Managing communication - organization wide

Case duration (Min):	> 60
Principles of Management (PoM)	
Managing communication	

Worldwide

Case summary:

Tutors and students may watch (1) the whole film clip of 56 min, (2) the core lecture from 4.30 to 40:00 i.e. 36min or selected parts

If time is constrained then the following sections may be watched (Total 8 Mins)

00:11:30 |Change| Williams discusses the start of the path to industry leadership; he had to make the case for change which involves COMMUNICATION with employees. Williams argues, " understanding how to manage change effectively is an extremely important tool and skill set that will serve you well". 00:12:00|Strategy|Created a strategy called the three I's: information, innovation and integration; an executive management information system (dashboard) was created and made available to all, presenting one version of the truth and improving the speed and quality of decision-making. Williams emphasises the need for COMMUNICATION of both problems and solutions 00:13:15|CULTURE|CREATED THE AETNA WAY: customer focus, better articulated (COMMUNICATION) and demonstrated VALUES (integrity, quality and value, excellence and accountability, employee engagement) 00:14:10 |as a leader| Williams, whenever he addressed a group of employees within the company, would first talk about the values and demonstrated their

This case can be used to explore managing communication, a topic in the principles of management curriculum (managing organisation-wide communication, improving transmission and getting the message out).

Learning objectives:

Describe the communication process and the various kinds of communication within organisations.
Explain the role that perception plays in communication.
Describe how managers can manage effective organisation-wide communication.

Case problem:

How can and why should managers achieve effective company wide communication?

Company
Accident & Health Insurance

Aetna, Inc

Founded in 1853, Aetna, Inc. is an American diversified health insurance company, providing a range of traditional and consumer-directed health care insurance products and related services, including medical, pharmaceutical, dental, behavioural health, group life, long-term care, and disability plans, and medical management capabilities. With revenues of $30.950 billion (2008) and a workforce totalling 35,258 (2008), Aetna is a member of the Fortune 100. Aetna advanced up the Fortune 500 list in 2009. The company's 2008 strong revenue gains were largely the result of Aetna's integration and segmentation strategies, which led to strong membership gains.

importance 00:15:00
00:43:47|CORE VALUES|
Williams further explains
how they derived core
values which were already
in existence but were in
need of better
PROMOTION…00:45:50|Pri
nciples of leading,
COMMUNICATION|
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ongoing basis. He set up
regular meetings to
cascade performance and
what needed to be done
00:48:30

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:
1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.
Consider attempting the case study as a group exercise; you could form a study group with fellow students.
3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.
Discuss questions and answers with other students.
4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type	URL/ Media description
Leading Change: A Conversation with Ron Williams. **Film**	http://mitworld.mit.edu/video/614 CEO Williams' case study begins in 2001, when he arrived to find a corporation (Aetna) in need of change - having lost $280 million in the past year. He diagnosed key areas of failure and opportunity in Aetna's vast enterprise. Williams shaped a path to recovery focusing on a better understanding of Aetna's current customers, from small employers to the largest corporations, and concentrating on the best way of expanding into new markets such as retailers, banks and law firms. To do this, Aetna needed to build products and services suited for those groups, and Williams' strategy involved developing integrated information systems for both employers and consumers, to ensure cost-effective and high quality health care delivery. Through effective communication channels, Williams repeatedly made the case for this new strategy directly with Aetna's staff. He pressed the issue of values: integrity, employee engagement, excellent service and high quality healthcare, and implemented employee surveys and biannual performance reviews. Employees were invited to answer whether they believed their supervisors held true to Aetna's values and whether they were proud to be working with the company. Williams has noted a marked improvement in responses over just a few years. External benchmarks reflect positive growth as well: Aetna has reached the number one spot as Fortune Magazine's most admired health care company, after occupying the bottom position. In support of verbal communication within the organization and with its customers, Williams invested a great deal in technology he believes will "shape the future of health care." He describes a Care Engine, containing an individual member's personal health record and up-to–the-minute journal information and health guidelines that are "converted into computer algorithms." This system can detect and fill gaps in care for patients - conditions that go undetected, tests that should be administered, medicine that should not be prescribed. Williams has also given consumers the ability to find and compare the costs of tests and doctor visits. He believes we can check the trillions of dollars in healthcare spending through smart technology. For him, health care reform means we "get and keep everyone covered; maintain the employer-based system… reorient the system toward prevention, value, and quality of care; and use market incentives to improve coverage, drive down costs and make the system more consumer-oriented." The case covers a wide range of issues and shows how the CEO, as a leader, effectively uses organization-wide communication to bring about change and improve performance. Tutors and students may watch (1) the whole film clip of 56 min, (2) the core lecture from 4.30 to 40:00 i.e. 36min or selected parts - see below: 00:00 – 00:04:30|INTRODUCTIONS|Positions the lecture - a corporate turnaround: the company was failing in 2000/1, through change- new leadership and a strategy focusing on customers, employees, company values and culture, information technology and management the company was turned around. From almost the bottom in the rankings to the top by 2008 00:04:30|RON WILLIAMS TAKES THE STAGE	Explains how the company had lost its way/

