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Introducing the Channel Strategy Model: How to Optimise Value from Third Party Influence

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Introducing the Channel Strategy Model: How to Optimise Value from Third Party Influence

Tony Dyson and Kevin Money

Abstract

The importance of third party influence in impacting the reputation and relationships that stakeholders have with organisations is well documented in academic research. However, there is a void in both the study and practice of *how* such influence affects reputation.

This paper sets out to fill this void by presenting the Channel Strategy Model. This model enables us to understand how the networks of influence that operate around key stakeholders affect their behaviour and how this knowledge can be deployed to mobilise networks of influence in the framing of successful communications campaigns.

The Channel Strategy Model contributes in three ways to how communications and reputation management have traditionally operated in practice. **First**, it shifts the approach from **company-centric**, inside-out communications to **stakeholder-centric** outside-in communications, thereby understanding stakeholder narratives and perspectives that are outside of the companies' sphere of experience. **Second**, it leverages networks and encourages **indirect rather than only direct** communications. **Third**, it emphasises the importance of communication as a **two-way process** and highlights the critical importance of listening as well as broadcasting in building reputation.

The paper concludes with a brief outlook on how the Channel Strategy Model can be used to guide stakeholder engagement and communication strategy in a way that allows companies to identify how and with whom they could communicate to create mutual benefit.

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Introduction

This paper starts with a brief description and critique of traditional approaches to corporate communications. It continues by discussing the importance of third party influence in shaping reputation and trust. It then presents the Channel Strategy Model and concludes by exploring how value can be created by deploying this methodology.

1   Traditional corporate communications

1.1   Direct linear communications/broadcasting

While much is written about the value of corporations and institutions listening to their stakeholders, there is strong evidence that in reality most of corporate communications activity is dedicated to an outflow of messages to a predictable slate of 'targets' (Cornielson, 2014). This label ('targets') itself is indicative of traditional corporate attitudes towards stakeholders: they are typically perceived as recipients of messages rather than true communication partners. This is also reflected in the actual spend levels on outgoing communication – online, advertising, public relations, direct marketing, sponsorship et al – compared to that devoted to efforts to expand the understanding of the stakeholder viewpoint – round tables, conferences, research et al – with the imbalance is significantly biased to the former.

While an important advantage of direct information campaigns is that they enable focused communication to reach a target with relative ease, they often also carry serious shortcomings. For example, communicators often do not have an accurate picture of the cognitive space into which they are communicating (Helm & Tolsdorf, 2013), with questions such as the following often unclear: How well do we know the stakeholders' pre-existing perceptions about the messenger and the topic involved? Can we be sure that our message or tone of voice is credible in the information space? If we are dealing with controversial issues, is there an information bias that makes a stakeholder pre-disposed to limit undesirable news, which in turn could interfere with the quality of the feedback we receive?

1.2   Silo communication

A further shortcoming of traditional corporate communications is that corporations often end up engaging in what can be labelled "silo communication": in an outflow-dominated communication scenario, message framing may not always be well coordinated between corporate communicators and audiences. Strategic communication skills have developed well in

creating a *fil rouge* that enables management to set the agenda of communication themes and messages, however often in isolated and fragmented spaces. The figure below illustrates linear communication channels, outgoing from the organisation/brand to typical communication audiences including the financial community, employees, consumers, special interest groups etc.

