues from management and employees alike. Results suffer.*

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source of reliable information (and according to the grapevine, everything wasn’t always fantastic). Leadership tried to stamp that out as well, by putting a gag order on its entire employee population. It

got to the point where employees were first discouraged, then prohibited, from talking about negative things—even in meetings called to discuss performance.

The CEO expected everybody to have a “positive attitude.” If you raised negative views, you were not a team player—and if you kept it up you were off the team, permanently.

Eventually, all of this babble affected results more than the marketplace, the economy, or competitors. Management left serious issues unaddressed, and the organization’s creativity was stifled by the lack of real dialogue. The company experienced continuous

failures in new product development and marketing and in its efforts to revitalize its tired distribution approach. Sales and earnings steadily declined over a number of years. Finally, the company's parent replaced top management, and they decided things had to change—starting with a 20-percent reduction in the corporate staff.

For this company, which never talked about anything negative, it was the mother of bad news, and the new CEO knew exactly what he had to do. “We had to turn the company around,” he said, “and that started with everybody understanding how bad things were, and how we were going to get out of the mess.”

The CEO brought together the company's six hundred corporate employees in a large auditorium, stood alone on a stage in front of them, and explained the situation. He used just a few slides to show some numbers, and he had no notes. He was an average public speaker—nobody would have mistaken him for Winston Churchill. But he told employees the truth, and explained in simple, concise terms where the company was heading and why. He told them they had to reduce costs, and to do so they had to reduce staff. He said they would be working together differently; that all employees needed to surface issues, discuss them, and take action. He outlined a process they would use to reprioritize work, understanding that with 20 percent less staff the organization could not continue to perform as it had in the past. He painted a new picture of the future, saying they would revitalize the company and make it strong again—a vibrant, exciting place to work where leadership valued honesty, creativity, and teamwork. At the end of the presentation, after he answered the last question, employees stood and applauded. For the employees, the prospect of tackling the problems they saw every day was not only a relief, but also energizing.

We encountered babble of a different sort at a major consumer products company, where a senior executive approached us following cutbacks and a reorganization. “We need some morale-building programs to help employees through this,” she said. “People are depressed because they don't trust management's judgment, and they are task saturated.” We asked what “task saturated” meant, and learned it's a term for when people have too much to do. We asked why people don't trust management, and learned that employees believed management was out of touch with the real issues facing them and the business (just as you would expect of managers who use terms like “task saturated”).

Some of the leadership communication approaches she was considering were monthly talks by a counselor about work-life balance, celebrations about achieving big goals, and a poster campaign recognizing high-performing employees. This was babble.

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*Leaders who babble often lose the trust and respect of employees.*

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The executive wanted to put some counterproductive Band-Aids on very deep wounds. They would have created less trust in management, not more, because the proposed

solutions to the problems were divorced from the reality employees faced. And they would have exacerbated “task saturation” as employees attended meaningless meetings while work piled up on their desks.

Effective leadership communication could, however, address the root of the problem. Leaders needed to explain to employees that they understood their difficulties, then outline processes to overcome them. These could have included ways to reprioritize work to eliminate nonessential tasks, cross-functional collaboration designed to remove time-consuming obstacles, and processes to improve team communication (which saves time and reduces stress). By distracting leadership from real issues with babble around “morale,” the executive was doing the employees and her company a disservice.

Babble doesn’t make problems go away; it makes them worse. It doesn’t hide problems from employees, because employees live the problems every day. It doesn’t help people understand reality; it confuses them. It doesn’t make leaders look competent or confident; it makes them look unrealistic and out of touch. It does nothing but confuse, misdirect, and discourage.

Babble isn’t a challenge just for senior executives. Functional leaders, middle managers, team leaders, frontline supervisors—anybody who needs to lead people to get things done can be sidelined by babble.

And babble affects every employee on the receiving end—the people who ultimately do the work to execute strategy. Consider Greg, a veteran hourly worker in a manufacturing plant. He’s union to the bone, and would be our first pick in a bar fight. We first met him years ago when his plant manager asked us to help improve communication.

Babble in the plant came from conflicting metrics and from differences between what management said and what they did.

