



IABC Think Tank: Demonstrating communication's business value: Trends, challenges and best practices



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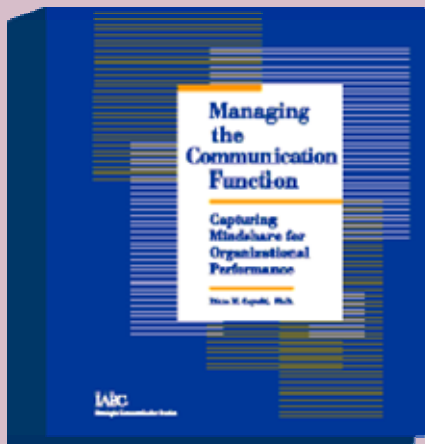
Why are we here?

- To discuss the status of the issue and trends –
DEMONSTRATING VALUE
- To solicit direct feedback from communication practitioners and
- To generate ideas for further IABC research, publications and/or educational content





How will IABC use this?



- research by the IABC Research Foundation
- content and/or authors for *Communication World* or *CW Bulletin*
- content and/or authors for IABC Knowledge Products
- content, vehicles and/or speakers for educational programs, including seminars, conferences and/or distance learning
- information, resources or possible content partners



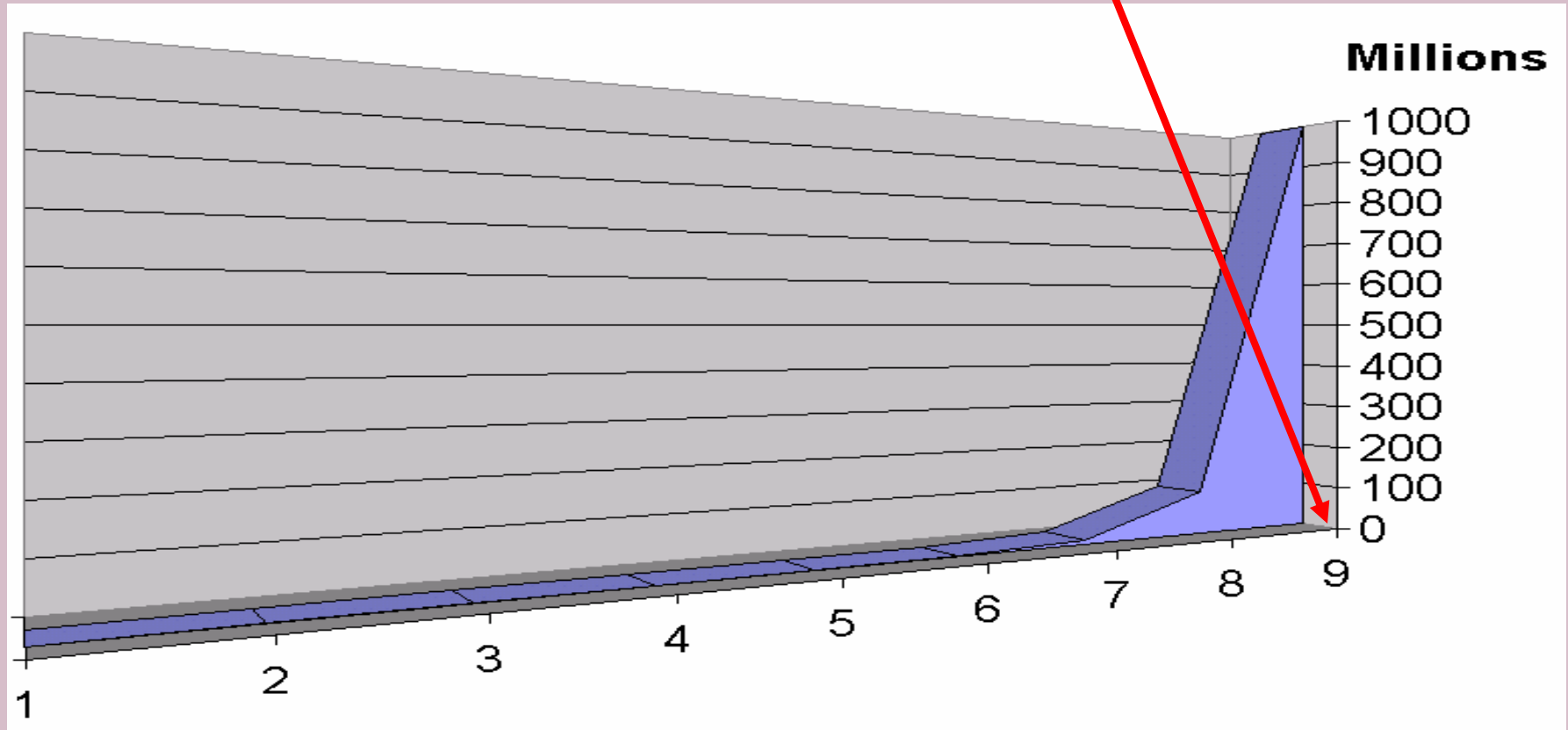
Where's a million?

