THOUGHTS ON SUSTAINABILITY
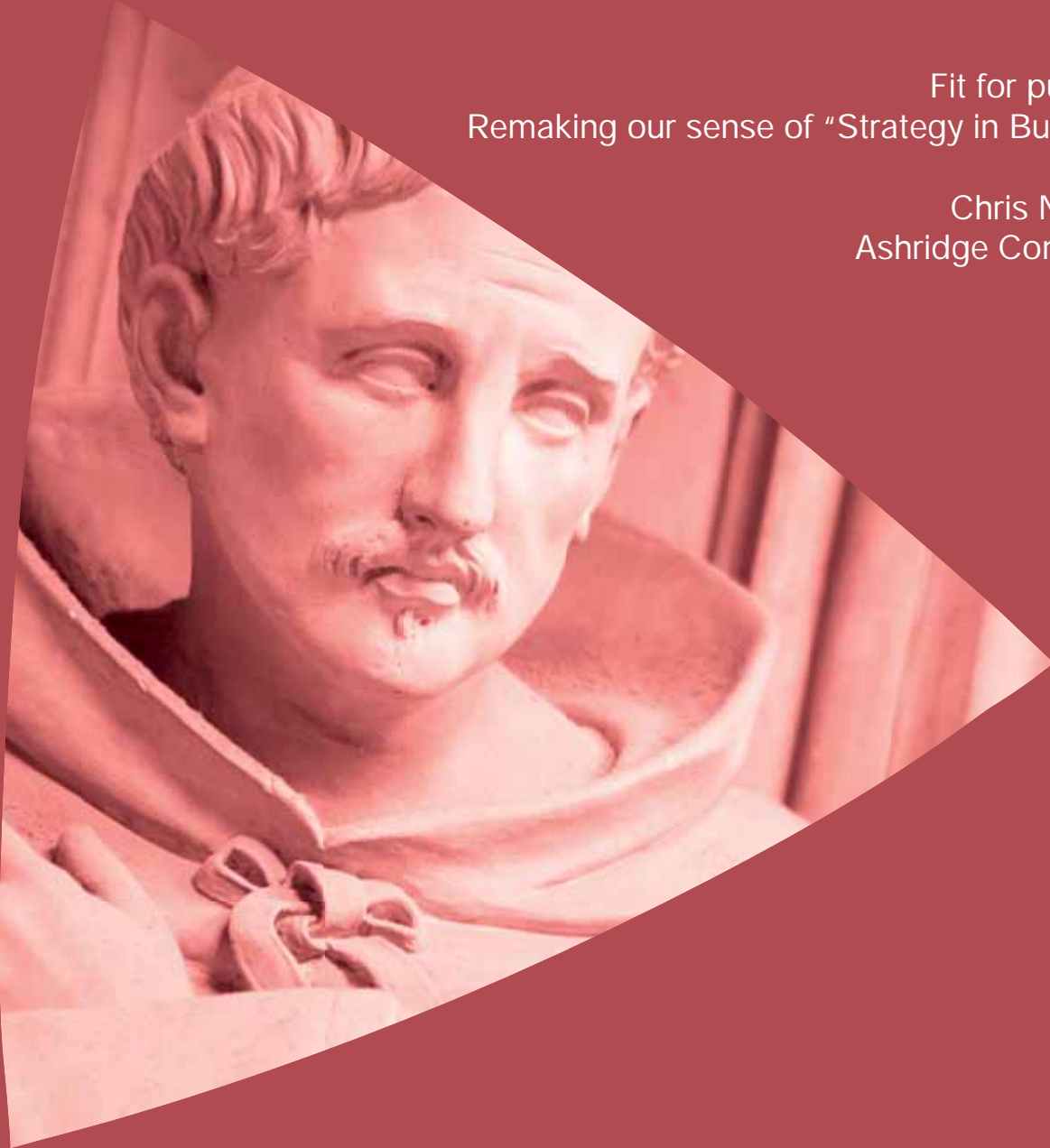
Fit for purpose:
Remaking our sense of "Strategy in Business"

Chris Nichols,
Ashridge Consulting

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INTRODUCTION

We need a new way of thinking about business strategy and we need it soon.

