THE SIGNAL PAPERS

Essays on the Creator Governance Gap

No. 1

Most Organisations Apply More Due Diligence to a Supplier Than a Creator Representing Their Brand to Millions of Consumers

Influencer Marketing Has a Due Diligence Gap

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There is a question at the heart of modern creator marketing that very few organisations seem willing to ask.

Why do we apply more due diligence to a supplier than a creator representing our brand to millions of consumers?

The Standard We Apply to Suppliers

Consider what happens when a company wants to appoint a new supplier.

Depending on the size of the relationship, procurement teams may become involved, legal teams may review contracts, finance departments may conduct credit checks, and compliance teams may assess sanctions exposure, ESG policies, insurance arrangements and a range of other risk factors. The supplier's accounts may be reviewed. Directors may be examined. References may be requested. Existing customers may be contacted. In many cases, the supplier will continue to be monitored long after the contract has been signed.

None of this is unusual. In fact, most organisations would argue it is entirely sensible. The supplier represents a potential source of risk and, if that supplier were to fail, the organisation wants to understand who it is dealing with before committing time, money and reputation to the relationship.

The Standard We Apply to Creators

Now consider a creator partnership.

A creator with five million followers can become one of the most visible representatives of a brand after a review process that often consists of audience demographics, engagement rates, a review of recent content and an assessment of whether they feel like a good fit for the campaign.

A contract is signed. A briefing document is shared. The campaign launches.

The creator begins communicating directly with consumers on the brand's behalf.

> *The company supplying office furniture may have received greater scrutiny than the individual shaping how millions of consumers perceive the brand.*

Creators Are Not Suppliers — They Are Something More Unusual

The obvious response is that creators are not suppliers. That is true.

They are something far more unusual.

A supplier may influence operations, but a creator influences perception. A supplier may affect costs, but a creator affects trust. A supplier may be known to procurement teams, whereas a creator may become known to the public.

In many cases, creators have greater ability to influence how consumers think about a brand than almost any other external partner the organisation works with. Yet that influence is rarely reflected in the governance processes surrounding the relationship.

This is not a criticism of marketing teams. Creator marketing evolved rapidly and, as it did, the industry's focus was understandably on growth, reach, engagement and performance. Organisations became increasingly sophisticated at identifying creators who could deliver commercial results, but far less attention was paid to the governance frameworks sitting behind those partnerships.

For a long time, that was not viewed as a problem.

Increasingly, it is.

The Commercial and Regulatory Reality

Over the past few years we have seen creator partnerships contribute to regulatory investigations, legislative reform, civil litigation, terminated sponsorships and significant reputational damage. We have seen financial regulators increase scrutiny of creator-led promotions, governments introduce creator-specific legislation, and brands discover that the greatest source of risk was not always visible in the creator's content feed.

When organisations look back at these incidents, they often ask what went wrong. The more useful question is whether the process was ever designed to find the problem in the first place.

These Are Failures of Process, Not Judgement

Because many creator-related incidents are not failures of judgement. They are failures of process.

The information frequently existed before the incident became commercially significant. It may have been sitting in historical content, public records, regulatory findings, community behaviour, court documents or a collection of signals that existed outside the carefully curated image presented on social media.

> *The issue is not always that organisations ignored the signal. Often they never found it. Often they never looked for it.*

Exempt From the Standard Applied Everywhere Else

That brings us back to the original question. Why are creators exempt from the standards applied to almost every other significant third party?

Most organisations have established approaches for evaluating suppliers, agencies, distributors, technology vendors and acquisition targets because they understand that third parties create exposure and that exposure should be assessed before a relationship begins.

Creators are also third parties, yet they are often the only significant third party exempt from the due diligence standards applied elsewhere in the organisation. And in many cases they create exposure at enormous scale while receiving remarkably little scrutiny by comparison.

The Discipline That Follows

The creator economy has spent the last decade proving its commercial value. The next decade will be spent answering a different question.

How should organisations design governance around the people they trust to represent them publicly?

That question sits at the centre of what we believe is an emerging discipline: creator due diligence. It begins not with a new technology or a new platform, but with recognising a simple inconsistency that has existed throughout the rise of the creator economy — and asking, seriously, why it has been allowed to persist.

Good governance does not prevent organisations from working with creators. It makes those partnerships more defensible, more durable and — when something does go wrong — more manageable. The organisations that invest in that capability now will be better positioned than those who discover its value the hard way.

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