outlines the structure of the presentation

00:06:15|AETNA TODAY (2008)|37 million members over eight countries, 35 thousand employees…

00:09:00|STRATEGIC PATH TO INDUSTRY LEADERSHIP| Williams describes three phases (one) 2001-4; (two) 2004-6 and (three) 2006-8; for each stage Williams evaluates the strategic, operational and financial performance: in phase one the company was losing money and went BACK TO BASICS, seeking to better understand its customers, their needs, THE COMPANY AND ITS VALUES; in phase two, the company witnessed average returns, refined segmentation and focussed on perfection of the basics and in phase three, the company was in the top tier of the industry-strategically they focussed on innovation, information and integration and SET OUT TO DIFFERENTIATE THEMSELVES WITH UNIQUE OPERATING CAPABILITIES - the strategic path to industry leadership is explored in more detail in the remainder of the lecture

00:11:30 - 00:12:00|Change|Williams discusses the start of the path to industry leadership; he had to make the case for change which involves COMMUNICATION with employees. Williams argues, " understanding how to manage change effectively is an extremely important tool and skill set that will serve you well"

00:12:00|Strategy|Created a strategy called the three I's: information, innovation and integration; an executive management information system (dashboard) was created and made available to all, presenting one version of the truth and improving the speed and quality of decision-making. Williams emphasises the need for COMMUNICATION of both problems and solutions

00:13:15|CULTURE|CREATED THE AETNA WAY: customer focus, better articulated (COMMUNICATION) and demonstrated VALUES (integrity, quality and value, excellence and accountability, employee engagement)

00:14:10 |as a leader| Williams, whenever he addressed a group of employees within the company, would first talk about the values and demonstrate their importance

00:15:00| EMPLOYEE ENGAGEMENT | Williams emphasised the importance of employee engagement, suggesting that an engaged workforce was satisfied and this led to increased motivation

00:16:15||Employee surveys were implemented: employee surveys participation shifted from <50% at the beginning of the decade to almost 100% towards the end (best in class) similar changes were observed in loyalty with more employees indicating they were proud to work for the company and more employees behaving in the Aetna way (a stronger culture)

00:19:45|Leadership|The Company focused on developing high performing leaders - improvements were made in performance management, succession planning, leader development and leadership assessment

00:26:00|Milestones|

00:32:30|Environment|The environment is discussed: Health expenditure is growing as are costs…

00:34:40|Leadership strategy and the role of information technology| Aetna will "lead the industry in providing high quality, cost-effective and personalised health and related solutions that leverage information to meet the needs of our targeted customers". A fundamental part of the strategy requires investment in information systems; such systems have enabled capabilities that competitors cannot easily emulate because many of them operate multiple un-integrated systems. Williams moves on to discuss the care engine, patient data, a knowledge base, decision support technologies, finding and suggesting care options and the provision of information to carers

00:35:50|Lessons learned|

00:37:48| LEADING AND MANAGING |Important to know the difference between leading the managing

00:40:00|End lecture|| Question session|

00:43:47|CORE VALUES| WILLIAMS FURTHER EXPLAINS HOW THEY DERIVED CORE VALUES WHICH WERE ALREADY IN EXISTENCE BUT WERE IN NEED OF BETTER PROMOTION

00:45:50|Principles of leading, COMMUNICATION| Williams explains that people had no idea that the company was losing money i.e. the need for change; he recognised the need to

inform employees about the situation on an ongoing basis. He set up regular meetings to cascade performance and what needed to be done
00:54:50|LEADERSHIP VERSUS MANAGEMENT| A member of the audience posed the question - can someone who is not seen as a leader be an effective manager? Williams argues that they can but…

NOTES:

Case study questions...

