

# Mapping internal communication in a global matrix organization

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## Introduction

- Marketing activities are increasingly being spread out among several organizational units. Since the amount of stakeholders is increasing, the role of communication between them is increasingly important. (Möller and Rajala, 1999).
- Internal communication structure has an important part for the development of a firm's networking ability (Ritter and Gemünden, 2003).
- The increase of business cycle speed has a significant effect to the speed of decision making (Smythe, 1996).
- Successful brands depend on good internal communication programs (Cleaver, 1999) to support greater consistency, at whatever point the customer's contact with the organization occurs (Camp, 1996).
- Despite the importance of internal communication to practice, there are considerable gaps in internal communication theory (Welch and Jackson, 2007).
  - Internal communication is a "rather neglected" management instrument (Smidts, Pruyn and Riel, 2001).
  - "Very little attention is paid to internal communication by public relations scholars yet it is viewed as part of an organisation's strategic communication function" (Yeomans, 2006).
  - There are call for definition and discussion of internal communication (Kitchen and Daly, 2002).
  - "The communication disciplines or domains involved in the study of internal communication are fragmented" (Kalla, 2005).

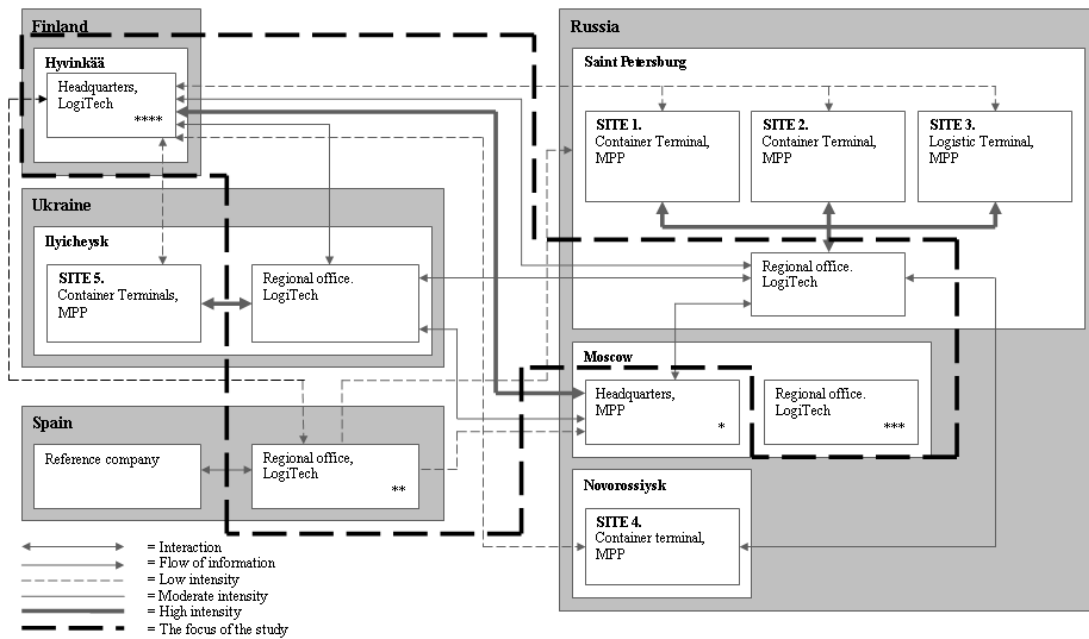
## Research setting

- The purpose of the research is to increase the understanding about customer-related internal communication in supplier organization.
- The research questions:
  - RQ1: What is the nature of customer-related internal communication at LogiTech from Ports business unit view?
  - RQ2: What are the characteristics of customer-related internal communication at personal level during a specific customer relationship?
  - RQ3: What are the characteristics of customer-related internal communication at departmental level during a specific customer relationship?
- Case study methodology (Yin, 1984; Eisenhardt, 1989) is adopted as the basic research strategy for the study because relatively little priori information existed about the focal phenomenon.
- Social network analysis is a research technique that clarifies the relationships between different actors, for example people and organizations (Scott, 2000).
- Content analysis is used to support social network analysis to create a context where findings are tied.
- Former study with social network analysis method in the field of industrial marketing:
  - Firms' network positions (M'Chirgui, 2007).
  - An industrial buyer's purchasing linkages (Buckles and Ronchetto, 1996).