Linear Communication Channels
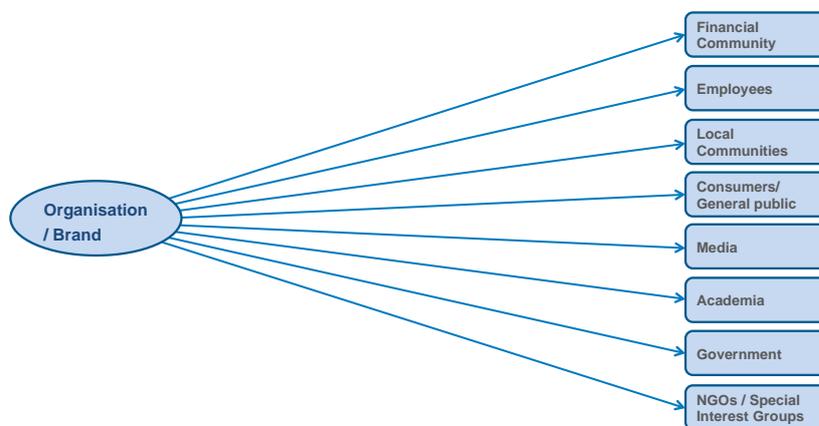
The figure above suggests that it is the norm that the delivery of communication messages usually emanate from a variety of silos within the organisation. This splintering of delivery is a well-recognised approach within the practice of communications in corporations (Cornielson, 2014). The impact of outward communication will vary with, for example, the skill of the individual function to communicate with its stakeholder group. And often the monitoring capability may not be present to achieve cross-functional assessment of results. The idea of silo communications is further illustrated in the figure below – which illustrates which corporate function typically communicates to different audiences.

Silo Communication Channels

Additionally, there has to be doubt about how effective consolidation is of stakeholder feedback. Is intelligence coming back to one silo in the organisation effectively transferred to the other silos, and/or across silos, so they can take account of the learning? The nature of corporate structures would indicate this is unlikely to happen. Empirical evidence suggests that listening skills are less developed than outgoing communications skills within organisations (Money et al, 2012).

There is also the inbuilt scepticism many stakeholder groups display in their relationship with large organisations (West et al, 2016). In this environment, direct communication may not always be optimal. While the actual message communicated by the organisation could be viewed as reasonable, the motivation behind it might not be trusted. The outcome is often a dissonance in direct relationships that leads to a guarded interaction.

1.3   Company-centric communication

Furthermore, the gap between what an organisation's stakeholders actually think and what that organisation perceives to be the case is habitually found to be very wide (Hillenbrand, Money & Ghobadian, 2013). A primary reason for this is that frequently the organisation can be left out of the wider conversation taking place directly among stakeholders.

Principally, this is because large organisation tend to see the world from their own perspective, from the inside looking out. Such a company-centric view of reputation in illustrated in the figure below.

Company Centric view of Reputation Formation
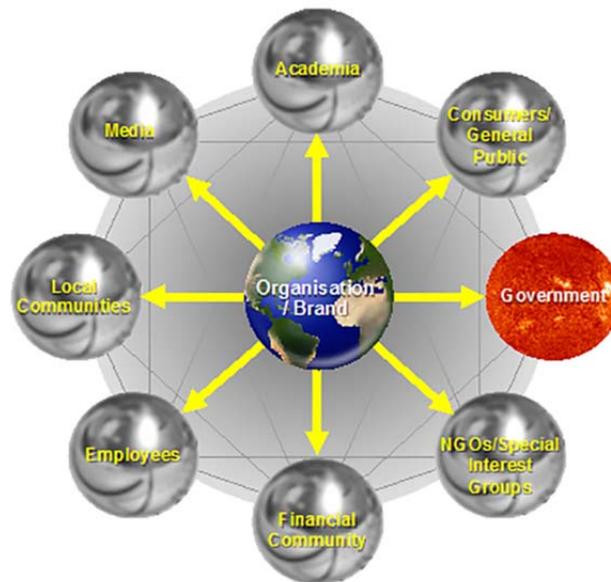
This company-centric view places the organisation at the centre of its universe, and its stakeholders as revolving around it. Thus a dialogue with government, for example, may often be conducted in isolation and the relationship evaluated entirely through that lens. In such a relationship, it is very difficult for the organisation to sense how other factors are influencing government and how these might impinge on the direct relationship.

Many would claim that since attitude and opinion research is widely conducted by large organisations, they do have their finger on this particular pulse. However, unless that research takes account of the impact of the wider conversation across networks of stakeholders, the results are likely to be flawed and may not provide clear data on which to map strategy in the communications field (Piper and Populus, 2017).

