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# Strategy as relationship: the four sided triangle

Chris Nichols looks at some of the terms in which strategy is usually discussed, and finds the consequences disturbing. What happens if we just look at strategy as relationships, stripping out the usual imagery? Could the answer change both the focus and practice of strategy?

## Words so common we hardly notice

Military, combative and mechanistic analogies are widespread in organisational life today. They are reinforced in business books and have become a deeply rooted way of thinking within organisations.

Three giants of modern business strategy describe this way of thinking in the following words:

"Effective strategies should...concentrate superior power (vis-à-vis) opponents at a place and time likely to be decisive ...(they should allow) for flexibility and manoeuvre while keeping opponents at a relative disadvantage ...(and make) use of speed,

secrecy and intelligence to attack exposed or unprepared opponents at unexpected times ...".

It is not that this is a "wrong" view of strategy. Such perspectives offer a long heritage and may be an aid to thinking. But I suspect that these perspectives used alone are limiting. This language and its associated imagery forms our strategic mindset and goes largely unnoticed and unquestioned. This is potentially dangerous in at least three respects:

- "Words make worlds" – organisations are not machines, and markets are not battle grounds. What is the danger, that

by using these familiar and even helpful metaphors and analogies, we actually make organisations more machine-like, and markets more bloody?

- Two vital things are mostly missing from the mechanistic military analogy. First, the customer. If so many organisations claim that the customer is really at the heart of what they do, why do they spend so much time analysing the opposition and strategising to do battle? Secondly, where is the planet in all of this? The environment seems not to be a strategic matter at all in this world view.

- Finally, my experience has demonstrated that whilst classical competitive and military metaphors may be helpful in the for-profit sector, they are usually a real obstacle in not-for-profit groups, such as charities and government organisations.

In fact it is from my work with not-for-profit clients that I came to approach strategy from another perspective – that of relationship. This perspective does not seek to replace a failing view of strategy, but to offer an alternative view and a different set of vocabularies and images.

**The invitation in this article is for you to take a look at strategy – making from this perspective and to see what different conversations flow as a result.**

In order to illustrate what I might describe as “relational strategy” I would like to introduce a model: a four-sided triangle. (Figure 1).

### Introducing the four sided triangle

The first three sides are about the triad of relationships all organisations have. The fourth side of the triangle reminds us to ask questions about our own role as leaders or facilitators of the strategic process. The relational strategy triangle has an inner side – and this is a reminder that there is always a ‘self’ in strategy. The ‘inner side’ invites the reader to pay attention to their own psychology and behaviour in relation to strategy making – in short, to become a ‘reflective strategist’.

#### The first side: Relations with clients and money

The first side of the relational triangle is about the relationship the organisation has and wants to have with its clients, its external sources of funding and with its collaborators and competitors.

Orthodox strategic analysis tends to put market and competitor analysis at the forefront – looking for sustainable positions of competitive advantage. In my experience, if an organisation really focuses on building a strong relationship with its customers, this successfully shifts the primary aim of the strategic effort from the competitor to the customer. You don’t ignore the marketplace but you put more explicit focus on the relationship with the client.

In the US book retailing market, Borders Books faced tremendous difficulty in responding to the entry of Amazon into the market. Should Borders compete on cost with the newcomer? Instead they talked to Starbucks and included coffee shops in all stores, fulfilling a social need and thereby valuing a dimension of the client relationship that on-line retail cannot offer.

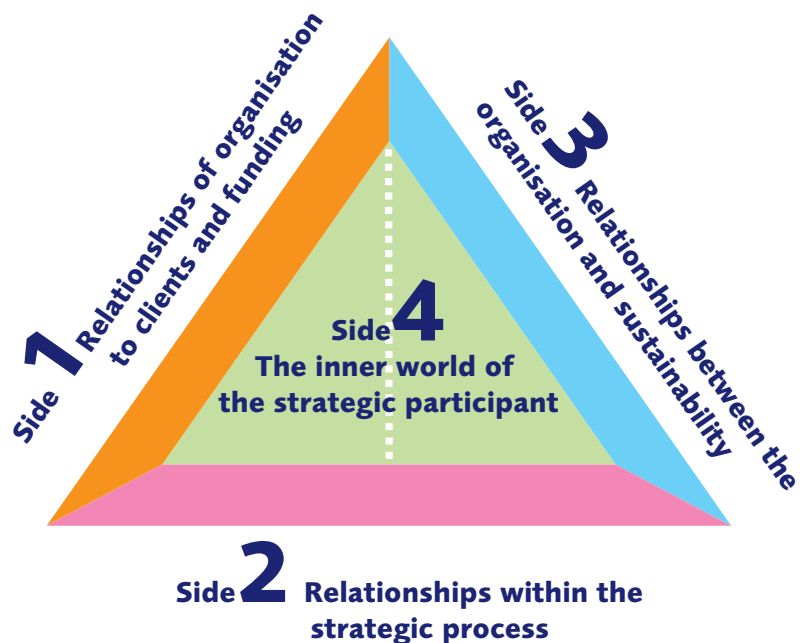
A focus on relationship requires a focus on both the ‘here and now’ and ‘potential futures’. In the box below I have set out some of the questions I commonly use to spark off conversations with clients about this first dimension of external relationships.

