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2013

Framework for Communication

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Recommended Citation
Griffith, Terri. GPS: Participant Education and Communication: Case Studies. Publication. Santa Clara: Certified Equity Professionals Institute, 2013. Print. Section 4 - Frameworks for Communication. Main contributer

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4. Framework for Communication

4.1. Overview.

4.1.1. Communication of appropriate information and employee understanding are both required to achieve the best return on investment for equity compensation. There are three major steps to providing communication that is likely to be understood as presented:

- Assessment of the situation
- Combination of media and message
- Follow-on evaluation of the communication's effectiveness

This section provides a general framework for communication. Section 5 discusses the specific information that needs to be communicated and Section 7 discusses how these concepts are applied when communicating information about equity awards.

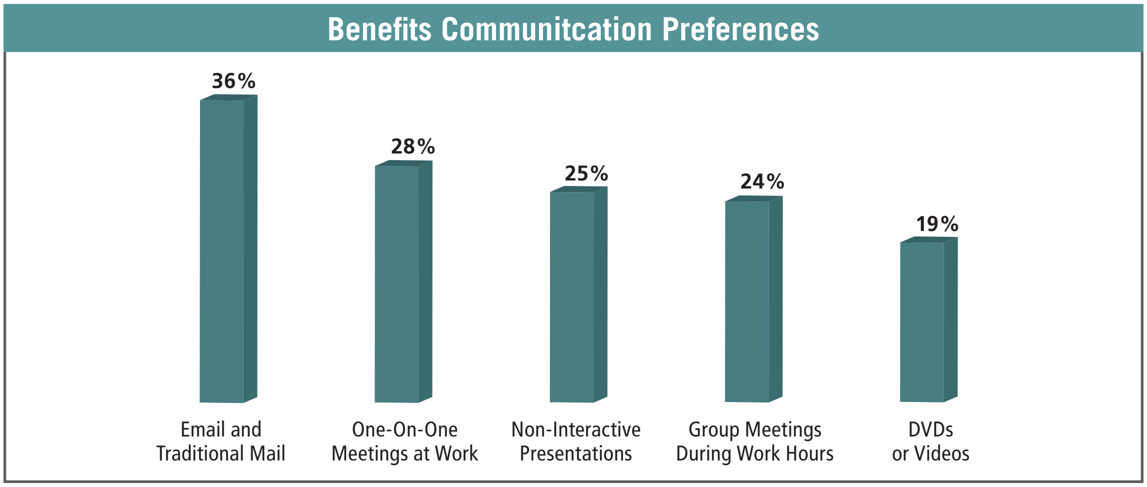
4.1.2. While a complete discussion of global communications issues is beyond the scope of this publication, it is important to recognize that each country has its own rules governing the extent and delivery of employee communications about equity compensation. Non-US employees may need more basic information due to unfamiliarity with equity plans. See Section 6.4 for further discussion on the issues related to non-US employees.

4.2. Assessment of the Situation.

4.2.1. The first step in implementing a communication strategy is the assessment of the specific employees to be touched, the available technology, and the organizational resources and relevant regulatory requirements. A realistic review of these three dimensions sets the stage for building the most effective communication strategy.

4.2.1.1. Employee demographics and preferences should be considered in determining which communication channels to use. The basic questions are "where is the target audience?" and "what situations are most effective for helping this audience understand the information?" Just as people who are looking for jobs are available on LinkedIn, they are also motivated to make use of job information. A similar assessment is valuable in providing equity compensation information. Answering these questions is likely to be unique to each company. While younger workers may be perceived as being more amenable to social media communication (e.g., public tools such as Facebook, or internal tools such as Yammer, Jive, Chatter, etc.), a particular company's population may not fit that perception. Facebook, not surprisingly, has success using social media extensively for its internal communications, including education and communication around its stock plan (see subsection 8.4. for case description of Facebook's efforts).

Social media may be preferred for personal communications, while traditional communication may be preferred for formal company communication. One study found that preferences for receiving benefits information run from email and traditional mail (36%), one-on-one meetings during work hours (28%), online, non-interactive presentations (25%), group meetings during work hours (24%), and videos or DVDs (19%)[6] - and these results do not vary by age in this study.



Footnotes [6] http://www.aboutemployeebenefits.com/reports/Employee-Centric-Enrollment-Experience.pdf

Social media is revolutionizing how companies connect with their employees and how their employees can connect with one another. Standard media sources are typically unidirectional. Social media moves communication into a more dynamic mode offering interaction with individuals, groups, or systems drawing algorithmically on the behavior of others (like Google's News site, which orders stories based on individual preferences and the reading behavior of others).