zero

One billion



Where's a million?





Vicious Circle

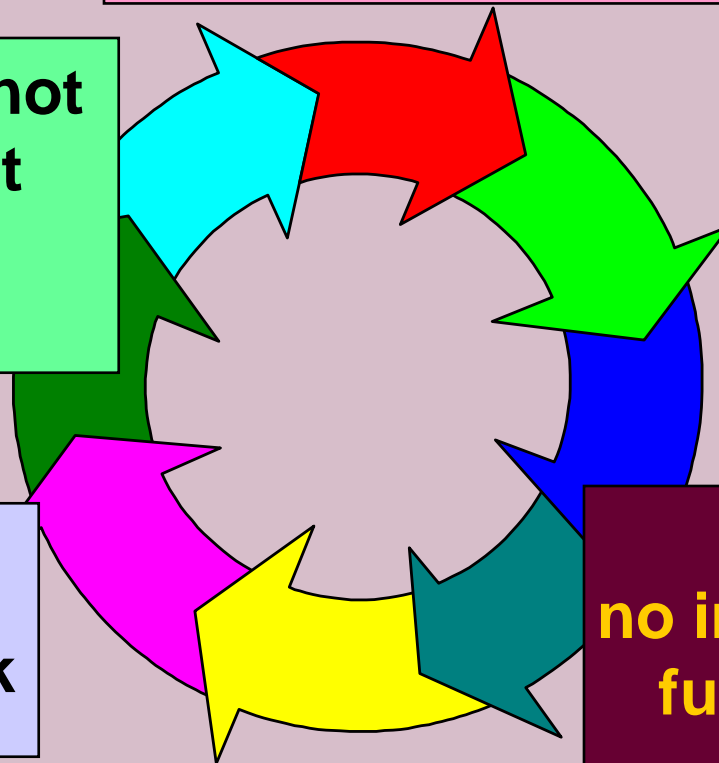
**don't know how to
or are afraid to evaluate**