For example, the plant tracked performance by counting the number of products that came off the assembly line; there was a celebration when they hit record numbers. It didn't matter that the products

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*Babble is a habit that affects senior leaders, managers, and frontline supervisors alike. All must fight it.*

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were of poor quality and many didn't work at all—management still posted the rising volume numbers as *the* measure of success. Meanwhile, management talked on and on about quality and customer satisfaction. It was on posters and in the company newsletter. When the company's CEO visited the plant, he told employees in a speech that "our first commitment is to our customers." But that was all babble. Cost and volume production were the only priorities stressed by leadership actions. First time quality ("building it right the first time") dropped as low as 12 percent as management made layoffs to hit cost targets. A faulty product that took too long to fix might sit for months, while a customer waited for it, because employees had to hit volume numbers. In time, the plant became one of the worst-performing operations in the company. For employees, this was a slap in the face. They wanted to be proud of their plant and the products they built, and they resented management for screwing it all up.

Over a two-year period, with our help, the plant manager, Jack, transformed the operation. Jack had been at the plant for a number of years, and it was the only place he'd worked. As a result, he was a product of a culture of "command-and-control" management, and initially did not embrace open communication as an effective leadership tool. New employee research conducted at his operation, however, showed causal connections between communication and operating metrics. Also, several pilot communication programs at his plant showed that a new approach to communication improved results. As a result, Jack changed his thinking about communication and embraced it as a powerful leadership tool. And he had the character, vision, and passion to change how people communicated throughout the plant.

He stopped the babble and started listening to employees. He implemented new communication processes that tapped the knowledge of people up and down the line, management and hourly alike.

They had an ongoing conversation—as an organization—on how to improve performance. He learned that employees were proud of the products they built, but angry with management because quality was so bad. They listened to him as he outlined, in simple, straightforward terms, management's plans (which included significant contributions from supervisors and line employees).

Two years after these efforts took hold, we had the opportunity to visit the plant again. The plant manager asked Greg to tell us what he was up to, and he was very candid. "See this list of jobs?" he asked in a commanding way, and pointed to a quarter-inch stack of papers with lists printed on them. "These are the jobs we used to screw up all the time. It's my job to work with the departments so they don't screw them up any more. See the green marks through the lines? Those are the ones we've fixed. We don't make those mistakes any more. That's what my department used to do—fix those mistakes. We used to have 220 people in my department. Now we have six. I'm almost through with the list."

Then he made a comment that we'll never forget, one that speaks to the power of effective leadership communication: "When the list is done, I'll have to take a new job in the plant. I'm not sure what that will be. I know I won't be making the money I used to. Last year I made more than \$100,000. This year I'll make less because we don't have the overtime we did. But we're finally doing the job right." Then he looked the plant manager in the eye and said, "We'll never go back to the way it was. Right?" He was making a statement, not asking a question. When work has meaning to people—when it's more than a paycheck—they take it very seriously.

When Greg was able to cut through the babble, his work was meaningful to him again. He understood what he had to do to build a good product, and he was proud of the product he built. He wouldn't have it any other way. When you embrace real leadership communication as a fundamental business practice, and see the results it can deliver, you won't have it any other way either.

## **ON STRATEGY COMMUNICATION CUTS THROUGH BABBLE**

*On Strategy* is our term for effective leadership communication. It explains where the company is headed and how it will get there, what employees need to do to make it happen, and why it's important to

the business and to them. It's about the business and the realities that affect it. In short, it's On Strategy. More than that, On Strategy communication frames complex business direction in simple, straightforward, motivational terms, so everybody, from the CEO to frontline supervisors, can understand and discuss it. As a result, On Strategy communication makes strategy the topic of conversation in an organization, as employees and managers alike engage in an ongoing conversation about how to execute plans to achieve common goals.

On Strategy communication isn't a speech, a town hall meeting, videos, publications, or pages on the intranet, although these can be useful. The heart of

On Strategy communication is in leaders and employees talking to each other—every day—about strategic information and perspective that help them do their jobs and do them well. It depends on not

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*The On Strategy approach is the babble antidote. It frames complex business communication in simple, straightforward, motivational terms.*

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only senior executives, but also leaders up and down management ranks—including frontline supervisors. Local leaders are critical because they have continuous and direct interaction with employees. They also are the people best equipped to translate strategy into actionable terms for employees.

Indeed, the managers and supervisors up and down an organization are the single most important communication channel available to any leader or organization. CEOs make speeches, and organizations spend millions of dollars on fancy communication vehicles, but a manager or supervisor can confirm or nullify all these efforts through a single conversation around the water cooler. That's why even frontline supervisors must not only be on board, but also be active in delivering strategic communication. Therefore, when we say leadership, we mean it in the largest sense. Leaders are people who have followers. That might be the CEO, frontline supervisors, or Greg, the hourly worker who led his coworkers to improve quality across their manufacturing plant.

