

The high-tech companies have revolutionized the way we think, trade and communicate with one another. But what effect are they having on internal communication?

# ***THE DOT.COM EFFECT***

How the hi-techs are re-shaping  
internal communication

**B**rash, innovative and high-spirited – the companies responsible for the new technologies shaping the information revolution are now establishing the paradigms for the new corporate culture. Netscape catapulted the Internet into popular culture in 1994. Also launched in 1994, Yahoo! has become a household name synonymous with the Internet – its stock is valued at over US\$400 a share (January 2000). *Time* magazine’s “1999 Man of the Year” is the 35-year-old CEO and founder of Amazon.com – because he is credited with starting the trend toward e-commerce. Technology companies are blazing new trails and becoming the companies most people want to work for. Students now skip graduate MBA programs to go directly to Silicon Valley in California or Silicon Alley in New York.

So it seems only logical that technology companies should be the leaders in transforming the system of internal corporate communication. There is an expectation that these companies would have the most efficient and advanced systems in place. The assumption is that they are pushing internal communication toward the high-tech, web-based path – using technologies such as e-mail, Intranet, e-conferencing and webcasting – and veering it away from traditional models of communication – such as the use of printed information and face-to-face employee meetings.

As reputation counts for a lot these days, we spoke with a few of the most prominent and established US-based technology companies, including Intel, Dell Computer Corporation, 3Com, IBM and Cisco Systems. In general, our assumption was both a hit and a miss. The conversations led to a fairly consistent picture, framed by technology.

## **In a word: intranet**

According to everyone we spoke with, the key word for this new era of internal communication is intranet. According to World Internet Resources (WIR), Inc., an intranet development company, the intranet is defined as an internal Web site used in a company to disseminate timely corporate and business information to employees.

The term “intranet” came into use in the early to mid-1990s. While the technologies supporting the intranet are basically the same as those related to the Internet, its use as a tool for employee communication only emerged within the last few years. Most of the leading-edge technology companies did not have a solid

## KEYPOINTS

- Internal communication is emulating the business process and moving much of its activity onto web-based technologies.
- The intranet is fast-emerging as the preferred tool of employee communication. Employee surveys in the high-techs show that its value as a source of news and information is on the rise. This means there's less demand for printed company newsletters and magazines.
- This trend does not apply to everyone: there are access issues around employees who don't have a desktop PC.
- The Intranet revolution has not solved the problem of information overload, and intranets have not yet merged with e-mail.
- The high-techs are driving a more grassroots approach to communication, where employees can post information themselves.
- In some companies, this shift could mean a change in responsibility for the corporate communicator from a provider of communication to a facilitator of information exchange: a "gatekeeper."
- Face-to-face communication is as important as ever – management in the high-techs use methods such as site visits, business update meetings and internal tradeshows to get key messages across.

intranet system in place until the late-1990s. Intel, 3Com and Dell all launched their respective intranet sites in 1997.

Cisco Systems, which professes to be the worldwide leader in networking for the Internet, was one of the earliest companies to establish an intranet system. The foundations of the Cisco intranet were laid in 1992. As Nicolle Henneuse, employee communications and intranet manager of Cisco Systems, says: "Our intranet was originally conceived to help employees support our customers. Since then it has expanded dramatically and receives over 15 million hits monthly." Keep in mind that Cisco presently has under 24,000 employees worldwide.

Thomas Wesdorp, manager of internal and executive communication for IBM Global Industries, tells us a similar story: "Internal communications is emulating the business process and being brought onto the Web. The IBM intranet site was established in 1994, but it did not become a primary channel of employee communication until 1996. Since then, responses from our annually conducted, global employee surveys indicate that it has become the preferred source for employees to gather information."

### Joining the Circuit

Intel reports the same from its annual, global employee survey. Circuit, the Intel intranet site, is the preferred source of news and information for both its US and non-US employees. Based on 1999 survey results, nearly 50 percent of employees preferred Circuit over all other sources of employee news and information. Second to Circuit were the Business Update Meetings, which are preferred by less than 20 percent of employees.

WIR estimates that 22 percent of US-based companies today use an intranet site. As the use of the intranet becomes more and more popular,

the old model of employee communication, through company newsletters and magazines, certainly seems quite unnecessary – even the relatively new system of sending employee e-mails seems a bit outdated. Has the intranet replaced those communication methods? It depends on who you talk to.

### Print vs. electronic communication

Based on our interviews, internal print publications are certainly on the wane. In some companies, such publications have vanished altogether and younger companies, like Cisco Systems (founded in 1984), never even bothered to establish a regularly printed source.

