

# Creating and Sustaining Supportive Employee Communications

*More managers are getting the message that good communications mean the difference between employees leading change and managers driving it.*

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Lea A.P. Tonkin

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*“Employee communications is everything we do — what we say, what we do, what we model, what we choose to educate our people about, how we educate them. Communication is necessary to align our people to a common goal. It’s extremely important in the automotive business. You can’t compete in this field unless you have the best performance from your people.”*

Jim Humphrey, CEO,  
Nelson Metal Products

*“Communicating is the most important thing we do. It contributes to trust. If you don’t communicate, you don’t get trust.”*

Burgess Oliver, Director of Operations,  
Northern Telecom

*“Employee communication is critical, especially when you are moving toward more involvement of your employees in managing and increasing your business. You need to build business perspective, providing insights you have and translating that to other people about ‘what this means to you.’ It is not human resource’s job. It’s management’s job.”*

Dick Toftness, Manufacturing Manager,  
Hewlett-Packard

How’s the communications climate within your organization? Does your workplace environment encourage healthy interaction? Do you implement, enhance, and measure employee communications activities as core factors in your improvement activities? Here’s how several manufacturing executives are working toward more effective employee communications. Their universal perspective: An informed and motivated workforce improves manufacturing’s capacity to compete and succeed.<sup>1</sup> Is such success difficult to achieve? You bet. See the box, “Oops! Your Employee Communications Are Showing.”

## **Hewlett-Packard, Loveland, CO: A Tall Order**

The rules of employee communication are fairly simple, according to Dick Toftness, manufacturing manager at Hewlett-Packard’s (HP) Loveland, CO plant: Talk openly and honestly. Tell people when you don’t know the answer, and that you will get back to them. Communicate in a way that meets the employee needs, *when* they need the information. Don’t try to sugarcoat information or talk down to people. Explain why something is happening and how it will affect people. Do some teaching along the way. And maintain a sense of humor.

## **Oops! Your Employee Communications Are Showing — More Upward Communication Needed**

A 1991 survey of more than 5800 full-time and 700 part-time employees of privately-held U.S. companies, representative of all job levels, industries, geographic locations, and union representation by The Wyatt Company, as reported in *Wyatt WorkUSA*™, showed:

- 71 percent of the respondents said management communicates well about the company's quality and customer service goals, yet only 54 percent receive enough information on customer satisfaction or how well they are meeting customers' requirements.
- 80 percent say they understand overall company goals and 63 percent understand the steps being taken to reach them.
- Only 46 percent said the company does a good job of reporting information on their pay, and only 45 percent responded that the company communicates well on job openings.
- 38 percent said their companies do well in seeking employee opinions and suggestions, a decrease from 1989 (the previous survey), and even when opinions are sought, only 29 percent of workers said their companies do a good job of acting on them.
- Although only 30 percent of employees give high marks to companies for involving employees in decisions that affect them, 88 percent of the surveyed executives in another study said participation was important to productivity.
- *Among the ideas for action recommended by The Wyatt Group to build upward communication channels:* periodic surveys to allow employees to express their opinions, focus groups to establish communication needs and the most effective ways of communicating information, and communications audits to assess the effectiveness of information sources and the flow of information throughout the corporation.

### ***Pay and Performance Communications: Falling Grade***

A recent survey of employers and employees at 1000 industrial and service companies by Towers Perrin showed a wide gap between respondents' belief that pay and performance should be related, and actual practice. Only 48 percent of the responding corporate human resource and compensation professionals and 39 percent of employees thought pay systems achieve this goal. Messages about pay and performance are not getting through in many cases; individual goals and performance are often not discussed, respondents said.

- The most effective means of delivering pay and performance information, according to survey participants: small group meetings (60 percent); supervisory communications, 58 percent; memos/bulletins, 40 percent; training programs, 31 percent; large group meetings, 22 percent; orientation programs, 17 percent; special brochures, 15 percent; employee publication, 15 percent; videotapes, 13 percent; and personalized statements, 10 percent.
- As more companies adopt merit pay systems, it will become more critical that employees understand the link between their day-to-day performance, the company's financial performance, and their own pay, according to Ross Miller, principal and senior communications consultant for Towers Perrin in Chicago.
- *Solutions include* more candor on broader financial issues related to employment, and training for managers and supervisors in communications. Employees need to hear information about, "What does this mean to me?" and, "If there is a problem, what can I do to help?" Miller said.

