State of theSector

Internal Communication & Employee Engagement

Volume 9
2017
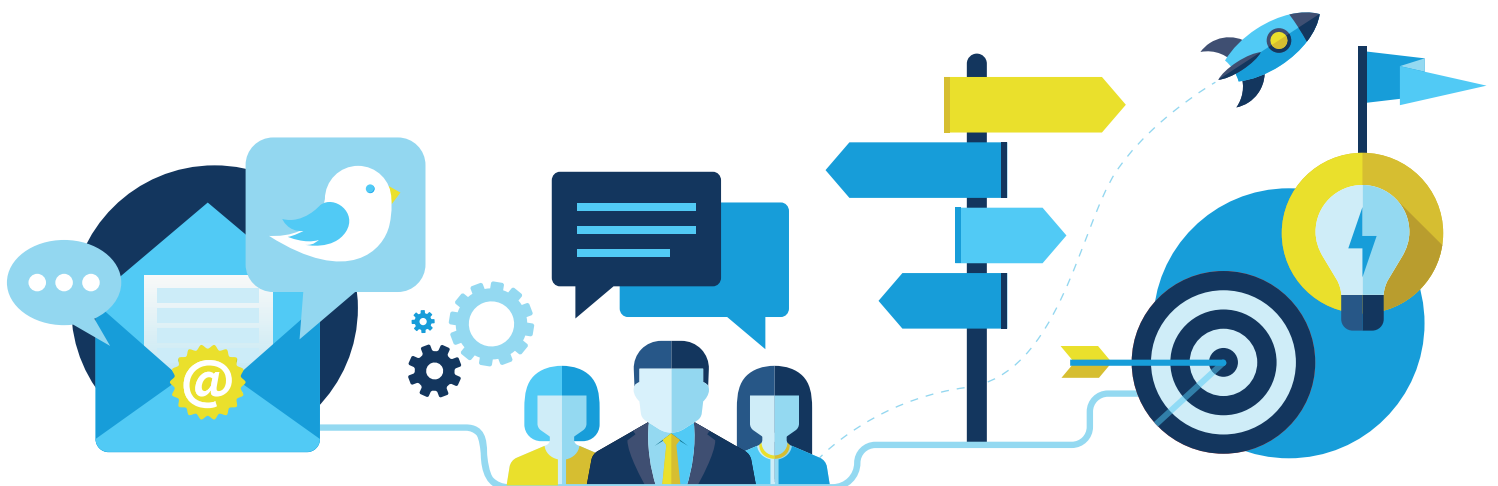
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Introduction

Gatehouse recently celebrated its 10th birthday as the go-to internal communication agency. It's been an amazing journey for us over the past decade – growing our team and extending our capability to provide a full range of services, including Research & Evaluation, Strategy & Planning, Creative & Delivery, Training & Development and Interim & Recruitment solutions to some of the world's largest and most complex organisations.

State of the Sector is just one of the many ways in which we contribute to the development of the internal communication profession. While other IC-focused surveys seem to come and go, our State of the Sector research has stood the test of time. In partnership with the Institute of Internal Communication (IoIC) and our friends at Danish agency Open and the Ignite Alliance, this year's edition – the

ninth annual study – presents the definitive global view of the internal communication landscape.

With a focus on all aspects of internal communication practice - from channel use and message effectiveness, to leader and line manager communication, measurement and evaluation - State of the Sector 2017 gives a unique insight into what's working inside other organisations, current trends and the latest channels, enabling you to benchmark against others.

The fieldwork for this survey was conducted in November 2016. With responses from 451 communicators operating in organisations ranging in size from a few hundred people to more than 50,000 employees, this report provides a comprehensive benchmark on real-world internal communication

and employee engagement activity across numerous leading organisations throughout the UK and globally.

This document summarises our key findings. It is required reading for any communicator who wants to better understand what other organisations are doing to engage their people, to explore how their own organisation stacks up, and to plan for the future.

Lee Smith
Director, Gatehouse

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Who responded?

Role

The majority of respondents identified themselves as IC specialists, with 62% of respondents saying their remit was purely internal communication. The remainder had roles that spanned other disciplines, notably external communications/PR and marketing.

Location

Over two thirds of respondents (68%) came from UK headquartered companies, while the remainder were based in mainland Europe (15%), in North America (8%) or in Asia (5%).

Sector

Over twenty-five different industry sectors were represented. However, five sectors dominated, accounting for nearly half of all responses: Financial Services (14%), Government and Public Administration (10%), Engineering and Manufacturing (7%), Health & Social Care (7%) and Professional Services (6%).

Positioning of the IC team

In terms of where IC is positioned inside organisations, the proportion saying the IC function forms part of a broader Corporate Communications / PR / Corporate Affairs team (43%) has been growing consistently over the years (36% in 2016, 30% in 2015), and this is now the main "home" for IC. The
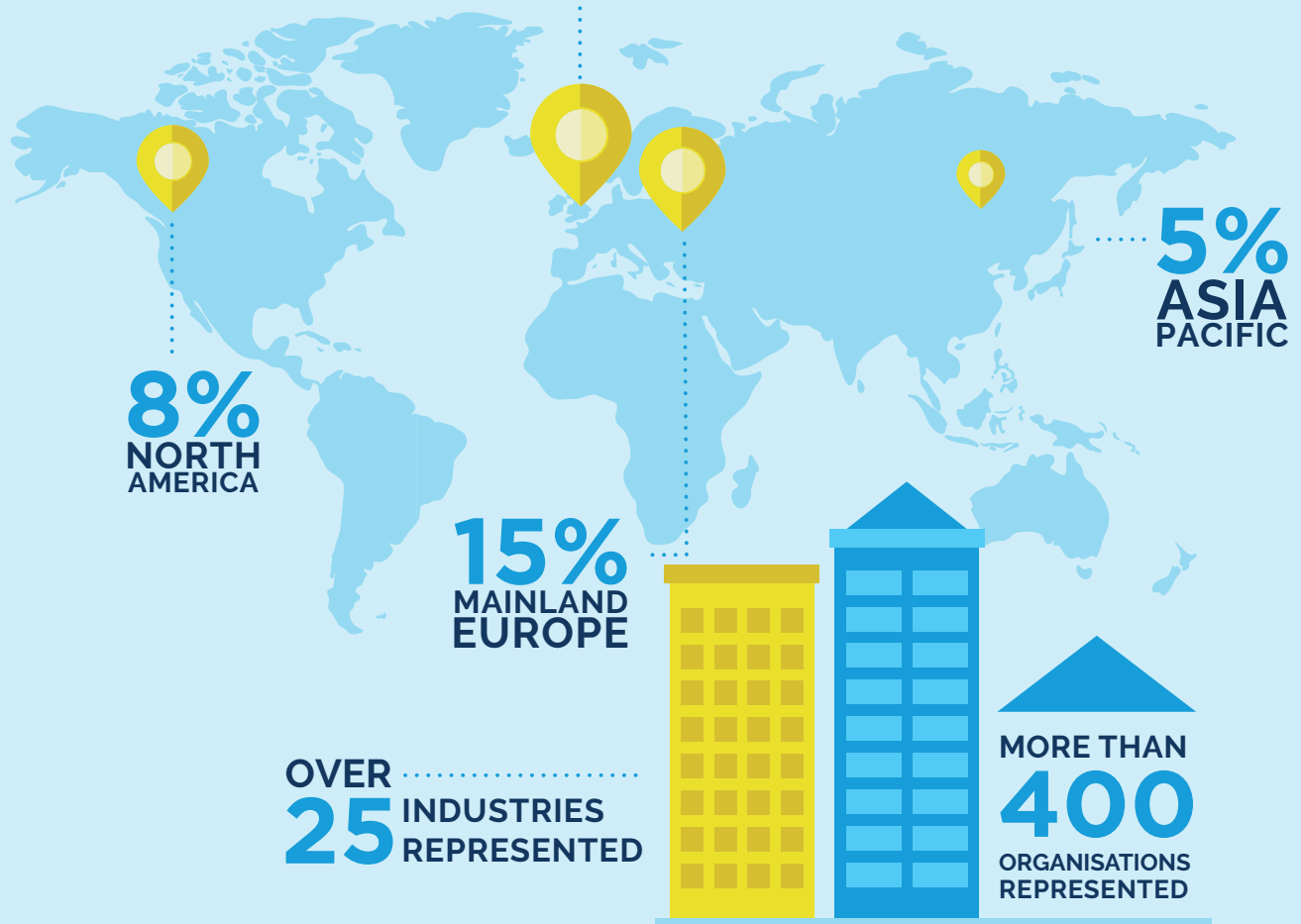
percentage of respondents saying that IC sits in HR (16%), as a dedicated, independent function (14%) or forms part of Marketing (10%) has remained steady over the past years, while those saying that IC is embedded in business units or in the office of the CEO has decreased. This is reflected in our own experience at Gatehouse, where we have seen a number of clients shift their operating model from decentralised to centralised.

