

Using Business Principles to support ethical communication

Introduction

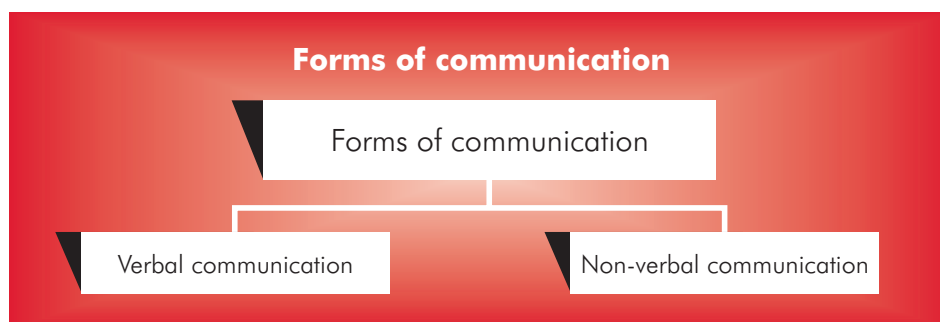
In 1985 the first mobile phone call was made on the Vodafone network. This is now one of the largest telecommunications companies in the world. In the UK alone, more than 15 million people use the Vodafone service. It now has interests in 27 countries and it partners networks in a further 27 countries. Its **vision** is to 'be the world's mobile communications leader'.

When customers make key decisions about mobile phones and the networks they would like to use, they need details that make sense. They will want to be aware of charges and **tariffs** before committing themselves. They will also want to make comparisons between networks. Companies working in this sector need to make sure that their information is honest, clear and easy to understand. This information will be used by customers to make the correct choice of mobile phone and tariff for their individual need. This case study looks at how Vodafone's **Business Principles** underpin the way in which it communicates with all stakeholder groups.

Every business or **organisation** turns inputs from its environment into outputs that are returned to the world in which it operates. They have to be able to adapt and manage constant change. In recent years, chiefly in high-tech industries, the rate of market change has become even faster. New products and services are developed and launched more quickly and can be perceived as more complex. Customers and different stakeholder groups want different information but all want it to be relevant. In such a world, responsible businesses must think carefully about how they communicate messages to customers and other **stakeholders**.

Communication - channels and barriers

There are two main ways of sending information – **verbal communication** and **non-verbal communication**. Verbal communication involves people talking to one another. Non-verbal contact may include visual and written material. If verbal communication is face-to-face, then there is also a non-verbal element through body language.



Successful communication relies on information being sent, received and understood. This process can be seen as a flow between sender and receiver. When there is an obstacle to this process, a barrier to good communication is created. These obstacles might be details which are not clear, complex language, complicated technical terms or other jargon. This is sometimes referred to as '**noise**'.

It is important to Vodafone to reduce the number and types of barrier to ensure its messages are delivered and understood.

CURRICULUM TOPICS

- Communication
- Public relations
- Positioning
- Business principles



GLOSSARY

Vision: broad statement of whole purpose.

Tariffs: prices, pricing structures.

Business principles: standards set by companies that guide how they behave.

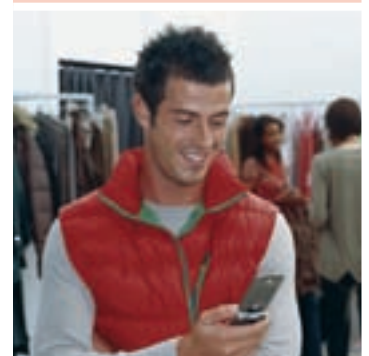
Organisation: entity that gets inputs of data, materials as well as human and other assets from its business environment. It turns these into outputs in the form of goods and/or services.

Stakeholders: people and groups – such as shareholders, managers, employees, suppliers, customers and creditors – who are affected by what a company does.

Verbal communications: direct word-of-mouth contact – face-to-face or using some form of media.

