

INTRANETS: CATALYSTS FOR IMPROVED ORGANIZATIONAL COMMUNICATION

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ABSTRACT

With increasing frequency, organizations are implementing intranets to improve their internal communication, increase productivity and reduce operating expenses. This paper defines the need for improved internal communication, outlines the history of intranets, explores their benefits, notes the risks and solutions, and offers implementation insights to which an organization can refer.

I. INTRODUCTION: COMMUNICATION AND PERCEPTION

According to the Professionals in Human Resources Association (2002), “Communication continues to be the primary weakness in most organizations,” (p. 3). Organizations desirous of success must therefore identify, implement and integrate systems that improve their internal communication abilities.

In a related recent study, Pruyn, Smidts and van Riel (2001) found organizations that communicate effectively are perceived more positively by their employees. In fact, according to Pruyn, et al (2001), an open communication climate nurtures “feelings of being part of an in-group... feelings of self-worth...self-esteem, commitment to a group and cooperative behavior,” (p. 9).

Acknowledging that the attitude of employees affects an organization’s success, Pruyn et al (2001) further suggest that, “managers... pay serious attention to internal communication climate by providing each employee with adequate...opportunities to speak out...be listened to, and...participate. (p. 10)

II. TECHNOLOGY: A PROVEN SOLUTION

One proven way an organization can improve its internal communication, magnify the strength of its workforce and increase its odds of success is through the implementation and integration of technology. As noted in Landes (2001), organizations, “that perform the best...link everyone into a real-time, interactive network for sharing information and knowledge,” (p. 1).

A 2002 survey of 142 Fortune 500 executives by the Center for Research on Information Technology and Organizations (CRITO) found that, “business executives view information technologies as a way to enhance business value and to redesign and transform business processes,” (p. 1).

Specifically, they would be the most likely to invest IT resources into “process, planning and support,” (p. 2). Included in this first of seven categories (of which intranets are a component) are the goals of improving organizational communication, integrating entire enterprise and enhancing flexibility.

III. INTRANETS: THE OBVIOUS ANSWER

Translating Internet technology into private networks, intranets enable employers and employees to “obtain and share work-related documents, share knowledge, collaborate on designs, access e-learning and learn about company news,” (Dunne and Horgan, 2001, p. 1).

Blending technology with humanity, intranets can benefit an entire organization from the washroom to the boardroom.

Intranets were derived from the technology behind the Internet and its predecessor – ARPANET (Advanced Research Projects Agency Network). Launched in 1969 by the U.S. Department of Defense, ARPANET was intended to serve as a single, decentralized communications network immune to a nuclear attack (Smithsonian, 2002). Fueled by Cold War fervor, ARPANET grew quickly.

In 1983, ARPANET's technical foundation was upgraded to support a connected set of multiple networks using the TCP/IP protocol (Hardy, 1998) – the foundation for today's Internet. By 1990, continued Internet development rendered ARPANET obsolete and it was dissolved by the Department of Defense.

Initially, the Internet was limited to use by military and academia. However, after commercial organizations were granted access in the early 1990s, its evolution accelerated exponentially (as did interest in its pragmatic potential). With the introduction of hypertext transfer protocol (HTTP) and hypertext markup language (HTML) in conjunction with the birth of Web browsers (collectively the Internet's World Wide Web component), the Internet became relevant to business (Abraham and Seal, 2001).

As the Internet's functional and technological abilities have grown, so has the number of organizations interested in integrating the technology into their operations. Simple to use, easy to install and impressively cost-effective, Internet technology is a powerful communications solution (Sprout, 1995; Abraham and Seal, 2001). Clearly, these benefits are registering with organizations large and small. Surmacz (2002a) reports that in 2002, "62 percent of Web development focused on internal systems," (p. 1) a segment that encompasses intranets.

IV. TANGIBLE BENEFITS: PRACTICAL RESULTS

Despite the high estimated annual expense of operating an intranet – \$1.3 million for a company with up to 1,000 employees to \$51 million for companies with up to 100,000 employees (Nielsen, 2001) – they can decrease an organization's operational costs. Cortese (1996) explains, "one of an intranet's most obvious virtues is its ability to slash the need for paper... documents can be converted to electronic form...and constantly updated for almost nothing. (p. 1-2).

Intranets also increase performance. In discussing results of a survey of business leaders, Michael Reene (Surmacz, 2002b), chairman and CEO of an Atlanta Internet firm notes, "upward of 80 percent of people...said...their productivity was enhanced...because of the intranet," (p. 1).