Incorporated in 1911, IBM has been on the forefront of the technology business for almost an entire century. The company magazine *Think* was published on a regular basis, either monthly or quarterly, since the 1940s. That began to change in the early 1990s. In fact, only one issue was published in 1999. Tom Wesdorp told us, "The amount of printed matter IBM circulates to its employees has greatly dropped. We no longer print anything regularly. Only when a particular matter needs to be covered in depth, such as the Y2K issue or the issue of pervasive computing, do we think print is the best medium."

Other companies such as Intel and Dell see it a bit differently. Their reasons are rooted to the fact that not all employees have equal access to a computer.

"At Intel, a third of our employees do not have regular access to a PC, though all employees may access the Internet or intranet through a computer kiosk," John McKean, creative services manager for Intel Worldwide Employee Communications, explains. McKean cites that one of Intel's tools for employee communication is *Intel This Week*, a corporate and local newsletter published weekly – in print.

Dell still regularly publishes its monthly

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### 3Com's Internal Tradeshow

The Internal Tradeshow is similar to industry tradeshows where employees got the chance to see recent projects developed by colleagues. When 3Com decided to do a new brand roll-out under the tagline "More Connected" (the tradeshow was called, "The More Connected World Expo"), they had a brainstorming session to decide how to get their employees excited, as well as understand the 3Com branding and vision.

Traditional methods, such as e-mail or circulating printed information, just aren't enough to get employees really enthusiastic. So 3Com went for a more personal approach. The employee communications team worked with the 3Com external tradeshow team (the people who design and organize tradeshows for customers) to produce an internal tradeshow that would enable employees to see things at a more personal level. The event included many product demonstrations, and was also family-friendly – including a family night when employees could bring their children. During the tradeshow tour, special receptions were also held for external audiences.

The tradeshow went to six locations, beginning with Boston, MA then to Santa Clara (CA), Chicago (IL), London (UK), Dublin (Ireland) and finally Salt Lake City (Utah). The general feedback was that the tradeshow was a great success. More specifically, a 3Com survey showed that:

- Some 5,500 employees attended
- 40%-60% of employees at each of the six sites attended the tradeshow
- 78%-80% of those who attended rated the tradeshow good or excellent in helping them understand the 3Com vision.
- 83% rated it good or excellent in helping them understand the new 3Com branding

newsletter, the *Dell Traveler*. Dean Kline, manager of Dell Worldwide Employee Communications, explains, "At Dell, we use a combination of hardcopy and web-based technologies to keep our employees informed. We find that's the best way of reaching all of our employees. Our employees in manufacturing do not have their own computers and having a printed newsletter is the most effective way of reaching them."

However, both John McKean and Dean Kline agree that their use of printed materials has considerably decreased over the last few years and that the overall trend is toward Web-based technologies. Increased use of their respective intranet sites has paralleled notable changes at both companies.

Intel, which established its intranet site in the early 1990s, began heavy use of the site for internal communication purposes in 1995. That same year, its quarterly published internal magazine became a weekly newsletter.

Dell's intranet site, revamped in 1999 to include additional news features, has already become the favorite employee communication tool. Daily industry and company news are now posted on the home page of their intranet site in

the Front Page News section. According to recent Dell audit results, more than 50 percent of US employees view the Front Page News section several times a day. The *Dell Traveler*, which had been published in seven different languages and distributed globally, is now published only in English and distributed only in the US.

### Your mailbox is now full

So what about e-mail? Most of us have experienced the feeling of being overwhelmed with information, and today, much of this information reaches us via e-mail. Within the technology industry, employees are often inundated with e-mails. One would think that with the introduction of the intranet, employees would be saved from the flood of internal e-mails. Apparently, that is not so.

For the companies we spoke with, the question of how e-mail has fared under the triumphant emergence of the intranet may be summed up as complementary push-pull technology. Mark Levine, director of employee communications at 3Com, explains that its intranet site, 3Community, has not made the use of 3Com's e-mail system any less valuable: "We

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use our e-mail to push information to our employees. For example, the 3Com Hotlist is sent via e-mail to our employees worldwide to notify them about new items on 3Community. The e-mail system is also a good way of informing employees of major company announcements."

Dean Kline explains that e-mail and the intranet create a balance to each other and assist

Dell in getting information to all its employees. "Our All Employee e-mails are sent at least a few times a week, depending on the amount of information we need to share," he says. "Our e-mail system allows us to aggressively get information in front of our employees, including new information that's on our intranet site. On the other hand, our intranet system allows employees to search for news and information that are of interest to them."