### ***When the News Is Bad, Sometimes Employees Are the Last to Know***

Right Associates, a Philadelphia, PA-based career management and human resources consulting company, recently surveyed 1200 individuals about restructuring policies in their companies. In their report, "Lessons Learned: Dispelling the Myths of Downsizing," survey results included:

- 43 percent of the survey participants said employees learned about downsizing plans before the organization planned to announce it.
- 47 percent of the organizations did not inform workers who would remain after a downsizing about their current and future roles.
- Downsizing plans were communicated to employees less than a week before implementation, said 35 percent.
- Concerning the methodology of how employees would be selected for separation, 26 percent communicated this information with employees who remained and 41 percent told those to be separated.
- 9 percent said the outside community learned of the downsizing before the announcement.
- 10 percent reported that the news media carried the downsizing information before the official announcement.
- *A solid, well-thought-out communications plan* will help companies bring the right message, at the right time, from the right source, said the company. The plan should include elements such as a timetable for informing and training those responsible for notifying employees to be separated; how and when the downsizing plan will be communicated, and through which means (individual meetings, written announcements, group meetings, etc.); and information to be provided to remaining employees (new reporting lines, company direction, current and future roles and responsibilities, etc.).

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Dick Toftness,  
Hewlett-Packard

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Toftness is quick to acknowledge that translating top management's good intentions into topnotch results is a tough job. "Right now we're evaluating employee communications at the site — doing a TQC cycle on our communications process — looking toward improvements in 1993," Toftness said. "It's critical in these times of rapid and complex change that your communications are crisp and focused on the needs of the employees, not just the managers." For example, most of Loveland's communications activities are spoken or "in person." Videotapes, better use of bulletin boards, and other written materials may be added to the communications mix.

#### ***Caring About People and About Business***

A manager's role in effective employee communications encompasses a range of activities, according to Toftness, reflecting the viewpoint of managers from other companies. "It is to encourage and reward, to update and inform, to build perspective and to develop trust," he said. "It means making certain that employees have the resources they need to be successful, gently moving them in the right direction, and making sure that they are appreciated. It is very important to create an atmosphere of trust, to encourage their helpful suggestions, comments, and at times, criticism. We look for management communications that show we care about people and the business; the two are not mutually exclusive."

His view echoes the perspective of Alan Jay Zaremba from Northeastern University, in his book, *Management in a New Key; Communication in the Modern Organization*:<sup>2</sup> that the organizational climate is the most important factor affecting the quality of management communication. Some of the attributes of supportive climates, according to Zaremba, are non-deceptive communication, participatory decision making, and management/subordinate trust and respect.

HP's annual company-wide employee survey is a useful barometer of employee attitudes about pay, recognition, the work environment, management communications etc. Although employees provide their survey responses on an anonymous basis, results for each site are culled and then used as an improvement tool.

One employee concern that showed up in earlier Loveland survey responses, for example, was in the area of reward and recognition. "People told management that we were not doing enough to recognize outstanding individual contributions," Toftness said. Based on the results of smaller "sampler" surveys and focus group

meetings, management, with the help of an outside consultant, has more consciously and actively rewarded individual achievers. "Non-monetary rewards have proven to be very effective," Toftness said. "Often people make the mistake of considering only monetary rewards." Toftness also set up one-on-one meetings with employees after the survey indicated that employees felt that he needed to spend more time with non-managers.

MBWA (management by wandering around) ranks high on the list of effective communications activities here. Management holds monthly "coffee talks" with all employees in the plant cafeteria about site and corporate activities, customers, and a review of "how we are doing," as well as semi-annual sessions where employees can submit anonymous questions — all to be answered by management. News about work changes, important projects, and major issues should be "straight, given to the individuals it will affect first, and faster than hearing it from the grapevine," according to Toftness.

#### ***Hutchinson Technology, Inc.: Stress of Increasing Business***

Employees of Hutchinson Technology, Inc. (HTI) already receive a hefty chunk of information about its financial standing and product line plans etc., reflecting "a level of trust" that sometimes surprises employees of other companies, said Kathleen Skarvan, communications manager. Yet feedback from employees indicates that they would like more information and they would like it more quickly at the fast-growing company.

"Sometimes we hear employees asking, 'Why aren't managers telling us sooner' about a particular change related to products, organization, etc. What we try to communicate to our employees is that the market we're in, disk drives, is fast-changing and requires much flexibility," said Skarvan, who reports directly to the CEO. "Most often, employees get information almost as quickly as management receives it from the customer, and then plans are made to adjust internally. Basically, this industry changes constantly, which is a communications challenge." —Based in Hutchinson, MN, the company is the world's leading manufacturer of suspension assemblies, which hold the read/write head in rigid disk drives. HTI is adding capacity including employees, equipment, tooling, and facilities.

"Right now, the market demand is increasing and we are challenged to add capacity quickly," Skarvan

said. "We have developed a communication program to focus all employees on the market demand for our product, trying to keep information upbeat and positive. We're living a growth experience that other companies would envy and we hope to keep this theme evident in our communication."