Size of Organisation

The survey attracted respondents from businesses of varying size. 38% of respondents represented organisations with over 10,000 people and a similar proportion had between 1,000 and 10,000 employees. This left a quarter of respondents working in SMEs, start-ups and other organisations with fewer than 1,000 people.

62% SAID THEIR REMIT WAS PURELY INTERNAL COMMUNICATION

68% UNITED KINGDOM

5% ASIA PACIFIC

8% NORTH AMERICA

15% MAINLAND EUROPE

OVER **25** INDUSTRIES REPRESENTED

MORE THAN **400** ORGANISATIONS REPRESENTED

Purpose, priorities and challenges

The IC function

We started our research by asking respondents how involved they were in key activities. Their answers have shown that IC is involved in an increasing range of activities, including strategy, change, and technology among others, which reflects the diversity and complexity of our function.

Unsurprisingly, the three top activities in 2017 were: corporate announcements (94% very involved or usually involved); helping employees understand the strategy (92%); and employee engagement (89%). Other significant activities (over 75% of responses) included making leaders more visible and accessible to employees, encouraging two-way dialogue; supporting organisational change, supporting specific initiatives, and developing and launching new communication technologies.

Encouraging collaboration and knowledge–sharing and providing communication training remain secondary priorities for many, with 58% and 38% of responses respectively – although we are pleased to report that training has progressed significantly year-on-year (26% in 2016) as more communicators

have focused on developing the skills and competencies of leaders and managers.

We then explored the positioning of the IC function in organisations. Pleasingly, there has been a consistent effort to clarify the purpose and value of IC in recent years. As a result, the proportion of respondents who think that internal communication has a clearly stated purpose inside their organisation is even higher this year, at 84%. In line with this, 73% say that leaders and the IC team share similar views as to what this purpose should be (up from 66% last year). This represents good progress for our profession.
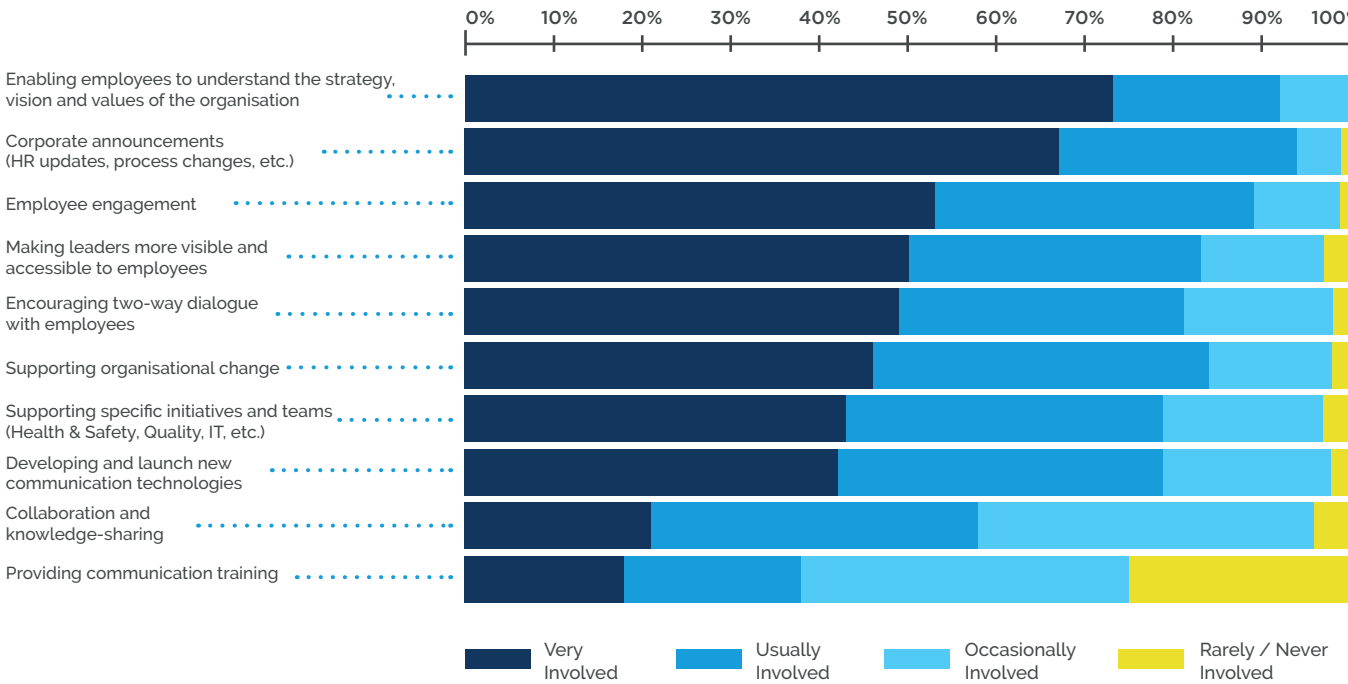
On another positive note, a number of indicators show that IC is increasingly recognised as a value-adding function: 75% say that IC is seen as a key driver of employee engagement; 72% are involved

at all stages of communicating complex messages; and another 70% believe they are viewed as trusted advisors by the leadership team (even though, worryingly, this represents a 6% decrease compared to 2016).
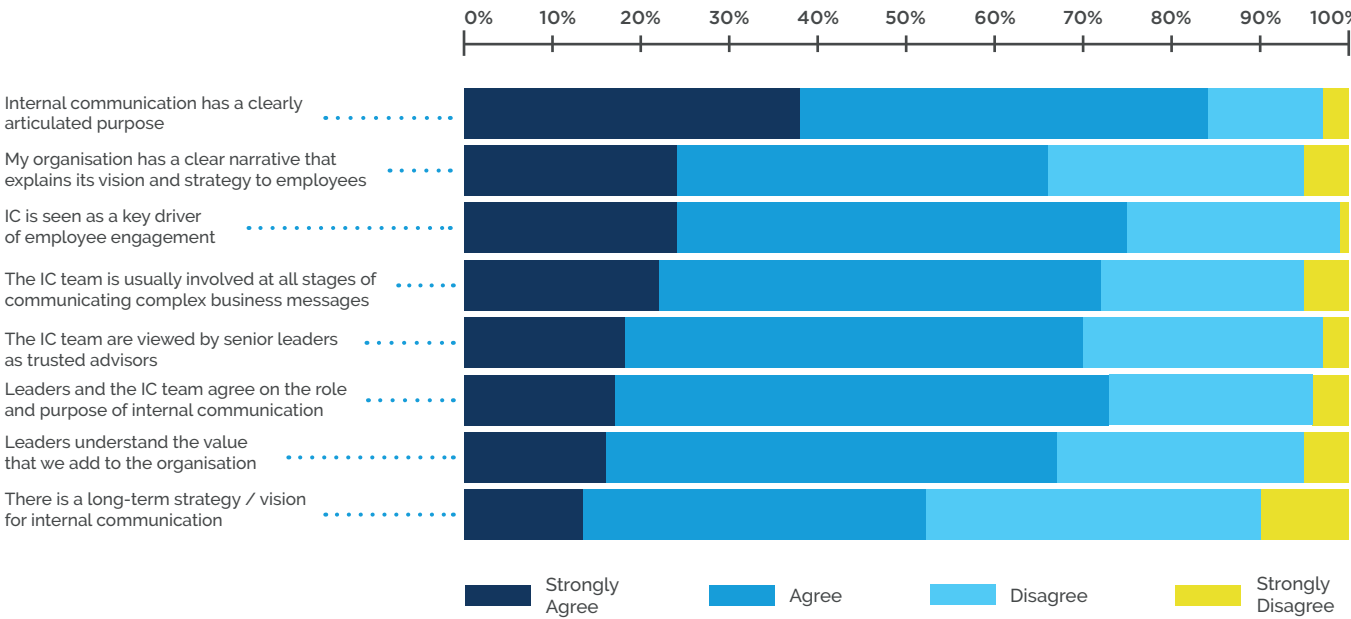
On the downside, a disappointing 66% of practitioners believe that their organisation has a clear narrative that explains its vision and strategy – a somewhat worrying result considering that this is not only a top priority for most, but something we are uniquely well placed to facilitate. In line with last year, only around half (52%) said that there is a long-term strategy for internal communication – suggesting that although the IC function is evolving into a more proactive and value-adding function, there is still a long way to go to become a genuine strategic enabler.

> **"Pleasingly, there has been a consistent effort to clarify the purpose of IC in recent years. An impressive 84% of respondents now think that IC has a clear purpose in their organisation."**

How involved is the IC team in supporting the following activities in your organisation?

Chart categories (top to bottom):
- Enabling employees to understand the strategy, vision and values of the organisation
- Corporate announcements (HR updates, process changes, etc.)
- Employee engagement
- Making leaders more visible and accessible to employees
- Encouraging two-way dialogue with employees
- Supporting organisational change
- Supporting specific initiatives and teams (Health & Safety, Quality, IT, etc.)
- Developing and launch new communication technologies
- Collaboration and knowledge-sharing
- Providing communication training

Legend: Very Involved | Usually Involved | Occasionally Involved | Rarely / Never Involved

Thinking of the internal communication function, to what extent do you agree with the following statements?