#### Your relationship with clients/customers

- What exactly is the relationship your clients have with you compared to the relationship they could have with other providers?
- How do you organise yourselves to create this relationship?
- What is happening here and now, in your environment, that could change this relationship?
- How do you want clients to think about your offer/service/product in the future (over whatever is a relevant time horizon for you)?
- How will you organise yourselves to play your part of this relationship?

**Figure 1.**

The four-sided triangle



Most organisations will also need to consider their relationships with other organisations. "Us and them" models of competition may be too simple. Organisations these days often work in complex networks of collaboration, blending competition and collaboration. Attention to the quality of these relationships, now and future, is a crucial strategic issue.

One final aspect of external relationships that has a major strategic impact is the relationship with providers of funds. Classical strategy often treats this as a given or as a constraint. Decisions on the types of funding you want and the type of relationship you are willing to have with investors are themselves strategic. Many for profit organisations I work with see their strategic degrees of freedom limited by their funding. Some firms, subsidiaries for example, may have no option but to satisfy whatever demands investors or their agents may make. This is often also the case with stock market funding and is more marked when venture capital is involved.

But some firms have more flexibility. Funding your activities from internally generated sources provides strategic flexibility. Private investors and appropriate levels of debt may also offer more flexibility than the open equity market. The aim of this level of exploration is to identify how to find funding that is in line with the relationship the organisation wants with clients, not to have that relationship driven by the demands of investors.

The story of Riverford Organic, the Devon based vegetable box firm, is based on a combination of relationship with clients and appropriate, largely internally generated, funding. Founder Guy Watson tells the story:

"Our business model starts with trust; because people trust us they are willing to believe in us and buy our produce... This trust enables us to generate profit... The more we gain trust, and the harder we work to live up to the beliefs our customers have in us, the more profit we generate ... This profit...enables us to invest in doing the right thing."<sup>2</sup>

In the box below are some of the questions I ask in respect of this relationship:

#### Your relationship to funding and investors

- Are your internally generated sources sufficient to fund the relationships you aspire to have with clients?
- How would you describe your relationship with any external funders/investors?
- How would you like this relationship to change?
- What might you do differently to have a different relationship with funders?

#### The second side: Relations within the strategy process

Classical strategy pays almost no attention at all to the process of how strategy comes about.

One consequence of the classical-military view of strategy is in the creation of 'Commander-Troops' relationships within the

organisation in respect of strategy. Power-based hierarchical relationships are likely to evoke a 'parent-child' style of interaction. In other words, just when the organisation faces greatest uncertainty, and just when it needs the full adult brains of its people, a parent-child interaction will close this off, turning the 'commanders' into would-be saviours (or stool-pigeons) and the organisation as a whole into compliant or rebellious followers. This is likely to silence or 'make disappear' the voices and views of those closest to the customer – and this cannot be helpful in genuine strategic conversation.

There is both popular and academic evidence to suggest that 'strategy making' (in the sense of the conscious act of creating intention), should be more participatory to be more effective. This argument has its roots in complexity theory – and the recognition that much in organisations is both unknowable (in the sense of unpredictable) and constructed (in the sense that meaning is made in the interactions within the organisation). The more we need to think about our intended relationships in the future, the more important it may be to involve more of the organisation in the process (i.e. strategy should be a participative process). The complexity view of organisations sees strategic processes as conversational: that is, strategy comes about through the 'communicative interactions' (conversations in the widest sense) within the organisation. The corollary is, the broader and more participatory the interactions, the richer the strategic conversation<sup>3</sup>.

My earlier article – *The Six-P Model of Effective Strategic Conversation*<sup>4</sup> – argues that effective strategy requires effective conversation. Good relationships that foster shared learning and exploration are preferable. You might ask some of the following questions about your organisation to explore the quality of the relationships within your strategy processes.