Display boards at all company locations show production capacity, attainment to plan, and messages on quality, customers, and employee efforts. A "sunshine" logo and special activities related to the theme (providing oranges for break, for example) reinforce the company's quality and customer service focus.

Periodic employee surveys (every two to three years) provide useful feedback about employee concerns. In a special communication survey, employees said their preferred method of receiving information was from their immediate supervisor.

The company's training and development activities are important means of communicating organizational and cultural change. All new hires receive approximately 20 hours' training in company systems and culture. A new competency-based pay system, for example, required adjustments in company training offerings and employee communications.

### **More Empowerment, Direct Communications**

Employee empowerment is a major theme at HTI. Although plant employees receive most company information through their supervisors, increasing empowerment will mean more communication through other means such as teleconferencing, phone mail, etc., according to Skarvan.

Company-wide meetings with top executives, quarterly meetings with executives about company financial prospects including private meetings afterward, weekly team meetings, and MBWA convey management/employee information and concerns. A monthly employee publication, bulletin boards, boards posted in work areas, and well-known systems for anonymous employee complaints and questions allow additional mutual feedback.

HTI's "lessons learned" include the need to gain the understanding and approval of key executives before launching a new communications program. For comments from employees about HTI communications activities, see the box, "Hutchinson Technology, Inc. (HTI) Employees' Comments About Communications."

### **Nelson Metal Products:**

#### **Competition Demands Effective Communications**

"Effective communications are critical to an organization's ability to meet its goals," said Jim Humphrey, CEO, Nelson Metal Products, Grandville, MI, a privately-held manufacturer of automotive die castings. "We are in the auto business. It is a demanding end use market with vicious competition for market share. The facts about our customers drive everything we do including substantial improvements in quality and reductions in cost as well as innovation and the ability to get new products to the marketplace faster ... People can do amazing things when they know they are under attack by competitors."

A brownfield plant (seven years in Grandville) acquired from Midland Ross in 1985 when its sales were slipping, Nelson Metal Products tripled its sales since then. Meanwhile, employment rose from 170 to approximately 400. Although Humphrey acknowledges the positive impact of its quality and technology improvement activities during the past several years, he perceives continuing competitive challenges that must be understood by all employees. "If we don't continue to change and improve, we won't do well in three to five years," he said. "Our organizational effectiveness won't be sufficient tomorrow, to deliver the quality, cost, and customer satisfaction that will be required."

Humphrey said a major challenge is effectively communicating that job security is directly linked to the success of the business, which will be achieved by making *Nelson's customers* successful. Will employees buy into the use of improved technology and the related skills training that will be required, quality improvement including the reduction of waste, shorter cycle times, the increasing use of teams for processes and problem-solving? Persistence helps, Humphrey said, conceding the need for improvement in management communications.

"Sometimes people define employee communications too narrowly," Humphrey said. "It is going on whether you're part of it or not. It can work to the detriment or the benefit of everyone." He contended that all aspects of management/employee behavior at the plant fall into the communications category.

Team activities are an effective means of communicating within the Nelson plant. In addition to pilots of self-regulated work teams, multi-function teams tackle special projects such as working on customer satisfaction

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Jim Humphrey,  
Nelson Metal Products

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levels for specific products. A steering committee, including salaried and hourly employees, works on business process improvements (such as the attendance program), as specified in Nelson's contract with the UAW. An ergonomics team can coordinate its activities with the safety committee and other teams.

All managers are expected to visit the shop floor regularly, and Steve Moore, vice president of manufacturing, visits all of the plant work stations daily. Nelson has bulletin boards, focus groups in plant and administrative areas, and periodic all-employee meetings (which may include bad news). For example, Humphrey said, employees were told during a fall 1992 meeting that the expiration of one automaker contract in the summer of 1993 may result in the loss of 75 jobs, and that some contracts will not be pursued if they cannot be retained profitably.

#### **Draw a Direct Line Between Goals and Activities**

Asked about improvement targets in employee communications, Humphrey noted:

- More clearly link overall goals and specific job changes or activities throughout the organization. For example, draw a direct line between quality improvement goals and team activities that will contribute to their achievement.
- More effectively market change, and the need to meet specific customer requirements, so employees can make informed judgments about activities that are in their own, and the company's, best interest.

#### **Northern Telecom, Nashville, TN: Learning From Surprise**

"We used to assume that we knew what people wanted to hear, and that when we communicated with our employees, they understood what we told them," said Burgess Oliver, director of operations at Northern Telecom's Repair and Distribution Center in Nashville, TN. "We found out from an early AME survey that we *weren't* communicating well with our employees.<sup>3, 4</sup> We couldn't believe it! Everywhere we looked, we were spending time communicating. We called our employee meetings 'monthly business reviews.' We had newsletters and bulletin boards with numbers that they weren't interested in." From this survey and later surveys at the plant, Oliver and fellow managers realized that they needed to communicate more clearly, on a regular basis, and in a fashion that would be readily understood by *all* employees.