Scale: 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

- Internal communication has a clearly articulated purpose
- My organisation has a clear narrative that explains its vision and strategy to employees
- IC is seen as a key driver of employee engagement
- The IC team is usually involved at all stages of communicating complex business messages
- The IC team are viewed by senior leaders as trusted advisors
- Leaders and the IC team agree on the role and purpose of internal communication
- Leaders understand the value that we add to the organisation
- There is a long-term strategy / vision for internal communication

Legend: Strongly Agree | Agree | Disagree | Strongly Disagree

IC planning

When asked how they planned and documented their approach to internal communication, respondents' answers were remarkably consistent with last year's results, suggesting that little progress has been made with these aspects of IC good practice. Indeed, a staggering one fifth of respondents admitted they don't conduct any form of formal planning whatsoever!

Half of all respondents continue to have no overarching, written annual communication plan – suggesting that tactical planning remains a key challenge in our profession.

More positively, 44% said they have a formal channel framework, and 38% publish regular activity reports. Only a third of respondents said they have a written value proposition for IC (35%) or a written strategy document covering a period beyond one year (33%). Fewer than 15% claimed to have developed audience personas or use another audience profiling tool – a slight decrease compared to last year! All in all, this paints a picture of a profession that prefers reactive to proactive, tactical to strategic and piecemeal to planned.

Which of the following do you currently have in place?

	2016	2017
A written annual plan that identifies key activities	49%	**50%**
A channel framework that describes the purpose, audience and measurement of each channel	42%	**44%**
Regular dashboards / reports on your activities and their impact	38%	**38%**
A written value proposition that describes the purpose of IC within your organisation	35%	**35%**
A written IC strategy covering a period of more than one year	37%	**33%**
None of these	20%	**18%**
An audience profiling tool that describes your different internal audiences and the channels available to them (e.g. audience matrix, personas)	17%	**13%**

Creating line-of-sight for employees

Given that communicating the organisation's strategy is listed as a top priority for so many internal communicators, we wanted to understand how well they thought employees understood those messages. Although around two thirds of respondents thought that employees had a good understanding of their organisation's values (63%) or vision (62%), they were far less affirmative when it came to the detail of thei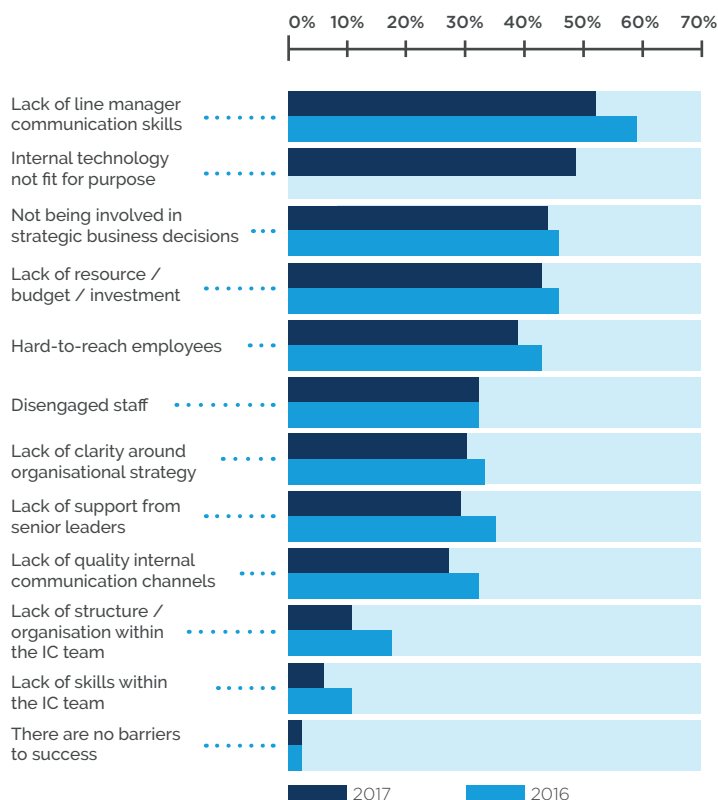r delivery. Fewer than half of respondents (46%) considered the level of understanding of the strategy across the organisation as good or very good, and just 40% thought employees understood well or very well the contribution they were making towards it – so called 'line-of-sight' - a poor result, given the importance of this in driving employee engagement.

Finally, even fewer respondents than last year (21%, compared to 27% in 2016) thought that employees had a good understanding of why leaders make the decisions they do, suggesting that we often do a poor job when it comes to providing context for senior-level decision making.

What are the main barriers to internal communication success?

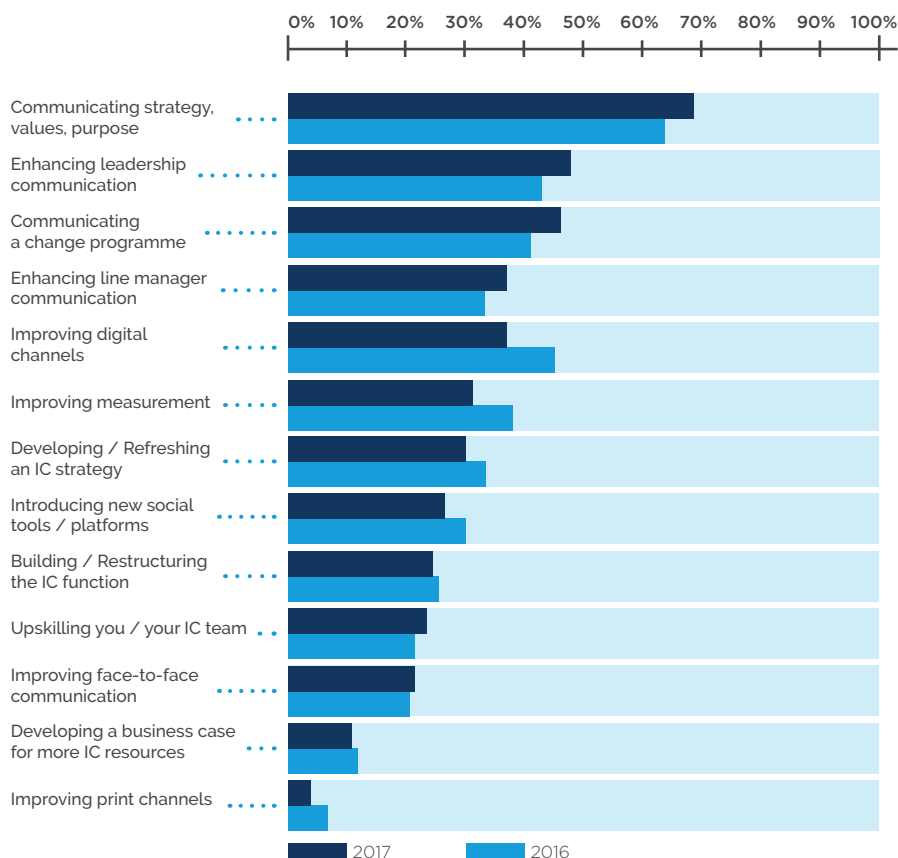| Barrier	
Lack of line manager communication skills	
Internal technology not fit for purpose	
Not being involved in strategic business decisions	
Lack of resource / budget / investment	
Hard-to-reach employees	
Disengaged staff	
Lack of clarity around organisational strategy	
Lack of support from senior leaders	
Lack of quality internal communication channels	
Lack of structure / organisation within the IC team	
Lack of skills within the IC team	
There are no barriers to success	

2017   2016

Barriers to success

When asked about barriers to success, the single most pressing challenge was the lack of line manager communication skills (52%) – although, pleasingly, with a slight decrease compared to 2016 (59%).

This was followed very closely by 'internal technology not fit for purpose', with 49% of respondents highlighting outdated technology as a significant blocker. This was a new answer option for the 2017 survey, but demonstrates the importance many IC practitioners place on their technological infrastructure.

The next two barriers listed by respondents were the lack of involvement in strategic decision making (44%) and the lack of resource within the IC team (43%) – a surprising result considering that developing a business case for more IC resources was listed as a priority for just 11% of respondents in the next question. More than a third (39%) also named hard-to-reach employees as a specific barrier to achieving their goals.

Encouragingly, some barriers seem to have decreased over the past few years, thankfully: lack of support from senior leaders, lack of quality IC channels, lack of organisation within the IC function and lack of skills within the IC team have all received fewer responses this year.

Where will you be focusing your attention and investing your resources over the next 12 months?