Moreover, On Strategy communication isn't about charisma and style, or refined public speaking skills or showmanship. It does require leaders up and down the organization to be able to have a meaningful conversation with people. In our experience, that's not

too much to ask. People have good conversations all the time with their families, friends, and neighbors. They conduct complex business transactions through conversations every day. They buy and sell houses, contract for services, run school boards and churches—the list is long and diverse. They can have effective conversations on strategy as well. They just need the right tools to do so.

On Strategy communication thrives on simplicity. People focus well on a handful of priorities, but they lose their way if the list is too long. When faced with the compendium of visions, missions, values, strategies, priorities, goals, objectives, metrics, and milestones that many business plans throw at them, employees often just shut down. On Strategy communication focuses on answering one critical employee question: What do you want me to do? Then it motivates them to act.

On Strategy communication is emotional. People talk about—and execute—what they care about. Employees in every organization—from a seventeen-year-old kid flipping burgers to a nurse helping terminally ill patients—have some sort of motivational connection to their work. Good leaders tap that connection to drive action. It's what gives work a special meaning. That meaning goes well beyond the rewards and recognition factors to which many leaders limit their focus, and it extends to the intrinsic self-motivations that make people tick. Indeed, these are the most powerful motivators a leader can leverage.

The On Strategy approach requires leadership commitment, process, and discipline. Leaders should no more leave communication to chance than they do strategy development, finance, or process improvement. Moreover, the On Strategy approach is a specific leadership activity. The communication and human resources departments can help orchestrate leadership communication, but the ultimate accountability lies with the leaders themselves. And it's well worth the effort.

## **EFFECTIVE COMMUNICATION GETS RESULTS**

Communication is as effective a tool in improving performance as many of the other disciplines on which leaders spend time and resources. In 2004, in conjunction with the research firm Employee Motivation & Performance Assessment, Inc. (EMPA), we conducted research of twenty-seven major companies, including IBM Global



Services, General Motors, Prudential Financial, Navistar, and other major U.S. corporations.<sup>3</sup> The research identified five communication profiles among the companies: Open, Command, Rumor, Reporting, and Discussion. These profiles were then combined with norms from the National Benchmark Study (run by EMPA in collaboration with the University of Michigan) so that we could measure the impact of employee motivation on business performance over time. Without exception, companies where communication is defined as Open outperform others in key performance categories including growth, profit, and stock prices, as indicated in Table 1.1. Moreover, the correlations indicate that communication is a meaningful driver of that performance. In short, companies that communicate well perform better, and companies perform better because they communicate well.

Profile	Positive Results Correlations	Negative Results Correlations
Open—Information moves up, down, and across the organization in a very fluid, open, inclusive, disciplined fashion	3-, 5-, 10-year stock returns Sales EBITDA IACS Profit margins ROA ROE	None
Command—Information moves from the top down in a tell-and-respond style	5- to 10-year stock returns	Profit margins ROA ROE IACS
Rumor—Information moves from peer to peer as they try to anticipate what the boss wants	Sales EBITDA	3-year stock return
Reporting—Information moves up, as employees cater to the boss	1-, 5-, 10-year stock returns	None
Discussion—People continually discuss, and discuss, and discuss information	3-year stock return	None

**Table 1.1. Impact of Communication on Financial Results.**

*Note:* IACS = income available for common shareholders.

In the highest-performing companies, communication is open, candid, and flowing. It's as if people in the organization say to each other, "Talk to me, I'm listening." With that kind of attitude toward communication, there is no need for babble. People share, and they keep their focus on strategy.

Contrast this with each of the four other profiles and it's clear that communication makes a difference. Companies with Command communication profiles perform the worst as a group. In these organizations, it's as if leaders say to employees, "Do this and don't ask why. It's none of your business." Employees don't ask why, there is little communication on strategy, and their companies don't perform at peak levels. Companies exhibiting the Rumor profile—in which employees depend largely on the peer-to-peer grapevine—perform better than Command companies, but well behind Open profile companies. The same is true for the last two profiles, Reporting and Discussion, which are troubled by a lack of communication down organizational ranks or efficiency in delivering and considering information.

