

Power of In-Person

The Business Value of In-Person Collaboration



Executive Summary

As organizations compete and grow in a fast-paced global economy, a new set of business imperatives for success has evolved—solving complex problems quickly, effectively scaling partner interactions, growing customer relationships, and enabling agile innovation. These elements are critical to creating market differentiation and competitive advantage in today's business landscape. Distributed organizations and ecosystems of partners, suppliers, and customers are further challenged in their engagement models, and an over-reliance on communication strategies that do not include the full range of interaction can weaken business effectiveness.

In order to help businesses assess their collaboration strategies, Cisco recently commissioned a worldwide study to explore the business value of in-person communication in distributed organizations with respect to their interactions with partners and customers. The research, conducted by the Economist Intelligence Unit in December 2011, uncovers business leader perspectives from 862 business leaders across more than 19 industries regarding the value of in-person communication and its effect on more than 30 business processes.

The data highlights material exposure in current practices for both strategic and tactical processes and a desire to increase in-person collaboration to positively affect business outcomes with colleagues as well as partners and customers.

Important findings from the Economist Intelligence Unit Global Study include:

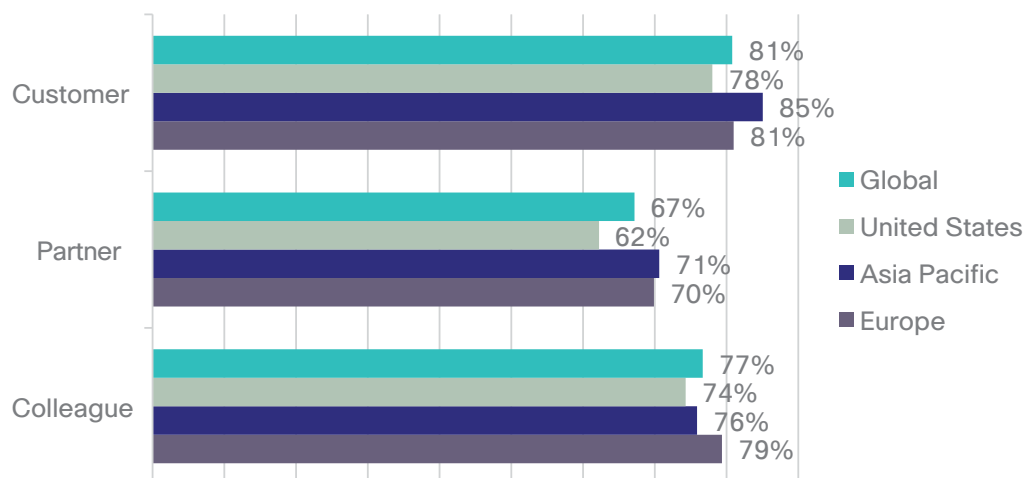
- In-person communications matter to business leaders, with 75 percent indicating in-person collaboration as critical to business success, affecting business outcomes more than other forms of communication.
- Today, businesses are increasingly exposed by limited in-person communication options within distributed organizations as well across their ecosystems. More than 60 percent of communications today do not occur in real time.
- Misunderstandings resulting from the lack of in-person communication on major projects and strategic initiatives present business risk—88 percent of business leaders indicate business exposure and resources significantly affect business outcomes.
- Successful in-person communications are characterized by fully engaged interaction—with 54 percent of business leaders indicating the most important communication factor to be discerning the level of engagement and focus through a combination of visual and audio cues.
- There is a strong desire to increase in-person collaboration, and survey results show the potential to increase productivity and business outcomes by more than 20 percent across critical business processes.

In-Person Experience Matters: Achieving Better Business Outcomes

Growth and greater responsiveness to market conditions can be accelerated by strategies that encourage dynamic collaboration with subject-matter experts and cross-functional teams.

This fact is reflected in business leader perspectives on the value of in-person interaction both within and outside an organization. More than 75 percent of all business leaders indicated that in-person communication is critical to their business success. Although results indicate that this trend is a global one, slightly higher responses from Europe (77 percent) and Asia Pacific (78 percent) may reflect regional experience and cultural differences and business practices (Figure 1).

