Warts and all:

What the world's leading investment manager learned from an internal communications audit

Erin Hosilyk

Global Head of Internal Communications

Barclays Global Investors

BARCLAYS GLOBAL INVESTORS

About BGI

- Founded in 1971, part of Wells Fargo Bank; merged with Barclays in 1996
- "World's largest asset manager" *(Global Investor, 2006)*: $1.5 trillion
- Rich history of innovation, "quant" research culture – highly collaborative
- Clients include: pension funds, governments, foundations & brokers
- HQ in San Francisco; 2,500 employees in nine countries, primarily in the US, UK, Japan & Australia

- Corporate Communications reports into the Global COO and is responsible for media relations, IC & corporate events/hospitality
- The 14-member team is located in SF (9), London (4), and Sydney (1)
  - Media relations = 5 FTE
  - Corporate events and hospitality = 5 FTE
  - Internal communications = 2 FTE
  - Senior manager = 1 FTE
  - Group administrative support = 1 FTE

Audit Background

2004 Employee Opinion Survey = inconsistent & inconclusive
- communication identified as an *"area for improvement"*

2005 Co-CEO goal = improve communication & enhance collaboration
- *but what, exactly?*

Next step = Dig deeper
- *and get some help!*

Our Approach

Global COO sponsorship + existing operating budget + low profile

Hired Sinickas Communications

Collaborative partnership

Desired Outcomes:

- Examine the existing strengths and opportunities of IC globally
- Identify IC practices we should continue, introduce, or eliminate
- Benchmark with firms that demonstrate “best practices” in IC
- Make informed recommendations for IC practices that will improve communication and enhance collaboration firm-wide

Planning Meeting

1. Define research objectives

- Involve at least 10% of senior managers
- Quantitative and qualitative research methodologies
- Compare BGI's results against those of 5-10 other companies respected by the executive team that are known for "best practices" in IC

2. Determine research steps

- Conduct executive interviews, focus groups, phone interviews
- Mine existing organizational survey data (e.g., EOS, new hire surveys)
- Develop and administer online communication survey
- Conduct benchmarking research
- Deliver recommendations

3. Agree timing and budget

- April completion
- Budget = $85,000

Internal Inputs

We identified **key strengths and opportunities** in our existing communication practices that would guide the survey and benchmarking phases of the audit.

Strengths

Communication is improving; increased professionalism and effectiveness; taken seriously

Intranet *(bip)* editorial content is widely read, educational, and adding value

MD calls/email are good; keep sr. leaders informed

Communication is generally good within teams; some better than others

IC meetings are high-quality; important for conveying key information, networking opportunities

Robust and reliable grapevine

Opportunities

Need improvement in organization, delivery, consistency, balance, and timeliness of messages – particularly when communicating "bad" news

Hard to find information in *bip;* content beyond the home page is outdated and difficult to update

Cascading is patchy

Communication is weak across teams

More context desired re decisions/strategy

Insufficient knowledge about what other groups do and how they interact

Course Corrections!

By mid-Feb, survey eliminated (despite its draft completion)

Planning meeting held to discuss options, review internal inputs, and plan the benchmarking phase

Purpose: Comparison (+/-); fresh ideas; compelling evidence

Techniques: Questionnaire and/or phone interviews

Approach: Engage two types of comparator companies for benchmarking: financial institutions and other companies known for their IC best practices

Revised timeline…

…but still within budget: $85,000

Benchmarking

We would benchmark in the following areas:

- Co-leadership communication (best practices)
- Communicating in a matrix organization (structure of IC function, responsibilities)
- Communication measurement (what measured, how used, resources, sharing results)
- Cross-unit communication (techniques, managing the grapevine)
- Face-to-face communication (approaches, messaging support, cascading, frequency)
- Intranet (content, governance, standards)
- Webcasting (frequency, resources, content, how used)
- Written standards and protocols (types of formal policies, guidelines for development)

Benchmarking

To encourage participation, all companies were given anonymous copies of the benchmarking report, which showed how they compared vs. other financial companies and best-practice firms.