The research matches our experience. Throughout this book, we will demonstrate the impact effective leadership communication can have on results in case after case. Consider the following:

- A division president of an equipment manufacturer used communication to win support for a new supply chain strategy and process. Historically, functional managers resisted integration because they had to sublimate their local objectives to the interests of the overall supply chain. Leadership overcame these hurdles, however, through use of a cross-functional communication approach, and the company saved millions.
- A plant manager of a 4,500-employee manufacturing operation used communication to turn his plant from one of the worst-performing operations in his company to the best. Communication helped improve first time quality from less than 15 percent to more than 85 percent, achieving record delivery credibility and exceeding cost-reduction targets by more than 150 percent. The plant manager, who became vice president of manufacturing, said of the operation: "We made this plant the diamond of our organization, and it all started with communication."

- A vice president of engineering jump-started innovation in new product development with communication. He refocused and reenergized his staff, and they developed a breakthrough product design that wowed customers and captured market share within weeks of its introduction.
- The executive team of a major airline used communication to win employee support for a controversial acquisition of another airline. Resistance stemmed from seniority issues that put the acquiring airline's employees at a severe disadvantage. After intensive leadership communication, however, employee mindsets shifted.
- A vice president of labor turned the tide of a unionization drive at one of its major operations with effective communication. Facing difficult odds, top leadership communicated to employees primarily through frontline supervisors and won the vote by a 3-to-1 margin. The same company won employee support at another operation for controversial changes to their union contract. Employees, local bargaining representatives, and international union officials first rejected the company's position. With effective communication, however, leadership convinced employees and their union that the changes were essential to make the plant more productive and economically viable, making jobs safer.

## **WHY COMMUNICATION MAKES A DIFFERENCE**

Right about now, you may be saying that communication can't do all that—and in some respects you would be right. Communication is one of a number of performance drivers. Good performance begins, obviously, with an effective strategy (communication doesn't make a seriously flawed strategy brilliant, though it may make it sound a lot better). Good performance also requires smart leaders, resources, hard work, and luck. Communication optimizes all of these (except, perhaps, luck—we're not really sure how that works). Indeed, good communication drives improvement in strategy itself, as employees deeper in the organization contribute their thinking. It makes leaders smarter as communication provides them with more information on which to base decisions. It stretches resources further

because it reduces waste caused by actions and energy expended on nonstrategic activities. And it makes hard work pay off, as communication begets results.

At the end of the day, strategy is only as good as its implementation. In fact, many good business leaders ascribe to the axiom “I’d rather have a mediocre strategy well implemented than a great strategy poorly implemented.” Great strategy that never is implemented is worthless. Moreover, even the best strategies require midstream corrections, and unless the organization can “change the wheel while you’re driving the truck,” the strategy won’t deliver on its full promise. Communication translates strategic planning into action. Moreover, it engages employees in the organization to make strategy work, so you keep driving on the road to results and not over a cliff.

Communication plays a powerful role in the success of an organization at many levels.

*Communication is the face of leadership.* Leadership and communication are one and the same. This doesn’t mean good communication alone can make a lousy leader great. Moving a large organization in the right direction takes leaders with intelligence, humility, perseverance—any number of traits. Without communication, though, much of this goes unnoticed. Communication shapes employee perceptions of a leader’s abilities, commitment, and character.

*Communication is a key to collective action.* A survey by the American Management Association listed “getting people to work together who have different agendas or goals” as the number-one challenge leaders believed they faced.<sup>4</sup> In most organizations, that’s a communication issue. More often than not, people are working at cross-purposes because they lack clarity around direction. Communication gets everybody on the same page, working together to achieve common goals.

*Communication enables people to contribute.* A plant manager once told us, “If you want to figure out how to run a punch press better, ask the guy who runs it eight hours a day.” Employees across every organization possess knowledge the company must have to execute its strategies and achieve results. It doesn’t do the company any good if that knowledge is never shared and applied. Leadership communication creates the foundation for employee contributions by providing the perspective employees require to recognize that the information they have is valuable. It also provides a way for employees to share their knowledge with the organization.

*Communication is a key to motivation and action.* Question: “How many people work at your company?” Answer: “About half.” It’s an old joke, but all too true in many companies, despite the attention paid to rewards, recognition, job security, working conditions, and the like. Granted, these are important, but intrinsic motivations such as a connection to the substance of work, pride in accomplishment, and belonging to an organization greater than oneself play a critical role as well. Effective leadership communication connects these motivations to strategy and drives action.

In short, leadership communication tells people what they are supposed to do and motivates them to act. It is a key ingredient in every action leaders might take to mobilize employees and make them more effective in strategy execution.

