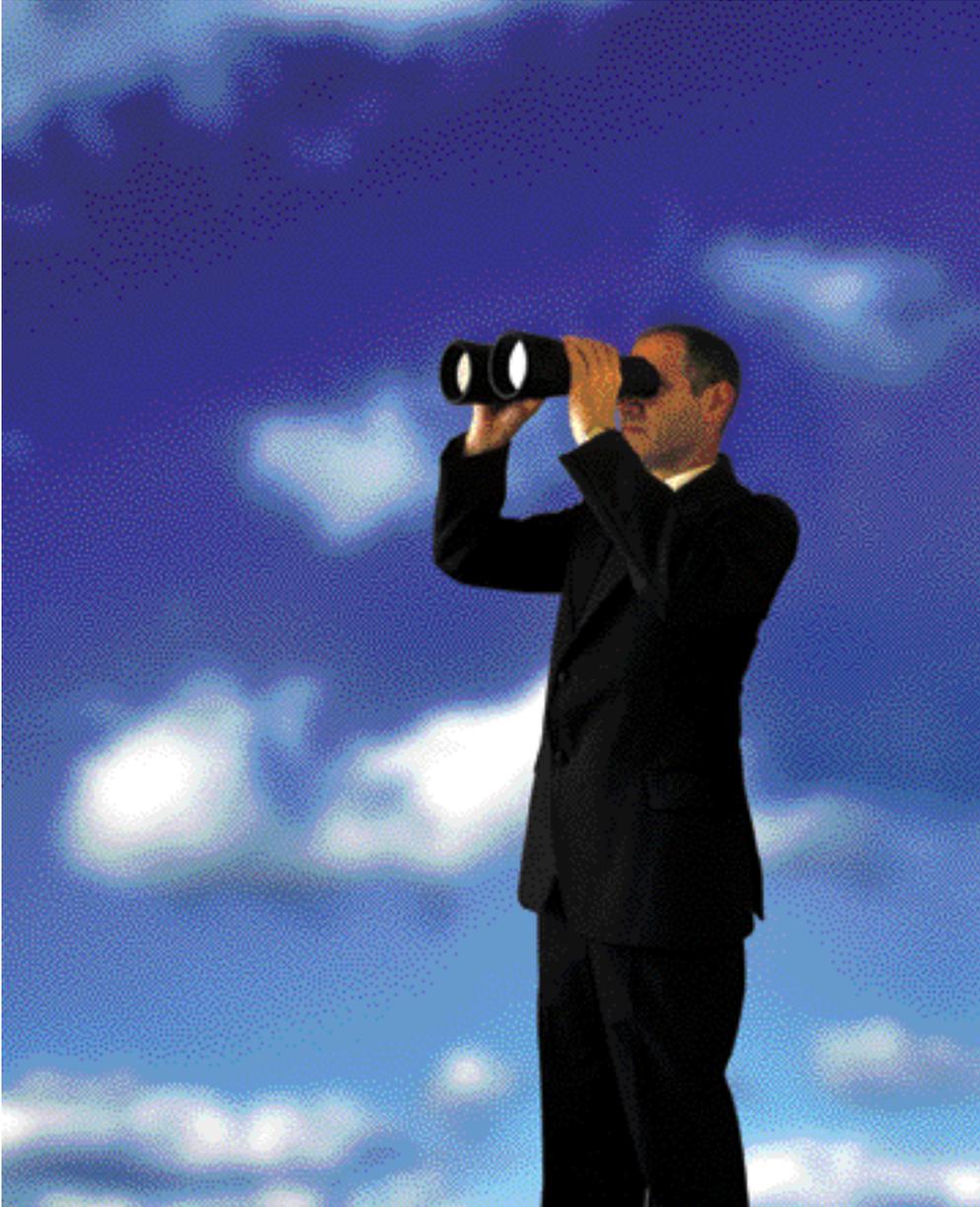


Does your culture support or sabotage your strategy?



“An organisation’s capacity to execute its strategy depends on its ‘hard’ infrastructure - its organisation structure and systems - and on its ‘soft’ infrastructure, its culture and norms.” Amar Bhide (Harvard and Columbia).