**practitioners not
valued & not
included in
"the loop"**

**no documented
ROI**

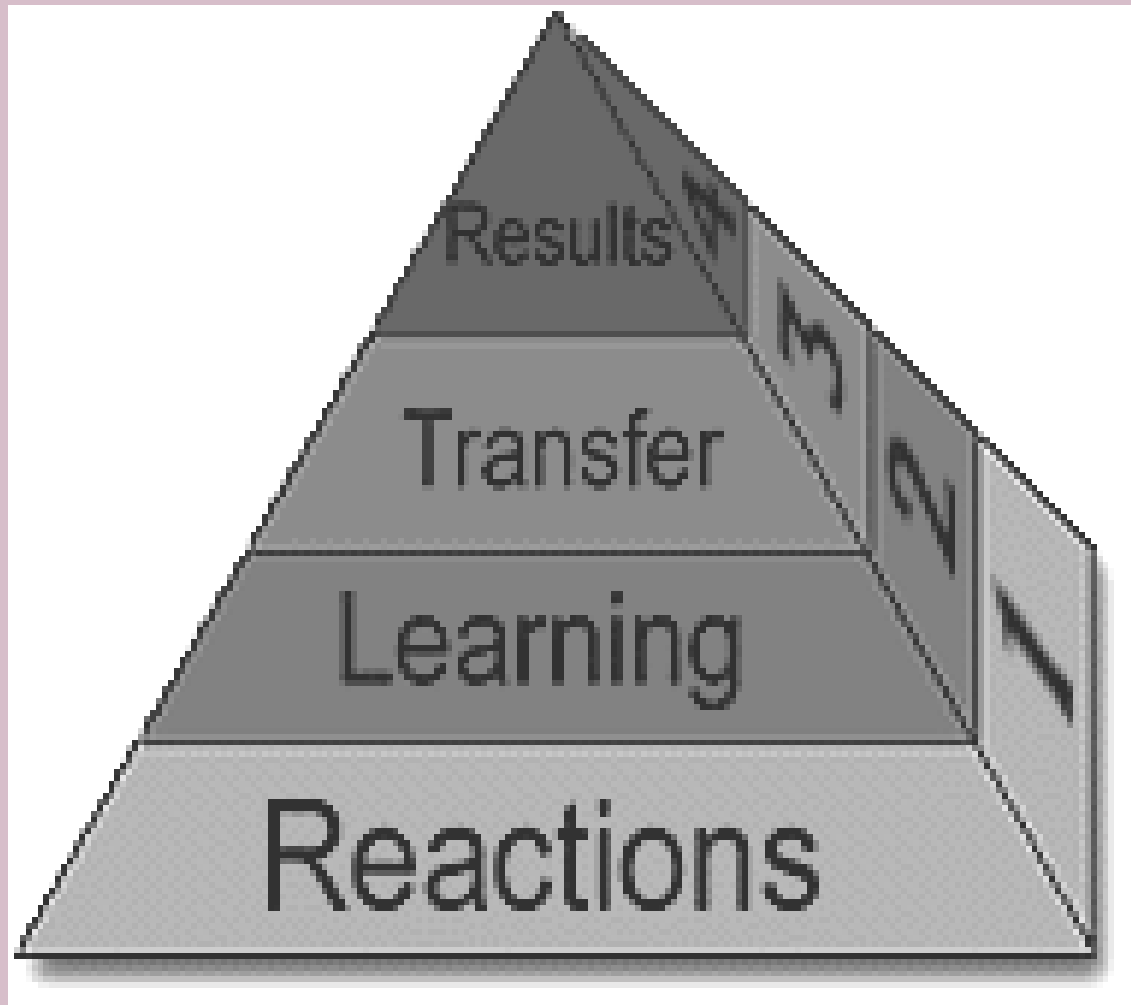
**interventions
miss the mark**

**no info. to help improve
future interventions**





"Levels" of evaluation





Challenging the Holy Grail of ROI



- Measurement takes too long and is too expensive
- Calculations are not credible– don't use standard accounting practices
- Too difficult to tease out the impact of the communication variables
- Impacts are long-term and diffuse
- So .. What else can we do?



The new economy



- Most of the market value of a company is in “intangibles”
- These do not show up on the balance sheet; some argue that their affect is already there in excess earnings
- Balance sheets measure the past
- Intangibles predict the future