Among the remedies that are contributing to more healthy communications here:

- An eight-hour class on employee communications attended by all employees introduced the concepts of encoding and decoding messages — how to send and receive messages for understanding.
- Bi-monthly videos from corporate senior management provide 30-minute updates on company-wide activities. A question-and-answer session follows the video.
- The facility's "Commitment Statement" is widely posted; it emphasizes customer service and quality objectives, for example.
- Management meets with all employees six times a year for a discussion of "how it's going and what's coming up."
- Additional surveys gather feedback on employee understanding. They also rate management's communications skills in surveys.
- Weaknesses and solutions are targeted during an annual off-site meeting including key people from each department and work team leaders. After the meeting, the facility's key improvement objectives are posted in each work area, and each department meets with Oliver to discuss them. A recent site survey showed that 88 percent of the respondents understood the 1992 objectives, and that 85 percent thought the objectives were reached. Both measures are significantly higher than the year-earlier results.

Oliver is managing an additional AME study project designed to build on the earlier AME employee attitude study headed by David J. Mattingly, and to offer participants an opportunity to get a better fix on their production employees' views. Pilot surveys in the project have been distributed, reported Oliver. Results will be made available at a future date, although the identity of participating companies will not be revealed without their permission.

#### **Datatec Industries: Reverse Performance Reviews**

How many companies are gutsy enough to ask employees what they think of their immediate manager's performance? And then expect both parties to sit down together for a review of the responses? Every six months? At Datatec Industries in Fairfield, NJ, this communications activity is one of the means keeping managers —

## The Datatec Leadership And Morale Survey

How to answer: Read each statement very carefully. Then to the left of each statement write the number which best expresses your agreement or disagreement. Please respond to all statements as honestly as possible. Your responses will guide us in our relentless pursuit of quality and service for both internal and external customers.

### MANAGER TO BE EVALUATED: \_\_\_\_\_

1= Strongly Agree      2= Agree      3= Sometimes Agree/Disagree  
4= Disagree      5= Strongly Disagree      U= Undecided/Don't Know

1. \_\_\_\_\_ My manager is honest in all his or her business dealings.
2. \_\_\_\_\_ My manager is open with his or her co-workers with information and in discussing successes and failures.
3. \_\_\_\_\_ My manager has empowered me to use my best judgment to reach our company goals.
4. \_\_\_\_\_ My manager accepts failure through honest efforts.

**Figure 1.** Datatec Industries' reverse appraisal forms enable employees to rate their managers' performance in communications, responsiveness, etc. A partial list of evaluation statements is shown. Source: Datatec Industries Inc., 23 Madison Road, Fairfield, NJ 07004-2371.

to do a better job of communicating about compensation. For example, the switch to a skill-based pay system and the reduction in the number of job grades two years ago should have been spelled out more clearly, Puckett said. Management aims to continually improve employee communications, including small group meetings, he said, adding, "That's hard to do as the number of employees increases."

### **USG Corporation: Giving Employees an Opportunity to Participate**

Even more difficult for many managers, the task of getting the word out — and listening to employees — during a downsizing period can strongly tax endurance, patience, and skill. One CEO who's shared news of layoffs, sales decreases, corporate reorganization, a bankruptcy filing, and the decline of traditional hierarchical management in favor of team-based activities is Eugene B. Connolly, chairman and CEO, USG (formerly U.S. Gypsum) Corporation, Chicago. (See the accompanying box, "USG's Indispensable Asset — A CEO's Perspective on Employee Communications.") USG's transformation from stability to an environment of sometimes-painful change caused trauma for employees, said Matt Gonring, USG's director of public relations. Gonring said the candor of Connolly and other senior officers, and the building products company's commitment to communicate "clearly, concisely, effectively, and consistently" helped workers — and the company — endure recent uncertainties.

"Too often in the past, companies attempted to take on a new direction or focus without giving people an opportunity to participate in it, to contribute to it,"

and all employees — on their participative toes. After they are rated by employees on their skills such as responsiveness, coaching, and communication of objectives, managers work with *their* managers on action plans for improvement. (See Figure 1.)

Prerequisites for Datatec's up-close manager/employee evaluation approach are its informal culture and core values including honesty and openness, empowerment, and tolerance of change and failure, according to David Frey, director of quality. He said the survey is only one of several channels for employee communications at the company.

An "open door" policy, newsletters, conversations with the president (all 360 employees invited, refreshments served), and greater use of cross-functional teams keep management and employees of this information systems "solutions" company in touch with each other. Direct communications between teams and with suppliers (not just through purchasing) help employees deal with the stress of growth and competitive markets.