Area	
Communicating strategy, values, purpose	
Enhancing leadership communication	
Communicating a change programme	
Enhancing line manager communication	
Improving digital channels	
Improving measurement	
Developing / Refreshing an IC strategy	
Introducing new social tools / platforms	
Building / Restructuring the IC function	
Upskilling you / your IC team	
Improving face-to-face communication	
Developing a business case for more IC resources	
Improving print channels	

2017   2016

Looking forward – the outlook for 2017

Over two thirds of respondents (69%) said that their top priority would be to communicate organisational strategy, values and purpose.

This is followed by enhancing leadership communication (48%) and communicating a change programme (46%), which have both increased by over 5 points – at the expense of more tactical activities such as improving digital channels or measurement. This suggests a stronger focus on these more strategic aspects of internal communication.

Improving line manager communication is now one of the top 5 priorities, with a very slight increase to 37% this year – an encouraging sign, although still far from the effort required to tackle the challenge.

At the other end of the scale, even fewer communicators – just 4% - list improving print channels as a priority for the next 12 months.

Leader and line manager communication

Considering the strategic role that senior leaders and line managers play in connecting employees to organisational purpose, internal communicators need a distinct engagement plan for these audiences.

Asked how visible these two groups are inside their organisation, respondents rated line managers relatively highly again this year – with 94% of communicators rating them as very or reasonably visible to their teams. Predictably, senior leaders and members of the executive team scored less favourably, with only around a fifth (respectively 21% and 17%) rating this group as very visible.

When it comes to their communication abilities though, respondents gave a nearly opposite response. Whilst executive and senior leaders were fairly well rated as communicators, line managers were seen as excellent or good by only a quarter of respondents.

So, the more visible they are, the less proficient they are as communicators!

On a practical level, around a third indicated that line managers tend to hold team meetings once a week or more frequently, while over half said this was on a fortnightly or monthly basis – leaving fewer than 10% saying that team meetings were less frequent.

These findings, in addition to previous responses indicating that line managers are considered a major barrier by 52% of communicators, paint a worrying picture of the state of line manager communication – and crucially, the desire of many IC professionals to improve it.

The good news is that most internal communicators have developed dedicated channels and tactics targeting leaders and managers – with only one in ten who haven't! Email announcements are the most frequently used channel
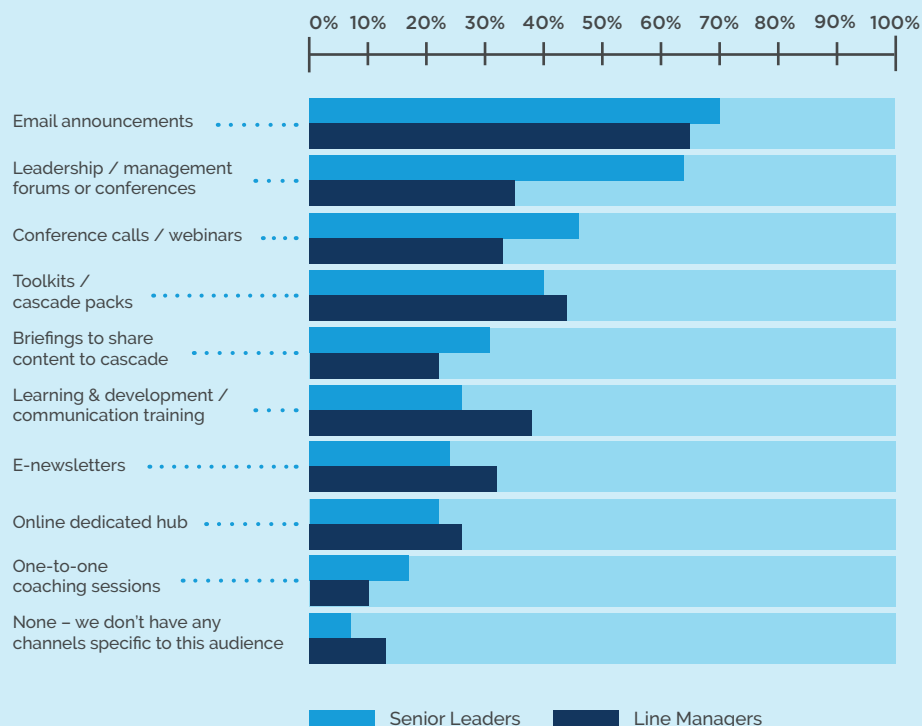
for both audiences, but face-to-face and virtual tactics are heavily used for senior level audiences: leadership forums or conferences have increased to 64% this year, while conference calls (46% - similar to last year) and briefing sessions (31% - a slight decrease) remain significant tactics. Line managers continue to be communicated with mostly electronically/digitally (email and toolkits are the top two tactics, while forums/conferences and webinars only get just over 30% of the votes). However, pleasingly, training has increased slightly for line managers (38%, compared to 33% in 2016), and one-to-one coaching sessions have increased slightly for both groups.

Interestingly, although cascade packs were mostly used for line managers in the past, they are now used increasingly as a tactic for engaging and equipping leaders (40%).

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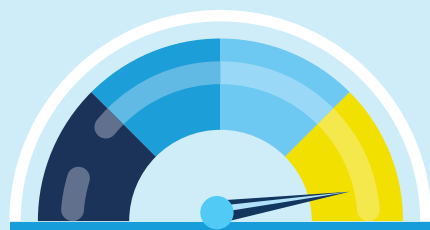
"When it comes to visibility, line managers scored relatively highly this year – with 94% of communicators rating them as very or reasonably visible to their teams."

What specific channels are targeted at senior leaders or line managers?

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

- Email announcements
- Leadership / management forums or conferences
- Conference calls / webinars
- Toolkits / cascade packs
- Briefings to share content to cascade
- Learning & development / communication training
- E-newsletters
- Online dedicated hub
- One-to-one coaching sessions
- None – we don't have any channels specific to this audience

Senior Leaders   Line Managers

Channels

Face-to-face

Despite the increasing impact of technology on internal communication, most communicators still consider face-to-face as the most effective channel over print and digital. Half of these channels were rated as effective or very effective by more than 75% of respondents.
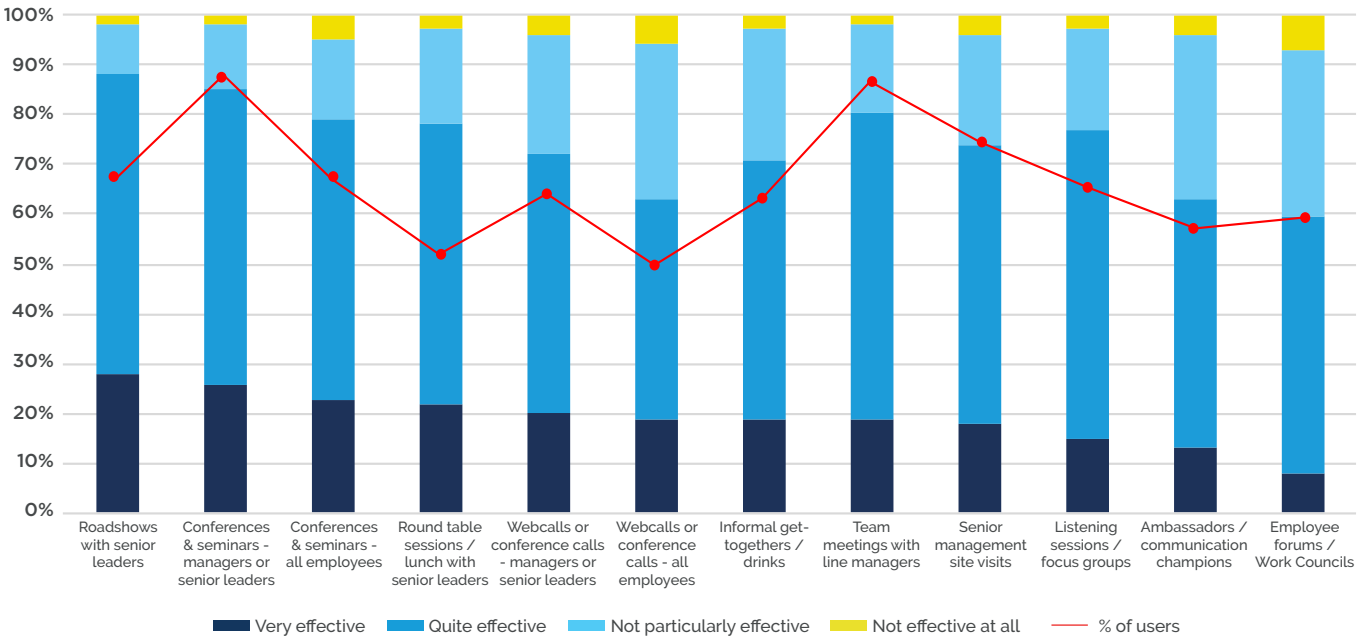
The most frequently used face-to-face channels are leaders or managers conferences (87%) and team meetings (86%). Other popular channels include roadshows with senior leaders, senior management site visits and all-employee conferences – all

of which have in common to increase leadership visibility.