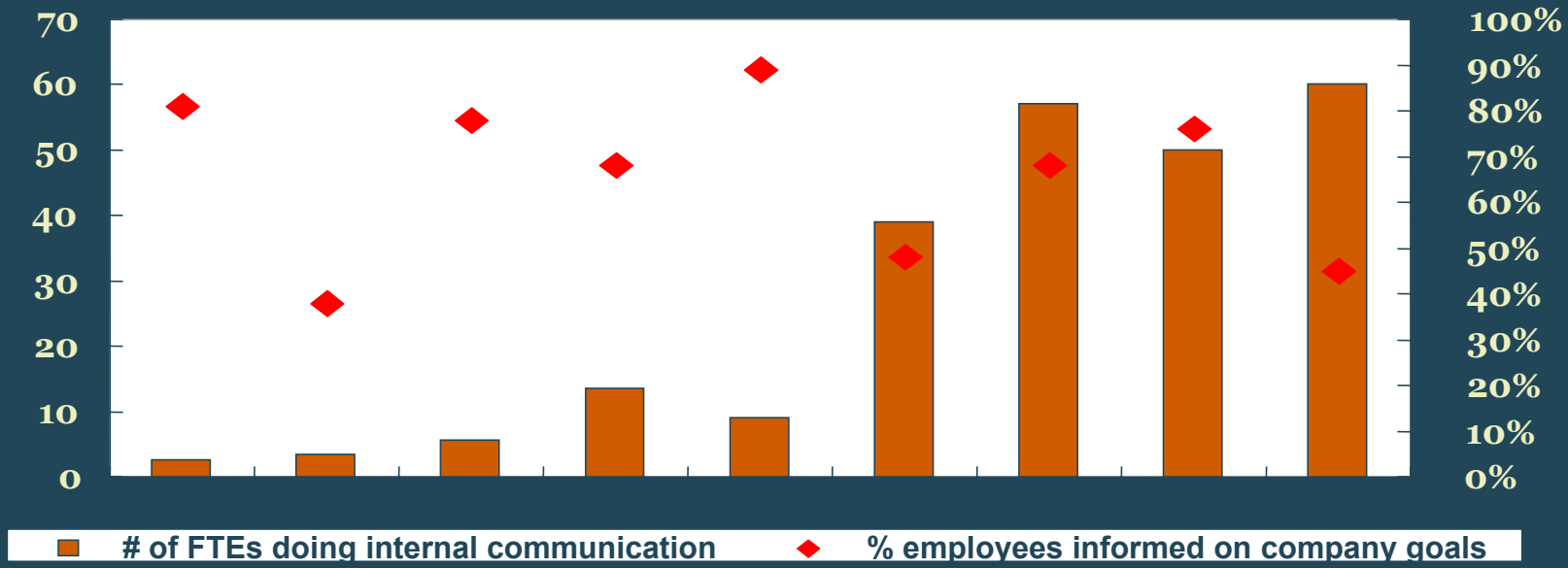
Additionally, BGI leveraged existing relationships to engage several competitors in the study.

9 financial services companies (100% participation in every category*):
Allianz, Charles Schwab, Citigroup, Goldman Sachs, Morgan Stanley, Merrill Lynch, Franklin Templeton, Royal Bank of Canada, Washington Mutual
**Per Sinickas, such extensive participation by competitors is unusual in this type of benchmarking audit.*

10 companies selected for their known best practices (contest winners who have demonstrated measurable results) or other criteria (co-CEOs, matrix structure); 6 participated in only 1-2 categories:
Accenture, AstraZeneca, ATMI, British Telecom, Cisco, David Evans Associates Inc., Eli Lilly, Hewlett-Packard, PacifiCare, Verizon

What We're Doing Well – *Value for Money*

BGI had **one of the highest quantitative measures of how well-informed employees are** about company goals and values (based on recent Employee Opinion Survey question comparisons). This places BGI at the best-practice level of communication outcomes. BGI achieved this distinction without much of the infrastructure in place at other companies; **our internal communications program is leveraging resources in significantly greater degrees than other organizations and meeting high standards.**



We should continue to maximize our ability to **do more with current staff**.

What We're Doing Well – *bip Editorial*

bip **editorial practices are on par** with other financial institutions and best-practices firms.

Area of Comparison	Financial Services	Other Companies
BGI **updates news** on the intranet daily	=	=
The majority of intranet **news is staff-written**	=	=
BGI **measures** the intranet through usage tracking, pulse questions in articles, questions on broader surveys and in focus groups, but does not employ usability testing or content analysis	=	=

+ Better **= Similar** **– Weakness**

- Readership has steadily improved YOY; **top 10 stories** each month (typically Co-CEO, product/strategy or people-related) consistently achieve **~700-1300+ unique hits** (~500-1000+ in 2004)
- *bip* stories achieve an average of **4.0 points on a 5-point scale**.
- **One in 5** US new hires identify *bip* as one of the most helpful resources in learning about BGI and its business during the first three months of hire.