### **XEL Communications: Expectations Are Rising**

Periodic climate surveys on all aspects of the business, "breakfast with a manager," communications about "how we're doing" in the marketplace and operational issues, team meetings with managers, etc. help employees at XEL Communications contend with the pressures of rising production targets, according to John Puckett, vice president of manufacturing. The Aurora, CO manufacturer of electronic components for the telecommunications industry experienced higher sales from 1991-92, and projects a further increase for this year.

"We stress employee communications in supporting our vision," said Puckett. "If you don't communicate, you can't expect people to take ownership of the changes."

During previous downsizings and the current hiring of new staff (the workforce totals approximately 160), employees' maturity and expectations rose, he said. "We've already shared good news and bad news. Now it changes flavor a little bit. People want to know not just P&L (profit and loss) and how we're doing, but about operational issues. They want to participate, to interact, and to talk about insurance and pay issues." Through employee task forces on benefits, managers and employees now present alternative choices for insurance, etc.

Climate surveys showed that XEL managers needed

## Hutchinson Technologies, Inc. (HTI) Employees' Comments About Communications

### **Manufacturing Supervisor Nancy Torgusen, Sioux Falls, SD**

Communication from managers and within teams is critical, according to Nancy Torgusen. "We're in self-directed work teams (SDWT), manufacturing suspension assemblies," she said. "We work with equipment, operators, a key operator (works on equipment), and an inspector who's part of the team." When different shifts and work team assignments were made several months ago, she said, revamped teams relied on communications skills to meet production targets, finding team members to operate equipment during employee breaks (the plant operates 24 hours a day), etc.

Teams meet weekly with supervisors to discuss team (SLIM — Single Level of Interactive Management) activities and performance, company financial information, customers, etc. "Probably the toughest thing to communicate and understand is the company's financial data," Torgusen said. For some employees, the team's output measures are of more interest.

Torgusen said she's one of four members of a senior supervisors' SLIM team. They rotate strategic planning/financials/forecasting, human resources (hiring new employees, etc.), and work with outside customers, in addition to their regular supervisor duties. They rotate the SLIM team leadership role each quarter; the leader attends a weekly vice president's update and all scheduled manager meetings, and conducts team communication meetings. Their former manager, now in employee relations, works with them on communications issues and serves as a "boundary manager."

For example, a current challenge for the supervisors is communicating effectively with employees about the company's new (starting January 1993) compensation system. It's based on "competencies" — knowing what is needed to meet a certain level of performance. "Teams worked with us, to tell us what they wanted to hear about performance appraisal and how they are measured," Torgusen said.

### **Operator Larry Schmidt, Sioux Falls, SD**

"There are a lot of different ways to progress in the company," Larry Schmidt said. "Job postings on available openings are important. Postings say what job it is and qualifications needed for the job. Interviews are taken to find the best qualified person. The company will pay for schooling that's related to the company, so you can advance yourself. It's a successful program, because if you try harder and you want something bad enough, you'll do the best job for the company."

Schmidt added, "Our weekly communications meeting keeps us up to date on output and products, what your unit is doing, whether rejects are up or down, our weak and strong points ... The company is run more like a family situation; nothing is hidden from the employee; everything is out in the open."

He likes the "amplifier" system that allows employees to send questions to management — anonymously or signed — about concerns or gripes, and receive a reply. Schmidt's also enthusiastic about employees having a voice through votes on some schedule revisions, which holidays they would have, etc.

### **Operator Brenda Backous, Sioux Falls, SD**

Brenda Backous agrees that job postings are important. "You can decide when it's the right time to move on in the company," she said. She also favors the question-and-answer sessions at the end of quarterly "all-hands" meetings with senior management. "You can get the answers you need, or they can put you in the right direction," she said.

Communications with fellow team members are part of the review process here, she said. "They (supervisors and other team members) don't wait for formal reviews — they might recommend more training, or a different way of pointing out a situation."

### **Statistical Department Team Member Doug Pribyl, Hutchinson, MN**

"It's important that we communicate within the group, and with other groups," said Doug Pribyl, who works in the site's only non-production SDWT. "We receive information from the company every week about profit and loss, production, etc."

An employee survey several years ago indicated that employees wanted a higher level of communication from management, he said. "As a result, there has been a lot of change," he said. They opened up tremendously, sharing financial information, how the company's doing, where we want to be."

Among the areas where Pribyl believes HTI will continue to improve its communications: compensation and appraisal details. "They are changing the rating scale, the pay categories — very sweeping change," he said. "The rating scales are all subjective, but there is a structure in place to give feedback about it. It seems there's never enough information on, 'What do I have to do to get an excellent rating?' Sometimes it isn't clear how information should be routed to teams, and confusion results. "We're in an evolutionary process here," he said.

