

The Relational Lens

Drawing on the authors' combined years of experience in both private and public sector organisations, this practical book highlights the importance of relationship building between individuals, groups and organisations in diverse contexts. It will make a valuable read for business professionals and graduate students in fields as varied as change management, leadership, organisational psychology and organisational behaviour. Employing the Relational Proximity® framework, it provides tools for:

- Informing assessment of the relational impact of policy and management decisions
- Enabling evaluation of organisational relationships
- Providing a language for constructive discussion of strained relationships
- Integrating a range of models and perspectives within one process

Using real-world case studies and models, the conditions within which people are more likely to form and conduct effective relationships are also examined. This combined approach provides the language and concepts to enable constructive discussion and actionable solutions in building trust and sustainable value.

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THE RELATIONAL LENS

UNDERSTANDING, MEASURING
AND MANAGING STAKEHOLDER
RELATIONSHIPS

John Ashcroft,
Roy Childs,
Alison Myers and
Michael Schluter



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CONTENTS

List of Figures	<i>page</i> vi
List of Tables	vii
Foreword by Vincent Neate	ix
Foreword by Paul Druckman	xi
Acknowledgements	xiii
Introduction: The Dark Matter of Organisations	1
1 The Value and Importance of Relationships	4
2 Why Organisations Should Think Relationally	17
3 How to Measure Relationships	31
4 Directness: High Touch Organisation	39
5 Continuity: Organisation across Time	55
6 Multiplexity: Context for Breadth	74
7 Parity: Power, Balance, Fairness	93
8 Commonality: Overlap of Purpose	123
9 What Relational Proximity Builds	153
10 Relationships between Stakeholders	161
11 Managing, Measuring, Reporting, Regulating	190
Epilogue	221
Bibliography	223
Index	234

FIGURES

1.1	The connection between key relationships, sources of competitive advantage and outcomes	<i>page 9</i>
4.1	How Directness influences the behaviour and outcomes of a relationship	40
5.1	How Continuity influences the behaviour and outcomes of a relationship	56
6.1	How Multiplexity influences the behaviour and outcomes of a relationship	75
7.1	How Parity influences the behaviour and outcomes of a relationship	95
8.1	How Commonality influences the behaviour and outcomes of a relationship	124
9.1	Illustrations of interaction between high and low levels of Directness and Multiplexity	154
9.2	Illustrations of interaction between high and low levels of Directness and Parity	155
10.1	How the main stakeholder communities in a company can contribute and be rewarded	162
10.2	Simplified map of the Relational Network of Care for Victoria Climbié	179
11.1	Ways of using the Relational Proximity Framework	191

TABLES

4.1	Appropriate and inappropriate experience of high and low degrees of Directness	<i>page 54</i>
5.1	Appropriate and inappropriate experience of high and low degrees of Continuity	62
6.1	Knowledge of others seen through the Johari window	79
6.2	Appropriate and inappropriate experience of high and low degrees of Multiplexity	87
7.1	Appropriate and inappropriate experience of high and low degrees of Parity	111
8.1	Appropriate and inappropriate experience of high and low degrees of Commonality	138
11.1	A sample Relational Balance Sheet	213

FOREWORD BY VINCENT NEATE

I was introduced to the work of Michael Schluter, and subsequently to John, Roy and Alison, because of a relationship – in fact two. Two leaders who mentored me at KPMG introduced me to him within days of each other. I never found out if there had been collusion, but I remain grateful to both that they recognised that here was a new set of relationships that I would both enjoy and benefit from.

I have spent much of my career puzzling over what makes for a high performance relationship. Whether that is one of sales, in a supply chain or in a team, the person-to-person elements of business have always fascinated me. As an accountant by profession I would never underestimate the importance of keeping the score and measuring business success, but that doesn't mean I can't see how it is through relationship that creativity, innovation and invention are able to flourish and take hold. If we are to build better businesses, it will be through relationships that we do so.

The Relational Lens is, I think, the best articulation yet of what Relational Thinking is all about. We need a common language to take us beyond the simplicity of the satisfaction survey and to give us a foundation on which we can build future success. What the authors have given us is a robust description of the structure of relationships that can be applied one-to-one, one-to-many and many-to-many without losing any of its relevance. To this they have added real insight into the conditions for success within this structure.