Figure 1. In-Person Communication Is Critical to Business Success



1. Source: Pearn Kandola, *The Psychology of Effective Business Communications in Geographically Dispersed Teams* 2006

Communication Styles and Business Exposure from Misunderstandings

As organizations become increasingly global in reach, with more complex ecosystems of individuals and groups, effective knowledge sharing and engagement can be a significant factor for success. The importance of effective communication aligned to business goals cannot be overstated.

To that end, more than 73 percent of business leaders indicated that in-person collaboration experiences foster better understanding on critical strategic concerns.

The Economist Intelligence Unit (EIU) research validates factors for in-person communications among internal and external partner and customer audiences. Leading factors and motivations for increased in-person communication include more efficient problem resolution, creating relationships, understanding expanded opportunities, and customer concerns or problems (Table 1).

Table 1. Motivation for In-Person Collaboration Across Colleague, Partner, and Customer Interactions

Top 5 Motivations For In-Person Meetings

With Colleagues

1. Resolving major problems more efficiently
2. Resolving a problem or creating an opportunity quickly
3. Better understanding any underlying issues
4. Generating better long-term relationships
5. Sharing sensitive information

With Partners/Suppliers

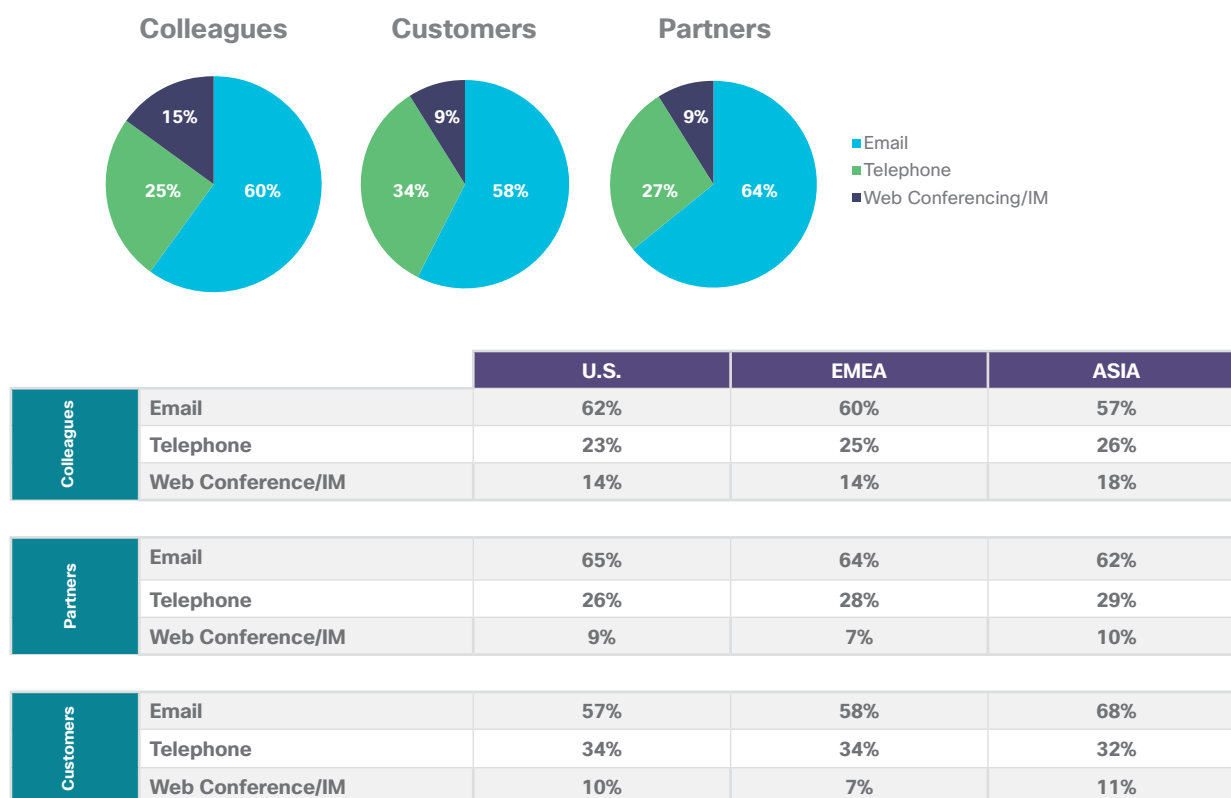
1. Generating better long-term relationships
2. Resolving major problems more efficiently
3. Resolving a problem or creating an opportunity quickly
4. Better understanding any underlying issues
5. Creating more conversations or brainstorming about additional products or service

With Customers

1. Generating better long-term relationships
2. Better understanding any underlying issues
3. Resolving a problem or creating an opportunity quickly
4. Resolving major problems more efficiently
5. Creating more conversations or brainstorming about additional products or service

However, when asked about communication modes in use today, respondents indicated that most (more than 60 percent) of their interactions use non-real-time options such as email (Figure 2).