Even Cisco Systems, a web-based company, shares this perspective. Nicolle Henneuse told us, "As an Internet company, Cisco strongly espouses the use of the web for communicating. When I joined the company in 1997, my initial charter was to assist Cisco in its transition from an e-mail culture for communication to a web-based model. However, we still send one e-mail every week to provide employees with the top headlines, a short summary and the url address for a quick skimming, and more information on the company intranet. Other than that, we reserve the use of global e-mail communication to strategic letters from the CEO and in case of emergencies – such as virus notices."

Some envision a gradual merger of the two tools, but in general, the debate of whether or not the intranet has killed off e-mail may be answered with a hesitant "no" (though "not yet" may be more appropriate).

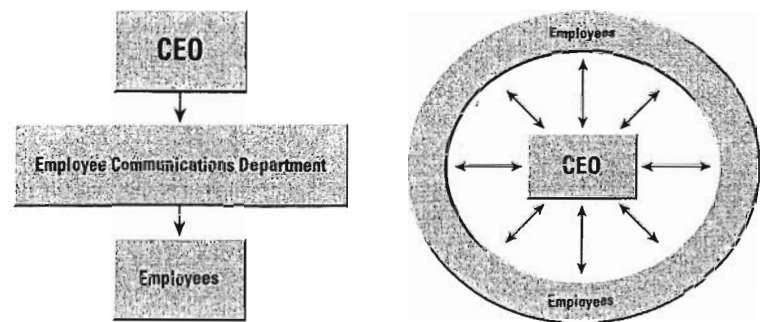
The concept for now seems to be that e-mail should be used simply to highlight or summarize employee news and information so that employees know what is available, thereby enticing them to look for detailed information themselves. Once employees become interested, they are "pulled" to certain web pages on the company intranet. The information revolution, as it walks hand-in-hand with the technology revolution, will not subside.

The floodgates of information are opened and refuse to be closed. Information begets information. Tom Wesdorp of IBM confesses that he and many other employees still often receive more than a hundred e-mails every day. Furthermore, he has not noticed any change in the amount of company e-mails employees receive since the intranet became IBM's chief source of employee communication.

### A complex web we weave

What the intranet has accomplished, with its bold displays of information and links to more information than any person needs, is to stir things up. By and large, the intranet has completely restructured and revitalized internal

Figure One: Traditional communication flow (left) versus the Internet model



Source: Elizabeth Howard & Co.

communication.

The direction of information has been changed thanks to the web-based technology. Whereas the traditional system of organization was a top-down approach, with the CEO and senior management steering the corporate message to employees, the intranet gives way to a more grassroots approach. Just as the Internet achieved its goal of being an de-centralized mechanism for information distribution, the intranet has freed employees from a centralized control of information. With the ability to put information on the company intranet site, employees now have the power of communication. So the question is, how has this affected the responsibilities of the corporate internal communication department?

IBM's most recent employee survey shows that what employees find to be the most useful information is the knowledge-based, intellectual capital from their colleagues. This puts a new twist on the role that IBM's internal communications department is playing. Tom Wesdorp describes that role as being the information "gatekeeper" of the company: "Our role in the internal communications department has greatly broadened over the last few years. It is no longer merely to dictate information to our employees. Rather, our role is to facilitate the sharing of information, whether it's from corporate headquarters or from an employee."

By giving more of a grassroots structure to communication, corporate headquarters no longer has the same importance attached to it. Like the giant Internet we are now all familiar with, an intranet site includes a company home page with links to many specialized sites. General company news topics are featured on the home page, but for employees, key information lies in the links. Regionally

managed, these specialized sites may be divided according to geography, division, function and in a number of other ways.

The vast branching of a company's intranet clearly presents a language difficulty when one considers the diverse pool of employees. Although all of the people we interviewed admitted that the majority of information on their company intranet site is in English, they also informed us that, when relevant, language translations on certain intranet pages are made. It is a truly complicated web being weaved.

### **Person to person**

So far, it would seem that our assumption is quite accurate. Internal communication is moving along with the technological wave. Yet we were wrong in thinking that the new technologies would depreciate the value of "face-to-face" meetings as a method of sharing information. Interestingly enough, this technological wave has made these employee meetings even more important.

Even though web-based technologies seem to be the mainstay of internal communications, Mark Levine reveals that 3Com's communication efforts still emphasize "face-to-face" methods. At 3Com, senior executives regularly visit the main centers of operations – whether or not there is an issue to be discussed. This way, corporate executives are able to maintain contact with employees and strengthen the corporate message.

