A Communications Strategy FOR VOLATILE TIMES

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Illustration by Big Human

In today's uncertain environment, companies need a sound understanding of what their stakeholders think.

A few years ago, a low-profile industrial company in a very visible sector experienced a major industrial accident. All of a sudden, the company was in the spotlight and had to calm and reassure its stakeholders: investors, customers, employees and policymakers. But it also found itself having to address two audiences it didn't know very well: politicians and regulators. If the company appeared to be hiding or minimizing the incident, its employee morale, market value and reputation easily could plummet. Its very existence was at stake.

To respond to the crisis, the company had to take a different approach to communicating with its stakeholders. There was a time when an organization, even in crisis, could confidently disseminate the messages it wanted its stakeholders to hear and rely on their even keel. Those times were stable. Unlike now, constituents weren't anxious, suspicious and ready to give any message a negative spin. Today, they are. In a volatile and interconnected world, any message can easily misfire and find itself careening around the globe, stirring up trouble as it goes. To navigate its crisis, the industrial company delved into the perceptions of its diverse stakeholders, especially those with whom it was less familiar. With research findings, it created scenarios that anticipated future developments and rapidly changing opinions. As a result, the organization was well-prepared for a daunting series of government and regulatory inquiries and a grilling by the U.S. Congress.

To chart today's decidedly uncertain waters, corporate communications strategies need to take a fresh tack: Having strategies that pull a company closer to what stakeholders are thinking prepares it for when their opinions change.

By understanding how constituent's needs and opinions evolve you can optimize your strategy, vision and communications.

A Different Tack for a New Era

Corporate communications are about impact. Companies always have placed heavy stock on understanding how investors, customers, employees and policymakers perceive an organization. This realization has underpinned a company's strategies to raise capital, attract customers, retain employees and, in regulated industries, influence policymakers.

Today, corporate communications strategies are even more central to these aims. But the environment is increasingly menacing. In uncertain times, people are likely to respond to ideas and news more negatively than in prosperous times. Since messages can propagate almost instantly, perceptions can change rapidly and slip out of a company's control almost overnight. The sheer volume of information available can impede a company's ability to hear its stakeholders — and for stakeholders to assimilate the company's important messages.

A fresh approach is needed. Companies should probe what their stakeholders think and regularly assess their sentiment. Organizations need to conduct stakeholder research and use the insights to create scenarios of potential situations with action plans to tackle them.

Stakeholder perception research must probe the what and the why. Near real-time tracking of perceptions can alert a company to critical changes in opinion and allow it to respond specifically to what is driving the change. Keen insights into stakeholder thinking also help companies craft messages that meet constituent expectations and address concerns. By doing so, companies have a much stronger chance of convincing stakeholders to embrace an organization's point of view.

To get insights about stakeholders, companies must survey the world as their stakeholders see it. Techniques we have found most valuable include inviting stakeholders to industry panels and jointly developing thought leadership. These efforts can build bonds between an organization and even its biggest antagonists. In fact, in times of uncertainty, stakeholders are likely to be as interested in a company's view as it is in theirs.

Armed with deep stakeholder insights, companies can build and test scenarios. Having various game plans ready allows organizations to anticipate situations and to act on them before others do. Insights and scenarios also can drive the development of messages for any circumstance, point in time or objective. Once a communications plan has been developed and executed, continual assessment of changes in stakeholder sentiment can equip a firm to respond accordingly.

The industrial company we referenced at the beginning carved out the needed time and resources to use these techniques to navigate the aftermath of a serious accident. But the organization didn't stop there. It has sustained its research efforts and regularly keeps abreast of frequent changes in stakeholder perceptions. It confidently anticipates flare-ups and is armed with responses that will resonate. Management has been able to quickly manage concerns and misperceptions about its business and set the record straight when others try to distort its actions.

Stakeholder research and scenario planning can serve broader communications needs, however, than headline-grabbing crises.

Communications That Helped Eclipse a Competitor

During the recession of the last decade, the CEO of a global company faced declining market share in its core segment. On top of the challenges of the recession, the industry was changing rapidly, and competition was becoming fierce. Investors were quite skeptical about the company's growth potential — for years, its equity valuations and shareholder returns had lagged those of its main competitor.

To reverse its fortunes, the company needed to develop a bold, cutting-edge vision and long-term strategy. It needed

to break cleanly and clearly from the past. For the vision and strategy to hold, however, management realized it required the buy-in of investors, customers and business partners.

To achieve that buy-in, the organization began surveying stakeholders in order to understand their sentiment. It also conducted exhaustive global research to test how the new vision would resonate and what perceptions would propel or impede it. With the research results, the company then developed scenarios for each stakeholder group: What were their expectations, and what would trigger a change in their opinions?

The company built a communications strategy that addressed the concerns of each stakeholder group, especially investors and consumers. To allay investor fears, for example, communications managers designed a program that focused on the company's revitalized innovation-based growth strategy. The company communicated the new strategy and each milestone as it was achieved. Consequently, securities analysts formed more positive opinions of management and the company's direction. Investors gained a deeper understanding of the reasons for the company's success, which led to a firmer conviction that the right team and strategy were in place. But perhaps most important, investors came to recognize the connection between the strategy and the company's improved performance.

As a result of its efforts, the company's long underperforming share price reversed and achieved a significant premium over its primary competitor. But the biggest lesson it learned was the value of ready-built scenarios it could use to react in real time. Management didn't have to wait for evidence to build up and then scramble to respond. It always had several quarters of advance notice to develop communications plans that would shape opinion.

Moving from Insight to Action

In these times of high uncertainty, top management teams must understand, anticipate and respond to changes in stakeholder needs. Executives must have current information on target group perceptions, filtered and amplified through stakeholder insights.

By recognizing how each constituent's needs and opinions are evolving, organizations can optimize their communications strategy and be at the ready: Stakeholders will realize the company's vision and plan and the yardsticks used to measure performance. As the examples above demonstrate, success is achieved when stakeholders buy into the vision, the plan for getting there and the metrics of success.

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