We should **maintain our current editorial approach and frequency**, and continue to solicit regular feedback from employees.

What We're Doing Well – *Comms Events*

Corporate communication events are well-attended and highly rated, and have been consistently for the past two years. While most firms in our study held firm-wide meetings more frequently, BGI's use of recognition and receptions to connect and engage people was stronger.

Area of Comparison	Financial Services	Other Companies
Most other firms have **quarterly firm-wide meetings** to discuss earnings; BGI is annual	–	–
Post-meeting surveys are conducted	=	=
Meetings include **people-focused** element (reception/recognition)	+	+
Length of meetings is in normal range	=	=
BGI **preps** executives before meetings and provides them with **feedback** afterward	=	=

+ Better **= Similar** **– Weakness**

We also took a positive step this year in developing an annual corporate communications events plan, objectives, and schedule that will facilitate the execution of future programs. We should **continue our current approach to informing employees** about company goals, plans and how to reach them.

What We're Doing Well – *Measurement*

BGI compares well to other financial institutions on communication measurement methods, and **rated higher in some of the key aspects of IC measurement**, including awareness, knowledge, attitudes, behaviors and effectiveness of vehicles.

Area of Comparison	Financial Services	Other Companies
Measurement methods used currently include focus groups, surveys, some knowledge quizzes and intranet usage, averaging about 6 of the 15 techniques we researched. Two of the nine financial services firms measure less, one measures the same number and five measure more.	=/–	–
Aspects of communication that BGI measures include awareness, knowledge, attitudes, behaviors and effectiveness of vehicles	+	=
BGI uses **outside resources** to help with measurement	=	=

+ Better **= Similar** **– Weakness**

We should continue to monitor improvements and weak spots in our communications and begin to **share and apply results more broadly.**

Where We Can Improve – *bip Governance*

Compared to other companies in the study, BGI is considerably weaker in the areas of **intranet guidelines and content management**. Most BGI people we asked said that it was hard to find information in *bip*. Nearly 60% of *bip*sites (dept websites) haven't been updated in the past six months. There is no technology support or training in place to update or develop new sites. We have no guidelines or standards in place for maintenance or creation of sites, nor do we have processes to ensure that business units maintain sites. Roles & responsibilities are unclear.

Area of Comparison	Financial Services	Other Companies
IC **does not control business unit content** on *bip* beyond the home page, but works closely with content developers	–	=
The BGI intranet has a fairly **consistent look** and feel	=	=
BGI has a **limited approach to providing guidelines**, templates and training to business unit site content developers	–	–
BGI **does not actively manage** the process of keeping business unit content up-to-date	–	–

+ Better **= Similar** **– Weakness**

The result is **lost productivity** for the large number of BGIers who need real-time information to make informed decisions and add immediate value to the organization. Outdated and incorrect information in *bip* also **puts the firm at risk**.

Where We Can Improve – *IC Protocols*

BGI is the only firm in the study that doesn't have written communication standards or guidelines. The **lack of formal communication protocols** can be linked to the feedback we heard from BGI people with regard to IC needing improvement in organization, delivery, consistency, balance and timeliness of messages, as well as the widespread confusion surrounding what information is sensitive, proprietary, confidential, and should/shouldn't be shared.

Area of Comparison	Financial Services	Other Companies
BGI has **little in the way of written, formal guidelines** on internal communication or the best ways to accomplish it	–	–

+ Better **= Similar** **– Weakness**

As a result, we see **inconsistent message delivery,** with different levels and types of information shared across groups.

Where We Can Improve – *IC Support*

BGI can do more in the way of **providing communication support and coaching for employees**, particularly managers. This is also underscored by the EOS results: "Sr. management keeps me informed about decisions that affect me" – 48% agree; 35% partly agree; 17% don't agree

Area of Comparison	Financial Services	Other Companies
Communication skills are not part of **performance appraisal**	=	=/–
BGI provides **little support to aid supervisors** in communicating with staff	–	–
BGI typically shares company information through mass communication, followed by face-to-face, not a "**cascade**" first	=	=
Topics supervisors are expected to communicate do not include translating strategy to work group implementation	=	–
Most other firms use a broader array of **conscious techniques to promote cross-unit communication**	–	–
BGI offers **no formal communication training or coaching** besides external media training	–	–
Only current measure of face-to-face communication is **post-meeting surveys**	–	–