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*The days of  
management  
sitting on a throne  
and giving  
directives are over.*

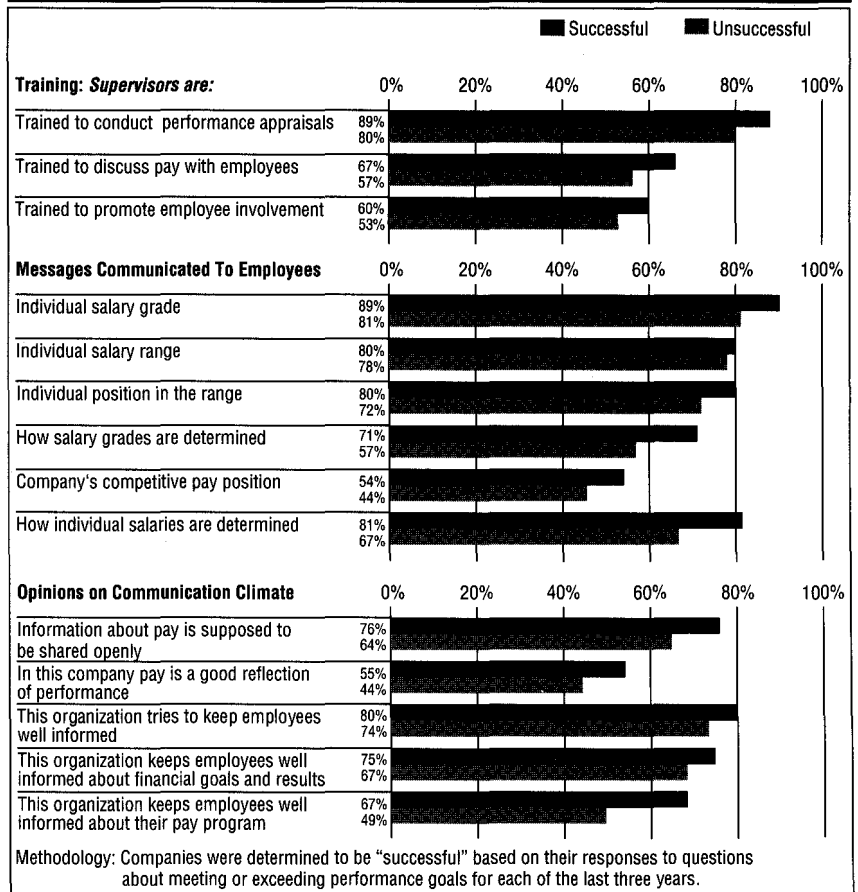
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Gonring said. "And by and large, they *do* want to contribute. Any program is only as good as the top-down and bottom-up communications about it ... The days of management sitting on a throne and giving directives are over. There is too much data for one manager to keep all of the control. To be competitive, a company must allow employees the opportunity — the flexibility and freedom — to contribute. Open, candid communications has emerged as a value, along with quality, safety, and customer service."

USG's internal communications activities intensified even as financial troubles turned up the heat. Among the activities planned for 1993:

- A bi-monthly employee newsletter
- A 1992 employee annual report, published within a newsletter issue
- An informal editorial board including members from marketing, finance, manufacturing, and distribution

## What The Successful Companies Do



Source: "Communication Management Issues," Towers Perrin.

- A survey of employees about issues and internal communications media
- Quarterly meetings for headquarters staff with senior officers
- "Breakfast with the Chairman" meetings at corporate and subsidiary locations
- A survey of *USG Insight* usage; it's a newsletter for management and headquarters personnel
- The toll-free hotline, which drew an average 115 calls per workday during the January-May, 1992 period; an executive's message may be added to the hotline
- Investigate a "Sound Off" 800 number for employee questions and opinions
- *USG Bulletin* (same-day print information faxed to 270 field locations)
- Operating headquarters bulletin board system
- Produce a "VideoNews" program about the company's future after emerging from Chapter 11 bankruptcy (projected in the first half of 1993) and completing the restructuring
- Support services for the move to self-directed work teams at plants
- Updating the *Issues Presentation Guide* to help key managers with question-and-answer sessions during plant visits, which are expected to increase
- Work with human resources and labor relations personnel to craft messages and design employee surveys at subsidiary locations, upon request.

### Bread and Butter, Macro Issues, and Accountability for Careers

Pay, benefits, the immediate job status, etc. are "bread and butter" perennial employee communications issues, Gonring said. "Mixed with these are macro issues of what the organization will look like in the future," he said.

After USG underwent the first of several workforce reductions during the past eight years, "restructuring became an ongoing thing," Gonring said. "It doesn't make sense to say, 'This is the end.'"