By Graham Yemm

Is your organisation one which invests a considerable amount of time and effort (and therefore cost) in looking to the future and creating a strategy and strategic plan? I hope so! However, what happens if the plan is not successful and the objectives not achieved? Is the blame put on to the market, the

competition, the planners, the staff, or even the plan? The problem may be something more fundamental – the culture is not right for the strategic direction!

There are a number of variations about what a strategy is and what is involved in identifying and creating a strategy. The definition below is one

which covers most of the key elements:

“An effective strategy is an integrated array of distinctive choices about which markets a company serves, what unique value proposition it offers to the customers and how it arranges its functions to deliver that value.” Prof Jan Rivkin.

In creating a strategic intent, Michael Porter suggests asking three questions:

1. What is the business doing?
2. What is happening in the environment?
3. What should the business be doing?

For many years when working with organisations in various sectors on creating their strategic plan, we found that people approached the process with good intentions and wanted to be thorough and professional. The tools and techniques are generally well known and are applied with varying degrees of effectiveness. Many managers know about the 7S’s, SWOT, PEST and suchlike (how well they use them is another matter!). The better organisations have customer feedback data and may carry out some market research. Their analysis of the external environment is based on good information plus knowledge and experience. However, when they come to analysing the internal environment, they may not have such a clear understanding, even presupposing they carry out the strengths and weaknesses part thoroughly.

Combine running the day to day business with looking to the future and leading the people and the organisation and today’s executives and managers have plenty to deal with. Is it any wonder that they do not consider the culture of the organisation? Anyway, surely the culture is what it is, we cannot do anything about it can we? Not strictly true.

Corporate culture happens – the only doubt is if it is the culture you want to have or be part of. What is the culture of an organisation – or the corporate culture? The simple



statement (probably first used at McKinsey) saying, 'the way we do things round here' is a good starting point. A more wordy definition is, 'the moral, social and behavioural norms of an organisation based on the beliefs, attitudes and priorities of its members.' This does provide for a better understanding of where cultures start to emerge. Corporate cultures evolve from a number of factors:

- The top management and how they behave and operate;
- The history and traditions within the organisation;
- Strong groups within the organisation;
- The policies and practices, including rewards, recognition and promotion.

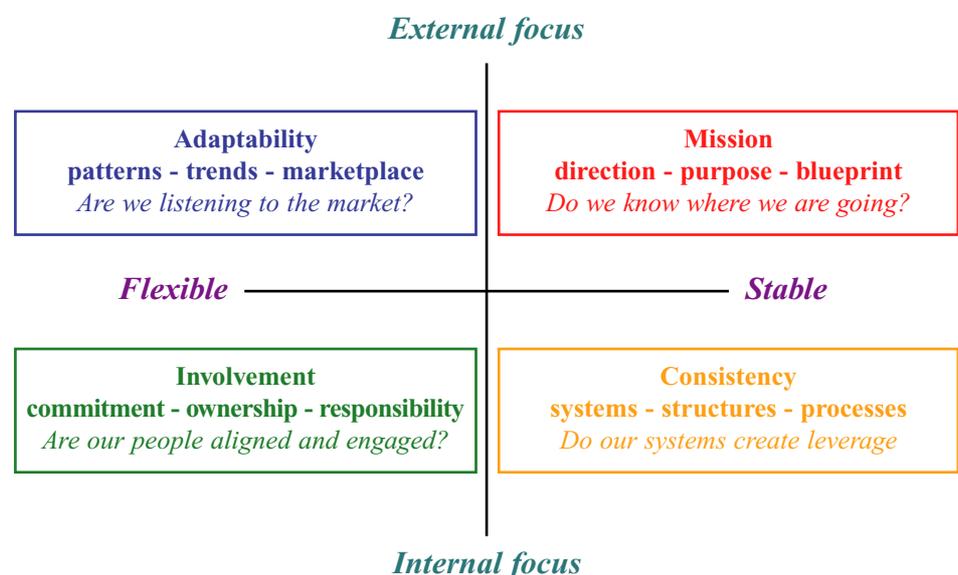
Whether the present culture has been created by accident or design, it is what you have and is the platform from which the business will continue to operate. Before you can set out on the new strategic plan you need to know whether the culture and strategy are aligned. If they are, you have a chance of success. If not,?