Non-verbal communications: include a range of visual materials, including literature in stores, press statements and product points.

Noise: word used to describe a barrier to contact.





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GLOSSARY

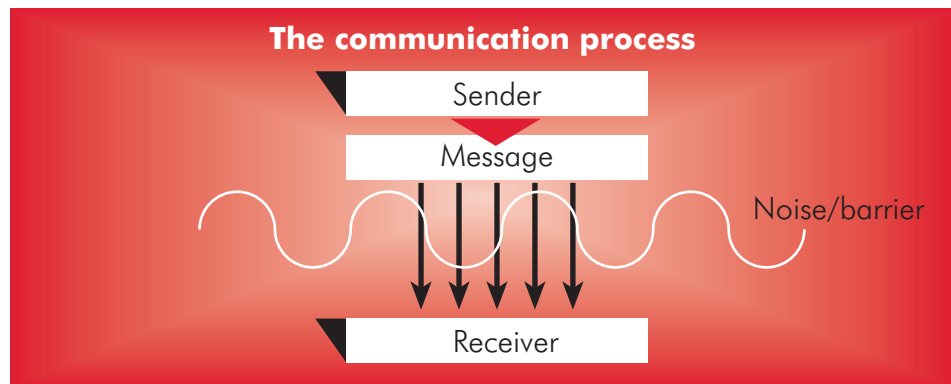
Moral: based on judgements about what is the right behaviour.

Contact centre: office where staff contact each other and customers using telephones.

Logo: sign, name, drawing or trademark of a company.

Brand positioning: the thoughts and ideas of clients and stakeholders about a product or brand.

The communication process



External communication with customers

Vodafone has developed a set of ten Business Principles. These Business Principles give a plain and **moral** pathway to help guide the actions of employees. One principle relates to communications where Vodafone states: *'We will communicate openly and transparently with all of our stakeholders within the bounds of commercial confidentiality.'* Vodafone expects these Principles to help reduce barriers to communication. They ensure that its messages, verbal and non-verbal, are clearly understood.

Vodafone needs to be in direct contact with its customers through verbal communication. The company, through its stores or **contact centres**, has many opportunities for its trained staff to talk to customers about all issues.

Non-verbal communication covers a wide range of methods. These include visual elements such as the Vodafone **logo**, adverts in newspapers, TV and other media, as well as the company's image. This helps to determine **brand positioning**. This is how others view the company in relation to its rivals. Brand positioning involves creating an image by which people recognise what a brand stands for. Vodafone's is: *'Vodafone helps people enjoy richer communication, anywhere, any time. Always reliable, always easy, always great value... passionately delivered.'*

Other forms of non-verbal communications may include the sales and information literature found in Vodafone's shops. The company also uses the short message service (SMS) or texts to contact some customers.

Gaining the loyalty of customers is not just about giving them products and services. According to Vodafone's Principles, it is also about connecting *'openly and transparently'*. One of the key challenges is how to shorten complex arguments so that customers and other stakeholders understand them easily. Vodafone has to convey details of a range of technical data about phones, networks and base stations. Vodafone is committed to providing clear details for customers about new developments in research. This is so it can remain true to its communication Principles.

Vodafone engages in many forms of communication with its customers. These include:

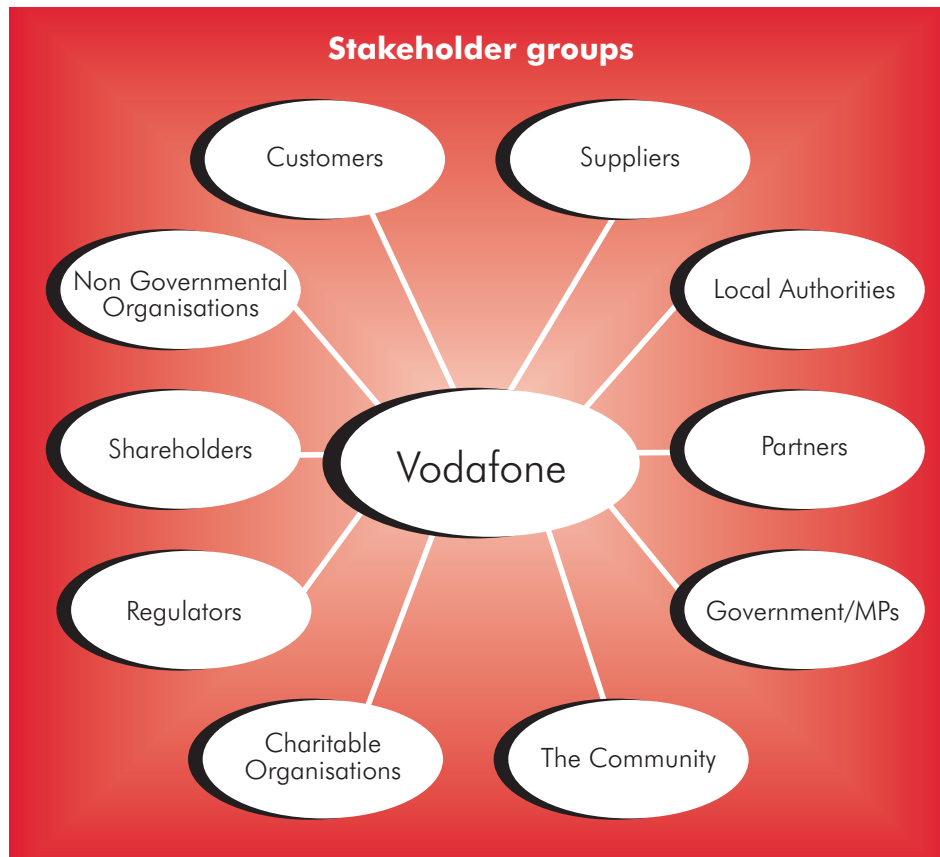
- Promotion and sales material. This involves making sure that all Vodafone's advertising material is accurate, clear and understandable. The content of these materials closely follows Vodafone's Business Principles in providing open, accurate and transparent information. They help to inform stakeholders responsibly as well as promote Vodafone's range of products and services.
- Awareness and information. Vodafone was fully behind the government's legislation to promote the responsible use of mobile phones in cars. It took complex legal material and translated it to make it easy to understand. It created a campaign to raise customer awareness both of the new law and appropriate use of a mobile phone in relation to it.
- Explanation and guidance. Some customers are concerned about alleged health effects from mobile phones. Vodafone needs to convey clearly the findings of the latest scientific research. This is a very complex technical area. Vodafone needs to ensure that it explains the jargon, communicates complex science and points out the relevance without losing the sense of the science.



External communication with other stakeholders

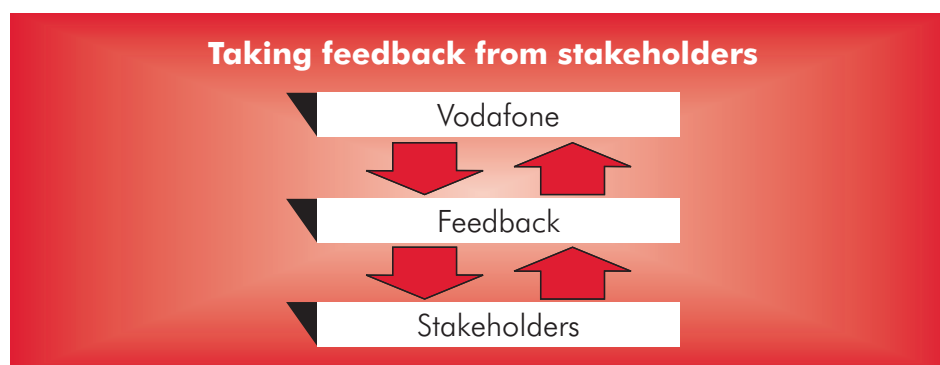
As well as customers, Vodafone has a number of other key stakeholder groups that are important to its business success. Vodafone applies the same open and transparent communication Principle here.

