

How to build a communications function for growth

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Insights from leading European scale-ups in tech



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In recent years, many young, digital, and disruptive business models have moved rapidly from the idea stage to successful international companies. They have changed the way we travel, communicate, shape opinion, shop, pay, seek healthcare, and enjoy entertainment. In Sweden, in Europe and around the world, they challenge structures, regulations, and business models on a large scale.

What these companies have in common is building scalable products, services, and user experiences that have redefined their markets. At the same time, there has been no shortage of challenges along the way. Leading and building fast-growing and cross-border businesses requires paying close attention to leadership, culture, recruitment, marketing, internal processes, and structure. Disruptive and fast-growing business models also come with their own set of challenges in relation to society at large, including critical opinions and regulatory pressure.

From a communications perspective, what can other companies learn from their experiences? How have these companies thought about, acted upon, and navigated the work of building up their communication functions from scratch? What structures, skills, and priorities have been critical for supporting rapid growth and countering challenges and risks along the way?

During the autumn of 2020, Diplomat Communications conducted in-depth interviews with communications directors in eight fast-growing European tech companies, all of which were founded in the past 20 years.

The companies have:

- ◆ Between a several hundred and tens of thousands of employees
- ◆ A valuation of between a few billion SEK and several hundred billion SEK
- ◆ Different ownership forms: privately held, listed, or acquired by a larger group
- ◆ Grown organically, through acquisitions, or both

The participating companies include Klarna, Delivery Hero, Stillfront, and Tink. Some of the companies that participated in the study have chosen to be anonymous.

Structures and working methods that ensure *speed* and *flexibility*

Fast-growing businesses require structures and processes that make it possible to move fast as well as quickly adapt to new situations. This also applies to priorities, working methods, and culture within the businesses' communication function.

Small, high-performing teams that “get things done”

The companies interviewed have in various ways built up their organisations in manners that reflect expectations on speed and flexibility. The communications teams at the head offices are often relatively small and consist of high-performing individuals whose focus and culture is to “get things done”, from strategy and decisions to communications. Departments for creative, design, and digital channels are often part of, or closely linked to, the communications team.

Short lead times and a wide mandate for communications directors

In most companies, management teams and the board place great emphasis on the importance of communication for a company's value and growth opportunities. The active involvement of management and the board cuts lead times, especially at companies where the founders still work actively in the business. It is also common for communications directors to have a wide mandate to make decisions and act independently to address any issues that may arise.

Communication is largely integrated with leadership

Several of the companies also highlight that communication is highly integrated with internal leadership. In several cases, there are no communications directors in the local markets. The country managers are instead expected to take primary responsibility for communication issues, which results in putting a lot of effort into training local managers in communications and to act as a spokesperson. The internal organisation is often supplemented with agencies based in the various markets.

Informal information flows are common

Several of the companies supplement regular meetings with extensive informal communication channels, both with the management team and with other internal functions such as marketing and legal. In the corridors of the workplace and through chat on digital tools such as Slack.

Several also report that it is challenging for employees in the communications department and elsewhere when an organisation grows and needs a more hierarchy and formal meetings.

“I have close connection with the creative team and the designers there.”

“It sometimes feels like I've been pretty much everywhere at this company. That may not literally be true, but to be honest, there are probably very few aspects of the business I haven't been involved with.”

“We are actually going towards a more hierarchical structure than what we've had before when our organisation was very flat.”

“We have reached a size when the advantages with a more hierarchical structure outweigh the disadvantages.”



Clear connection to *purpose* and business agenda

Most of the companies in the study report having a clear and strong connection between their communication and the overall purpose of the business. It permeates priorities for main messages, communications themes, and how issues are handled.

"We talk about our purpose all the time. It's everything."

"Our purpose, even if we do not call it that, permeates most of our operational and external communication."

"Our employees are really passionate about the company's purpose, the change machine we are and what we can contribute to."

Communication closely linked to marketing and business needs

Several companies in the study describe how the communication function is structured to support the company's growth plans and is expected to develop the business. The communications directors often report to a marketing director in the management team. In some cases, there is dotted line reporting between the communications director and marketing directors in other markets.

Communications efforts are generally prioritised based on the value they add in building the brand, attracting new customers, and managing problems and obstacles to growth.

Most communications directors report a close connection to the business strategy, which they interpret and condense into strategic priorities relating to communicative efforts and measures.

Work can range from distributing thought leadership-oriented content to build a brand in selected emerging markets to setting up a comprehensive channel strategy for dealing with issues of different importance, in different channels, and with different spokespeople. One of the people describes proactive and reactive issue management as a very large part of the work, even if "no one thanks you for the crises that did not happen".

The growing importance of internal communication

Effective communication is a building block of successful organisations and several business leaders see how internal communication is growing in importance, especially in light of the Covid-19 pandemic. But more often than not, internal communication is still run by the HR-department. An internal communications strategy disconnected from the core business is less effective and not prioritized to the same extent by the communications function.

In addition, companies' sustainability efforts are often closely connected to the communications function. Communications directors in the study thus also have sustainability strategy and communication as part of their mandate.