Performance
infrastructure
builds intangible
equity



Intangibles
drive future
profitability



The past

The future

What's on
the books

intangibles

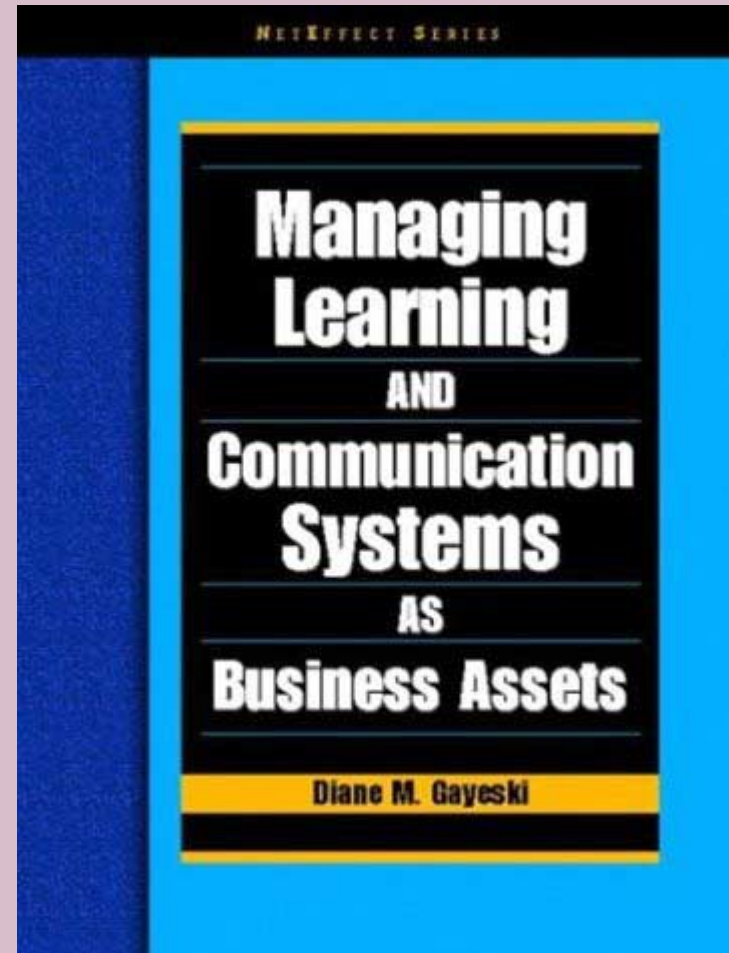
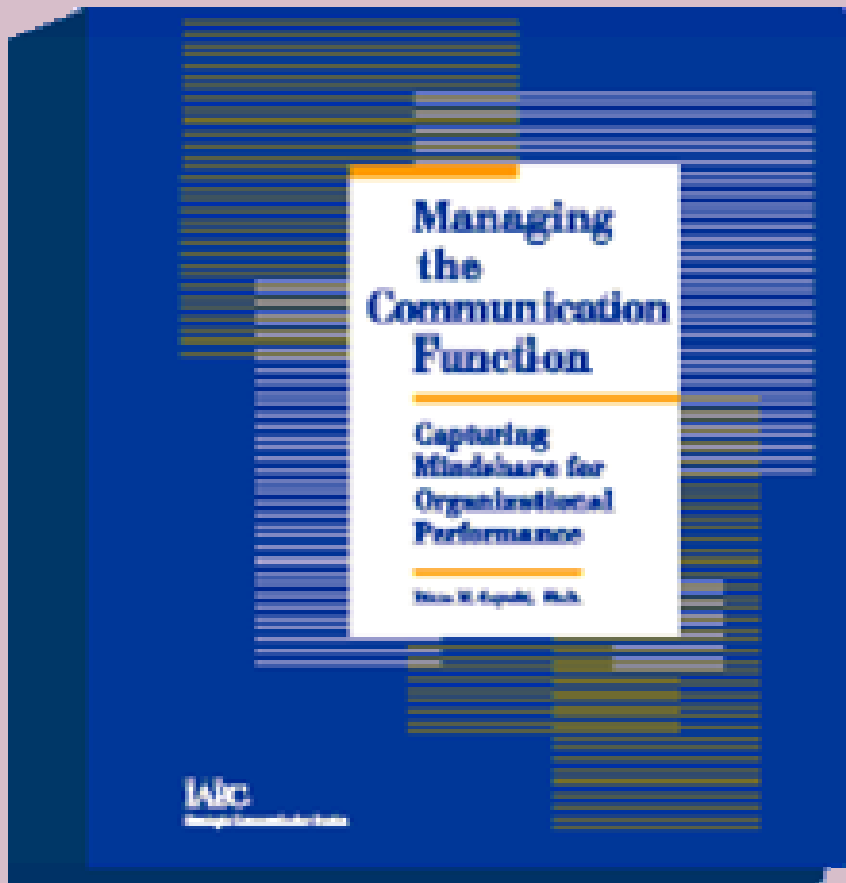