Companies such as USG must increasingly communicate with employees about taking charge of their own careers, Gonring believes. "There's a need to be aware of conditions and circumstances in the organization, to have one's own career plan, to communicate with your supervisor about career expectations and aspirations," he said. "The only security in corporate America today is to be good at what you do and know where you can add value in the organization. It's important for peo-

ple to frequently assess and to be prepared to make difficult decisions."<sup>5</sup>

### Change in Direction

"The loyalty contract has been broken. Lifetime jobs and climbing the corporate ladder are no longer necessarily regarded as the way to go," said Dennis Corrigan, Ph.D., vice president, L.C. Williams & Associates, a Chicago-based communications consulting firm. "Many employees want an opportunity to participate, not climb. Especially for those under 35, loyalty is an irrelevant issue — they don't need it to contribute fully. That is a very positive sign for American business. It makes the participative team environment possible, and lets the company deal with the economic realities of today."

The "glad hand and wonderful smile" that worked in the 1980s when management delivered the good and bad news today can be a point of mutual frustration, Corrigan said. Today's employees want more than orders. They want to figure out how to make their own path, and they want to share strategically where the company is going, he said.

Corrigan suggested a few pointers for employee communications:

- The death knell sounds for credibility when an executive says, "We'll look into that," or, "We'll get back to

*The "glad hand and wonderful smile" that worked in the 1980s when management delivered the good and bad news today can be a point of mutual frustration.*



## **USG's Indispensable Asset — A CEO's Perspective on Employee Communications\***

*Eugene B. Connolly, chairman and CEO, USG Corporation*

...Our situation is typical of the tumultuous conditions under which many corporations have been operating. A Fortune 250 manufacturing company, USG has historically been a stable, conservative leader in the building products industry. However, in the span of eight years we have undergone dramatic changes. We acquired more than \$1 billion in businesses, and we sold \$750 million in businesses. Our work force grew from 9000 to 25,000, then fell to 12,500. We adopted a holding company concept, decentralized, then recentralized certain aspects of the business. We went through five work force reduction programs and restructured our operations. We recapitalized and now, in order to restructure our debt and develop a healthier balance sheet, we will file a prepackaged holding company only Chapter 11 bankruptcy.

Obviously, these changes traumatized our work force.... Now, faced with a new set of challenges, we must adjust our approach to business, redefine the corporate culture, and become even more competitive and cost-conscious. We were historically accustomed to a somewhat authoritarian, hierarchical style of management, with business direction and decisions typically handed down from the top and communications primarily a one-way flow. Now, two-way communication is central to how we conduct business. Accountability is more broadly delegated and managers/supervisors function more as team leaders.

...We utilize internal communications to accomplish the following:

1. *Communicate the corporate goals.* Our line and staff managers must ensure that hourly and salaried employees understand the corporate goals and the strategies designed to achieve them. This is especially critical because of the widespread changes that continue to occur both culturally and structurally throughout our organization ...
2. *Facilitate participative management initiatives.* A study conducted by *Industry Week* and The Wyatt Company found that 76 percent of high-employee-involvement companies report improved quality; 74 percent, improved productivity; and 59 percent, improved profitability. Furthermore, 92 percent of the respondents believe that employees are more motivated to help a company succeed when they're involved in the decision-making process ....
3. *Continually monitor the internal and external environment.* The only constant in today's business environment is change.... Pertinent information must be effectively communicated to senior management. Strategies are needed that will answer employee concerns, correct misperceptions, and optimize positive attitudes. ...
4. *Establish an environment of trust and credibility.* This is perhaps the most difficult task. At USG, our employees have been working in an atmosphere of uncertainty since 1988, when we took on high levels of debt to fight off a hostile takeover attempt ...
5. *Provide opportunities to interact with employees ...* It provides a forum for us to reaffirm and reassure employees, gauge morale, and listen to their needs and ideas. In addition, it sends an important message: By taking part in open, two-way communication, each employee can positively affect change within the organization.

*\*Excerpted from the Journal of Corporate Public Relations, 1992, published by the Northwestern University School of Journalism.*

you," and the manager does not follow up.

- Employee survey failings generally fall into two categories: 1) management fails to report the results in an employee publication or other communication; and 2) even worse, employees fill out a survey and they see no semblance of action that the company will take to address their concerns (surveys that become money-wasting and suicidal from an employee-relations standpoint).
- Employees want more than slick talk; they want action. Promotion and compensation policies, for example, let employees know whether management really means what it says about valuing their contributions.
- Look for new or tailored means to communicate with various employee populations. For example, over-35 employees may consider video messages from the boss to be as close to "the real thing" as they can get. Under-35 workers, however, are more likely to prefer interactive computerized communications (with no tip

of the hand about gender, race, and other management preferences). They are adamantly opposed to video for three reasons: 1) they regard it as inefficient — they must watch the entire presentation as opposed to scrolling through computerized information; 2) they believe it is a waste of money — expensive equipment outlays, and consuming many employee hours for viewing; and 3) they regard it as manipulative — they know about camera angles, lighting effects, etc. — unlike the "visual virgins" in their 40s and 50s who believe what they can see.