Data-driven evaluations and insights about communication efforts – a fragmented picture

Most of the companies included in this study use data-driven analysis and testing in their communications efforts. However, how these analyses are used varies widely, sometimes resulting in a clash between the communications function and other functions of the organisation.

“Scale-ups attract people who often have only worked at scale-ups previously. It is a world that moves quite fast, which tends to create a situation of if this doesn’t work, then we should do that, how can we do it better? The communication function has a responsibility to educate people internally. For example, that you need to build trust over a long period of time to get an article in the Financial Times. It can take months. I believe in setting a clear plan and having the confidence to stick with it. You shouldn’t constantly come up with new concepts, new communication, new ads, and new campaigns.”

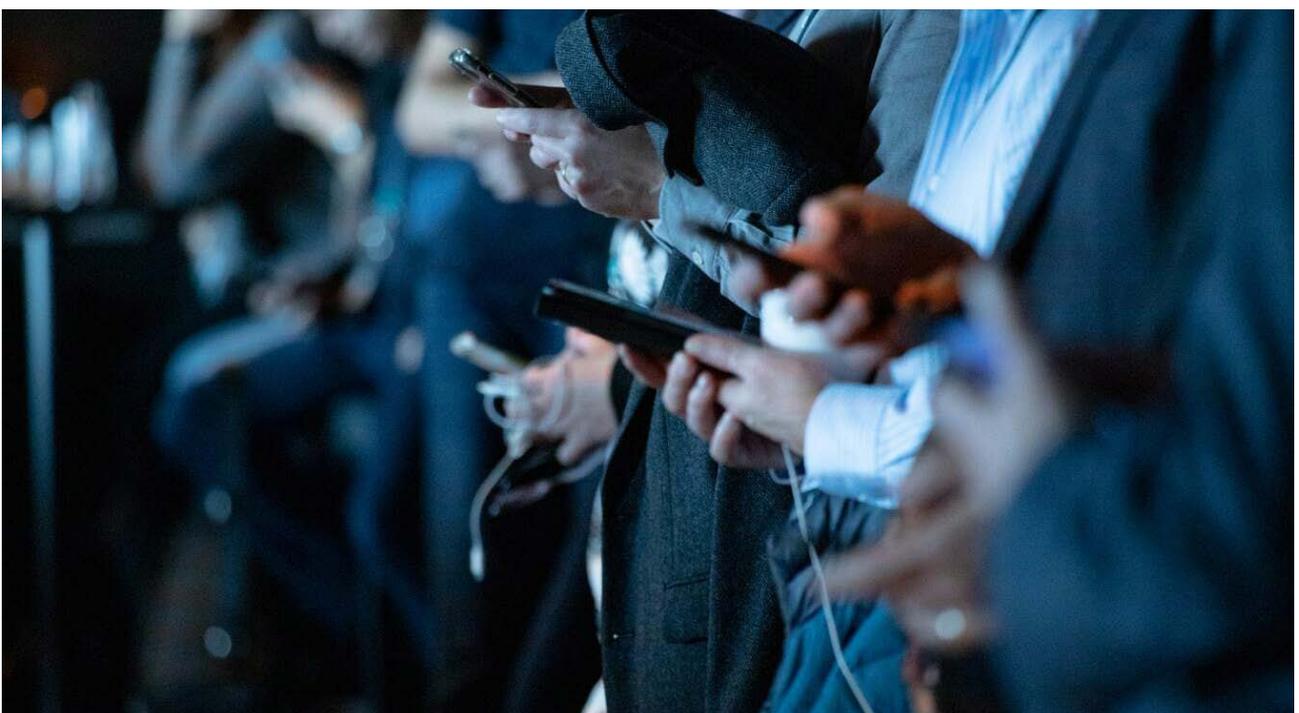
Data-driven approaches more prominent internally and for market communication than for PR targeting traditional media

Follow-up and evaluation of visibility in traditional editorial media is generally limited due to the difficulties of doing so in a structured way.

“The tools are too blunt, and doing so requires ongoing qualitative assessments of each article which are difficult to quantify.”

In other areas, a data-driven approach is more noticeable. For example, when it comes to internal communication, one of the companies mentioned taking the *pulse of the organisation* to probe how employees perceive and experience different decisions.

“We have data on every major internal communication effort we’ve done. We spend a lot of time on it, we take the pulse of everything we do. It’s about probing employees’ outlook, how they perceive our vision, strategy, and management. It’s really important to us. But sometimes it feels like it’s impossible to do everything. It’s not always the case that a business decision is fully appreciated.”





On the marketing side, data-driven follow-up is also well developed, including goals and tools for measuring engagement with the content published on digital channels such as social media. Measurement methods mentioned include the number of clicks and potential reach.

Communication goals and follow-up: a fragmented picture

There is a great variation among scale-up companies in terms of how quantitative communication goals are set. Some companies go as far as calling it a hopeless endeavour.

“I don’t think we ever made it all the way to an annual evaluation where the goals we set are still relevant.”

“I would really like to be more data-driven, but find it very difficult to measure reputation in an suitable manner.”

“It’s always possible to measure editorial space, but building external relationships is more important. Qualitative nuances also disappear easily in quantitative evaluation.”