We need new analytical tools





~~E~~ valuation





Gayeski Analytics valuation model

infrastructure assets

long-term returns

quick fixes

smiles



Market Value of a company

(based on Sveiby, 1997)

Visible equity (book value) Tangible assets minus visible debt	Intangible assets (Stock price premium)		
	External structure (brands, customer and supplier relationships)	Internal structure (management, communication & learning systems, R&D, software)	Individual competence (education, experience of employees)



What do analysts look for?

- Strategy execution
- Strong branding / culture
- Human resource value
- Information assets
- Ability to grow / change / be resilient



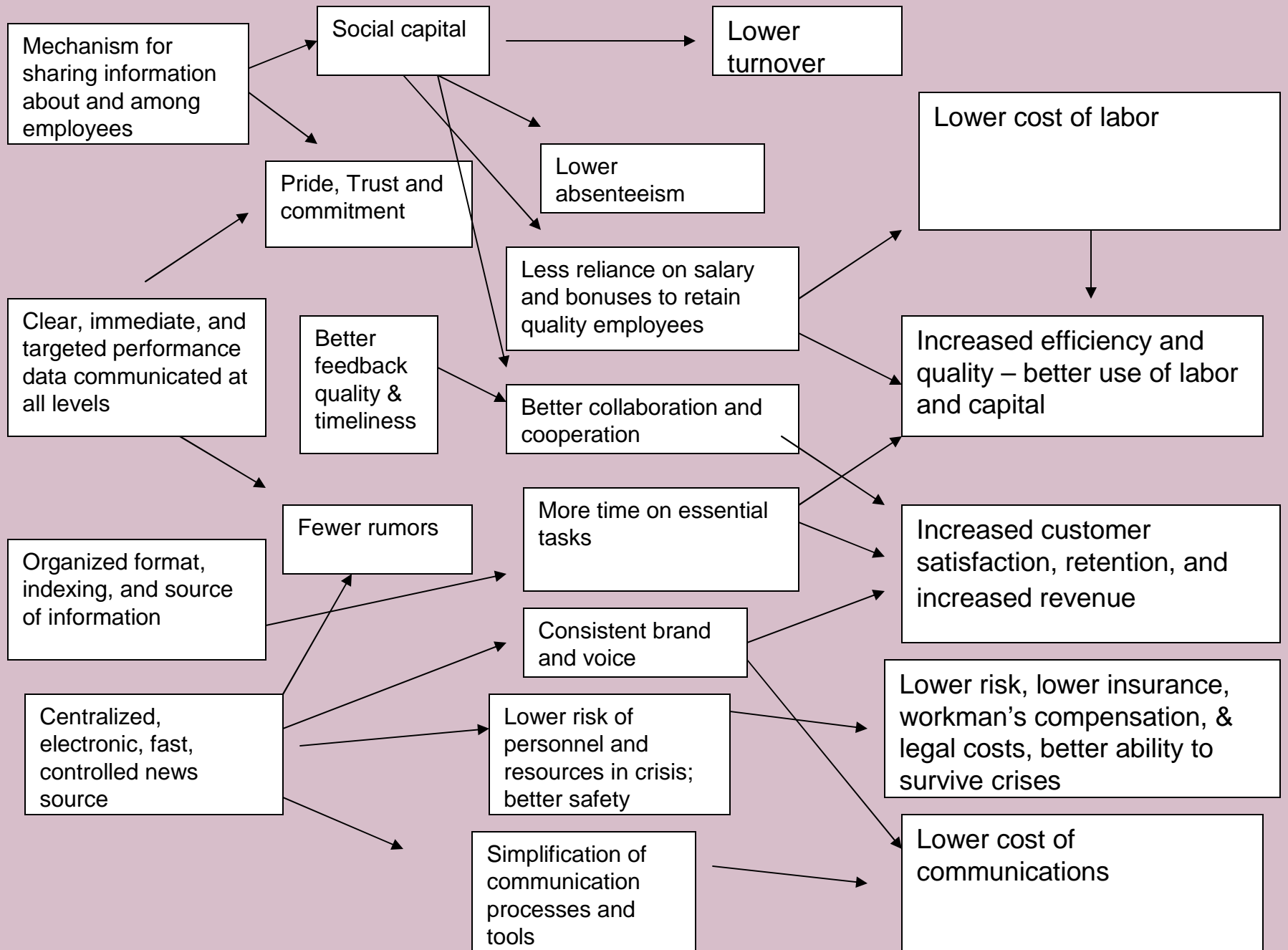
Creating a value chain

Function of the solution

Change in actions or culture

Change in performance

How it impacts the bottom line





Simplified Method of Determining Increase in Shareholder Value Based On Permanent Expense Reduction

Pre-tax income <small>Assumes permanent savings after all applicable adjustments for overhead and other fixed expenses.</small>	\$100,000
Tax rate	36%
After tax income	\$64,000
Applicable PE Ratio <small>(S&P 500 forward looking 7/30/2001)</small>	24.1
Increase in Shareholder Value	<u>\$1,542,400</u>



Who's helping us facilitate

