



Calculating the return on communication investment

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**How can internal
communication
ROI be measured?**

***What* is return on investment?**



Information received and understood?

Messages increasing productivity?

“Engagement” reducing staff turnover/wastage?

Clear financial link?

Shareholder value?

Case proved...

Sunday Times Best Company to Work For: for the past three years the best 50 have returned 3.6% compared with 15% decline in the FTSE. And investors have earned 12.1% (compounded annual return) vs. 5.8% decline overall...

Sears model:

5 pt unit increase in employee attitude= 1.3 increase in customer impression = revenue growth

Source: Harvard Business Review 1998

The main reason customers do not return is poor service

Source: MORI

Companies in which employees understand the goals of their organisation have 29% greater shareholder return

Source: Watson Wyatt 1997

1% of additional employee commitment is worth £200k in sales

Source: IES

Communication integrity has a 7.1% impact on market value

Source: Watson Wyatt Human Capital Index 2002



**High performing companies have the following characteristics:
a formal communication strategy (51% vs 40% of non high performers)
72% of employees understand organisational goals (vs 57%)
38% had excellent or good upward communication channels
*Source: IABC***

**The informed are twice as likely to be positive about their organisation
*Source: MORI***

**Four factors have been identified relating communication to business performance:
clarity of purpose
effective leadership communication
interface between managers and their people
networking and information sharing
*Source: IABC 2000***

“Good at communicating with people is seen as the key attribute of an excellent organisation and its leaders – but is only eighth in terms of actual delivery”

Source: Bright Business: Future Foundation/Orange 2003.

***Why* are you measuring?**

Your own personal goals?

Departmental objectives?

Convincing line management?

**Demands of senior
management?**

Where are you measuring?



Corporate?

Local?

Personal?

What are you measuring?

Facts?

Feelings?

Fiction?



How are you measuring?



Downward: information giving?

Feedback: ideas, suggestions, contribution

Lateral: sharing best practice, knowledge management



**Financial and non
financial contribution
to the business**

Communication profile

Silent listeners	Connected
Disconnected	Loose cannons



Internal communication as a strategic business partner



How to measure efficiency and effectiveness

First steps



Clearly define what measurement means to your organisation

What can you measure communication against?

Do your sums

Select a campaign/other investment

Clearly define a. the potential cost benefit b. comms costs

Revisit after a period and calculate cost savings

Subtract comms costs from benefit costs

That is your ROI

Key drivers with most impact

Where you need to focus for most impact on communication

Fast/timely information

50%

Clarity of information

45%

Internal publication

70%

Upward opportunities

60%

Knowing why things happen

30%

So improving your performance in these key areas will also improve communication

How well are channels working?

Working well

Weekly newsflash + 48

Newsletter + 42

Line manager + 22

E-mails + 18

Could be better

Intranet - 1

Posters - 6

Noticeboards - 15

Senior managers -17

Focus

- ● ● **Be clear about your aims**
- Make use of case study “proof”**
- Search for organisation data available**
- Find specific investments**
- Be first to suggest ROI measurement**

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