### The relationships in the strategy

- Who is involved in deciding what your organisation does? Who is involved in formal strategy away days and planning?
- How do managers find out about what is happening at points of contact with clients?
- To what extent does what the people do resonate with creating and maintaining the relationship you intend with your clients? How do you know?
- If your staff were the top management, what would they do differently to create the relationship with customers right now and in the future?

### The third side: Relationship with sustainability

The third aspect of relational strategy concerns the relationship between the organisation and its environment, in the widest ecological sense.

Most views of strategy tend to ignore the ecological context of the organisation. Where the environment is considered at all, it is in a PEST analysis (where the environment is a risk or opportunity factor), or in the sense of considering regulatory requirements, where environment is often collapsed to an issue of compliance<sup>5</sup>.

I find Jonathon Porritt's recent book compelling on this point. In *Capitalism as if the World Matters*<sup>6</sup>, Porritt argues that we routinely assume that "the economy" is infinitely expandable. He then argues that "the economy" is more correctly seen as a sub-system of society, which is itself a sub-system of the biosphere. The biosphere is finite – in its resources and its ability to absorb wastes. It is logically flawed, in

systems theory, for any sub-system to be infinite when it is part of a finite system. This is as compelling an argument as I have seen for requiring a new view of strategy – one that is less obsessed with growth and more focused on the relationship of the economy to the finite biosystem.

Refocusing strategic discussions on the centrality of ecological survival will introduce a different quality of conversation – and will likely result in different strategic outcomes, with sustainability moving beyond constraint and compliance to take a prominent role in strategic dialogue.

A sound starting point might be to ask some of the following questions:

### Your relationship with the planet

- What part does sustainability and environmental impact play in your relationship with your clients?
- What could improve in your relationship if you were to bring sustainability and impact 'up front and centre'?
- How can you produce no waste at all?
- How could you tap your staff's/clients' /own/others' passions to make your organisation more sustainable?

### The fourth side: 'The Reflective Strategist'

Strategic thinking in a relational process is a deeply human activity. The detached rational-analytical strategist is a myth. We all bring into our strategic relationships all our history, experiences and knowledge of relating. This impacts our relationships to others, for example in the strategic process and in our ability to foster good strategic

conversations, but it impacts even more deeply on our personal relationship to the process of strategy itself.

My proposition is that each of us engaged in strategy making – as leaders, facilitators or consultants – should bring to our work the discipline of 'reflective practice'. Reflective practice in strategy means, to me personally, paying close attention to what I do and to why and how I do it.

As a starting point, I invite the reader to pay attention to their actions, thoughts, feelings and beliefs as they engage in strategic thinking and strategy conversations, and to notice the consequences of all of these for the strategic process itself.

You might, for example, pay attention to:

- **Mindsets and models:** why do you use the process you use? Why do you use the models and tools you use? What consequences flow from your choices?
- **Vocabulary and metaphor:** what language and imagery do you see in your strategy process? What changes if you use different words?
- **Anxiety:** what is your level of comfort or discomfort in the strategy process? Are you driven to get it 'right'? How do you handle the uncertain, the unknowable? What effect does this have on strategic exploration?
- **Attachments:** what outcomes are you attached to? Why, and with what consequence?

There are several practical aids to reflection. Journal keeping is very useful. So is discussing your role in strategy with an accredited coach, or taking part in action learning.

My suggestion is that by bringing attention to our practice as strategic leaders and facilitators, better relationships within the process may result, and the quality of strategic conversations will become richer.

### Towards a new strategic perspective

So, am I proposing a new paradigm in strategy, a totally new way of thinking about strategy? That is too bold a claim. I am proposing this as one possible window, one perspective. What I offer is an inquiry into a subject I care deeply about and I invite you to join me.

What I am saying is that all ways of thinking and acting in strategy are inevitably relational. Classical strategy – with its analogies of competitive victory, machines and the military<sup>1</sup> evoke a certain nature of relationship. The qualities of relationship evoked have consequences.

My invitation is to declare openly strategy to be relational and to work consciously in inquiry into the relationships with clients, funding and the environment – and to do so in a participative ethos, attending to the relationships within the strategic process itself and thereby access the wider organisational capability to inquire and learn. Finally I am proposing that we notice that classical strategy assumes the strategic leader to be a rational machine, and that this is false. Good strategising and good strategic relationships depend in part on the quality of relationship between the strategist and their work. The development of the discipline of being a 'reflective strategist' warrants serious attention from all who work in this field.

## References

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## Further Reading

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