

Internal communication matters

Motivated employees are vital for the success of any organization; they can be great advocates for their employer, but they can just as easily damage its reputation. Most companies spend a great deal of time and money on hiring good people, but give effective employee communication very low priority.

Deutsche Bank's operation in the United States is a good example. According to people who work there, the bank has focused on releasing positive stories to the media, but the attempts have not been particularly successful. The reality is that staffers have been confronted with a relentless flow of bad news, and are frustrated by the lack of information from their managers or external responses by the bank.

The mushroom theory of management seems to be thriving in an organization which employs people who are least likely to be persuaded by it. The result is a meaningful erosion of morale. Competitors are taking advantage of the situation and are aggressively recruiting the best and the brightest. The steady march of smart Deutsche Bank employees heading for opportunities elsewhere should send a shiver down the spine of every shareholder.

But Deutsche Bank is not alone. Most firms claim they actively engage with their employees, but they tend to have one thing in common – a failure to provide any meaningful information. Many internal communication departments are little more than Cinderella functions whose job is to produce feel-good content.

For employees, ignorance is far from bliss. To be effective and engaged, people need to be informed. Worryingly, a lack of understanding about the importance of keeping employees informed can be reinforced by legal advice. Most lawyers would like all matters affecting their clients to be covered by a cone of silence. While this approach might make sense from a legal perspective, it may not be the best course of action for the firm's reputation, and it also ignores the fact that, over time, it will have a corrosive effect on employee morale. While obviously important, legal advice should not be the only factor taken into account when company executives make decisions about what to tell their staff.

Executives who understand that effective communication provides them with a competitive advantage are usually passionate about the importance of internal communication. Empowering employees sends a strong message to them and, through them, to all the firm's other audiences, including customers, investors, regulators, prospective recruits and competitors. Providing employees with the information equivalent of Pabulum usually produces the very result the company wants to avoid.