Leaders reorganize their employees into matrix structures and back again. They downsize their organizations and add resources and processes. They change compensation and performance measurement approaches. They immerse their managers in interpersonal skills training. They launch culture-change initiatives. All of these tactics have merit, but communication is critical to all. Communication enables

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*On Strategy communication tells employees what they need to do and why they should take action.*

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leaders to tap the benefits of reorganization and even of mergers and acquisitions. It leverages compensation and performance management tools. It drives the engaged culture needed to achieve results. In short, although all of these activities can add value, for each of them communication either is fundamental or mitigates the problems the activity addresses. So it makes sense for leaders to address performance issues by improving leadership communication as a first and last resort.

We found this to be true as we worked on one of the more dramatic turnarounds in corporate history. For more than a decade this company, a heavy manufacturer, was a perennial headliner on the *Wall Street Journal*’s list of worst-performing companies. The stock price hovered around \$10 per share—down from more than \$100 a decade earlier. Market share continually declined along with product quality and customer satisfaction.

Employees said they were victims of events out of their control. Senior leaders and line workers alike believed they were in a “spiral

of doom,” in which every year they would outline new, aggressive goals and plans but never achieve them. People focused on survival, not success—on assigning blame, not finding solutions. They cut costs to the bone and then cut further, until cost reduction was the only strategy anybody talked about. Then they hired consultants to plot new strategy. They hired new managers to breathe new life and thinking into the organization. They changed bonus structures and organizational designs. All of these efforts floundered until they improved communication.

The CEO began to use leadership communication as a strategic tool to get employees marching in the same direction, excited about where they were going, and *taking action*. In addition to making communication a more important part of their jobs, the members of the company’s senior executive team were also given communication responsibilities. The CEO formed a team of informal leaders drawn from up and down management ranks and integrated them into the company’s communication approach. He brought together the company’s top five hundred leaders every six months to review strategy, progress, and issues, and he required them to communicate to their employees in turn. He reduced complex business planning documents to a short list of critical strategies that people could understand and remember. And he connected execution of those strategies to an outcome that employees throughout the organization all wanted: to again feel proud of their company and the products they built.

When the CEO went to visit employee groups—whether managers or frontline employees—he engaged them in conversations. He would ask two simple questions: “What are we doing that makes you feel proud, and what could we do better?” The conversations connected employee emotions to strategies, but also informed the CEO of business issues. Indeed, those conversations changed the dialogue he had with his own leadership team as well as the communication delivered by the company’s publications and other internal communications channels.

Finally, he employed process (as he was an engineer by training, process was his nature). All the executive visits to the operations, the company’s publications, the leadership meetings, the messages, and other communication activities were part of a process managed by staff responsible for not only facilitating communication, but also delivering business results.

Strategy became the topic of conversation for employees across the company. They were engaged in their work and achieving results. They knew what to do and did it, and the results followed. Within two years, manufacturing plants increased productivity, efficiency, and quality, and customers saw the difference. The company launched its first major new product line in twenty-five years, and market share jumped. Employees became proud again and focused not on being victims but on driving results. The stock passed \$50 per share, *Business Week* named the company one of its “Top Fifty,” and the company made the list of the *Wall Street Journal’s* top ten best performers.

In the final analysis, the CEO pointed to communication—to getting employees to understand and act on strategy—as the key to success. “You can have plans and strategies and goals and visions and all that stuff,” he said. “But until people believe they’re winners and believe they can make a difference every day, all that other stuff is not going to get done.” He went beyond the babble, led his company with communication that was on strategy, and got results.

## SUMMARY

Far too often leadership communication is, in reality, babble. Whether it is long lists of priorities and initiatives or the motivational slogan of the month, in many organizations leadership communication does more harm than good, adding to the confusion and clutter rather than inspiring clarity, focus, and action. It doesn’t have to be that way.

The On Strategy philosophy of leadership communication gets rid of the babble and focuses on providing employees with the direction and motivation they need to take action in support of strategy. The On Strategy approach brings simplicity, clarity, and meaning to strategic direction and leverages everyday conversations among managers and employees, when the real work is getting done, to communicate, discuss, and reinforce what needs to be accomplished, how, and why.

Time and time again On Strategy communication has delivered bottom-line results. We’ve seen firsthand as leaders used On Strategy communication to secure favorable labor contracts, implement an integrated supply chain process, reduce costs, and improve quality. Although communication on its own couldn’t have achieved those

results, the leaders themselves will attest it was critical to progress—nearly as critical as the strategies and plans themselves. In short, On Strategy communication tells people what they are supposed to do and motivates them to act. It is a key ingredient in every action leaders may take to mobilize employees and make them more effective in strategy execution.