Due to the company's size and broad number of projects, 3Com introduced the another twist to face-to-face communication by putting together the More Connected World Expo, an internal tradeshow, in April 1998. The internal tradeshow – which was taken to six locations around the world – gives employees the chance to see recent projects developed by colleagues and is similar in concept to industry tradeshows. Mark Levine told us that the Expo was planned to coincide with the announcement of a major brand rollout: "The More Connected World Expo was quite successful and a great way to update employees on the various projects being developed in the company." There has been only one internal tradeshow so far, but another is being planned.

### **Getting people together**

Senior executives at Dell are also committed to "in-person" meetings. With nearly 30,000 employees worldwide – including 7,000 non-US staff – Dean Kline talked about the need for employees to interact with Dell's senior

executives so that company identity may stay intact. Instituted in 1996, the All Employee Event is an annual meeting planned by the communications department of Dell's corporate headquarters in Austin, Texas. The model event is first held in Austin. Regional communications teams then customize and replicate that event at Dell sites around the world. Each event features a video covering major company announcements, goals, earnings update and other corporate messages. The event is presented by an executive from the Office of the CEO and a senior executive from the regional management team.

Founded in 1969, Intel began its use of Business Update Meeting nearly 30 years ago. While there was never an official first meeting, they soon became and remain as a major employee communication tool. John McKean

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stresses, "Business Update Meetings are held worldwide by the business unit and attendance is required." Like Dell's All Employee Event, they also include a 15-minute video presenting a strategic review and an update of recent events. Local presenters deliver updates on general Intel business conditions and their site-specific conditions, stressing the strategic goals and incentives tied to those goals.

At face-to-face meetings, employees involved in the various sections of the business get a chance to meet with each other and interact with senior corporate executives. Question and answer sessions may be held, but more

importantly, it brings the personality of the company alive so that employees are not just moving along.

### Can I see you in real time?

With so much emphasis on face-to-face meetings, you might be wondering where the pizzazz of technology has vanished. And you would be right to suppose that these "face-to-face" meetings have not escaped the wheels of technology.

Technology companies are fine-tuning tools like webcasting to facilitate easier access to "in-person" meetings. Companies like Dell, 3Com and IBM are already tinkering with tools that allow for real-time broadcast of meetings over the intranet, however most companies still cannot send live broadcasts.

IBM's "Kick-off" meetings share a similar structure to Dell and Intel's annual meetings – with an additional feature. Although Tom Wesdorp describes IBM's annual Kick-off Meetings as being "town hall-style," suggesting a picture of an old-fashioned rally, he also tells us, "The meetings are broadcast over the intranet so that employees who are not able to attend can watch it later."

The quarterly meetings at Cisco are multicast live (audio/video) and rebroadcast at set times to US employee desktops. For any employees who miss the event or can't tune into the multicasts, a complete web summary in addition to audio/video on demand is offered through the intranet.

The 3Com CEO Forum is a quarterly event where the CEO and company president present an update to employees around the world. Like Cisco, 3Com has the capability to post the Forum live over 3Com Interactive, a component of 3Community which allows video to desktop and to remote conference rooms. 3Com Interactive allows anyone watching to ask questions directly to the speaker in the conference room via the 3Community. And for employees who are unable to access the Forum live due to the time difference, they can access an instant replay over the Intranet.

Yet most companies don't have the bandwidth to broadcast live to all employees, and they are using the not-so-new technology of the conference call to connect them. As Mark Levine told us, "Many of 3Com's small offices do not have the technology to access live Intranet broadcasts. While they are now able to access the intranet replay of both the audio and video from the meeting, employees at such offices also have the

option of participating in the CEO Forum live via conference call." 3Com is also using conference calls to supplement actual in-person conferences. Aside from an annual Leadership Conference, the company launched the use of a quarterly Leadership Conference Call in December 1999. Like the annual conference, the call involves approximately 500 to 600 employees who have the title of director or above.

### The final word

The structure of internal communication has been irrevocably altered by technology, raising new concerns.

With the intranet firmly in place, the new challenge for internal communication departments is to efficiently and effectively build and define logical guidelines for how the giant web of information should be disseminated.

As the intranet has made the same information available to all levels of employees, it's important to be consistent and timely with messages. In multinational companies, thinking about language and cultural diversity is essential.

The printed page may have been replaced by electronic communication, but the advances in technology have not replaced the need for senior executives to connect with employees. The value of the relationship between senior executives and employees should not be underestimated.

However, the real question may not be how technology is changing the structure of internal communication, but rather: how is technology changing the corporate structure altogether? After all, as internal communicators, we respond to the reality of the corporate structure. SH/VI

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