Improvement of Internal Communication and KPIs

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Many companies are already working with KPIs today. On the other hand, many companies face the practical challenge of internal communication. Few consider linking these two topics. However, how KPIs are used in daily operations can significantly improve internal communication. This paper begins with a brief description of how internal communication and collaboration within teams can be enhanced. To achieve this, it is essential to understand the mechanisms that lead to dysfunctions in internal communication. Next, the properties and proper use of KPIs are explained. Finally, it is demonstrated how using KPIs effectively in daily operations can contribute to smooth internal communication and collaboration are addressed in parallel.

We start by analyzing the causes and symptoms of suboptimal internal communication and collaboration. Then, we provide a pragmatic solution to <u>improve this communication</u>.

Chronic Symptoms

Everyone senses when internal communication is not functioning as desired, but no one can pinpoint exactly what needs to be addressed first. Even if a few individuals on the team do know, they are not supported by their colleagues within the team or department. The result: everything stays the same. The situation becomes chronic. Some may complain, saying, "It's always the same here." Meanwhile, nothing changes for the better.

From Symptom to Remedy

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You can address this issue with this **method**: divide the group into small teams of four to five people each. Every participant is given a list of 16 possible causes of poor internal communication. A sample list of potential symptoms is outlined in Table 1.

Table 1: Sixteen Possible Symptoms of Poor Internal Communication and Collaboration

1. Availability of Individuals

Whenever we need someone, they are on the phone, in a meeting, etc.

2. Consideration of Others

Leaders make decisions without sufficiently considering the experiences, ideas, and suggestions of their employees.

3. Bypassing

The supervisor bypasses us and goes directly to the work floor to assign tasks or quickly gather information without consulting us first.

4. Biased Information

Information is deliberately presented in a biased way.

5. Incomplete Information

The information we receive is incomplete.

6. Agreements

Agreements are unclear or not followed.

7. Flexibility

To remain as flexible as possible, goals change quickly. Not everyone is kept informed about changes in schedules, action plans, agreements, or guidelines.

8. Lack of Control

The flow of information is not well-controlled.

9. Role Modeling

People claim to support good internal communication, but in practice, this does not happen.

10. Others Informed First

Others are informed before we are.

11. Participatory Management

Participatory management is discussed, but in practice, it rarely happens. We implement decisions we do not always fully understand.

12. Training

Leaders lack the skills to communicate effectively.

13. Feedback

Little to no feedback is provided.

14. Firefighting

We do not have or are not given time to thoroughly discuss and address problems.

15. **Power**

Information is poorly shared because some believe it would undermine their position of power.

16. Criticism

A lot of unfounded criticism is given.

Experience and Methodology

Experience with hundreds of groups has shown that in more than 95% of cases, the above list of possible causes is sufficient.

To move from symptoms to effective remedies, we work through the following five steps:

- 1. <u>Individual Step</u>. Each person reads the list of possible symptoms from Table 1. They identify the three most important symptoms and provide three concrete examples for each symptom from the past month. This results in a minimum of nine concrete examples. (Duration: 20 minutes)
- 2. <u>Team Activity</u>. Divide the group into teams of four to five people. Each team member shares their examples while the other team members listen attentively. (Duration: 60 minutes)
- <u>Team Activity</u>. The team reaches a consensus on the five main reasons for **poor** communication within the department. It is crucial to illustrate these five factors with concrete examples: at least five examples (per symptom) from the past month. (Duration: 20 minutes)
- 4. <u>Individual Step</u>. Within each team, participants brainstorm multiple possible solutions for each symptom, step by step. (Duration: 30 minutes)
- 5. <u>Team Activity</u>. Each team decides on specific improvement actions to be implemented in the coming weeks. The action plan should consist of three or more concrete actions that can be carried out within the next month. (Duration: 30 minutes)

Both the team members and the leaders must follow up on the implementation of the agreed-upon improvement actions.

Background Information

Why does this method work so effectively? The description of the 16 possible symptoms is written in a *defensive thinking style*, which participants quickly recognize. Starting from step 4, team members shift

from a defensive to a *constructive thinking style*. Table 2 provides some examples of defensive and constructive thinking styles (incomplete list).

Table 2: Examples of Defensive and Constructive Thinking Styles

Defensive Thinking Styles

Being kind to each other, agreeing to everything, respecting the rules, working according to procedures, being dependent, not having an opinion, obedient behavior, loyalty, avoiding responsibility, reacting cautiously, expressing oneself vaguely, denying ("yes, but..., this is not possible, this is not going to work, we cannot do this, ..."), being skeptical, distrusting, wanting to keep everything under control, being forceful (using words such as must, will, need, have to, ...), giving orders, constantly comparing oneself with others, wanting to do better than others, bluffing, perfectionism, never being good enough, getting lost in details.

Constructive Thinking Style

Result-oriented, solution-oriented, process-oriented thinking and working, enthusiasm, commitment, innovative and creative thinking, taking responsibility, accountability, integrity, openness, empathy, showing respect, cooperation, supporting others, team spirit, trust, personal growth, active listener, dealing smoothly with changes, sharing feelings and ideas.