Deep in the financial turmoil of 2008 and 2009, the governments of the world were keen to get back to business as usual as soon as it could be arranged. Underlying this is an assumption that "normal" is where we want to get back to: that we will all be relieved when we return to our old familiar ways.

This relief is misplaced. We cannot afford any more business as usual. A reading of the environmental, rather than the financial, pages makes terrifying reading. As David Orr reminds us, business, as we know it, is a disaster for the species with which we share the earth. A current IUCN report shows that 17,291 species are at serious risk of extinction. For all our current focus on climate change, our real crises are wider and deeper. We face threats in the areas of food supply, energy provision and species eradication, and this list is not complete.

Humanity, we – and more pointedly our children and grandchildren – cannot afford many more days of normality like this. The time has come to think differently about the purpose and practice of business.

The traditional way of doing strategy, beloved of business schools and major consulting firms alike, is no longer fit for purpose.

> "The traditional way of making strategy is no longer fit for purpose"

SEEING PAST THREE DOMINANT FANTASIES

So what is wrong with strategy? Global business thinker, the late Sumantra Ghoshal, wrote of his fears that bad business thinking was destroying good business practice. He was so right: but neither his diagnosis nor reasoning was radical enough.

There are at least three deeply held fantasies that underlie almost all day to day business thinking and which make the current way of doing strategy unfit in almost all organisations. These are:

- The fantasy of limitless growth
- The fantasy of actions without consequences
- The fantasy of separateness (and the crisis of fragmentation).

First, there is a pervasive belief that our society is only successful if its economy is growing. Governments routinely measure the health of nations by pointing to economic "progress". We all know that come election time "it's the economy, stupid" that makes the difference.

In the boardroom, when discussing strategy, it will be assumed that growth is a requirement. It is rare to find a company that has been content with stability, or has sought to become smaller. And this is reflected in the national media, where everything from rising house prices to rising sales of cars is seen as "good news".

It takes a brave manager to ask: "Why do we have this attachment to growth?" It appears almost sacrilegious in our business discourse to ask questions about "growth". Without growth, the fundamental pillar of competitive consumerism would have to be rebuilt on a different foundation, and this seems too much to face up to in boardroom conversations.

Yet we live in a finite biosphere. As Jonathan Porritt convincingly argues, if we accept that the economy is a subset of society, and that society exists within a finite biological and physical context (we have just this one planet and it isn't growing), how can we logically expect one sub-system, the economy, to grow infinitely?

Some observers cling to a belief that technology will find the answer and allow infinite economic growth for all time. But unless such technology is "zero resource input, zero waste output" the argument logically doesn't run. Fitting infinite growth into a finite space is a sleight of hand we can't afford any more.

> **"Fitting infinite growth into a finite space is a sleight of hand we can't afford any more"**

Strategy as a discipline is mostly silent on the question. Strategy tools, models and methodologies deal with the analysis of how one organisation, business unit or product, can emerge ahead of the competition and secure lasting advantage, thus creating value. What constitutes real "value" or how such value arises and at what real cost, is not considered. Growth is assumed, or if absent it is sought.

Secondly we have the fantasy of "actions without consequences", the idea that we can act in this way and that it will not have consequences that we need to consider or be responsible for.

For example, this allows one to claim as "a good day's work" any of the following:

- Developing a marketing campaign that attracts more customers to buy air conditioning and cooling equipment
- Devising an oil drilling and extraction technology that allows previously depleted oil reserves to produce additional output
- Finding new ways to finance the sale of more consumables to more households.

Each of these may indeed by examples of human ingenuity, each capable of winning a bonus, promotion and an industry award for excellence. But in none of these cases is the executive or corporation required to account for the deeper consequences and costs of the action.

The benefits of the action flow to the individual, their company and their customers. The costs are borne elsewhere and go unaccounted for. Strategic conversations rarely touch on them.