## Empirical study

- The case company LogiTech (fictitious name)
  - Large international matrix organization producing heavy cranes and other material handling equipment for logistics operators
  - In year 2007 LogiTech's sales was 1749,7 million euros and there was working over 8400 employees in the company
  - The sales process can take from a year to several years
  - The present case is positioned in the tendering and negotiation phase of the sales process (from the end of August 2007 to the end of May 2008)
- Interviews
  - 10 themed interviews
- Email traffic analysis
  - To reveal essential internal stakeholders for the questionnaire
- Questionnaire
  - Sent to 36 stakeholders
  - 23 respondents
  - 63.89 % response rate
- Analysis
  - Content analysis of the interview and the questionnaire
  - Social network analysis of the questionnaire

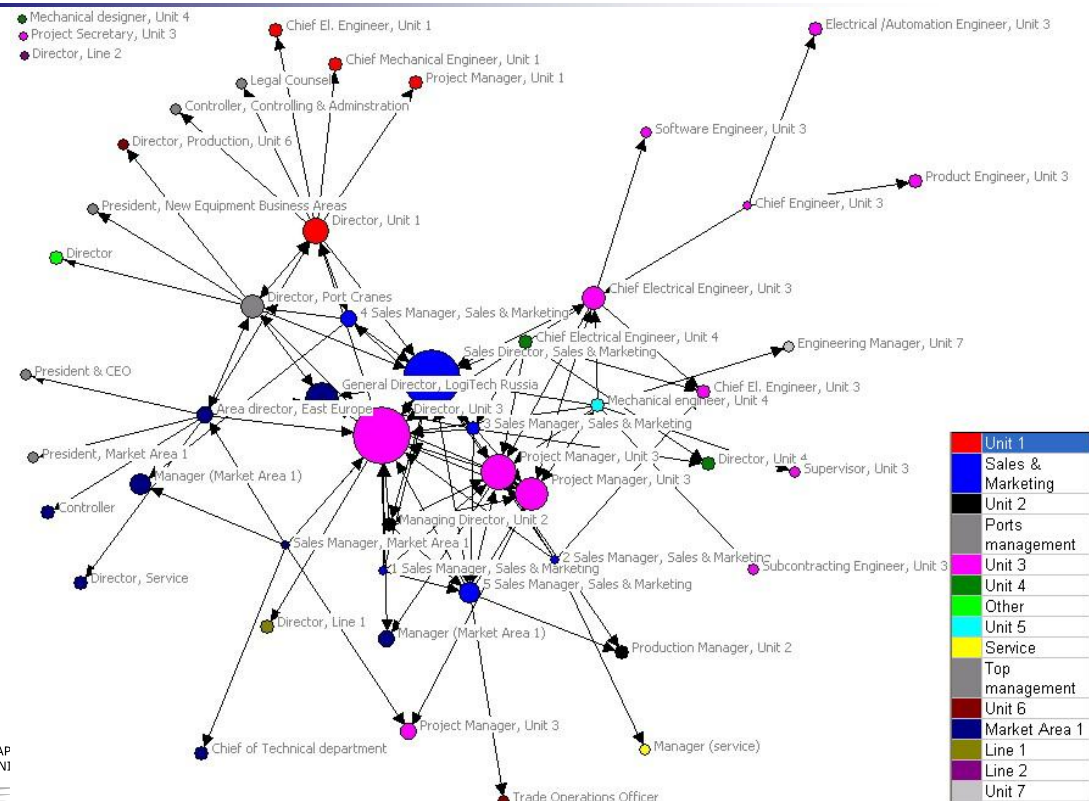
# The case set-up



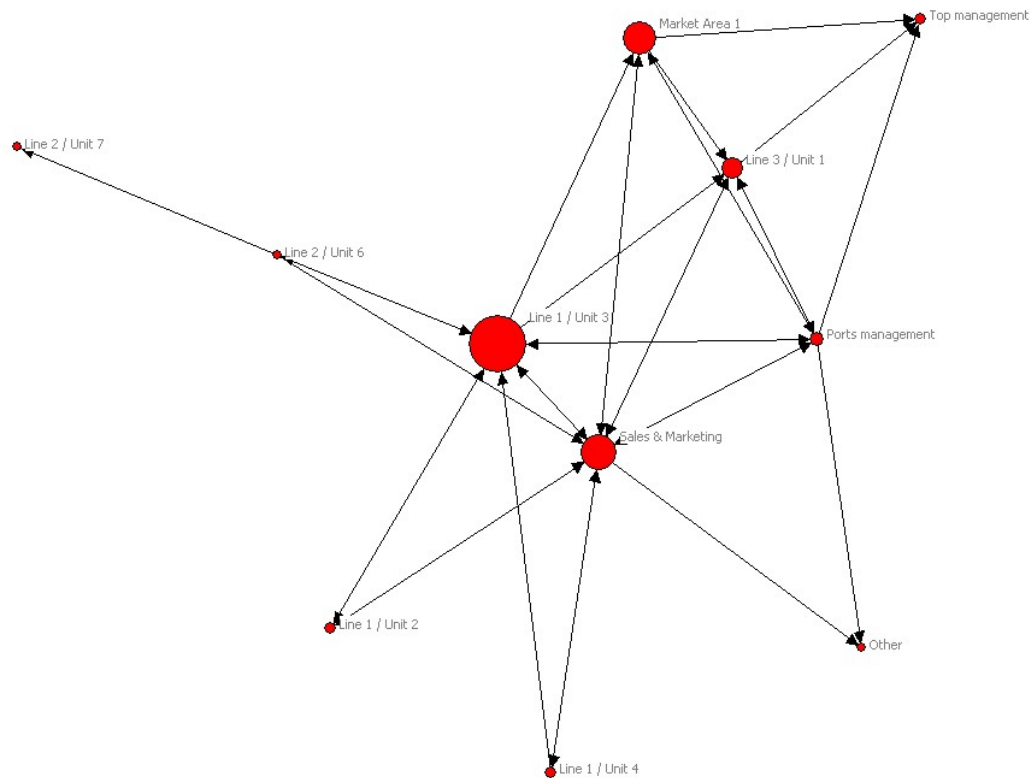
\* = Customer's headquarters have communicated intensively with their own sites and units (not included in this case)  
 \*\* = Reference visit to the reference company performed through LogiTech's regional office  
 \*\*\* = LogiTech has a regional office in Moscow, but it was not involved during the case  
 \*\*\*\* = Highly intensive communication inside the headquarters of LogiTech (several stakeholders involved)



# The communication flow to stakeholder from another (personal level)



## The communication flow to department from another (departmental level)



## Answering to the research question one

(What is the nature of customer-related internal communication at LogiTech from the Ports business unit view?)

- A relatively low number of stakeholders per country
  - Cultural differences hard to perceive and discuss
  - Information personalized
  - The stakeholders do not perceive benefits in the use of information systems
  - The inefficient use of information systems have led to a concern of reliability and the validity of information
- A call for a more structured way of communicating internally
- A need for information about ongoing prospects and future plans
- The internal communication climate is open and trusty
- Relation between informal and formal communication is good within the same region, but the relation changes when communicating with other regions
- Transformation from tacit to explicit knowledge is not done very systematically
- Email as a communication method
