



EXECUTIVE SUMMARY

Managing Across Distance in Today's Economic Climate: *The Value of Face-to-Face Communication*

AS THE ECONOMIC PICTURE DARKENED during the recent downturn, companies worldwide tightened travel budgets, with many executives turning to the telephone, the web, and video conferencing to conduct business. However, according to a survey of *Harvard Business Review* subscribers, travel to meet in person with key customers, partners, and employees remains essential for selling new business as well as building long-term relationships.

In a global survey of 2,300 *Harvard Business Review* subscribers conducted by Harvard Business Review Analytic Services, 79% said that in-person meetings are the most effective way to meet new clients to sell business. Furthermore, 89% agreed that face-to-face meetings are essential for “sealing the deal.”

Virtually all survey participants (95%) said that face-to-face meetings are a key factor in successfully building and maintaining long-term relationships, reflecting what many executives call the “high impact” of in-person communication.

“We have to make that investment to be on the ground with partners and new clients in tough times if we are to go forward,” said one U.S. executive of a retail company. “Emails and phones cannot deliver the level of confidence and understanding that in-person meetings bring to the table.... Face-to-face communication contact is the broadest bandwidth communication you can have in professional life.”

The survey suggests that business leaders are expanding the use of virtual meeting technologies: 60% report very frequent use of teleconference calls and 44% predicted that they would use the technology more in the next 12 months; by contrast, more than half (55%) of participants rarely or never use video conferences. Still, these executives emphasized that face-to-face meetings are the most effective way to conduct business with key stakeholders.

Sales and business development were identified as the areas where success is most dependent upon face-to-face meetings. In-person meetings also were seen as most effective for:

- Negotiating important contracts (82%)
- Interviewing senior staff for key positions (81%)
- Understanding and listening to important customers (69%)

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Attitudes about face-to-face meetings underscore the pivotal role they play not only in maintaining successful business relationships but also in bridging cultural gaps: 93% agree that in-person meetings are helpful when negotiating with businesspeople who have different language and cultural backgrounds.

More than two-thirds of study participants work in companies that have operations in a number of countries. More than two-thirds also make their own decisions to travel.

Most also reported that their companies have instituted business travel restrictions, including limitations on the frequency of travel (57%), on the cost of airline tickets (57%), and on accommodations (51%). Most of those who have not seen budget cuts reported that funds for travel had been frozen.

The impact of budget reductions is taken seriously by the executives in the survey. Half (52%) said that restrictions on the number of flights they take for business would hurt their business. And a majority (78%) said that investing in maintaining current client relations is most important in driving the future growth of their business.

“There is an understanding in the current environment that we’ve all had to pull back travel,” said one executive. “But as the economy improves, we will start to see damage to the business if we are not out there. Bottom line: When I’m with clients less, I’m bringing in less revenue.” ♦