This is because of the third fantasy. This is the fantasy of separateness, and its associated crisis, the crisis of fragmentation.

This fantasy allows we humans to believe that we are somehow separate from, and "other than", the rest of the environment in which we live our lives. Even more bizarrely, that "we" at work are separate from the self who goes home and is concerned for the future of our children.

Most of we humans engaged in corporate life (as both executives and consumers), a growing and influential subset of the species, live most of our lives heavily insulated from the biological reality of our being.

As Gregory Bateson noted, this is a tenuous position to take: "If you … see the world around you as mindless and therefore not entitled to moral or ethical consideration, the environment will seem to be yours to exploit… If this is your estimate of your relation to nature and you have an advanced technology, your likelihood of survival will be that of a snowball in hell."

> **"… your likelihood of survival will be that of a snowball in hell"**

Until "strategy" starts to be framed and formed from a position of oneness with the biosphere, rather than from a position of "other than", the dire consequences of the three fantasies will continue to unfold.

The rest of this article is about how a reframed and reformed sense of strategy, one that is fit for purpose, might be possible.

A BETTER CHOICE OF METAPHOR

As a starting point, it is necessary to acknowledge that the very language and imagery of "strategy as usual" can have unfortunate consequences. Words make worlds: we need to take great care with the words and imagery we find in the strategic conversations we initiate and join.

Strategy itself is generally held to owe its linguistic roots to military thinking, the Greek art and practice of strategic statecraft. Certainly much of the early planning approaches to business strategy had its origins in military planning.

Much of the language of the military finds its way into everyday business conversation. It is commonplace to find ourselves joining conversations about the "battle for capital", the "fight for markets", the "war for talent", and so on. There is also often talk of "arming the troops", taking the "strategic high ground", "digging in" and more. Several major business strategy books have staked their claim on the basis of this military analogy. The consequences of this language and imagery are stark. What occurs is that the focus of strategic thinking comes to be on bettering the competition, on preparing for and winning battles or wars, and occasionally on forming alliances for advantage. One consequence is that the secrecy of the war-room arises, strategy becomes something that the elites do and the "troops" implement. The "troops" are absolved from any part in shaping the strategy, still less from taking personal responsibility for the consequences of the actions they take.

The problems of metaphor and imagery go further. In my experience of strategic facilitation, I have found that linear and mechanical (mechanistic and deterministic) mental models of strategy commonly hold sway in many organisations. What this means put simply is that managers often use language and images that treat the world as a machine with predictable outcomes. Strategy is often seen as an "it" – an analytical means of allocating and aligning resources to deliver wanted outcomes.

This is seductive, but simplistic. Companies and markets are not machines and the attempt to treat them as such by using deterministic models simply results in both ineffective strategic work and in the perpetuation of the fallacy of separateness (as if the market and the organisation is a machine and we, being separate, can act on it).

Not all business uses this mechanical, deterministic mental map at all times. We often find other maps in play: organics, political, warlike, sporting and more. (For a comprehensive survey of metaphors and their consequences, see Morgan).

We do not want to argue here that there is no place for one or other of these metaphors. In fact we have no other way of talking, almost everything is metaphorical. What I am proposing is the paying of attention to language, imagery and to the consequences of language and imagery. Words, images and gestures make worlds and we should take them seriously in this work.

The following section considers how changing the metaphor from competition and warfare to one of relationship might result in different ways of working with strategy.

A FRESH WINDOW: STRATEGY AS RELATIONSHIP

What would be different in our companies if business people of an ecological mind experimented a little. What if we thought about business as a relationship?

The central relationships might include:

- **Money:** what is the relationship between the business and money?

- **Customers:** what does the company do that meets genuine needs?

- **People:** what is quality of engagement between the business decision-makers and the business being done?

- **Ecology:** what is the relationship between the business and the ecological context in which it exists?