	Action	Pre/During/After class
1	**COMMUNICATION PURPOSE & PROCESS:** What is communication? With reference to the film clip, discuss the function and process of communication within organizations. In your answer you should list several reasons for business communication. Draw a simple diagram representing the communications process and list several examples of communication channels.	During
2	**PERCEPTION:** Why is company-wide communication so important yet so difficult? In your answer you should refer to the concept of PERCEPTION, communication and perception problems.	During
3	**FORMAL COMMUNICATION:** Which type of formal communication channel does Williams personally make greatest use of in the film clip? List several formal communication methods used by managers to get their message out to people throughout the organization.	During
4	**BARRIERS AND ENABLERS:** Aside from technology, a variety of factors can impact upon the communication of information within the organization. Discuss the potential impact of culture and structure upon the free flow of information and communication generally.	During

Answers...

COMMUNICATION

the activity of conveying information

COMMUNICATION

A process of sharing information and creating relationships in environments designed for manageable, goal-oriented behaviour.

COMMUNICATION CLIMATE

the prevailing organizational atmosphere in which ideas and information are exchanged; an open climate promotes collaborative working, which is discouraged by a closed communication climate.

COMMUNICATION PROCESS

the transmission of information, and the exchange of meaning, between at least two people.

PERCEPTION

interpreting and understanding information received through the senses

PERCEPTUAL FILTERS

characteristics of the individual that interfere with the effective transmission and receipt of messages, such as predispositions to hear, or not to hear, particular types of information, or preoccupations which divert attention elsewhere.

SELECTIVE ATTENTION

the ability, often exercised unconsciously, to choose from the stream of sensory data, to concentrate on particular elements and to ignore others.

SELECTIVE RETENTION

The process of remembering information inputs that support personal feelings and beliefs, and of forgetting those that do not

Question/ Answer

1 **COMMUNICATION PURPOSE & PROCESS:**

What is communication? With reference to the film clip, discuss the function and process of communication within organizations. In your answer you should list several reasons for business communication. Draw a simple diagram representing the communications process and list several examples of communication channels.

Communication is the process of transmitting information from one person or place to another. Whilst communication has many purposes, its primary function is to coordinate, control, motivate and disseminate information to workers. Leadership and management cannot be performed without effective communication. Effective communication requires the ability to listen, to frame the message in a way that is understandable to the receiver, and to accept and use feedback. Negotiation is a process of communication, involving the exchange of information on parties' interests, positions, and needs.

The transmission (exchange or sharing) of information between people and systems defines the communication process. The transmitter and receiver are entities (people, electronic devices) and the message may be communicated verbally or non-verbally through a variety of channels such as face-to-face, telephone, email, text, or video conference. Feedback is used to detect how the message has been received. Communications may be formal or informal, verbal or non-verbal, written, electronic, synchronous or asynchronous. Furthermore, communication may be enabled by technology. Technology (such as computing hardware and software and telecommunications) may be used to enhance the speed and the efficiency of the transfer of information. The information age continues to this day, and technological advances such as mobile phones, high speed connections, Voice-Over-IP have changed lifestyles around the world and spawned new industries around controlling and providing information.

Having collected and processed data, the organization must make information available. "Dissemination" means the transmission of information, whether orally, in writing or by electronic means. The purpose of a dissemination activity is to assure that information/knowledge is useful in reaching decisions, making changes, or taking specific action and is available to those who can most benefit from it.

2 **PERCEPTION:**

Why is company-wide communication so important yet so difficult? In your answer you should refer to the concept of PERCEPTION, communication and perception problems.

None of us sees the events in our lives in a totally objective way. Our views of reality are determined by our own personal attitudes, values, beliefs and expectations. We then filter everything through this lens that makes up our individual "world view" and assign meaning to the people, things, and events in our lives, based on our personal interpretation. Two people can be exposed to the same thing (such as a communication, meeting etc) but perceive it in quite different ways-why should this be so? Perhaps the first thing to consider are the elements of the perception process. Through our senses (especially sight) the brain receives incoming raw data from the outside world (stimuli). We are not able to pay attention to everything so we filter out less relevant or important information through perceptual filters; this allows us to focus on what we see is important (selective attention); we concentrate on the matters of particular interest and importance to us. Individual predispositions (personality, learning and motivation, see perceptual set) control what we 'see' and 'hear'. What we have described so far are activities in a bottom-up-process; errors can be introduced at this stage of the perceptual process.