The survey found the most effective face-to-face channels to be roadshows with senior leaders (88%) conferences & seminars with managers or senior leaders (86%), and team meetings (80%). Disappointingly, ambassadors or champions networks and employee forums / Work Councils were considered the worst performing face-to-face channels, although still viewed positively by over half of respondents.

How EFFECTIVE would you say the following FACE-TO-FACE channels are within your organisation?

Legend: Very effective | Quite effective | Not particularly effective | Not effective at all | —— % of users

Digital channels

Digital channels, though not found to be quite as effective as face-to-face, are the most frequently used channels inside organisations.

Despite all the talk about Enterprise Social Networks (ESNs) and mobile tools like apps, the four most frequently used digital channels remain central emails (96%), intranet (93%), e-newsletters (84%) and videos (81%). Interestingly, they also ranked among the top 5 most effective channels, suggesting that **the shift from 'push communications' to 'pull communications' has yet to happen for many!**

Social channels are used by 56% of respondents, but impact is questionable with just 58% of those using them saying they are very or quite effective. Again, this suggests the reality fails to live up to the hype for many of the practitioners who are 'blessed' with social channels.

Online employee forums and podcasts came at the bottom of the list both in terms of use (respectively 44% and 21%) and effectiveness (respectively 56% and 43%).

When asked if they were planning to increase the usage of their digital channels, decrease them or keep them the same, respondents showed a strong desire to move away from 'push communications' and encourage people to go find information for themselves. Self service, it seems, is the order of the day.

Many indicated that they were planning to increase the use of social channels (77%), internal apps (71%), videos (66%) and intranet (61%). This is quite a different result to last year, when the first four channels listed in response to this question were blogs (68% planned to 'increase'), online employee forums (66%), videos (63%) and internal apps (59%). In 2016, 55% said they would increase their use of social channels, and 37% said the same of their intranet usage.

At the other end of the table, 19% said they would like to decrease the use of electronic newsletters (only 5% last year).

Most importantly, 34% said they want to decrease the use of central emails (an increase up from 27% last year). Unfortunately, although last year's results showed similar intentions, this has not happened yet – despite our best efforts to reduce traffic, central emails remain the primary digital channel.

When asked how employees were able to access digital channels, **responses showed a very slow move to Bring Your Own Device (BYOD) in particular and mobile devices in general.** Taking a longer term (four-year) view, the proportion of respondents saying employees can use a desktop or laptop at home has increased from 66% in 2014 to 73% this year. Mobile devices have also steadily increased – with the use of business-owned mobiles growing from 63% to 70% and the use of personal mobiles from 38% to 46%. This is consistent with the rise of flexible working practices.

How EFFECTIVE would you say the following DIGITAL channels are within your organisation?

Legend: Very effective · Quite effective · Not particularly effective · Not effective at all · % of users
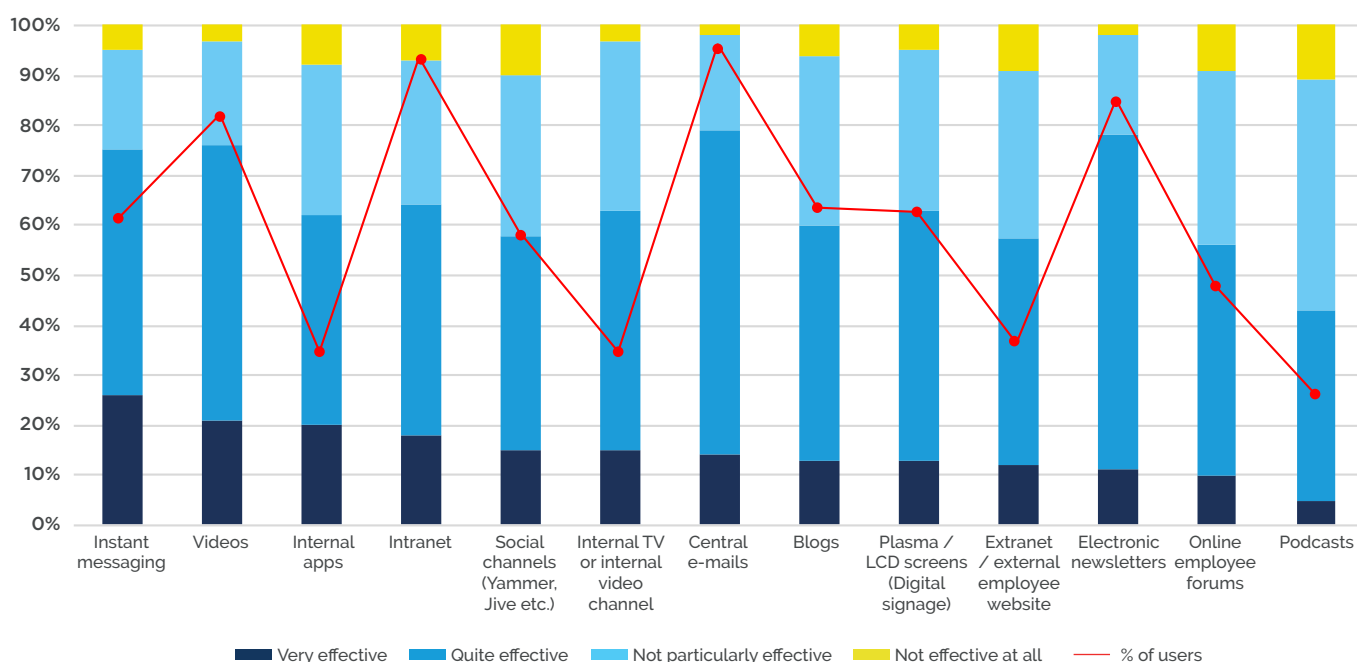
"Despite all the talk about social and mobile channels, the four most frequently used digital channels remain central emails (96%), intranet (93%), e-newsletters (84%) and videos (81%)."
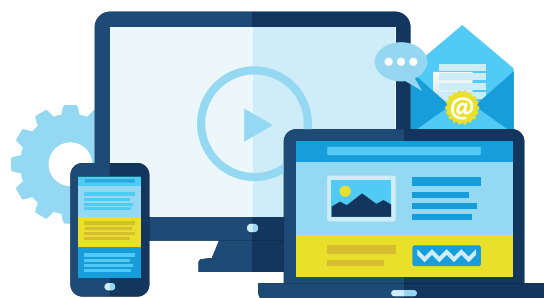
Thinking about these DIGITAL channels, over the next 12 months, do you think you will increase their usage, decrease their usage or keep it roughly the same?

	Increase	Keep the same	Decrease
Social channels (Yammer, Jive, Facebook, Twitter etc.)	77%	20%	3%
Internal apps	71%	26%	3%
Videos	66%	30%	4%
Intranet	61%	35%	4%
Online employee forums	58%	38%	4%
Blogs	57%	39%	4%
Internal TV or internal video channel	54%	42%	4%
Podcasts	50%	38%	12%
Plasma / LCD screens (Digital Signage)	41%	55%	4%
Extranet / External employee website	30%	62%	8%
Instant messaging	29%	68%	3%
Electronic newsletters	21%	60%	19%
Central e-mails	9%	57%	34%

Social channels

The shift towards social channels over the past four years has been much slower than many expected. Around two thirds of respondents describe their use of social channels as either 'advanced' – i.e. an organisation where a number of social channels are in place and used by a large proportion of employees – or 'limited' – i.e. one or two social channels are in place, but they are only used by fewer than half of employees. This result is similar to last year, although the proportion of 'advanced' has increased from 10 to 13%. Around a qurater (26%) still said they haven't implemented an Enterprise Social Network yet, but plan to within the next 12 months, while only 11% of respondents said social channels are still non-existent (a slight decrease from 14% in 2016).

Yammer and SharePoint continue to be well ahead of any other social channels, with 57% and 54% of respondents respectively saying they use these tools – a nod to the increasing dominance of Microsoft's Office 365 within large organisations. Slack, Workplace by Facebook and Google+ have all made this year's report, but remain extremely marginal with fewer than 15% using these.

Interestingly, only 43% of those who have introduced social channels consider their adoption rate good or excellent, leaving nearly a fifth saying adoption is poor – a key area of focus for communicators who want these channels to work. Asked for the reasons behind this disappointing result,

"This year's survey identified two key barriers to adoption of social channels: lack of a clear purpose and limited involvement and support of the leadership team"

comments suggested a few challenges, including limited engagement from staff due to cultural barriers or lack of perceived value; other respondents pointed at technical limitations of social platforms, indicating that their user experience is not as good with 'consumer' social media used outside of work; finally, many complained that leaders' involvement with social channels was low.

We then asked respondents to give their opinions on a series of statements about Enterprise Social Networks. **Overall, fewer than a third of respondents who use social channels (30%) say that they have been a resounding success in their organisation and 52% admit that they still struggle to demonstrate their value to the organisation.**

That question identified two key blockers. First, the lack of clear purpose of these platforms, raised by over half of respondents. This corresponds to our experience as a leading internal communication agency – in many organisations we have audited in recent years, social channels have been launched by IT with little clarity around how they fit with other channels, how they should be used and with limited coordination with communication professionals. As a result, the role and purpose of social channels is hazy, with only 55% of respondents saying that employees understand what they should be used for.