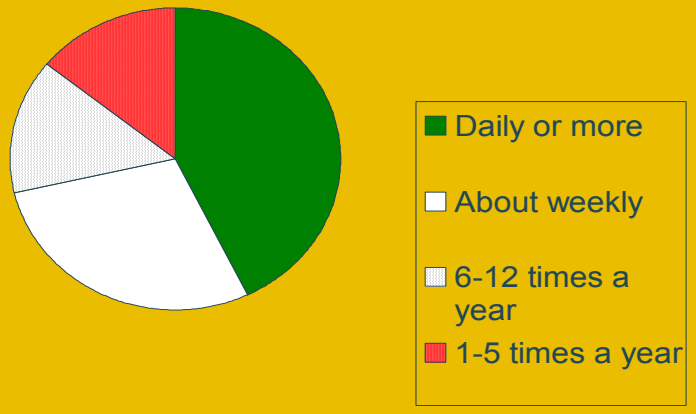
+ Better **= Similar** **– Weakness**

As BGI becomes more complex and information overload becomes more prevalent, we need to make sure were getting **key messages to the right people**.

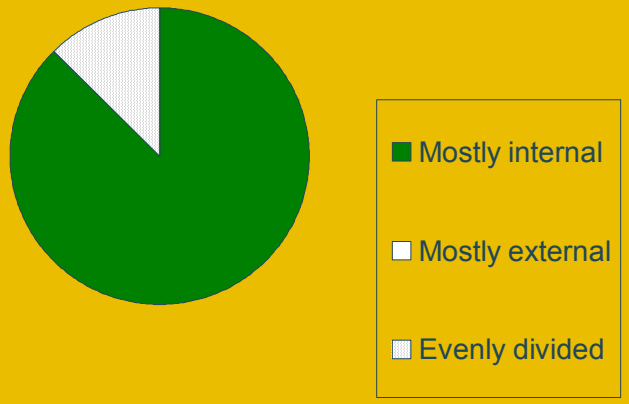
Where We Can Improve – *Webcasting*

BGI is one of two financial services firms in the study that does not use Webcasting. Most use it extensively* for company performance/news, market info, product training, HR issues and leadership messages. In the majority of firms who are using the tool, IC was responsible for the Webcasting function and most of the resources were housed internally**. Of those firms doing Webcasts, 80% of employees have access (at desks, conference rooms).

*** Frequency of Webcasts**



**** Where Webcast resources are housed**



Successful communication functions use technology appropriately to achieve results. We should **consider whether there is a business appetite** for Webcasting before committing to this communication tool.

Recommendations

Internal View

Hard to find information in *bip;* content beyond the home page is outdated and difficult to update

Need improvement in organization, delivery, consistency, balance, and timeliness of messages

Cascading is patchy

Communication is weak across teams

More context is desired around decisions/strategy

Insufficient knowledge about what other groups do and how they interact

External View

BGI is considerably weaker in the areas of intranet guidelines and content management

Only company in study that doesn't have written internal communication standards or guidelines

We provide little aid to supervisors in communicating with staff and can do more in the way of support and coaching

BGI is one of two financial services firms in the study that does not use Webcasting

Areas of Focus

bip Governance

IC Protocols

IC Support

Webcasting

Key Outcomes to Date

bip 4.0

Business spend allocated **($100,000)** for intranet cleanup and strategy development in '06

IC Protocols

IC Protocols concept approved and under development

IC Support

Communications team given **mandate** to better equip BGI managers with the tools and support they need to communicate effectively; to date, implementing managed cascades for Managing Directors and developing "About BGI" site in *bip*. Additionally, **IC team to partner with HR** in developing communication-based questions for 2006 Employee Opinion Survey.

Recommendations for Existing Practices

Agreed to with executive management; unexpected outcome: **adding 1 IC FTE in '06**

Firm-wide Goal for 2006

*"**Develop new communication programs** to better inform and equip our talent."*

Lessons Learned

- **Set realistic objectives** for your study; be clear about desired outcomes; keep it simple; manage expectations; get the timing right
- **Partner with your consultant**; leverage your internal relationships and corporate knowledge with consultant's expertise and objectivity
- **Involve senior management and other key influencers** throughout the process; link to corporate goals and needs
- **Be flexible and decisive –** *know when to bend*
- **Focus on the important stuff**; keep it simple, execute well & follow through