I have often worked with senior executives who feel powerless in their decision-making because of the interests of their investors; leaders who are driven to take business actions they feel to be wrong out of "economic necessity". A business based on anonymous finance from the equity market is going to have different imperatives than one backed by patient and ethical funding. The time is right for all of us in business to undertake a deeper inquiry into our financing and its consequences.

Relationships with customers are vital in any business, but we know that it is easy to get hooked into the game of 'defeating the competition'. Is it possible instead to focus on building a unique relationship with customers: to build something of real value to people and link to them in ways that meet real human needs? If such a genuine partnership between business activity and customers' deep aspirations were

commonplace it would open the possibility of more sustainable products, in every sense. As for the role of the people within the organisation, with a 'military-machine' business model, it is likely that there will be an organisational culture of troops and cogs. Could it be that a more human and relational purpose for business would allow people to be more fully engaged in their work? Without the need for "the generals on the hill", it may become easier to let go of the myth that top management knows best. Perhaps then more people could bring their creative energy into their work. Real engagement about purpose and priority is possible, even at the corporate scale of activity. Customers may well love this change in focus because an 'engaged' business is likely to feel very different to one under 'command and control'. Involving the energy and minds of the people and customers of the business seems much more likely to create a business with an ethical perspective and a lighter environmental impact.

The relationship between any business and its environment is at the heart of everything. Without ecosystem services, there can be no life. It is frequently the case that businesses express an unquestioned desire for growth, measuring success by constantly doing more and being bigger, yet this is the assumption has terrible consequences. Redefining progress is vital and the companies discussed in this article show that change is possible. Placing the relationship between organisations, people and the Earth at the heart of businesses has the potential to fundamentally change the way businesses work. Exactly what this means in practice will require the creative work of all the human energy we can muster.

> *"Paying attention to the relationship between business and the natural world is at the heart of everything"*

This section does not imply that this "relational" way of seeing strategy is complete or "better". It asks simply what will happen if we allow ourselves to look at strategic questions from another perspective.

One thing is clear, if we are to work towards a better definition of strategy and strategic thinking for the future, we will need to develop a more ethically grounded basis for strategic working. In the following section I draw on the influence of permaculture thinking to suggest a possible ethical basis and some resulting design principles that might be helpful in strategic working.

ETHICS FOR A BIO-SPHERE INTELLIGENT BUSINESS: EMBRACING PERMACULTURE DESIGN

Permaculture was developed in Australia in the 1970s by Bill Mollison and David Holmgren[1]. Permaculture started out as a reaction to the limitations of "industrial farming", with its dependence on petrochemicals and its inevitable erosion of natural systems of biodiversity and fertility.

Over the years permaculture design has been applied to all aspects of human organisation. The design principles are universal and in recent years mainstream designers, scientists and policy makers have embraced natural systems as inspirations for thinking and design: see for example the pioneering work *Biomimicry – Innovation Inspired by Nature* by Janine Benyus which has inspired much mainstream interest.

The ethics of permaculture are simple to say, profound to act on: the most basic principle is that we are all responsible for our actions. The ethics can be stated simply:

- **People care:** this is not about sacrificing people to protect other species. People really matter as people (this is different from people mattering as "human resources").

- **Earth care:** neither is this about putting people above all else. It is about recognising that we humans are just part of a web of life to which we are fundamentally and intricately enmeshed. We cannot harm the Earth without harming people. We cannot harm people without harming the Earth.

- **Fair share:** all parts of the living bio-sphere have a right to share in the product of our activities. This has implications for fair sharing of effort and reward among human communities, but it also has wider implications for the sharing of costs and outcomes in respect of the non-human elements of our ecosystem.

So in short permaculture design is based on noticing the implications and impacts of what we do. "Acting responsibly" means looking after people and the planet equally, and not consuming resources or products irresponsibly or inequitably.

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[1] Bill Mollison and David Holmgren, co-originators of Permaculture. See http://permacultureprinciples.com

A conception of business founded on these principles would be very different indeed from today's commonplace conception and would immediately require us to ask profound questions about resource usage, purposeful consumption and production and equity in resource and reward distribution.