2   The importance of third party influence in shaping reputation and trust

The company-centric approach discussed above has dominated corporate communications activity for some time. As a consequence, organisations often overlook the power of third party influence in shaping trust and reputation. Interestingly, recent academic work supports the importance that third party influence can have in shaping stakeholder responses (Saraeva, 2017). For example, in his book *Strategy in Information and Influence Campaigns*, Professor Jerry

Mannheim of George Washington University conducts a power structure analysis in the political world and concludes that leverage through intermediaries is greater than that which can be exercised by the protagonist directly (Mannheim, 2011).

Until now, however, penetrating the data to measure how influence networks operate has proved difficult because a robust methodology did not exist. Essentially, any such methodology would need first to recognize how influence networks shape decisions and which ones really matter; and second, to create strategic pathways to leverage that knowledge in a cost-efficient fashion. If the organisation is able to condition the environment in which it operates, it will maximize opportunities for benefit and minimize risk of attack. It will be in a position to channel or deflect that risk to create opportunities and reduce threats. The final part of this paper introduces the Channel Strategy Model which aims to go some way towards addressing the gaps identified in current organisation-stakeholder communications.

3 Introducing the Channel Strategy Model: Towards a stakeholder-centric view of reputation formation

3.1 Placing the stakeholder at the centre of the model

By shifting the approach from **company-centric**, inside-out communications to **stakeholder-centric** outside-in communications (as illustrated graphically on the next page with the example of government as stakeholder), we argue that stakeholder narratives and perspectives that are outside of a company's sphere of experience will be better understood and will provide rich data to guide future strategy.

Realities of Reputation Formation

Dyson and Money
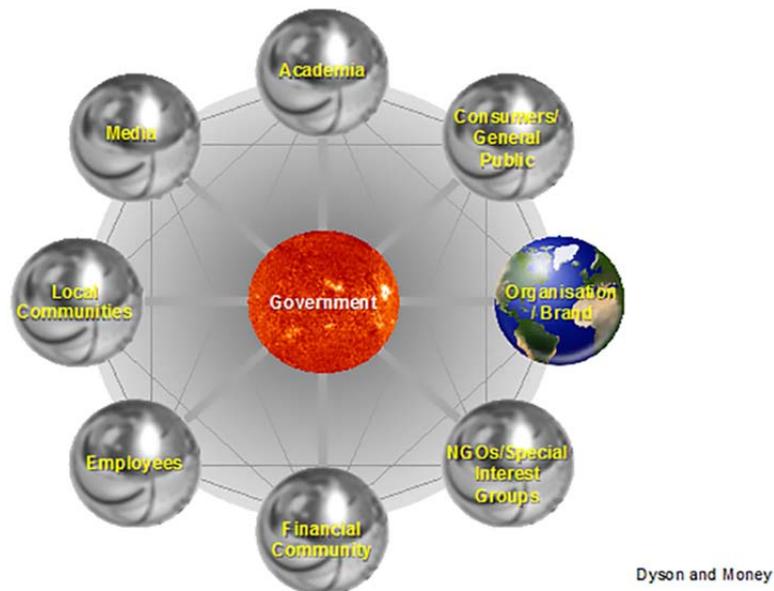
As can be seen from the above graphic, government is placed as central stakeholder in the model above, with the organisation/brand as one of many communication partners in their sphere. By understanding the world from the perspective of a key stakeholder, i.e. government in this example, the organisation can track and follow the lines of communication and influence that exist around this stakeholder. This will allow the organisation to understand current risks and opportunities for relationship building from a stakeholder perspective. If an organisation can condition the environment in which it operates to maximize opportunities for reputation benefit leading to more positive outcomes, and at the same time reduce the risk of attack, the return on investment in channel strategy research will be considerable – and measurable.

3.2   From inside out to outside in: Listening to issues that are important to stakeholders

A first stepping stone in understanding these realities of reputation formation is to appreciate the importance of communication as a **two-way process**, acknowledging the critical importance of listening as well as broadcasting in building reputation (Finch et al, 2015).

Channel Strategy examines how the world looks from the outside in, from the perspective of the stakeholder. So if we place the target public at the centre of the network of influence rather than ourselves, we find we are in a position to understand how these networks that operate around

key stakeholders affect their behaviour, see graphic below, which extends the earlier illustration with arrow and relational links between groups.