The following are several types of social media tools that companies are leveraging:

Wikis and shared documents A wiki is a webpage that can be edited by others. Shared documents apply this idea to all types of documents and may offer the ability to have many people work on the document at the same time — possibly with an online chat running alongside the document for coordination. As with most social tools, the owner/originator can restrict who has what editing privileges.

Blogs A blog can be a company and/or departmental journal available inside or outside of the organization's firewall (private or public on the Internet).

Microblogs These are postings of succinct content such as those found on Twitter with its 140-character limit. While brief, Twitter can act as a quick notification system.

Social news Crowdsourced news sites such as LinkedIn Today or Google News curate your news feed based on interactions and what your connections are posting on LinkedIn. Social news feeds are valuable to stay abreast of happenings within an industry and as a tool for business intelligence.

Forums These are discussion boards, organized by topics, that occur over time and can provide excellent knowledge bases. Topics may be divided based on project with access granted to all involved parties.

Chat Real-time conversations between two or more participants are ideal for virtual collaborations across geographies. A chat tool can complement verbal discussions. It is common to see "Would you like to chat with an expert?" buttons on consumer sites.

Repositories These specialized platforms are built for sharing files from slidedecks (for example, Slideshare) to video (e.g., YouTube). Repositories are essentially online file systems for retaining and referencing project and process documents. Generally, a user decides whether to enable comments and/or downloading of the material.

The boundaries around these tools are fuzzy and dynamic, with permissions and privacy broadly or tightly controlled. Ranging from Facebook and Twitter (considered consumer-grade tools) to Google (with both consumer and enterprise versions) to Jive, Moxie, Salesforce Chatter, Socialcast, Socialtext, Yammer, and many other "built for the enterprise" offerings, one platform can offer many capabilities or be tightly focused.

4.2.1.2. Technology of communication should be considered broadly. A few key dimensions used in Exhibit 4-1 are:

- **Private/Public** Whether only accessible to organizational members (sometimes constrained only to access from inside the organization's intranet or even physical premises), or whether accessible to all (e.g., anyone on the Internet).
- **Static/Dynamic** Static presentations are not designed to change or vary based on audience, situations, questions, or updates. Dynamic presentations may adjust across a variety of dimensions including automatic or other updates, and/or asynchronous or synchronous discussion.
- **Synchronous/Asynchronous** Synchronous communication is real-time (either same time/same place or same time/different place). Asynchronous communication allows for conversations to take place over time (e.g., posting information and responding to questions as they are added). For example, a CEO can present an all-hands meeting simultaneously to a live audience and an online audience. Questions and answers are made synchronously from both audiences during the event. A recorded version of that presentation could be viewed at another time and additional questions responded to over time (asynchronously).
- **Physical/Electronic** Physical (e.g., face-to-face, a document in hand) or electronic access to the communication.
- **Push/Pull** Senders push information out to recipients. Recipients can pull information from extant sources.
- **Searchable** Varies in terms of availability and by level of details (i.e., from categories or keywords to the level of the spoken/written word).

EXHIBIT 4-1: SAMPLES OF MEDIA FEATURES AND DIMENSIONS

	PRIVATE/ PUBLIC	STATIC/ DYNAMIC	SYNCHRONOUS/ ASYNCHRONOUS	PHYSICAL/ ELECTRONIC	PUSH/ PULL	SEARCHABLE
Face to Face Presentation	Either	Dynamic	Synchronous	Physical unless recorded	Push/Pull	If recorded and transcribed
Video Presentation	Either	More static unless combined with other media like chat	Either	Electronic	Push	If transcribed
Letter	Private	Static	Asynchronous	Physical (hard copy)	Push	No
Email	Private	Static	Asynchronous	Electronic	Push	Yes
Website	Either	More static	Asynchronous	Electronic	Can have update notifications	Yes
Blog	Either	More dynamic	Asynchronous	Electronic	Can have update notifications	Yes
Microblog	Either	More dynamic	Asynchronous	Electronic	Can have update notifications	Yes
Shared Document/ Wiki	Either	More dynamic	Generally asynchronous	Electronic	Can have update notifications	Yes
Electronic Forum/ Discussion Board	Either	More dynamic	Generally asynchronous	Electronic	Can have update notifications	Yes
Chat	Either	More dynamic	Generally asynchronous	Electronic	Can have update notifications	Yes

The analyst firm IDC predicts that by 2015 there will be more mobile than wired use of the Internet.[7] Yet a 2012 benefits communications survey reports that only 13% of responding benefits professionals said their organizations had online information optimized for mobile devices.[8]

4.2.1.2.1. In determining which technology should be used to communicate specific information, the following factors should be considered (see paragraph 4.2.1.1 for a discussion of employee demographics):

- Cost of hard copy vs. electronic communication vs. face-to-face modes
- Value of reuse and repurposing of information — either to use the same content across multiple presentation modes or across time or topic
- Opportunity to engage and respond to questions and misunderstandings
- Form factor of the device on which the information will be delivered — given the push for “bring your own device” approaches where employees use their personal cell phones, tablets, etc. — form factor may be outside a company's control. Specific consideration should be given to how the information appears and can be interacted with via mobile devices.

