

Communications: What CEOs Need to Know

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To do their jobs well, the CEO and management team of any organization must meet the needs of several important constituencies, including their customers, employees, owners, competitors, suppliers, and the community – each of which interacts uniquely with management. The success or failure of those interactions may be determined largely by communications tools, particularly when they act as the distribution network for advanced information systems. For a „quick and dirty“ test of the effectiveness of the communications tools used in your organization, we invite you to take the following quiz.

1. Can your customers get service support by making just one phone call? Can they get to the right person immediately, without playing any „telephone tag“?
2. Can you find out today what a given customer bought from you on his or her last purchase?
3. Can your employees check the status of their benefits, make choices, or transfer 401k plan funds – all with a single phone call, 24 hours a day without using any other employee’s time?
4. Can employees provide information, ideas, comments, or complaints (anonymously if they like) from anywhere in the world and have their input received immediately?
5. Are your company’s owners quickly, directly, and simultaneously informed of information that can affect the value of their investments?
6. Do you almost always know about major competitors’ actions before you read about them in the press?
7. Can you easily obtain a complete and up-to-date operational, financial, and market profile of any competitor, including the most recent news items, in 12 hours or less?
8. Do your suppliers have communications links directly into your production and distribution systems?
9. Are materials and supplies ordered and delivered only when needed and without human intervention?
10. Do your communication systems have wireless backup for possible outages that could leave you without contact with the community, customers, and employees?

To score your organization, count the number of „yes“ answers to the above questions. If you had eight or more, you are an advanced and effective user of today’s communications tools.

If you had five to seven „yes“ responses, we suggest that you take a closer look at the areas where you said „no.“ Are they important to your company? Could you serve your customers better or become more competitive if you made use of a few more of the communications tools available?

If you had fewer than five „yes“ responses, your firm would probably benefit from a communications audit. You may be at a significant competitive disadvantage.

Regardless of your score, please read on. This article will outline ways that savvy managers can use communications to improve the effectiveness of their businesses.

How Telecommunications Can Help

Today’s telecommunications technologies and services can help CEOs and their management teams meet the needs of their constituencies and address important business issues, such as improving customer service, providing access to critical information, enhancing companywide decision-making, saving time and money, supporting globalization, and improving communication with stakeholders.

Improving Customer Service. A number of companies are making innovative use of automated voice processing/response systems and communications-linked databases to gain competitive advantage in serving their customers. Examples include Domino’s Pizza, Pizza Hut, Hensley Realtors, and Microsoft.

At Domino’s Pizza, when an order is received, the customer’s telephone number is automatically linked to a database containing the customer’s name and address. The order is automatically routed to the kitchen and then to the first available driver. In areas where calling display technology is available from the telecommunications network, the order desk does not even need to ask the customer for his or her phone number.

Pizza Hut has gone one step further. When a customer calls, the order taker automatically receives detailed information on the customer’s last order, so that he or she can say, for example, „Hello, Mr. Ellis, would you like a large pan pizza with pepperoni and extra cheese like last time, or can I get you something else today?“ The system automatically retrieves this information from a database, along with the customer’s name, address, and directions for delivery.

At Hensley Realtors in Dallas, Texas, 90 percent of the company's agents use cellular phones. The company's top agents are now using a „mobile office system“ provided by Southwestern Bell Mobile Systems that includes a notebook computer with a cellular modem and portable printer. Wherever they are, the Hensley agents can instantly access the Multiple Listing Service (MLS) database. The system allows agents to answer customer questions on listed properties immediately and provide the customer a paper copy. Agents report that the system has increased their productivity by letting them make more sales in less time.

Microsoft's product support line uses an automated voice response system to provide responses to customers' most frequent software questions. For callers who need personal technical support, the system guides them to the appropriate area for their product. Almost all customer questions are answered immediately, either by the system or by the first technical support person to whom the customer is connected.

Providing Access to Critical Information. Online information systems allow instantaneous access to critical information to support executive decision-making.

At one company the chairman recently called the CEO about „a hot deal that's almost too good to be true.“ It was late Friday evening. The highly persuasive chairman wanted the Board Executive Committee to discuss the opportunity via conference call on Monday morning and make a preemptive bid for the target.

Most of the staff had already gone home, but the head of M&A was still in his office. The CEO asked him to pull together whatever he could on the target company, so that the CEO would be adequately prepared by Monday morning. After only three hours' work, using various on-line information services, the M&A director had a well-organized binder of key operational, market, financial, and competitive intelligence, along with his own assessment, which was negative. He dropped the binder off at the CEO's house on Saturday morning.

On Monday morning, the CEO was fully prepared to lead the discussion and help the Executive Committee come to an informed decision. The company did not make the bid. Without the communications links to information obtained from 24-hour-a-day on-line services, the company might have made a costly mistake on a deal that was indeed too good to be true!

Enhancing Companywide Decision-Making. By using communications tools effectively, managers can make faster – and wiser – decisions. They can also make broader decisions, rethinking business processes comprehensively rather than incrementally, because they are unencumbered by the fragmented communications systems and blocked information flows that have traditionally constrained business processes.

For example, Mrs. Fields, the fresh-baked cookie company, uses information technology to capture the decision-making skills and practices of the company's best managers, then uses communications networks to disseminate this information to more than 700 stores worldwide.