  - Over use of carbon copy (cc)
- Differences between market area organization and line organization
  - Cultural differences
  - Amount of communication training

## Answers to the research question two and three (what are the characteristics of customer-related internal communication at personal/departmental level during a specific customer relationship?)

- Personal level
  - The communication climate is open and trusty
  - Technological systems are perceived to support communication adequately, although the reliability of information is a concern
  - Amount of communication is perceived to be good, although the number of emails is increasing
  - Employee training and feedback are perceived to be slightly weak
  - Differences between countries
    - Communication methods
    - Documentation
  - Communication preferred with a person speaking the same language
  - Two persons who "lead" the case
  - The structure of the communication network is quite effective
  - The centralization of the network is relatively low
  - There are a few critical points
  - Geographical positioning of the stakeholders is centralized in Finland
- Departmental level
  - The communication network is dominated by few departments
  - Unit 3 is more informed than sales & marketing, although the case is positioned in the early phase of the sales process
  - Unit 1 unit is informed relatively slightly, although its products are involved in the negotiations' with customer
  - The structure of the network is quite effective
    - Almost every department has an alternative route
  - Unit 3 and sales & marketing departments have the biggest influence on the network
  - Service department is almost missing from the network
    - Makes it hard to learn customers' habits and the right atmosphere

## Managerial implications

1.	More communication training
2.	Segment stakeholders
3.	Rationalize the usage of emails
4.	Improve the reliability of information in information systems
5.	Intensify inter-departmental information exchange
6.	Take cultural differences under consideration
7.	Make a structured way to transform tacit knowledge to explicit and share it
8.	Include other business areas in information and knowledge sharing
9.	Identify bottlenecks in the communication network
10.	Keep only one distinct leader of the sales process
11.	More short project meetings
12.	More feedback concerning stakeholders' internal communication
13.	Count the costs of not communicating effectively