The use of familiar strategy tools and practices would result in different outcomes when guided by such a set of ethical principles. But it would be possible to go further by being rigorous in strategic thinking by the use of some of the core principles of permaculture design.

Permaculture pioneer David Holmgren developed this ethical stance into a series of design principles. The design principles are founded on the use of systems and process thinking to provide an organising framework for thinking, designing and acting in a way that responds to the ethics.

The 12 design principles are readily available and documented in detail elsewhere[2].

This article is not the right place to develop a complete course in permaculture strategy design for business. But some of the essentials can be stated briefly.

The design principles recognise the importance of observation, and counsel doing nothing until the designer has a sense of what is already happening. This is design based on paying attention to what is already happening, what is already working and what is currently presenting obstacles to health and well-being. An approach to strategy based on this principle would be less harried, less driven. Much of the urge for speed comes from the desire to be ahead of the competition. There is a deep attachment to first mover advantage in the machine-military model that does not serve us well. Slower, more observant strategy may be a better course.

One of the vital phenomena to observe is the energy flow and cycles present and which could be used well. Much of business life involves a never ending pushing of water uphill. Something like 90% of all inputs to industrial systems become as waste within three months of entering the system. That is shockingly poor strategic thinking. Instead of this "take, make, waste" (source) urge to produce at all costs, we need strategy that pays close attention to what energy is already in play and how it can be used. This includes the recognition that all "wastes" should be the foodstuff of another process. Nature has no landfill. It is a decade

since Amory and Hunter Lovins wrote *Natural Capitalism*, which showed how almost all industrial processes and design can be more energy intelligent by huge multiples. Let's take energy seriously in our strategy. Energy negligent strategy is not strategy at all.

> *"Energy negligent strategy is not strategy at all"*

Another design principle is to favour appropriate technology and minimal solutions. Doing a small experiment and then observing, using a simple technology rather than an expensive and elaborate one. Again, some industrial design thinking is already working in this direction and as strategic leaders need to be actively aware and bring it into our thinking and action. There is a bias in innovation towards the fancy and the technically "advanced", the new "new thing". This has only ever been 50% of all innovation. We need to pay much more attention to the 50% of innovation that has always been based on doing less (reducing the complication of things, offering a simpler service) and eliminating unnecessary energies, components and processes. Real differences of value that are deeply appreciated by customers can very often come from doing something simple and well.

At the heart of this is much more rigour about how we treat "resources", both the human and natural factors which contribute to enterprise. Much "resource" is considered as transitional and disposable, whether it is workers, or polystyrene or water. To have any claim to bio-intelligent strategy making, we need a much more intelligent view of "resource" use. Of course, using less and making less go further is a vital contributor. But something deeper is also needed. We need to differentiate between "resources" that diminish with use (or worse, through use, denude other sources of natural capital) and those which are **genuinely renewable over the period of usage.**

If, in our strategising we privilege the use of "resources" which increase through use (such as human imagination, the capacity of relationships, community enterprise, collective wisdom, fitness and wellbeing, etc) we will benefit all living systems by our activities. By also privileging the use of "resources" that are

[2] David Holmgren. See http://permacultureprinciples.com/principles.php.

unimpaired by use (such as wind or sunlight energy, carefully managed woodlands, etc) we leave the world no worse off as a result of our activities of living. We also need to be more rigorously critical in our use of "resources" that diminish in use (mineral deposits) or which do harm through their use (anything used inappropriately, all waste sent to landfill, all non-recycled goods). Again, strategy that does not recognise the finite nature of some "resources", or does not deal intelligently with "resource" sourcing and usage, is not strategy at all.

