

## **Communications tools and strategies: valuable lessons for customer and business management**

*Effective management of customers and the business requires a skill set of communication tools and strategies that lead to improved collaboration between stakeholders and delivery of clear information to the public. Here, **Sanford Berg** presents some valuable lessons on the crucial nature of communication.*

This article summarizes some of the lessons related to communicating with stakeholders, based on work with regulators and operators, and ideas distilled from over 30 deliveries of the University of Florida's Public Utility Research Center (PURC) / World Bank International Training Program on Utility Regulation and Strategy. To date, more than 2,500 infrastructure professionals from 149 nations have attended the two-week course. Although most of the lessons refer to regulatory agencies and to those developing infrastructure reforms, the principles apply to operators as well. Organizations face the same challenges: creating a sustainable infrastructure system where all stakeholders have confidence in the integrity of the process and have a shared vision of improved infrastructure performance. Communication is a crucial part of this process.

As Mark Jamison, PURC's Director, has observed during the training programme: 'Many of the lessons tend to be strategic rather than technical in nature – suggesting that many of the important ideas involved how regulators, representatives from government ministries, infrastructure managers, and consumer advocates needed to “get on the balcony” (gain a fresh perspective by removing themselves from a situation).' Intentionally stepping back from the “give and take” of regulation and operation allows leaders to see how various stakeholders limit or promote reform. The lessons are intended to remind decision makers that technical skills are necessary but not sufficient for high performance. Organizations must be able to communicate to various constituencies if their activities are to be understood and appreciated.'

### *Communication is crucial*

Expertise is necessary but not sufficient for sound decisions. While technical skills related to finance, accounting, and engineering are necessary to document the reasons for a decision, 'soft' skills (like negotiation, communication, and political sensitivity) are also essential. 'Soft' does not mean 'easy' or 'unimportant.' Finally, board members need to know enough to not be intimidated by specialists. Winston Churchill said that 'experts should be on tap, not on top'. That advice reminds us that sound public policy needs to draw upon the expertise of professionals from many fields, but that ultimately, leaders need to take responsibility for their decisions.

### *Sector specific lessons inform and inspire decision makers*

Since reform is a continuous process and context specific, do not 'copy' what others have done, but learn from the successes and mistakes of others. Adapt and revise tactics utilized by others. Water, energy, telecommunications, and transportation each have unique problems and

opportunities that are shaped by the stage of development, geography, topology, demography, and other factors. Water prices have tended to be below cost in developing countries, so cash flows are inadequate for maintenance and network expansion. Telecommunications has benefited from advances in digital technology and the utilization of a common property resource: the radio spectrum. Energy is recognized as crucial for industrial development, with self-supply being an option for the largest demanders. However, water is both a commodity and a human right – which often results in political rhetoric drowning out economic reality when it comes to dealing with water as a resource and with the associated water and wastewater industries.

*Due process is very important for the legitimacy and predictability of regulation*

Following the law is crucial if agencies are to avoid long court battles and bad publicity. There is no single recipe for improving infrastructure performance; leaders in each nation must develop their own strategies, consistent with national priorities and their own legal systems. However, there certainly are principles that must be followed if regulation is to lead to improved outcomes for citizens, namely adhering to published schedules, engaging affected parties in the process, collecting and analyzing information, and meeting all the legal requirements for operating in and regulating the water sector.

*Rate-making is central to public acceptance and to financial sustainability of operators*

Regulation can facilitate sustainable development that makes infrastructure available, accessible, and affordable. Water, energy, telecommunications, and transportation impact the everyday lives of all citizens. Poor performance by suppliers damages the social and economic fabric of a nation. That means regulators and operators seek credibility in the eyes of some groups (investors, government ministries, development banks), legitimacy in the eyes of citizens (acceptance of decisions), and efficiency (reducing waste, expanding access, and improving service quality). In developing countries, inefficiency in many water utilities has been documented, as have a number of success stories.

*Personal capacity building helps maintain organizational effectiveness (as well as professional development)*

One source for technical information about infrastructure reform is [www.regulationbodyofknowledge.org](http://www.regulationbodyofknowledge.org). In addition, a positive attitude can help during the processes designed to strengthen performance – it facilitates the development of comprehensive strategies and sound procedures that promote improvements in infrastructure performance. Each person in the regulatory agency or the operating company can contribute to the effectiveness of the organization. However, that means the organizational silos must be broken down – so bureaucratic inertia and information empires controlling information flow do not stifle organizational effectiveness.

*Take care when discussing critical issues in public*

Both regulatory agencies and operating companies put together reports and press releases that are designed to influence and educate stakeholders. Premature release of information (that has not

been checked) can cause problems. Furthermore, regulators need to be sure that they maintain neutrality with regards to controversial issues. Their rulings need to be based on fact and their legal mandates. Some themes that communications specialists emphasize include: never use the phrase ‘no comment’; remember the acronym MAP – have your Message, Audience (build a connection) and Proof (examples, stories, analogies, vivid details); avoid jargon; and prepare, prepare, prepare.