- Michael Zimet
 - President, Dialogue Solutions –
 - Former head of IBM's worldwide "*Speak Up*" program
 - Advisor on communication assessment and strategy
- Michael Petrillose, Ph.D.
 - Associate Professor of Business and Hospitality Mgt, State Univ. of NY at Delhi
 - Former hospitality executive
 - Researcher and presenter on HR and communication trends



Now we want to hear from you

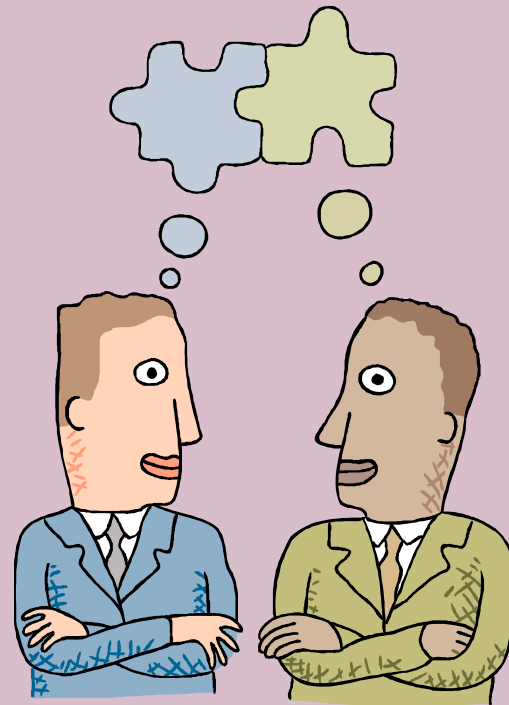
- Divide into groups
- Select a recorder
- Brainstorm
 - How do we show value
 - Best practices, best people
 - What do we need to know
 - What format would be most useful to disseminate best practices
- Come back and report
- Give us your cards and we'll send you a summary





Questions? Collaboration?

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IABC Conference 05 Think Tank Report:

Demonstrating communication's business value: Trends, challenges and best practices

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The Think Tank on Demonstrating Communication's Business Value was led by Diane Gayeski, Ph.D. on June 27, 2005 from 7:15 – 8:15 AM. Because of the unexpectedly large pre-registration for this session, she recruited Dr. Michael Petrillose and Michael Zimet to assist with the facilitation of the brainstorming.