The illustration below shows the stakeholder groups:



Communication with such a wide variety of stakeholders is complex. Vodafone has to adapt and direct communications so they are appropriate for each stakeholder group.

It has a programme to engage with all these groups on a range of issues. Good communication is a two-way process. It enables Vodafone to listen to issues, thoughts and concerns from all its stakeholders. These are reviewed and reflected back inside the company. Vodafone can then make adjustments to its strategy as required. In addition it can update these groups on what it is doing as a business.



Consultation takes place all the time with key stakeholders. Vodafone's priority is to develop and maintain dialogue with them. Talking to stakeholders is an open process. Individuals or groups who might have a view or be affected by Vodafone's actions are given a chance to have their points discussed.



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GLOSSARY

Press releases: written communication of news stories to the news media.

Public relations: making a series of actions that helps to build goodwill with stakeholders.

Intranet: computer system within a company that allows messages and data to be shared.

Firewall: hardware or software solution that helps to enforce safety policies within a company.

SPAM: unwanted, irrelevant and unsuitable messages.

The process also helps Vodafone obtain feedback. Feedback comes from different sources. It frequently comes from focus groups where customers can give their views and opinions. Feedback is also received through round-the-table sessions with Non Governmental Organisations. These meetings enable managers from Vodafone to seek the views of key stakeholders. The process helps those making decisions to understand where the business is doing well and where it needs to focus more attention. The company is then able to consider all views and make appropriate changes or redirect its priorities.

It is not always possible for the company to act on the views of stakeholders. Sometimes their requirements may not fit with Vodafone's wider business strategy. When this happens, Vodafone will still behave in line with its Business Principle and explain clearly why it is not always possible to act on a particular view. This might be because the stakeholder view is too narrow or is not in line with Vodafone's strategy. This open and transparent behaviour encourages mutual trust and respect for different views and positions. It ensures that the channels of communication remain open.

Press releases are another way of informing a wider audience. These provide details of Vodafone's business activities through newspapers or magazines. **Public relations (PR)** helps Vodafone to create positive views about how it takes its responsibilities seriously.

Internal communications

These take place inside an organisation. The internal stakeholders are the employees. There are many forms of contact between them. Employees work in various parts of the Vodafone organisation and have different roles to carry out. Communication flows

- vertically - from the top down, from senior to junior employees. This helps them understand the company's priorities and requirements and improve how tasks are performed. Transparency and openness also allows information to flow upwards. This enables senior managers to be in touch with employees' concerns and ideas.
- horizontally - across teams and departments. This helps individuals carry out their roles effectively and to complete tasks.

A key tool to promote better communication in a fast-changing world is an **intranet**. This works like the Internet but access is restricted to people within the business.

Given the ease of sending emails and texts, message overload can be a problem. Vodafone prioritises messages to its employees to ensure that they are received in a targeted and timely way through their phones, e-mail and other media. Vodafone also uses a **firewall** to prevent **SPAM** (or electronic junk mail) to safeguard employees.

Conclusion

For companies to be responsible, they must have a range of Principles that clarify how they make decisions. Vodafone's approach to communicating internally and externally with stakeholders is an investment in its future. Its Principle of "open and transparent" communication builds trust and loyalty with customers and employees. It also builds credibility with other stakeholders for its responsible stance on business issues. This ultimately makes it a more profitable company.

Questions

1. What is a 'barrier' to communication?
2. Describe the difference between verbal and non-verbal forms of communication.
3. Explain how an intranet may be used within an organisation.
4. Given the range of stakeholders the company is faced with, evaluate the external communication strategies adopted by Vodafone.



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