Figure 2. Communication Types in Use Today



Effective communications can be challenging to productivity when electronic and non-real-time communications dominate interaction across distributed and culturally diverse teams. Pearn Kandola identified a communication lag on the psychology of effective business communication that suggests that it takes 2 weeks to build trust and as much as four times longer to communicate messages electronically than in person.

When communications go wrong, organizations can face a material business exposure. Eight in 10 survey respondents said they had experienced misunderstandings on high-impact project engagement when in-person engagement options were not available or used in critical interactions. In these situations the use of alternative communication options (such as email, telephone, or web conferencing solutions) exposed the business to negative outcomes, including delays (45 per cent of respondents), additional resources required to realign efforts (33 percent of respondents), and unintended shifts in project direction (12 percent of respondents).

This potential exposure is difficult to accept in a highly competitive market environment where time and collaboration are essential for competitive advantages.

In-Person Collaboration: Business Success Factors

Growth and greater responsiveness to market conditions can be accelerated by strategies that encourage dynamic collaboration with subject-matter experts and cross-functional teams—unconstrained by traditional hierarchical communications.

In most work environments individuals are invariably engaged in multiple concurrent projects and may represent different cultural and knowledge backgrounds. Communication modes that reduce ambiguity and provide rapid feedback and opportunities to collaborate in real time on shared content and materials will deliver stronger results.

When asked about the attributes of successful in-person communication, survey respondents reflected the need for rich communication environments in which participants could easily discern not only the level of engagement and focus of their peers (91 percent) but also visual and verbal queues. The results validate the communication attributes for personal interactions to spark creativity, foster better understanding, and build relationships because participants get feedback not just from facial expressions, but also from gestures and body language (Figure 3).

Figure 3. Attributes of Most Successful Communications

When collaborating with others in a business relationship, here's what's important:

73% - **Words** someone is using

82% - **Tone** of voice

80% - **Facial** expressions

64% - Conscious **movements** or gestures

69% - Subconscious **body language**

91% - **Engagement and focus** on shared content



In-Person Interactions: Improved Strategic and Day-to-Day Business Processes

Although in-person meetings and collaboration are often targeted for strategic or executive engagement, effective communication models can be applied more broadly across critical business processes to achieve stronger business outcomes.

When business leaders were asked to evaluate more than 30 common business processes that span interactions with colleagues, partners, and customers, survey responses captured best practices where more in-person collaboration can increase productivity or business outcomes when applied strategically. The results identified both tactical and day-to-day and strategic meetings in which in-person engagement increases business value and points to opportunities for organizations to consider increasing investment in bringing teams together in person (Table 2).

Table 2. In-Person Collaboration: Business Processes Ranking

Ranking of Importance	Type of Meeting
Above Average Need for In-Person Communications	
Project kick-off/Initial meetings	Tactical
First introductions	Strategic
Brainstorming – new ideas/innovations	Strategic
Management of problems with many others	Tactical
Crisis management	Strategic
Coaching team members	Tactical
Average Need for In-Person Communications	
Contract renewals	Tactical
Strategic planning/strategy discussions	Strategic
Meet new clients	Strategic
Co-development of project plans	Tactical
Contract agreements/expansions	Strategic
Lesser Need for In-Person Communications	
Project start with new team	Strategic
Frequent project updates	Tactical
Day to day/normal project updates	Tactical
Sub-group meetings with major participants	Tactical

Examples of How Companies Are Harnessing In-Person Collaboration

- **Customer relationships:** Enhance customer relationships and accelerate sales. A multinational high technology firm accelerated sales cycles by as much as 10 percent and grew sale wins by 2 percent through expanded in-person experiences among customers, sales teams, and executives using Cisco TelePresence® conferencing.
- **Organizational and colleague interaction:** Speed decision making across cross-functional teams with in-person experiences. Statoil reduced problem resolution from 2 months to 2 weeks with increased in-person experiences enabled by Cisco TelePresence conferencing.
- **Partner engagement:** Forge tighter relationships with partners and suppliers. Volkswagen increased access to subject-matter experts with expanded in-person interaction, resulting in a 50-percent reduction in repair time.