Following selective attention, we organise the filtered incoming stimuli in systematic and meaningful ways (perceptual organisation); we classify or group similar stimuli together. During this activity (top-down processing) we may fill-in the gaps of incomplete or ambiguous information (see the principle of closure). We make sense of a situation and then respond through our actions; our perceptions (the meanings we attach to incoming information) shape our actions. Such activities are also susceptible to problems.

We refer to an individual's personal internal picture of their environment as their perceptual world. Successful interpersonal relationships are dependant upon perceptual worlds and an understanding that we may see things differently. Indeed a failure to appreciate the importance of differences in individual perception creates many organisational problems, particularly with communication.

Because of perception and perceptual filters, people pay attention to different things. Consequently, even when employees are exposed to the same communications they may come to different understandings and as a result may act and behave differently. This is why communication can be so difficult and frustrating for leaders and managers.

3   FORMAL COMMUNICATION:

Which type of formal communication channel does Williams personally make greatest use of in the film clip? List several formal communication methods used by managers to get their message out to people throughout the organization.

The formal channel of communication is the official channel used to carry approved organisational messages and information. There are three formal communication channels: downward, upward and a horizontal. Particular mention is made of downward communication by Williams who, acting from a higher level in the organisation, will cascade information downwards along with orders and expectations. He also uses this approach to clarify organisational objectives and goals and reinforce company values. Williams also makes use of upward communication, in particular collecting information through survey feedback. This is one way for him and senior managers to find out what people throughout the organisation are feeling and thinking.
The methods used by managers to get the message out include e-mail, online discussion forums, televised announcement speeches and conferences, broadcast voicemail etc.

4   BARRIERS AND ENABLERS:

Aside from technology, a variety of factors can impact upon the communication of information within the organization. Discuss the potential impact of culture and structure upon the free flow of information and communication generally.

Aside from technology, culture and structure impacts upon the free flow of information within the organization. The communications climate is one dimension of organizational culture. Schein comments on integration and the need for communication. We need to communicate what is important and what needs attention. Communication is highly important because without it, sharing is problematic and without sharing there is no collective experience. Huczynski and Buchanan (2001) discussed top down communication, where organizational communications is about employees being made aware of management plans, goals etc. and persuading employees to work effectively in the interests of the organization as a whole. The authors also discuss the communication climate, the prevailing atmosphere in which ideas and information are exchanged (open - climate promotes collaborative working)'. In closed communication climates, information tends to be withheld unless it is to the advantage of the sender, and the atmosphere of recrimination, secrecy and distrust can make working life very unpleasant'. Communication is a motivator and 'breeds' commitment. If people know what is going on and understand why, then they will be more likely to agree to management requests' - consensus & compliance. Hofstede (1997) also identified communications climate as a dimension of organizational culture, describing closed communication climates as secretive and relating it to the time taken for new employees to feel at home in the organization. Communications climate is one of the few organizational culture dimensions associated with nationality according to Hofstede. There are many barriers to communication. Aside from culture, there are also geographical and time barriers, language and technology barriers, legal constraints and power distances. All may impair communications and the sharing of information resources. Enterprise collaboration systems help us to work together more efficiently and effectively as members of the many process and project teams and workgroups that make up organizations today. Collaboration technologies help us to share information with each other (communication), coordinate our work efforts and resources with each other (coordination), and work together cooperatively on joint assignments (Collaboration). The use of groupware tools and the Internet, intranets, extranets, and other computer networks are used to support and enhance communication, coordination, collaboration, and resource sharing among teams and workgroups.

ASYNCHRONOUS COMMUNICATION

occurs when participants start a discussion topic (or thread), and post replies to one another. After delays, individuals read to catch up with the discussion. It is similar to a dialogue conducted by post.

GRAPEVINE

The rumour mill or gossip networks that exist in all organizations as a way of passing information, real or imagined around employees at all levels.

KINESIC COMMUNICATION

Body language, including winking, head nodding, hand gestures and arm movements

COMMUNIGRAM

a chart that indicates the source, direction and quantity of verbal communication between the congregated members of a group.

Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Kelly, P P. (2009) 'International Business and Management', Cengage Learning EMEA.

Williams, C. (2007) 'MGMT', South-Western College Pub.