Second, only just over a third - 35% - said that leaders support social channels and are active on it. This links back to the comment made previously. Leaders' ability to embrace these platforms and be visible on them is a key ingredient for success when rolling out social channels. Leading by example is critical when it comes to driving adoption.

Despite this mixed picture, three quarters of respondents say that they are planning to invest and grow social channels (up from 67% in 2016), suggesting a clear and ongoing push towards digital in the workplace. An increasing proportion of respondents (52%, up from 42% in 2016) also say that social channels are structured or managed by the IC function. Although it is too early to call this a trend, this may show the start of a shift in ownership from IT to IC.

Which of the following best describes your current use of social channels within your organisation?

Advanced – a number of social channels are already in place and they are being used by a large proportion of employees

Limited – one or two social channels exist, but they are used by less than half of employees

Embryonic – we haven't implemented any social channels yet, but we plan to within the next 12 months

Non-existent – we do not have any social channels internally and have no immediate plans to implement any
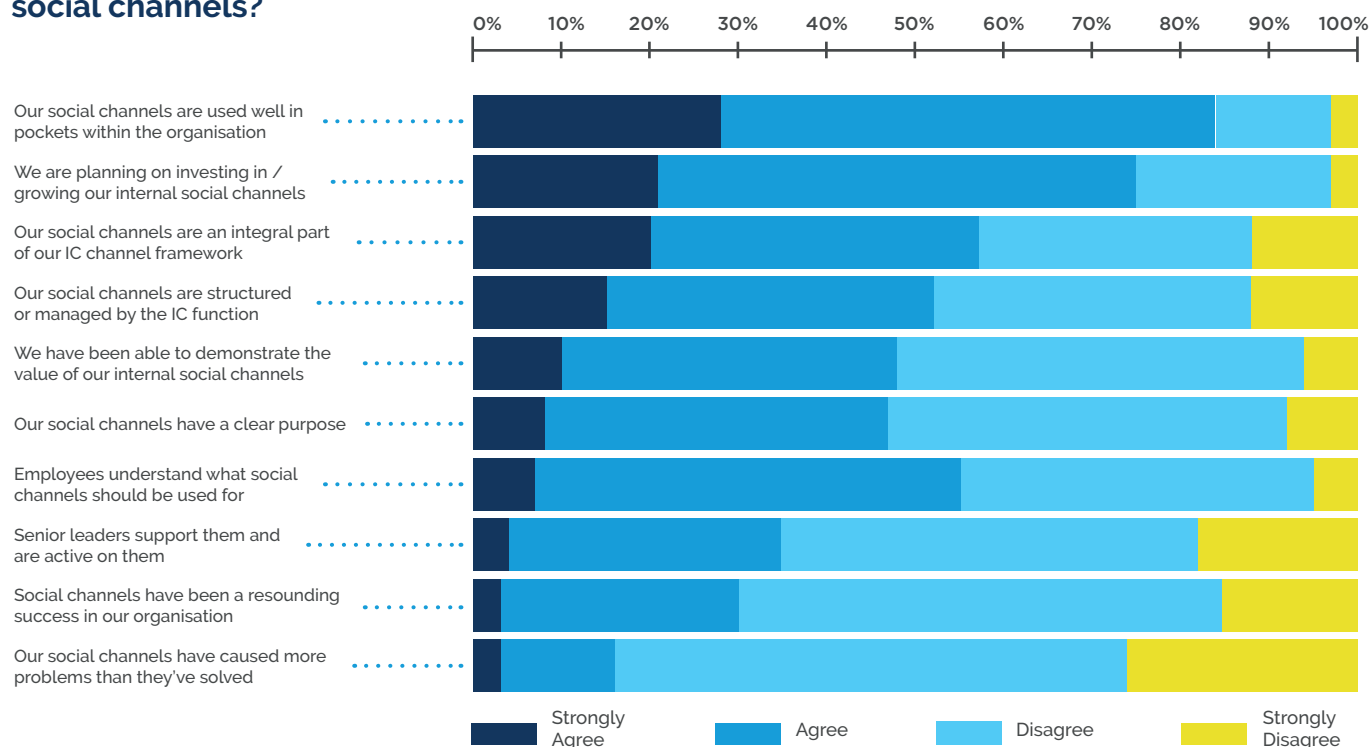
(14%) **11%**

13% *(10%)*

(2016 Result)

(22%) **26%**

50% *(54%)*
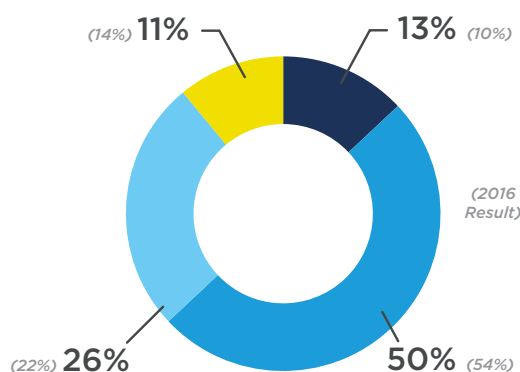
What social channel(s) have you implemented in your organisation?

Yammer	57%
Sharepoint	54%
Internally branded / built social platform	19%
Chatter (Salesforce)	10%
Jive	7%
Others (Slack, Workplace by Facebook, Google+)	15%

How successful would you rate the adoption of social channels in your organisation?

7%

19%

- Excellent
- Good
- Average
- Poor

38%

36%
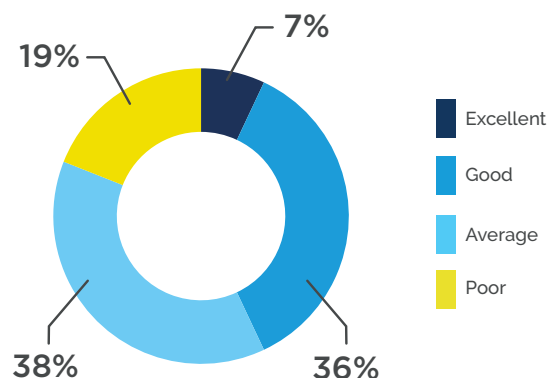
To what extent do you agree with the following statements regarding your social channels?

Our social channels are used well in pockets within the organisation

We are planning on investing in / growing our internal social channels

Our social channels are an integral part of our IC channel framework

Our social channels are structured or managed by the IC function

We have been able to demonstrate the value of our internal social channels

Our social channels have a clear purpose

Employees understand what social channels should be used for

Senior leaders support them and are active on them

Social channels have been a resounding success in our organisation

Our social channels have caused more problems than they've solved

Strongly Agree | Agree | Disagree | Strongly Disagree

Mobile communications

The survey showed that there is still a very long way to go with mobile channels. A very limited proportion of respondents said they use them as a formal part of their internal communication mix. **Off-the-shelf social apps such as Yammer and Jive are the most frequently used mobile channels,** with nearly half of respondents (47%) saying at least one of these is available in their organisation. However, our experience is that a limited number of employees actually download and use these apps, and so it was no real surprise that only around a third of respondents (37%) rated them as effective.

'Old school' mobile tools like SMS alerts and voicemails came next with 23% and 20% respectively saying they use these.

Only 19% of respondents said they have developed bespoke employee apps, although another 18% are considering them. However, such tailored apps were considered effective by 56% of those who use them, suggesting that although IC practitioners use these channels sparingly, they have an increasing role to play in the channel mix - especially in organisations with remote workers.

Which of the following mobile channels do you currently use?

Legend: Have this in 2017 | Are considering it | Don't have it and not considering it
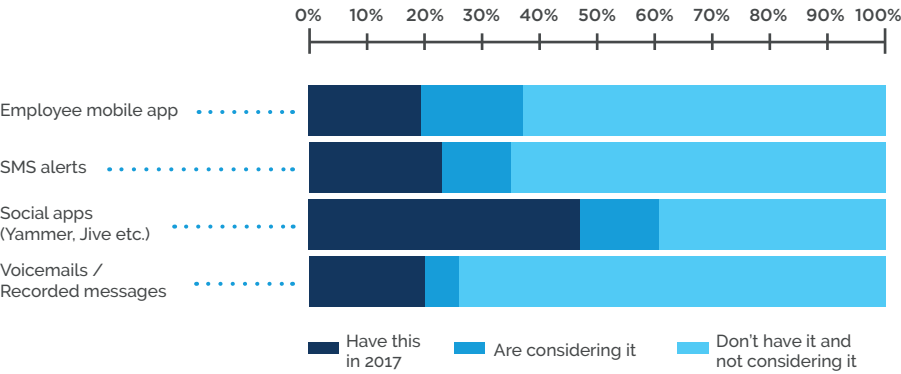
How effective are they?