I share their hope for a business paradigm where privileging relationship becomes the norm for leaders and managers. At the very least any leader or manager committed to responsible business should read *The Relational Lens*.

VINCENT NEATE,
PARTNER KPMG UK

FOREWORD BY PAUL DRUCKMAN

Market players around the world are starting to grapple with a fundamental economic truth: that the boundary of financial relevance has expanded. For example, when the *Financial Times* was bought by Nikkei in July 2015 for thirty-five times its operating profit, Nikkei was buying a stake in something more profound than a growing balance sheet: it was buying access to a global marketplace. In the past the stocks of value reported on by an organisation would have included principally the land, buildings, equipment and inventory owned by the business. For the world's largest corporations today – the likes of Google, Mitsubishi and Microsoft – the foundation of their value creation potential lies in their ability to attract talent, articulate ideas and build strong brands that sustain strong relationships with their employees, customers, suppliers and partners.

In order to manage and communicate their processes of value creation, businesses around the world are turning to the International Integrated Reporting (IR) Framework, which introduces the concept of multiple capitals. The framework is used to articulate the broad range of resources and relationships an organisation uses or impacts in its business model to create value over time. This concept enables organisations to articulate the multiple capitals they are using, including relational capital, giving full expression to the expanded boundary of financial relevance. By understanding and explaining the value-creating potential of these multiple capitals, organisations find themselves driven to change their corporate governance, abolish internal silos and manage risks and opportunities that may not have been triggered through an isolated focus on the financial statements alone.

When we started the process of developing the IR Framework it became apparent very quickly that the prominence of relational capital needed to be raised. It was important that it was recognised as part of the key capitals that an organisation uses and affects to create value over time. Subsequent research into relational capital is giving new depth to this previously undervalued capital. That is why the work done by the authors of this book is greatly appreciated. Readers will find here practical steps to help them understand, measure and manage stakeholder relationships inside and outside the boundaries of their organisations. This has not been done in a consistent way until now,

but organisations that engage with IR will quickly discover the huge potential benefits of this new approach to measuring relational capital.

I hope that this book, that so effectively unpacks the concept of relational capital, will be widely read and applied, not just in the corporate world but also in public sector organisations, and in the international and national non-governmental organisation (NGO) sectors as well. For strong relationships are vital not just for the delivery of financial results, but for the broader sustainable development of the organisation.

PAUL DRUCKMAN,
CEO, IIRC

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The development and honing of ideas over a long period creates many debts of gratitude to those who contributed new insights, corrected mistakes, encouraged progress, clarified communication, or tested application. With insights into relationships available from so many different academic and professional disciplines, and relevant to every aspect of a society, all that we have written has been shaped by the wisdom of others. There is, of course, much that we still have to learn from others and any weaknesses in the argument are entirely the authors' responsibility.

It is impossible to name and thank all those who have helped and encouraged at different stages of this project but the authors wish to acknowledge the particular contributions of a number of individuals and organisations.

Paul Sandham worked with us on the material for the book over many years, using the material with organisations, urging the deepening of the thinking, and financially supporting the research and writing. Without this constant encouragement we would not have come so far. Three experienced business consultants – Tim Young, Paul Shepanski and John Kay – have provided invaluable advice and guidance in strengthening our account of organisational relationships.

The ideas within this book have also been developed and refined in the context of partnership with KPMG. Tony Powell and Shonaid Jemmett-Page helped with the early application of this material in business. More recently KPMG's sustainability teams in South Africa, Australia and the UK have all tested new applications. We are also grateful for the support of four companies: Ogilvy, John Lewis Partnership, Land Securities, and TourAust. Each in different ways has recognised the vital importance of relationships to their business.

Using the framework in different contexts always offers new learning. The comments of Ncaba Hlophe of Stakeholder Relationship Assessments in South Africa and Peter Lacey of Whole Systems Partnership have been particularly insightful. Writing up the material has been greatly assisted by David Lee in particular, with help also from Guy Brandon, Josh Hemmings, David Wong and Jutta Nedden. We also wish to thank the colleagues, supporters and partners in our respective organisations who have patiently facilitated the work on which this book is based.