Approximately 150 people attended - - they demonstrated a real thirst for knowledge on this topic and the turnout, especially at such an early hour, was remarkable. Dr. Gayeski reviewed the purpose of the session, then made a short presentation on some of the questions, challenges, and new thinking on this topic, based on her current research and books. Then the participants were divided into 8 groups and were instructed to brainstorm ideas related to measuring the value of communication including: 1) best practices, 2) what communicators need to know in this area, (possible areas for IABC research and professional education), and 3) what formats would be most useful for any new information or tools that would be created by IABC.

The groups elected their own leaders / recorders and for about 35 minutes brainstormed these topics, recording their ideas on flipcharts. The three facilitators walked around and aided in the discussion. After the brainstorming, each group leader presented their ideas to the entire group and the facilitators took notes as they were presenting their ideas. The following is a summary of the ideas generated in this session.

Best Practices

1. set objectives that can be measured
2. pitch communication systems as an 'intangible asset'
3. create a communication value chain, demonstrating how communication project functions lead to behaviors and then to business savings or additional earnings
4. move from evaluation to valuation
5. tie communication activities and/or results of communication audits to corporate objectives and goals and business plans and actual results
6. calculate cost of time / labor savings

7. use Balanced Score card
8. use SWOT analysis
9. Six Sigma
10. Lean thinking
11. tie to sales need
12. tie to efficiency
13. tie to risk reduction
14. use control groups to test effect of communication
15. benchmark the competition
16. use good surveys that tie to performance-relevant factors
17. measure employee satisfaction and link to retention
18. use instant polling (CEI – communication effectiveness index)
19. talk it up when we do something well; get internal clients to give testimonials
20. tie communication into people-centered policies to gain the “human capital edge”
21. use research that shows an increase in stock price in companies that practice good communication
22. show management the value of teaching business acumen
23. put value on the executive’s time and what they get for spending time communicating
24. count everything possible – surveys, attendance, web hits, press hits and circulation levels, lead generation, download tracking
25. do annual employee surveys
26. calculate cost per impression
27. use online surveys
28. do channel comparisons to see which channels are working
29. educate the management team on communication processes, trends, research, etc
30. implement a suggestion program
31. compare cost of outsourcing vs. in-house staff for communications
32. communicate via a dashboard monthly
33. use business language when measuring impact and talking to execs

What we need to know

1. how to get a seat at the table
2. how to communicate at the same level / in the terms used by finance
3. how to distill what we do into bottom line results
4. how to show the correlation between soft issues and \$\$\$
5. trends in the top business books
6. how to identify communication functions, then isolate the impact of the communication role on business results

7. research the truth of the assumption that knowing the big picture helps employees do a better job
8. how to go beyond comparisons of before vs. after survey ratings
9. how to measure performance and understanding in remote locations
10. what resources are available for tools, success stories, models, etc.
11. more training on measurement and accounting
12. how to define success and create more well-defined objectives
13. innovative ways to measure
14. how to present results to senior management
15. which tools are appropriate for different communication interventions and audiences
16. how do you make it a team job—how do you engage other organizational resources?
17. how do you measure the intangible
18. standards for valuing productivity
19. how do other departments that don't generate money show their value?
20. how to increase the impact of people who actually generate money – how to help them do their jobs easier
21. an accounting model as a standardized tool and method
22. what is the value of a good reputation?

Best format

1. collect testimonials and synthesize / summarize the key business thinking
2. executive summaries of research and trends
3. a communication score card and guide
4. case studies
5. online / downloadable resources
6. software – a “Mapquest” or “Turbotax” for communicators that does calculations automatically and has built-in expertise
7. seminars
8. blogs
9. online idea exchange
10. handbook
11. material that puts communication in the context of business
12. a pool of survey questions that would help get more useful data