A close fit between the culture and the strategy will increase your

chances of success. Where the culture encourages the right behaviours and actions to support the strategy, the people will have clear guidelines and KPIs about what is good performance. If the culture has clear values, beliefs and behaviours which link to the vision, objectives and strategy – people will feel (and be) aligned and deliver more.

Where your culture does not fit with the strategy implementation and required behaviours, you send mixed signals. People are in conflict.

Figure 1



Should they be loyal to the culture and company traditions and resist actions and behaviours promoting better strategy execution? Or should they support the strategy by engaging in behaviours that run counter to the culture?

When a company's culture is not right with what is needed for strategic success, the culture has to be changed as rapidly as can be managed!

How can you decide what your culture is – and whether it will fit the strategic plan?

There are a number of ways of looking at corporate culture. There are some which assess the styles of the top leaders and define the culture based on their behaviours. There are tools such as the Hofstede Cultural Orientation model, which look at various paired factors each on a continuum. The Johnson and Scholes Cultural web offers a more anecdotal and subjective view using six inter-related elements. The one we have used with a number of organisations is the Denison Organisational Cultural model. This tool has been around for over 16 years and benchmarked across over 1600 organisations. It provides a more objective view of organisations into four areas (see

<http://www.denisonconsulting.com/dc/DenisonAdvantage/LinktoBottomLine/tabid/32/Default.aspx>).

The Denison Organisational Culture Survey has 60 items that measure specific aspects of an organisation's culture in each of the four traits and 12 management practices identified in Dr Dan Denison's research. Individual surveys are collectively tabulated into a graphic profile that compares your organisation's culture to that of higher and lower performing organisations.

The results are presented in a



typical circumplex with reports being produced in bar charts.

One of the main strengths of this tool is that it provides a snapshot of the organisation's strengths and weaknesses. For example, when we used it with an organisation which was the result of a merger of two companies, we could see that there were low scores in the 'involvement' area, which told us that staff morale was low and they needed attention quickly if the good people were not going to leave! Also, the 'consistency' result was low which meant that the systems were likely to lead to customer

and service problems, which was one area they wanted to compete on! This had the potential to sabotage their strategy! We created 'action teams' to

Your strategy needs solid foundations to build upon so make sure that the culture is strong

look at the detailed reports on each trait to address the major issues highlighted in these areas. Within six months they could see (and measure) significant improvements in these. Another client had a new strategy which involved re-positioning their business and becoming a lot more proactive in their market and towards their existing clients. The Denison results showed that they were low on the 'adaptability' trait and this is currently being addressed.

Another plus which Denison offers is that you can judge your culture against high performing companies and see how well you compare.

There are many examples of organisations recognising the need to improve their culture, driving this from the top and then seeing the benefits in their bottom-line.

The characteristics of organisations with a strong corporate culture will include most of the following:

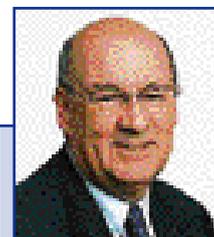
- A clearly defined and communicated vision and mission;
- Clearly stated values which underpin the behaviours throughout the organisation;
- A clear indication of the behaviours

to be followed by EVERYONE in the organisation from the boardroom down;

- The top management work at creating and keeping the desired culture.

To ensure that the corporate culture supports your strategy it might pay dividends to carry out an assessment before you commit too much time and effort to the strategic planning process. Changing the culture is not necessarily easy, or even a quick task, but it can be done. Your strategy needs solid foundations to build upon so make sure that the culture is strong and that you align the strategic intent and plan with it. You will achieve the business success you want, create an even stronger culture and develop the corporate resilience to succeed even more.

For more information visit www.solutions4training.com.



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