The final design principle we would want to focus on is the value of "edge" and diversity. As Gregory Bateson said, roughly paraphrased, when you want to find interesting developments, look in the margins. And so it is in strategy. Far too much strategy and strategising occurs in secret, as a top down activity, excluding many or most people in an organisation. So often we hear leaders complain that they "have trouble getting buy-in". Little wonder, when they are often peddling strategic intentions unconnected to the lives and experiences of the people (staff and customers) most closely involved in their realisation. Still more significant, the more exclusive the strategising group, the less diverse the strategising tends to be. The resulting loss in vision, insight and genuine diversity of thinking can be terrible. In my view, genuinely sustainable strategy is not only top down and is not a "make and sell" proposition. Diversity and participation are the lifeblood of understanding and creative response to the conundrums we now face.

A form of strategic thinking is available that is very different from the machine-military metaphor. This relational-permaculture framework offers every bit as much rigour (and more genuinely holistic rigour), and places ethics centrally. The following section develops this idea further, since this new approach to strategy involves learning for us all in the practice and leadership of strategic processes.

> *"A form of strategic thinking that is very different from the machine military metaphor … with more genuine rigour and placing ethics centrally"*

PRACTICE OF STRATEGY AND THE NEW STRATEGIC LEADER

The practice of this new way of working with strategy will need us to be more open to uncertainly, to acknowledge the wisdom of others and to be more participative in our strategy working. Sustainable strategy will require fewer "experts" with the "ready-made" answers, less heroic leadership and more genuine exploring of the genuine unknowns we face.

Fortunately we do not need to "invent" strategic good practice: we simply have to use well what already exists. In facing up to the deep challenges of our time, we need to make the most of all the intelligence and energy available to us.

Among the most important issues to pay attention to are these:

Knowing the difference between what is known and what isn't. This may sound obvious, but we notice in our work how management teams often treat the known and the unknown using the same techniques. In our strategic thinking we need to be clear about what is known (and where an expert, technical answer is feasible) and what is genuinely unknown (where rigorous exploring is needed drawing on the collective intelligence of many).

This takes a real act of leadership for the CEO or senior team to acknowledge that they do not have all the answers: that they lack the answers to the very survival of the business. It is very tempting for senior leaders to jump onto their "white horse" at this point and offer visionary solutions. This urge (which is a powerful and natural urge to provide comfort and security) needs to be acknowledged but resisted, since heroism of this kind closes down the possibility of real exploring. Good strategic leadership at the cusp of the unknown instead involves the skilful invitation of whole teams (and whole communities) to join in a shared exploration bringing to the shared creative act all the energies and intelligence available. This is how in practice we can make the most of real diversity and "edge": bringing in the dissident voices that might be harder to hear but which bring valuable difference and new insight.

Along with colleagues, I have written elsewhere about cases and practices of successful large group participative process. The practices of good leadership of large group processes are not always familiar to senior leaders, who may have to learn some new skills

to lead well. Techniques and approaches such as collective exploration, grounded creativity[3], appreciative inquiry (Vanstone) and working with dialogue (Pidgeon) all have their place in framing and leading good collective strategic thinking and learning.

And at the heart of it all are some simple acts of awareness and care. What we need is the kind of leadership wise enough to know what is known and what is still to be explored, and humble enough to acknowledge that they do not know and skilled enough to invite others to join in the exploration and learning with them. It is a strategic leadership willing to be less certain, willing to ask rigorous questions about the commonplace and to face the unknowns of what we do next.

Above all it is a strategic leadership guided by ethics, in the awareness that humans are not "other than" the Earth. In being this kind of strategic leader, the very human skills of storytelling, coaching and listening are part of the essence, to support others through fearful times and to guide our searching purposefully.

> *"It is the leadership of real strategic learning that is needed now like never before"*

As Ghosal said, the "pretence of knowing" is more harmful that the genuine acknowledgment of not knowing. With the genuine acknowledgement of the unknown comes the possibility of real learning. It is the leadership of real strategic learning that is needed now like never before.

[3] See www.groundedcreativity.com for further information.

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Ashridge
Berkhamsted
Hertfordshire HP4 1NS
United Kingdom

Tel: +44 (0)1442 841178
Fax: +44 (0)1442 8411181
Email: eileen.mullins@ashridge.org.uk
www.ashridge.org.uk

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