Because participants quickly recognize the situations described in Table 1, they can easily provide multiple examples for each symptom. When participants consciously adopt a constructive thinking style in steps 4 and 5, they are more likely to develop effective solutions.

Pitfalls

The most common pitfalls are:

- Describing symptoms in overly vague terms.
- Defining improvement actions that are too vague and not SMART (1).
- Failing to reach consensus on decisions in step 5.
- Participants use defensive thinking styles instead of constructive thinking styles in steps 4 and 5.

The method will not be effective if any of these four pitfalls occur. Nothing will change, and the team will remain stuck in the same difficult situation.

KPI or Key Performance Indicator

The principles we have described so far for improving internal communication within a team or department can also be applied when working with KPIs. The team leader responsible for a KPI should adopt a *constructive mindset* in their interactions with colleagues or employees.

During the monitoring of progress on <u>results achieved through the KPI</u>, problems will occasionally arise. It can be tempting to revert to a defensive thinking style in such situations. Some leaders may respond forcefully, compelling employees or colleagues to take specific actions. However, employees are not always blameless either. Statements like, "I don't know how the problem occurred," "It's not my responsibility," or "This needs to be solved by a colleague in Department X," do not lead to solutions.

To ensure progress, every group member must adopt constructive thinking styles. This approach enables the KPI owner to achieve measurable progress on their KPI.

As with internal communication, a detailed description of a KPI is essential. A well-constructed KPI includes the following components:

• Title

A brief description of the KPI in no more than five words.

• Owner

Who is responsible for managing the KPI? This is best described using the concept of accountability. In many companies, this is a common issue.

The owner takes the initiative whenever a deviation is identified.

• What do I aim to achieve with this KPI?

This section precisely defines the goals to be achieved. Under no circumstances should this be described in vague terms. Every team member should clearly understand what needs to be accomplished within a specific number of weeks. The goals are written in SMART (1) terms.

• Description of the target

• Alignment of the KPI with the vision, mission, and strategic goals

If you want to inspire employees, you must also explain the purpose of these KPIs and the long-term results they aim to achieve. In many companies, this is overlooked; yet it is a simple tool to motivate employees. Nothing is more demotivating than employees not knowing what their efforts will lead to. Employees need to understand how their contributions positively impact a larger, higher goal.

• Limits, constraints, and conditions

Every process has its limitations and constraints. These should be specified for each KPI. Examples: In a production department, when using SPC charts (2), it is helpful to explain the significance and use of the Upper and Lower Control Limits.

For every KPI, mention the safety instructions and environmental limits applicable to that specific process step.

• Relationship with other KPIs

A KPI may influence a subsequent process step or a previous step.

• Frequency of meetings

KPIs may be monitored daily on the shop floor. Other KPIs, however, may be reviewed weekly, biweekly, or monthly.

Note that there is a clear distinction between a statistic and a KPI. A statistic provides a *static* snapshot of a given situation at time t. In contrast, a KPI is a *dynamic measure* that reflects how a parameter evolves over time within a specific process step. A statistic can be viewed as a photograph, while a KPI is akin to a video.

Data management is an activity that some managers tend to handle rather carelessly. Therefore, establish clear agreements about this within the team.

Table 3 Data management

Data

• Who collects the data?

- How reliable are the measurements?
- What units are used?
- What is the sample size?
- Is the sample representative?
- What calculations and formulas are being used?

Note that there are two types of KPIs: activity KPIs and result KPIs. Effective business management relies on achieving *result KPIs*.

Internal Communication and KPIs

A KPI is a highly effective tool for fostering dialogue both among employees and between employees and their managers. When everyone adopts constructive thinking styles (see Table 2), they will listen to each other, treat one another with respect, show empathy, work toward solutions, and collectively complete production tasks with a sense of teamwork.

A common mistake is to draft a KPI quickly with only a title and a chart or table. Problems arise as soon as the process step to which the KPI applies encounters issues. The KPI owner often tries to solve the problem himself. If it doesn't work out well, he hints that his employees haven't done their job properly, which can be highly frustrating for the team. This approach is unlikely to resolve the problem. If the KPI owner does not approach the situation with humility and genuinely listen to their colleagues and employees, he will struggle to find a way out of the problem.

As stated at the beginning, it is essential for the KPI owner to primarily adopt constructive thinking styles. Some managers already do this naturally, while others may feel less comfortable with it. It may be helpful for them to apply the exercise described at the start of this article. Every production company faces minor and major production issues daily. If managers predominantly adopt defensive thinking styles (3), they are likely to issue commands, pay little attention to what employees say and experience, and ultimately achieve suboptimal results.

It is valuable for leaders, team leaders, and managers to recognize that thinking styles play a significant role in developing their management skills, such as decision-making, problem-solving, goal-setting and achievement, employee motivation, process-oriented thinking and working, employee evaluation, providing feedback, handling change, and more.

Conclusion

Managers and employees will achieve excellent results when primarily using constructive thinking styles. In this context, KPIs serve as a practical tool. They will come to realize that this approach is both beneficial and necessary.

(1) SMART: Specific, Measurable, Accountable, Realistic, Time-bound

(2) SPC: Statistical Process Control

(3) **Thinking Styles**: Every individual uses both constructive and defensive styles. The balance between the two determines whether a person tends to react more constructively or defensively.

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