Identifying a Business Upside: Power of In-Person Index

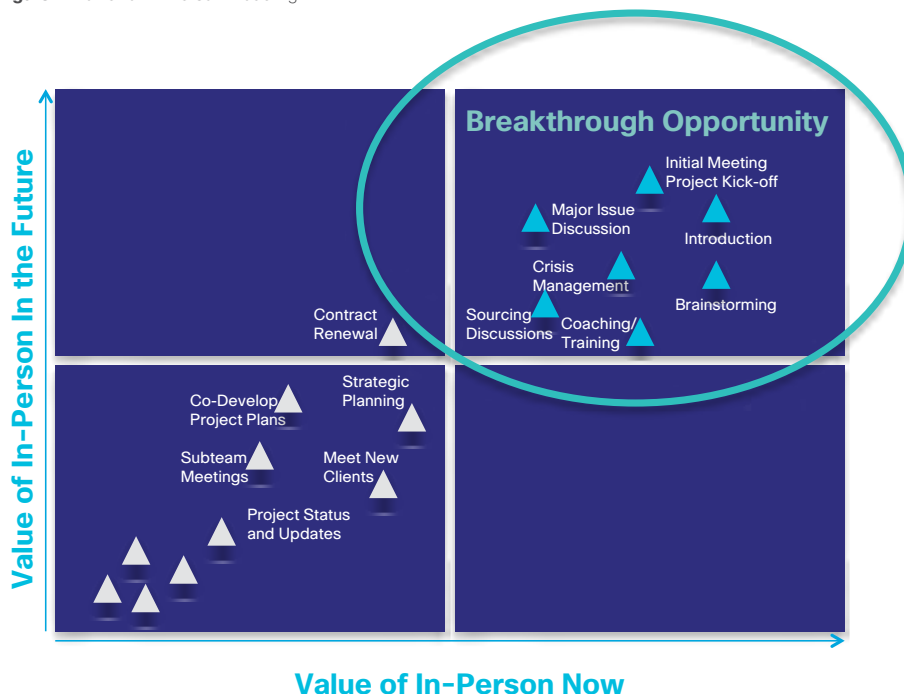
Business value can be derived from expanding in-person experiences across organizations and work groups in a targeted approach to maximize return.

Reviewing business profiles for hundreds of responses identified a consistent theme. Focusing on in-person experiences for targeted processes has the potential to shift business-process effectiveness. The combined insights of the business executives participating in the study point to critical areas for which to consider increased in-person collaboration across colleague, customer, and partner interaction to contribute to the effectiveness and efficiency of various business processes.

Grouping these processes by effectiveness score resulting from use of in-person collaboration highlights six processes for which there was an above-average investment now and in the future for in-person communication. The above-average category corresponds to improved and breakaway business outcomes that can relate to increased productivity, accelerated time to market, and efficiency, and can set the stage for market advantage and differentiation (Figure 4).



Figure 4. Power of In-Person Modeling



Conclusion

The power of an in-person experience for critical interactions and critical moments can amplify the productivity effectiveness of employees in day-to-day collaboration as well as strategic engagements.

Collaboration strategies that scale in-person experiences across organizations can improve business outcomes and take advantage of the power of relationships and team interaction more effectively in select processes for competitive advantage.

The right collaboration strategy embraces the most valuable assets your organization has—your people and the relationships you have with customers, partners, and suppliers. Engaging the experience, perspectives, and knowledge of the colleagues and individuals across your business community through in-person communication and collaboration is a powerful way of encouraging innovation and transforming critical business processes. And, according to these business leaders, in-person communication significantly affects business—it is a complementary element to a broader set of communication options that when applied in a targeted fashion can maximize business impact and productivity. Using insights from this research and best practices of global executives, Cisco can help you harness the power of in-person experiences with technology solutions that scale these experiences across your organization and complement existing communications and networking solutions.

About the Study

The online survey, conducted by the Economist Intelligence Unit in December 2011, polled 862 business leaders in the United States (323 responses), Europe (344 responses), and Asia Pacific (195 responses). These executives represented companies from a diverse range of industries and business size (small to large enterprises).

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