	We use this and it's very effective	We use this but it's not very effective
Employee mobile app	**56%**	**44%**
SMS alerts	**53%**	**47%**
Social apps (Yammer, Jive, etc.)	**37%**	**63%**
Voicemails / Recorded messages	**27%**	**73%**

How EFFECTIVE would you say the following PRINT channels are currently within your organisation?

Legend: Very effective | Quite effective | Not particularly effective | Not effective at all | % of users
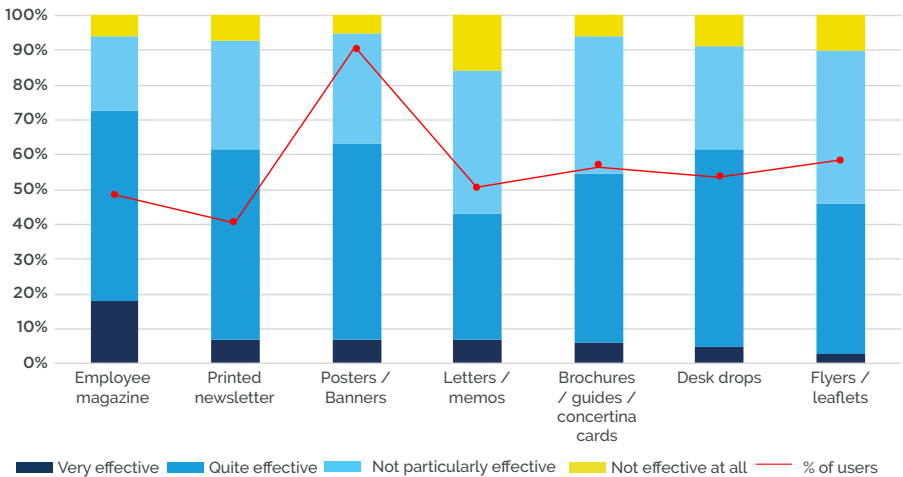
Print channels

Unsurprisingly, print channels are now the least frequently used of channels; they also perform more poorly than other types of channels when it comes to effectiveness.

However, we haven't observed any significant decline in print use over the past four years and many clients are returning to print, suggesting that **although IC practitioners use this sparingly, they still consider it has a role to play in the channel mix – especially in organisations with remote workers.**

Posters/ banners are still a very popular tactic with 91% of respondents, and a range of ad hoc print channels are being used by over half of respondents: flyers and leaflets (59%), brochures and guides (57%), and desk drops (54%). Perhaps surprisingly, employee magazine use has increased from 44% in 2016 to 49% this year.

When it comes to their performance, employee magazines came up as the most effective print channel (73%). Printed newsletters, posters / banners and desk drops also performed quite well, with around 60% of positive votes.

Listening and impact measurement

Feedback channels

Employee voice is a key driver of employee engagement. Consequently, it is critical for organisations to have strong feedback channels.

In terms of feedback mechanisms designed to give employees a voice, three channels are used by over 90% of respondents: engagement / people / attitude surveys (93%), email (92%), and face-to-face events or calls (90%). **Despite predictions about the demise of regular 'set piece' engagement surveys, they remain the primary feedback tool for many organisations.**

This is in line with last year, but does suggest a fairly unsophisticated approach to organisational listening.

Pleasingly, dedicated listening sessions or focus groups are now used by two thirds of organisations and these were rated as the most effective feedback channel.

Interestingly, no one mentioned ambassadors or employee forums as an established feedback channel.

How effective are the following FEEDBACK channels in your organisation?

Legend: Very effective | Quite effective | Not particularly effective | Not effective at all | % of users
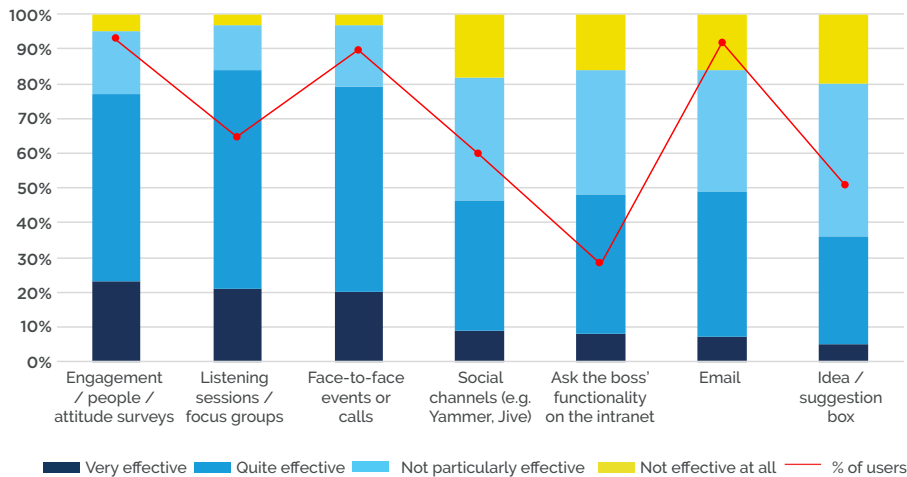
How do you currently measure the impact of your internal communication?

	2017
Employee engagement survey	**76%**
Intranet / online analytics (Page views, etc.)	**68%**
Feedback from face-to-face events	**66%**
Pulse surveys	**45%**
IC audit / survey (run in house within past 3 years)	**41%**
Email statistics	**35%**
Social media metrics (Number of comments, 'likes', etc.)	**34%**
IC audit / survey (run by external agency within past 3 years)	**17%**
We don't currently measure impact	**6%**

Impact measurement

The good news is that the proportion of practitioners not measuring the impact of their internal communication has continued to drop, from 18% in 2015 and 12% in 2016 to just 6% this year. Hurrah!

Although it is the first year this number has fallen below 10%, we are getting ever closer to universal recognition of the importance of communication measurement!

However, the tactics used to measure communications have not evolved much over the past five years. Employee engagement surveys are still the most frequently used method (76%), although these are frequently owned by other functions (HR) and provide limited insights in our experience. These are closely followed by two relatively traditional, albeit important, methods: intranet analytics (68%) and feedback from events (66%).

Although over half of respondents use social channels, social media metrics are only listed as a tool to measure the impact of communications by a third. Similarly, email statistics are only used by a third of respondents even though over 90% of them use email announcements.

So, whilst more practitioners are now measuring the effectiveness of their communications, in many cases their approach is fairly crude.

On a more positive note, however, nearly 60% of respondents say they have conducted an internal communication audit (either run in house or by an agency) in the past three years – this is good news considering that audits are the single most effective way to get a clear and comprehensive 'current state' view of your internal communications. It is worth noting though that not all audits are created equal and some are, in reality, little more than a survey in disguise.

Budget and resources

Resources

Resourcing of IC teams has remained stable over the past few years. Around two thirds (61%) of respondents have five or fewer dedicated internal communicators in their organisation. A fifth have between 6 and 20, while another fifth said their IC function comprised of more than 20 people.

At Gatehouse, we are often asked what the perfect ratio of IC practitioners to employees should be. Our answer is always the same – there is no magic answer to this question, as it is too dependent on the ambition of your IC goals and complexity of your organisation. However, this year we have taken a look at the average size of the IC team based on the size of the organisation, providing a useful benchmark.

How many dedicated Internal Communicators are there in your organisation?
(Average responses based on employee base)

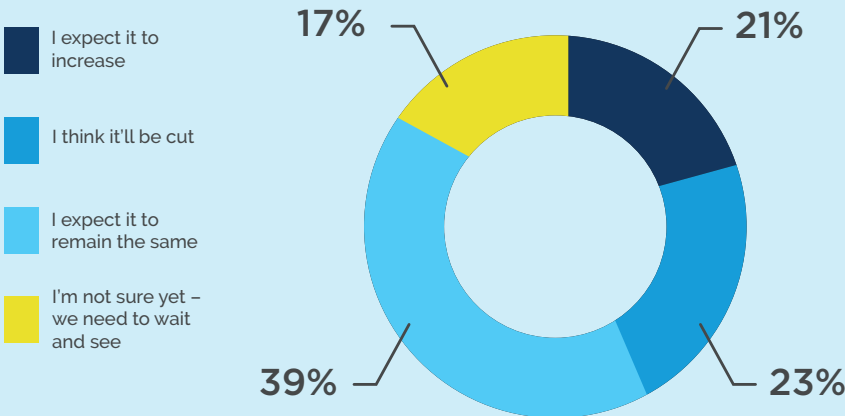| No. of employees	FTE IC people
50-250	1.2
250-500	1.2
500-1,000	2
1,000-2,500	3
2,500-5,000	4.1
5,000-10,000	5.9
10,000-50,000	10.5
50,000+	16

What budget is currently allocated to internal communications?
(Average IC spend based on the size of the organisation)

Number of employees	Low spend	High spend
1-50	N/A	N/A
5-250	£1,833	£16,667
250-500	£14,125	£37,500
500-1,000	£33,500	£85,714
1,000-2,500	£87,450	£145,000
2,500-5,000	£90,789	£207,368
5,000-10,000	£165,538	£280,769
10,000-50,000	£310,182	£485,909
50,000+	£650,500	

Budget

A hefty 38% of respondents did not know the IC budget of their organisation – suggesting that large numbers of practitioners are in the dark when it comes to financial resources. Of those who did, around a quarter said there is no dedicated budget (evidence of the rise of zero-based or business case budgeting). This left a fifth of respondents (20%) with a budget of less than £10K; a quarter with a budget between £11 and £100K; another fifth (18%) with a budget between £100K and £1m, and 9% with over £1m. This breakdown is similar to last year's result, suggesting that after a steady increase in IC spend in recent years, budgets have now stabilised.