Often, the focus is instead on following up how the business is developing more broadly and on specific communication activities.

“The management team is measured by the company’s overall development. We don’t have KPIs that are set according to our communication. On the other hand, we have very clear goals about what we are going to do and there is a clear dialogue about what we are going to achieve during a given year.”

“For me, it’s always a success if we get a nice article published in the press, but that’s not a KPI we’ve set up.”

However, one of the larger companies in the study reports far-reaching work to identify valuable ways of measuring impact and success. These are, for example, KPIs and OKRs linked to the proportion of articles in editorial media containing the company’s main message. The most important thing is that the goals can be sustained over time.

“A goal that doesn’t last for two years isn’t good enough. The goals should be tough, and we celebrate properly if we achieve them”.

The value of repetition, repetition, repetition

Several of the companies express a realization that it’s very difficult to reach their target groups with messages about business operations. Time and attention are very limited when communication takes place through feeds that are often scrolled through quickly. The importance of focusing on a small number of key messages and repeating them over and over is therefore more important than ever.

“Few people understand the value of repetition, repetition, repetition. The core of what we want to achieve must be recognizable to all target groups. Our experience is also that it can take a really long time before a message about, for example, a transformation process in the company’s business, takes hold among external stakeholders such as the media. Given this, identifying long-term goals that the company can have for several years is very important.”

Broad array of channels for different purposes – focusing on content

Many companies in the study employ a wide range of communication channels for different purposes and different users within the company.

Several companies have succeeded in developing spokespeople's profiles in their own channels, especially in matters better suited for internal communication where it can be difficult to gain traction with traditional media. Some companies try to build a thought leadership position around broader societal issues linked to their industry. This can be achieved by producing reports and angles tailored to different markets. Among companies interviewed, there is an overarching ambition to broaden the contents of external communication beyond simply talking to the media about quarterly financial reports. There's an awareness among the companies that media relations take time to develop and that using a variety of different channels can help increased external visibility.

"We are active as participants and speakers at seminars, we participate in several podcasts, and we work closely with industry press globally."

Blogs and podcasts – popular formats with several advantages

Blogs are growing in importance - the format provides space for longer texts and graphics catered to the interested reader. Blogs can be seen as a cross between news bulletins and formal press releases. Further, podcasts can be especially useful for building an in-depth understanding of an issue or company as podcasts are one of few formats where listeners are engaged for more than just a few minutes. Proactive PR and LinkedIn posts about relevant insights are also used in some cases to increase reach and drive awareness.

"Earned media is definitely a priority for our external communication. But owned channels are almost as important because it's these channels that our employees interact with the most and that are shown to shareholders and others. Our employees are also on LinkedIn every day, so it needs to be updated continually."

Content more important than format

The surveyed companies report that content is significantly more important than format. Several companies

also have the advantage of being thought leaders by virtue of the large amount of data they have access to.



"Our communication has been highly volatile, and I think it's important that we establish a more even flow. In connection to that, we've invested a lot in positioning the company as a thought leadership. We can't just wait for something to happen, communicate about it, and then stand by quietly."

Slack remains the most common tool for internal communication – but internal pressure to test new tools is growing

Internally, channels and tools such as Slack and Zoom are often used for dialogue and meetings.

"Slack is a really important part of our communication. There is a local Slack-channel for every part of the organisation. Every day I go in and check, 'what's happened?' It's still at a manageable level. Will it work as we grow and become even bigger? Will it continue in this way and work as well as it does? Right now, I'm in control and have a window into most of what happens in these networks and groups."

One company adds there is growing pressure internally to try new channels and tools.

"A lot of our work is managed digitally, so it's incredibly important that we choose cutting-edge channels and tools. We often use the latest, which isn't always a good idea. A lot of it may simply come from the tool's novelty. There is often pressure from the tech teams that recommend which tools to buy. They push for us to have the latest and greatest, but those tools can easily become outdated."

A value-driven culture and committed employees create both challenges and opportunities

Some of the interviewed companies talk about how strongly value-driven cultures facilitate growth and commitment. At the same time, such cultures set an expectation of taking a position on issues that lie outside the organisation.

If the management's response is perceived to be incorrect or not forceful enough in external issues that engage employees, it can backfire. The company's public response (or lack thereof) to societal issues such as Black Lives Matter (BLM), the climate and LGBTQ+ has in some cases led to internal discussions.

Some of the companies describe the importance of finding a balance between grassroots initiatives and central governance internally. How much should management get involved with employees' commitments and activism? By encouraging it or transforming it into policy? One of the companies describes it as an ongoing question addressed on a case-by-case basis.

"We are very passionate about diversity and work hard on those issues. We have previously focused a great deal on women in the industry. We handled BLM well internally and we received a very positive response for that. We generally focus on issues around ethnicity, gender equality, and LGBTQ+."

"More than a few employees inside the company thought that we should have taken a clearer position in favour of BLM. It's a constant trade-off between which issues we should get involved with or not as a company. We try to choose issues that we are already working on or believe we can work on long-term before we take a position."



Questions about the study or Diplomat Communications' offer?

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