

Ask the Expert

Q: I have to write a discussion paper about the relationship between effective employee communication and successful external reputation building. Can you offer any valuable insights/information on this topic?



A: You might want to begin by checking out the work of Ron Alsop from [The Wall Street Journal](#). He has written extensively about corporate reputation and all that affects it, including publishing an annual survey that measures the reputations of leading US companies. You will also find various case studies and analysis on this topic on Melcrum's website.

From my perspective, the link between internal operating practices like communication and external reputation seems intuitive, while difficult to measure directly. To use a related example, one company with a strong linkage between the two is [General Electric](#).

GE has long been known for its Crotonville executive training program, which was once run by human resources management guru Noel Tichy. Mention "leadership development" to someone knowledgeable about the topic and you're likely to hear that GE does it particularly well.

This emphasis on leadership seems to cast a glow of competence over the entire organization. How much of GE's overall reputation is influenced by its internal operating practices – versus myriad other factors – is tough to say. Equally tough to determine is how the company's reputation ultimately impacts a decision to purchase a jet engine or a dishwasher. As for the intuitive linkage between internal communication and external reputation, here's a model you can use:

Figure 1: The connection between a company's reputation and its internal communication practices



Internal operating practices, like communication, affect the experiences of customers, as employees who are well informed and engaged in the business are more likely to deliver a better customer experience. This in turn influences the company's financial results, as satisfied customers lead to repeat business and new business.

Financial performance, over time, has the greatest impact on shareholder returns. At the top of the pyramid, shaped by all these factors, is the company's reputation – which can take years to develop, but, unfortunately, turn suddenly negative when things don't go well.