*Messages and objectives must be prioritized*

There are many potential objectives, but not all can be given equal weight. Efficiency, affordability, resource sustainability, coverage, and service quality affect costs and prices. Citizens that are currently being served want quality improvements (in terms of reliability and meeting health standards). Those citizens who are without convenient water service want expanded network coverage. Today’s customers seek low prices, but that means that future customers are less likely to have good service. The weights given to policy objectives depend on current levels of performance, the particular sector, and citizen attitudes. Being explicit about the priorities makes the organization more accountable to those affected by regulatory and managerial decisions. Of course, politicians tend to prefer generalities – ‘everything is important’ – yet resource scarcity requires that trade-offs be made, and objectives be clearly communicated.

*Be mindful of the needs and priorities of stakeholders*

For example, clear communications to groups affected by regulatory and operational decisions require that those delivering the message understand the goals of all stakeholders. Communication is both an art and a science. Many options are available for those preparing messages: the art involves selecting (when possible) the approaches that generate win-win outcomes. The science involves applying conceptual frameworks that have stood the test of time. These frameworks draw upon economics, finance, law, engineering, and many other fields.

*System specific strategies are necessary (there no single recipe that works for everyone)*

Learn from others and seek allies. In addition, we need to learn from our own mistakes and from the mistakes of others. Lessons provided by others give us hope, since regulators face similar challenges and opportunities around the world. Karen Johnson, former Director of Gainesville Regional Utilities, has noted that ‘within the most dysfunctional system, someone is benefitting from the status quo.’ Thus, changing current institutional arrangements requires a number of groups to take on those benefitting from low levels of infrastructure performance – whether that is a political group benefitting from a patronage system, a group of workers who benefit from rigid work rules, managers with excessive discretion, or particular customers benefitting from prices below cost. Identifying opponents and potential allies is the first step in the reform process.

*In addition to putting issues in perspective, we need to think outside the box*

There is no single approach to communication that works everywhere; one size does not fit all. The enabling legislation, the judicial system, national income, and investment climate all affect

opportunities facing operators. However, the same principles apply in most situations – institutions, ideas, information, incentives, and individuals (leadership) matter. Finally, the ‘ideal’ is the enemy of the ‘good’. No proposal is perfect. Communication requires thoughtful investigation and presentation of the various points of view. Operators must master the art of politics, which involves assembling coalitions that see the positive impacts of the initiative and addressing any potential problems that could arise from change. Efficiencies delayed are efficiencies denied.

*The answer to most questions is ‘It depends’*

However, this answer must be followed by identifying the many factors on which the outcomes depend: institutional endowments, information, incentives, resources, and other factors. A comprehensive analysis must then be presented without jargon and without pointing fingers. Of course, sound analyses require appropriate data. Since operators manage what they measure, regulators should expect to be able to collect data on a regular basis, so historical trends are clear, current operating indicators are understood, and best practice is identified. Benchmarking allows managers and regulators to examine the determinants of current performance.

*Regulation is a comprehensive subject: resolving issues requires collaboration*

Of course, legal mandates must be followed, which requires relevant bodies such as commissions to act within the law, recognizing the importance of deadlines and communicating in a clear and transparent manner. Professionals do not work in silos: leaders recognize the importance of different skill sets and utilize input from others. Regulators and policymakers have only limited information about firms’ commercial activities and opportunities for cost containment. The design of regulatory institutions and incentives needs to recognize this information problem – utilizing competitive markets where feasible and benchmarking when necessary.

*Living in political environment: think politically without being political*

Operators should seek input from all stakeholders. All the groups affected by a pricing or network expansion decision need to be able to participate in the process by providing information, identifying concerns, and learning about the consequences of different scenarios. No one has all the information that may be required for sound regulatory rulings, so seeking that information is crucial to the process.

*In many regulatory jurisdictions, instead of a trial-type hearing, ‘all-party settlements’ are utilized to engage all stakeholders in developing and implementing infrastructure policy*

When groups have some ownership of an acceptable package, they are more likely to implement the decision. Of course, the regulator cannot just pick elements of the settlement, since parties have negotiated in good faith. Thus, the regulator agrees in advance to accept the settlement if: it is satisfied that the main affected interests were represented in the discussions and that the broad ‘public interest’ is reflected in the agreement; the provisions of the settlement agreement are consistent with relevant statutes and with existing regulatory rules and decisions; there is a sufficient factual record to enable the regulator to monitor the implementation of the decision;

and the settlement has the unanimous support of all the parties (unless one party with an extremely narrow interest has made unreasonable demands).

*There are five steps for effectively answering questions (while avoiding jargon)*

- Begin with an honest direct answer
- Position your message ('our role or goal')
- Provide evidence through a specific example, story, analogy, or facts
- Connect to the audience – recognize concerns or interests of listeners / readers
- Conclude with a summary or memorable image

At the concluding sessions of the PURC / World Bank Training Program, Intermedia Communications Training Inc. presents these tips for communicating with different groups through the media. In the case of essential infrastructure services, an organization's internal and external communications are too important to be left to chance or to beginners – communication must become part of the organization's DNA.

**A shorter version of this article first appeared in the February 2012 issue of *Water21*, p 48. The wider relevance of these points is highlighted by their presentation by the author at a workshop on Innovative Communication Tools and Strategies for Sustainable Service Delivery held by the African Water Association in December 2011.**

#### **About the author**

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