Ford Motor Company launched a new intranet in May 2001 hoping to "cut costs and increase efficiency," (Kaplan, 2001, p. 2). Connecting more than 175,000 employees in 950 worldwide locations, Ford's intranet has "saved Ford millions of dollars and thousands of man-hours by putting applications and documents at employee's fingertips," (Kaplan, 2001, p. 3).

Likewise, six months after the launch of its "@HP" intranet – which links nearly 90,000 employees in 150 countries – Hewlett-Packard had saved "\$50 million...on the company's initial \$20 million investment," (Duffy, 2001, p. 3).

Intranets also offer organizations centralized and secure data storage options. By restricting access to sensitive data by unauthorized people while increasing accessibility to mission-critical materials by authorized individuals, an intranet reduces vulnerability of proprietary information. Intranets can also minimize strain on data storage resources – both a time and cost savings.

V. INTANGIBLE BENEFITS: EMOTIONAL ADVANTAGES

Beyond bottom line benefits, intranets offer many emotional advantages. When built around the needs of its users, an intranet becomes a way of life for employees who may eventually become more loyal as a result (Surmacz, 2002b).

Camaraderie helped Hewlett-Packard implement a payroll reduction in June 2001. In conjunction with an announcement posted on “@HP,” an online tool enabled employees to volunteer while displaying the number of their colleagues who had done the same. Eventually, more than 90 percent of HP’s staff agreed to the salary cut. In Duffy (2001), Kathy Dolan, director of “@HP,” explained that, “the portal played a central role in making the program work,” (p. 1).

An intranet can also give an organization a competitive edge by connecting employees with intellectual capital – an increasingly valuable asset. Research by DeVol and Kotkin (2001) demonstrates that, “knowledge and the innovation capacities of human capital...has greater value than...capital itself. (p. v – vi)

Intranets will increasingly help organizations create and deliver intellectual capital. Surmacz (2000) predicts that, “by 2003, intellectual capital – delivered through the leverage of knowledge management and information management – will be the primary way in which businesses measure their value,” (p. 1).

The architects of Ford’s intranet understood this and designed the site accordingly. “We wanted to help people increase their business acumen by being able to read about company performance...because that will help them make more informed decisions,” Martin Davis of Ford explained (Kaplan, 2001, p. 2).

VI. REAL RISKS, SECURE SOLUTIONS

Of course, intranets are vulnerable to internal and external threats (intentional or accidental). However, there are numerous secure solutions available: firewalls, data encryption, secure socket layers and public key infrastructures are a few of the many options. But, before a solution is implemented, an organization should develop a comprehensive, centralized network policy including, “overall network security planning, site security policy, approach to security policy and risk analysis,” (Lin, p. 1). Beyond centralizing intranet usage parameters, a network policy also serves as an educational and informational tool for employees

VII. IMPLEMENTATION INSIGHTS

The success of an intranet can be assessed in three segments: support (from management and employees), structure (of the development team and architecture of the intranet), and sensibility (the relevance of an intranet’s content to its audience and the feasibility of integrating the intranet into their daily operations).

According to Duffy (2001), “The most critical support for an intranet...has to come from the top,” (p. 5). If executives do not embrace an intranet and make resources available, the project will founder. However, this does not mean that intranets should only be designed for upper management. Rather, companies should, “realize that they’re designing for the users,” (Nielsen, 2002, p. 1).

Structurally, responsibility for the development of an intranet should be shared between the IT department (to manage the technical needs) and departmental representatives (to create content and handle workflow) (Surmacz, 2002b). Nielsen (2002) further suggests development

teams should be small, but made up of experts in web design, employee communication and web technology.

Architecturally, a company should begin with a detailed plan that, “includes a value analysis of the site’s offerings, specifies the strategic business objectives and describes the content...spell[s] out where data will be housed, how the site will be marketed...and what training will be required,” (Duffy, 2001, p. 3). Search functionality, metrics (tools with which usage patterns can be tracked) and site maps are also important elements to consider when planning (Duffy, 2001).

Content on an intranet must also be relevant to users. Abraham and Seal (2001) encourage companies to install “tasks...all employees must use...in such a way that using the intranet will be necessary to carry out the task,” (p. 3). Duffy (2001) further recommends that access to the content and services available on an intranet be prevented by other means (to make it an essential organizational tool).

VIII. FINAL THOUGHTS: LOOKING AHEAD

Offering interactivity, accessibility, availability, expediency, relevancy and community, an intranet can be a powerful communication tool (Landes, 2001). If designed carefully and creatively, an intranet can enable an organization to become a leader in its market and position itself for success on a larger scale.

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