Similarly, Sea-Land, the \$2.7 billion transportation company, has a database called Best Demonstrated Business Practices. It is a source of ideas and solutions that can be called up from anywhere in the world. The company also has a videoconferencing system that links 11 Sea-Land and CSX (parent of Sea – Land) sites. The system lets the firm broadcast from a standard conference room, using voice-activated cameras that switch the active broadcast sites electronically. A senior Sea-Land officer, Alex Mandl, described the company's use of communications and information technology as „changing how we define the business.“ In this view, „Sea-Land is an information network on which we hang transportation assets, such as ships, trucks, trains, warehouses, depots, and offices.“

Saving Time and Money. Effective use of communications and information technology can save time in many areas, shortening product development cycles, speeding response to customer inquiries, and smoothing out glitches in the supply chain. Alternatively, bad or slow information can stretch cycle times and actually cause the company to lose business to competitors.

Companies have used communications and information systems effectively to speed restocking times for retailers. One large U.S. pharmaceutical and consumer products distribution company has provided portable scanning devices to distribution employees who check inventory levels at customers (mainly drugstores). The device is then linked via an 800 number to central distribution, which automatically routes restocking orders to one of seven distribution centers around the country. Many of this company's customers have VSAT (Very Small Aperture Terminals – satellite dishes) connections to the distribution centers for instantaneous communication, sales reporting, and just-in-time inventory control.

Communications and information technologies can permit companies to reduce the size of their corporate headquarters. Previously, the economies of mainframe operations required large central staffs. In contrast, the „mainframe“ of the future can be a collection of remote workstations linked by telecommunications into a network – and it doesn't have to be in one place.

Although no technology is likely to displace the CEO's personal assistant, much of that assistant's routine administrative work will one day be performed by a wireless, integrated communications and information device. Effectively, such a device will function as an electronic assistant – one that works 24 hours a day. This device, linked through mobile communications technology, will be able to schedule appointments semiautomatically, send and receive messages, access automatic transcripts of voice-mail messages, link to the company's financial and other decision-supporting databases, maintain up-to-date phone and address files, route and transfer inbound calls automatically, send and receive faxes, and more.

Supporting Globalization. Advanced, high-speed communications already allows businesses to operate as collections of networked, global facilities. In terms of business location, geography is becoming less important than technology.

Within the next decade, a CEO will be able to communicate via a single device with worldwide compatibility. Furthermore, each individual will have a single identifying number, so that callers will need to know only one number to contact a person, regardless of where he or she happens to be. Already today, a U.S. cellular telephone user can travel to virtually any major city in the country and can, simply by dialing *18 upon arrival, arrange the automatic transfer to the new location of all calls placed to the home-city cellular number. Callers need no special access codes and need not even know that the user is out of town. Similar service, extended to universal usage and worldwide compatibility, will significantly reduce the complexity of communications and contribute to the further globalization of work.

Improving Communications with Stakeholders.

Fax communications – whether arriving in a PC terminal or emerging as hard copy – allow information to be anywhere, anytime. Fax systems can also be linked to on-line information services. For example, by using a fax and the PR Newswire service, companies can distribute important company announcements and news releases simultaneously to hundreds of security analysts, lead investors, and news organizations – thus supporting the CEO in his or her critical role as the communicator of values, goals, and strategies.

Making It Happen

Embarking on the road to improved communications systems is not without risk. CEOs should be wary of the following traps:

The centralized tar-pit. Large, inflexible, centralized systems can bog things down. Only very rarely are they responsive to rapidly changing market needs. At the same time, communications and information tools need to work across functions and provide support outside the divisional walls erected in most companies. The ideal system is networked, flexible, intelligent, externally focused, and internally dynamic.

Technology sandboxes. Companies sometimes end up buying technology for its own sake, when there may be a less technically elegant but simpler solution.

Technology prisons. Excessive substitution of communications technology can result in isolation, causing a company to lose important personal contact with customers and employees.

Systems panaceas. Communications and information systems are not the solution to fundamental business problems. They can be a great support or enabler, but they should not take the blame for strategic, marketing, operational, or organizational shortcomings.

Overlay vs. rethink. As with information systems, it rarely works well to overlay new systems that merely automate old and misguided ways of doing things. It's much better first to *rethink* business flows and processes, then determine which tools will be of real value in shaping the way you do business.

To implement effective communications and information systems, the CEO must have the right people and the right technology in the right place at the right time. The principal tasks are to establish the strategic communications agenda, sort out how key business processes can be improved through communications and information linkages, and set the parameters for the following key areas:

- Nature of involvement of the CEO and management team
- Qualifications and function of a strong and effective chief information officer (CIO) and telecom management to coordinate communication and information needs across the company
- Comprehensive consideration of all stakeholder needs and the company's communications linkages to each of them
- Appropriate investments in communications and information systems to ensure positive returns and limit unnecessary spending

- Training and retraining programs so that the tools to be deployed are used by employees extensively and effectively
- Changes in culture and management style, particularly when advanced technology has not been widely used in the company

By applying the right communications tools in your business and selectively taking advantage of emerging technology you can significantly enhance the effectiveness of your entire organization. In short, you can use communications technology to improve the most important linkages between you and all your company's stakeholders, achieving significant and sustainable competitive advantage.

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