What do you think will happen to your Internal Communication budget over the next 12 - 18 months?

- I expect it to increase
- I think it'll be cut
- I expect it to remain the same
- I'm not sure yet – we need to wait and see

17%
21%
39%
23%

In terms of next year's budget, over a third (39%) expect it to stay the same in 2017. 21% expect it will increase and 23% believe it will be cut.

Although this is broadly similar to last year, it is interesting to see that the answers given by UK-based respondents are more negative than in other parts of the world. 25% expected their budget to take a cut, compared to only 16% in mainland Europe and 13% in Asia-Pacific.

Conclusions & key themes

This year's study, our ninth annual review of the internal communication and employee engagement landscape, once again provides some valuable and thought-provoking insights into the state of our maturing profession, as well as the day-to-day work of practitioners.

What has changed over the past year?

When we reflect on last year's report, the stand out messages centred around two key areas. Firstly, the recognition that line managers were largely seen across many organisations to be ineffective as a core communication channel – with the corresponding lack of skills demonstrated by this critical group. Somewhat disappointingly, little was being done to fix this, and respondents rated it lowly in the priorities list for the coming year.

The second key message was focused on the professionalism of IC practitioners as a whole – with one in five respondents having no plans or strategy in place to support their role or function.

Twelve months on, we have seen some progress in both areas, with line managers (and the communications support provided to this group) performing more strongly; whilst at the same time, there has been a small but welcome improvement in our own efforts to professionalise.

Opportunities and trends for 2017

So, bringing us back to 2017, what are the opportunities and trends facing us going forward?

There are six emerging themes and key differences in this year's study which we believe are worthy of further discussion.

1. Professional confidence is on the rise

The good news is that, after years of feeling like the poor cousin of PR and the misunderstood brethren of HR, there are today clear signs that the confidence of internal communicators is on the rise – and for good reason!

In this year's study, more than previously, we have seen evidence that internal communication is increasingly seen as a value-adding function and a maturing strategic discipline.

This year, more practitioners than ever before reported that they have a clearly articulated purpose. In terms of day-to-day practices, internal communicators are focused not only on a broader range of activities – suggesting that our impact inside organisations is driving demand for our services – but increasingly on activities more closely linked to the organisation's strategy and to driving change and transformation.

IC is increasingly seen as a driver of employee engagement too. These are all very positive signs which, looked at in the round, point to a profession that is coming of age.

2. But is it built on shaky foundations?
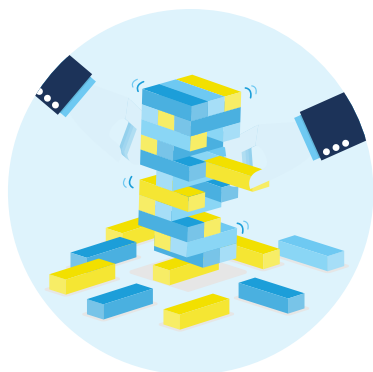
But there remains a paradox at the heart of our profession. Whilst confidence is on the rise and there are many signs that IC is winning more respect and recognition in 2017, our ability to gather insight, develop strategies and plan effectively is questionable.

Once again this year, we have seen that some of the foundations upon which any respected corporate function is based – the ability to take a long-term view, to align to corporate strategy and to effectively plan tactical delivery – are below par.

One fifth of respondents still don't conduct any form of formal planning whatsoever! Only 66% of practitioners believe their organisation has a clear strategic narrative. Only half have an annual communication plan, and only a third have a longer-term IC strategy. Meaningful audience segmentation appears to be in place for just 13% of our sample. Fewer than half have a written channel framework or produce a regular dashboard or performance report.

Year-on-year there has been no real progress in this area. The professional 'feel-good factor' may be on the rise, but it looks like it is built on very shaky foundations.

3. Line managers are the new battleground

We were delighted to see that practitioners have responded to our call to action following last year's study and are beginning to take line manager communication more seriously.

Improving line manager communication is now part of the top 5 priorities listed by practitioners, with a very slight increase to 37% this year. This is an encouraging sign, although our view is that more effort will be required to tackle a challenge of this magnitude.

Training is only part of the key to making managers more engaging, but it is an important one – with manager skills once again being listed as the number one barrier to communication success. Capability building is becoming part of our repertoire as communicators and this is evidenced by the fact that 38% of practitioners surveyed now provide communication training for line managers – still too few, but a fair improvement on last year's 33%.

4. The Office 365 effect is fuelling the rise of social channels

Our report points to a notable increase in the use of social channels in the workplace – driven specifically by the rise of Yammer and SharePoint. Whilst there is evidence of other channel providers (such as Jive, Slack or Workplace by Facebook) making ground, the gap between these and the Microsoft supported products is significant. There is much speculation as to why these channels have experienced such a rapid rise, but we feel it is down to the 'Office 365 effect'.

Since Microsoft migrated its Office model to Office 365 (which typically includes both Yammer and SharePoint as part of the bundle of products) – the frequency of these channels appearing in the communications channel mix is increasing apace. Whether this is a coincidence or a planned strategy from Microsoft, we cannot speculate on.

However, what we are seeing is the rise in these social channels being launched without a clear purpose or strategy to guide them. Whilst it is great to have access to new channels, the lack in many cases of the traditional Internal Communication team's influence or ownership is leading to poor governance and a confused user proposition. Our hope for 2017 is that IC teams can wrap their arms around these new channels and help direct and drive their adoption…

5. Digital isn't the panacea

Linked to the previous point, this year's research shows that, whilst the channel landscape is certainly changing, digital isn't the game changer many thought it would be – at least not yet! When we asked what gets in the way of internal communication success, a new option of 'technology not fit for purpose' attracted significant backing – to the point that this is second only to line managers as a barrier to success. The reality is that for every organisation innovating in this area, there are many more with outdated technology and systems.

It is perhaps no surprise then that face-to-face channels remain king – and that, once again, there was no notable decline in print channels this year. Linked to this, we see that 'push' channels like central emails, the intranet and e-newsletters are the most widely used – whilst Enterprise Social Networks (ESNs) now used by just over half of respondents. However, just over half of those with an ESN said these channels were effective, suggesting that both take up and impact has been limited to date. That said, nearly 80% expect to increase the use of social channels in the next 12 months.

Looking back over the last four years of this study, we can see a gradual rise in the number of ways employees can access company systems. The proportion of respondents saying employees can use a desktop or laptop at home has increased from 66% in 2014 to 73% this year. Mobile devices have also steadily increased – with the use of business-owned mobiles growing from 63% to 70% and the use of personal mobiles from 38% to 46%. This is consistent with the rise of flexible working practices.

6. More to do to unlock employee voice – and demonstrate our value

If, like us, you believe that internal communication is key to unlocking engagement, then our ability to give employees a voice must be high on the professional to do list. What we see, however, is that approaches to organisational listening remain fairly unsophisticated. For instance, despite predictions about the demise of regular 'set piece' engagement surveys, they remain the most used feedback tool for practitioners, with email a close second!

Dedicated listening sessions are on the rise, a positive sign, and these are now used by more than 60% of practitioners as a way of capturing feedback, involving employees and building dialogue. Turning our attention to impact measurement, a similar pattern appears – with the engagement survey being the most used impact tool, despite it very often being 'owned' by another function and relatively limited in its coverage of internal communications.

The data also suggests that practitioners are focused on output measures, rather than outcome measures – showing how many employees received a message or clicked on an intranet page, rather than measuring the difference that message has made in terms of attitudes, behaviours, or knowledge. That said, we were absolutely delighted to see the number of practitioners confessing that they do not measure impact in any way fall to its lowest level in the full nine years of this study. Hurrah!

We look forward to conducting our 10th annual State of the Sector study later this year - and to finding out how successful (or otherwise) the profession has been at tackling some of these challenges!

Have you audited your internal comms recently?

Contact Gatehouse, the UK market leader, to find out how your organisation measures up.
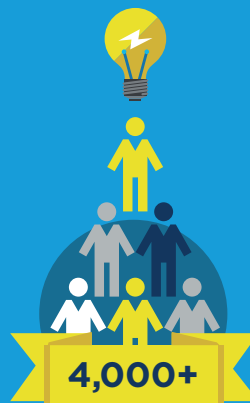
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