Realities of Reputation Formation

Dyson and Money
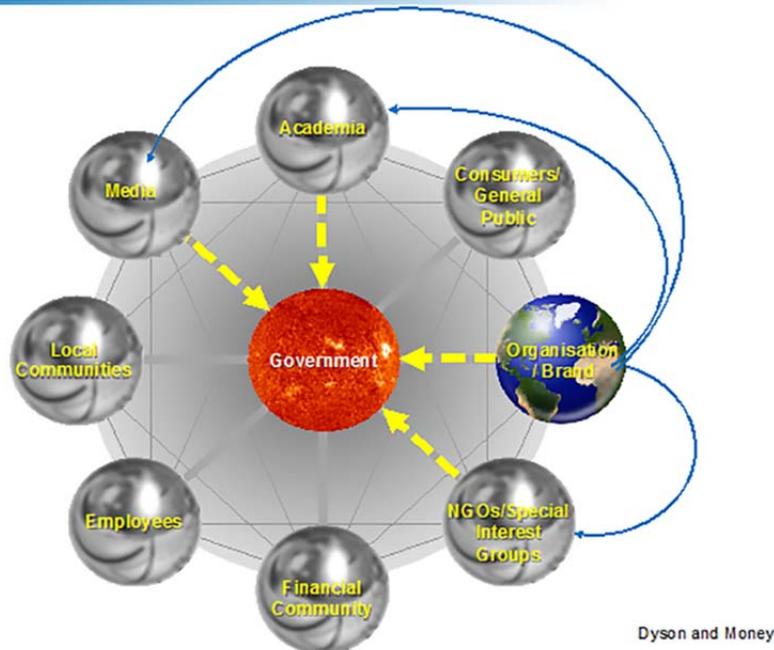
Having knowledge about the dialogues outside of our direct experience can provide valuable insights in deciding how, and with whom, an organisation should communicate to leverage influence networks.

4   How to create value from applying the Channel Strategy Model in practice

4.1   Methodology

To yield meaningful data in practice, we propose an approach that includes measures of both the sentiment of influencer advocacy as well as general levels of trust in the influencers in question. So while awareness of stakeholder views is important, it is of much greater value if we can discover how views have been formed and which sources of information they regard as most credible. Beyond preferences, the question that matter are such as: what is the likelihood of stakeholders acting, and what scope do stakeholders have to behave persuasively?

The research strategy is to move from information overload to useful intelligence and actionable insight.

Influence is thereby seen as a function of the positive or negative advocacy and how trusted or distrusted the influencer is. The table below summarizes how advocacy and trust interact in influencers to create impact. For example, a combination of high trust in influencer (+T) with negative advocacy (-A) leads to a highly negative impact, whereas high distrust in influencer (-T) combined with negative advocacy (-A) is suggested to lead to a positive impact. Likewise, high trust in influencer (+T) combined with positive advocacy (+A) may lead to a highly positive impact, whereas high distrust in influencer (-T) combined with positive advocacy (+A) may lead to a negative impact.

Table: How advocacy and trust in influencer interact to create impact

	Negative Advocacy (−A)	Positive Advocacy (+A)
Trust in Influencer(+T)	Highly Negative Impact $(+T^* - A = -I)$	Highly Positive Impact $(+T^* + A = +I)$
Distrust in Influencer (−T)	Positive Impact $(-T^* - A = +I)$	Negative Impact $(-T^* + A = -I)$

5   Conclusion

In order to utilize the Channel Strategy Approach in practice, organisations are invited to start viewing the world from the perspective of important stakeholders. Organisations will also need to explore and understand, from a stakeholder perspective, how much stakeholders trust or distrust certain influencers and whether influencers, in fact, communicate positive or negative advocacy on behalf of the organisation. Knowledge of both, levels of trust/distrust in influencer and nature of communication as negative/positive advocacy, will allow organisations to understand the nature of stakeholder influence networks and risks and benefits associated with stakeholder-led communication. We propose that data gathered under the Channel Strategy Model will enable communication planners to enter an informed space around stakeholder issues and to predict with greater accuracy the most effective way to utilise influence networks, mobilising resources and energies of other actors and effectively 'recruiting' stakeholders as agents in a campaign.

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