### **Communicator's Challenge**

Effectively reaching employees with your message and lending an ear at the same time may seem to require communications gymnastics, or simply too much time. Yet employee communications is a key part of the competent manager's repertoire. Some conclusions from the manufacturing and communications people interviewed for this story:

- *Communicate often, openly and honestly, formally and informally.*<sup>6</sup> Skip this effort, no matter how wearing, and you'll learn how important it is.<sup>7,8</sup> The difference, according to author Robert Townsend: Keeping your pledge to run a community of concerned adults.<sup>9</sup>
- *Understand the increasing importance of horizontal communication.* Although vertical communication will not be eliminated altogether, horizontal give-and-take between task-oriented teams or groups will claim a bigger chunk of the dialogue — the exchange of information and innovative ideas — that will help management achieve its vision.<sup>10</sup>
- *Today's "best in class" employee communications must improve tomorrow.* Find out what employees need to know to improve and to meet your customers' changing requirements, then do something about it.

<sup>1</sup> Leadership, as it communicates meaning, creates what Warren Bennis and Burt Nanus refer to as a "commonwealth of learning;" see their book, *Leadership: The Strategies for Taking Charge*, Harper and Row, New York, 1985, p. 42.

<sup>2</sup> *Management in a New Key; Communication in the Modern Organization* by Alan Jay Zarembo was published by Industrial Engineering and Management Press, The Institute of Industrial Engineers, Norcross, GA, 1989, p. 48.

<sup>3</sup> The Northern Telecom telephone repair and distribution facility in Nashville, TN was one of six plants whose employees were surveyed about management effectiveness, continuous improvement (CI) program effectiveness, and factory workers' feelings as individuals in an AME research project. Among the findings: Communications, trust, and visibility of top managers, along with job security and other issues, were worker concerns about management; CI program effectiveness concerns included weak employee recognition, fear that JIT delivery might cause job loss, and that employees hear little about customer complaints; individual feelings or concerns included job security, weak positive reinforcement, and the lack of gain-sharing or profit sharing programs, training opportunities, and future opportunities and growth. Although these findings were accompanied by a number of ratings that reflected management strengths, "You can't communicate enough" was among the conclusions of survey project manager David J. Mattingly. Additional detail is featured in his article, "A View From the Factory Floor," *Target*, Winter 1991, pp. 23-27.

<sup>4</sup> For information about results from Abbott Laboratories' Irving, TX employee assessment survey, see page 50 in the article, "Abbott Laboratories' Teamwork + Empowerment = Customer Satisfaction," by John Burnham, Jennifer Gattari, and Lea Tonkin, *Target*, September/October 1992.

<sup>5</sup> For additional comment on employee responsibility for their own careers in a "more flexible, chaotic world," see the *Fortune*, January 25, 1993 articles, "A Brave New Darwinian Workplace" by Stratford Sherman and "Jack Welch's Lessons for Success," excerpted from *Control Your Destiny or Someone Else Will* by Noel M. Tichy and Stratford Sherman, Doubleday, 1993.

<sup>6</sup> Continuing, varied, successful employee communications programs at S.C. Johnson and other companies are noted in James A. Belohlav's book, *Championship Management: An Action Model for High Performance*, published by Productivity Press, Cambridge, MA, 1990, pp. 25-51.

<sup>7</sup> The lack of communication is cited as a barrier to pride of workmanship in the book, *Dr. Deming, The American Who Taught the Japanese About Quality*, by Rafael Aguayo, Simon & Schuster, New York, 1991, p. 201.

<sup>8</sup> Employee communications and other "antidotes for bureaucracy" are noted in Peter Block's book, *The Empowered Manager; Positive Political Skills at Work*, Jossey-Bass Publishers, San Francisco, 1989, pp. 89-98.

<sup>9</sup> *Further Up the Organization; How to Stop Management From Stifling People and Strangling Productivity* by Robert Townsend, published by Alfred A. Knopf, Inc., New York, 1984, p. 75.

<sup>10</sup> *Fifth Generation Management* by Charles M. Savage, Digital Press, 1990, p. 204. He refers to the problem of determining how information will be shared in flatter network enterprises on p. 115.

*Editor's note: For additional comment on communications and related issues, see Jeffrey W. Anderson's column, "Vision Leadership," in this issue.*

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