4.2.1.3. The third piece of the assessment phase requires the development of an understanding of organizational norms, resources, and relevant regulatory requirements:

- Industries vary in their overall adoption of social media and so may vary in norms for internal use.[9]
- Resource considerations include technical and organizational opportunities and limitations. For example, what is the level of employee access to the Internet in terms of work rules and hardware/network availability at work and at home? Are employees allowed access to Facebook or other social networks from work? More organizationally, are there opportunities to piggy-back off of ongoing meetings with employees? Are staff available to manage the costs of employee interaction? Monitoring posts, questions, etc., must be a budgeted task and may need to be overseen by an equity professional.
- Regulatory requirements may constrain communication choices. For example, related to the financial services industry, the U.S. Securities and Exchange Commission, Office of Compliance Inspections and Examinations, issued a National Examination Risk Alert in January of 2012. This alert urges firms to periodically examine their compliance as it relates to social media and offers specific suggestions for the industry.[10]

Footnotes

7 http://www.idc.com/getdoc.jsp?containerId=prUS23028711

8 http://www.benzcommunications.com/files/documents/0000/0559/Inside-Benefits-Communication-Survey-Report-2012.pdf

9 http://www.sas.com/resources/whitepaper/wp_23348.pdf

10 http://www.sec.gov/about/offices/ocie/riskalert-socialmedia.pdf

4.3. Combining Media, Message, Timing, and Process.

4.3.1. Armed with the knowledge gained from the assessment phase (subsection 4.2.), media and message must be co-designed to transfer the information most effectively to the audience. Think of this as a negotiation where the needs of many stakeholders must be served. It may be useful to use a negotiation technique in these next steps: In a spreadsheet, enter critical stakeholders as column headings; next consider each of the following (paragraphs 4.3.1.1. to 4.3.1.5.) as issues to be considered (enter as row titles); then, strive for solutions that meet required/legal needs and optimize other stakeholder preferences. See Exhibit 7-2 for a sample format.

4.3.1.1. Ease of access must be co-designed with security. Use "reduced-sign-on," where possible, such that signing in to the organization's intranet allows access to all appropriate areas of information. Consider a default design where access is limited by password only where necessary.

4.3.1.2. Language must be accessible and/or provide definitional links. Consider a cascading approach where base language is accessible to all employees, definitions to technical terms are easily available, and video tutorials provide additional education for those with interest.

4.3.1.3. Design to increase engagement and understanding through personalization of the information, opportunities to ask questions and respond to others, and availability of simulations where appropriate.

4.3.1.4. Create a consistent message across multiple modes of communication. Print, mobile, and desktop presentations should be managed in concert.

4.3.1.5. Interaction is an all-year activity. While there may be cycles of heavy use that match benefits and tax cycles, be prepared for use all year round. Regular updates can reap benefits by increasing education and encouraging engagement with plan participants.

4.4. Follow-On Evaluation of the Communication.

4.4.1. The final step in any communication process is to evaluate the effectiveness of the communication. Audience is also an important consideration in this phase. Organizational communication follows a relatively set pattern. The communication is presented (sending a letter or email, giving a live or taped presentation, updating a website or blog, etc.), the audience gains access to the communication (e.g., opens the letter or email, attends the presentation, clicks to access the website or blog), the audience comprehends the information, and then, if appropriate, the audience acts on the information as understood.

4.4.2. The assessment method is dependent upon the communication channel. A simple method to assess employee understanding is to assess employee behavior (e.g., percentage of employees actively participating in benefits enrollment). The level of activity can also provide feedback on the effectiveness of the communication. For example, when, how, and to whom was information presented? Mail records, email, blogs, and other electronic logs can provide evidence of activity. Electronic sources are far superior in the ease of tracking than are print or live presentations. Most electronic sources can track time of access, and some may allow tracking the order and interest as the material is consumed (e.g., link clicks and heatmap summaries are some ways of tracking consumption). Where appropriate, employee surveys can be used.

4.4.3. Additional value can be gained if evaluation outcomes are shared with others in the organization who have similar needs to communicate with the broad organizational audience. Synergy may be possible as the audience comes to anticipate and learns to work with the different communication modes regardless of the topic. Clarity of communication is higher when the general building blocks are understood by all the participants.