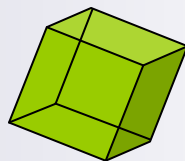




Night Light Series

More Than Kumbaya

Aligning Organization Culture and Strategy



Stratexos, LLC

Strategy Execution Solutions

The Situation

After a decade of year-over-year, double-digit growth, a company we know hit a speed bump. They weren't worried. "Market correction," one executive said. "What goes up must come down," another joked. Nine months into "the correction," no one was laughing.

Commissioned studies proved what they were beginning to feel: The market was there, but changing. Their competitors were changing, too. Cutting, consolidating, dropping back a step, perhaps, then moving five steps ahead.

The executive team felt hamstrung. They knew the business moves to make, but making them could mean changing the culture. People were drawn there for that. It was a competitive advantage. Or had been. Now it might be a problem. Should they change it? Could they change it? How?

A Perspective on Solutions

To many, an organization's culture is "the feeling of the place." It's the answer to the question, "Is it warm, cold, fast-paced, laid-back, feedback-friendly, cutthroat, what?" This view often leads to the creation of stand-alone climate or culture committees responsible for such activities as planning the December Holiday Party, the Founders' Day Picnic, and the Community Charity Drive. Activities targeted toward celebrating, honoring, giving. Feel-good activities. Nothing wrong with that. They can help strengthen an organization's connective fabric. That's important. But so is success. It's the organization's prime directive.

Another way to think about culture is to see it as the organization's "values in action." In well-run organizations, there is a strong

connection between this definition of culture and success. The connection is through strategy and can be as unique as the organization itself. For example, the culture that spawns conference rooms named after cartoon strips containing bowls full of hard candy and crayons is not likely to fit a company focused on financial auditing where "creative math" is likely to lead directly past "Go" to jail.

This article describes an approach for ensuring the alignment of culture and strategy. It has been employed successfully across industries when a change in strategy has prompted an examination of the organizational elements that must be aligned with it.

An Approach to Aligning Organizational Culture and Strategy

After an organization's strategy has been changed, revised, or "updated," the process for ensuring cultural alignment moves through four phases.

Phase 1: Vision

The purpose of this phase is to develop, or confirm, a vision for the organization's culture that is clear, shared, mission-consistent, inspires commitment, and supports the strategy.

- *Step 1.* A senior executive group is brought together to define, confirm, or adjust what need to be the values of the organization in order to succeed with the strategy. Questions proven to be helpful for the group to address at this stage are:
 - What values got us to where we are today?

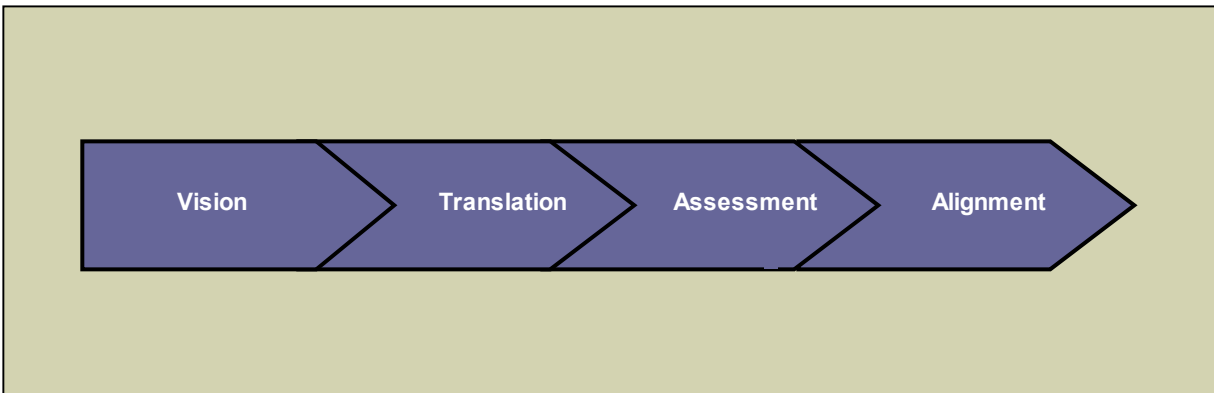


Figure 1: Culture Alignment Continuum

- What values will get us where we need to be tomorrow?
- Is there a difference? If so, what does it mean?

The discussion results in a draft list of five to seven “core values” to which the organization must adhere for success.

- *Step 2.* Feedback is solicited from senior leadership not included in the meeting.
- *Step 3.* Taking the feedback into account, the executive team decides on the final list of core values.

Most often, the “senior executive group” of Step 1 is the CEO’s executive team. However, some organizations have chosen one of two other options: an *extended executive team* consisting of the executive team supplemented by a handful of senior leaders, or a *senior executive forum* consisting of the top two or three levels of management. In both alternatives, the group is actively engaged in the process of core values creation/confirmation followed by the executive team making final decisions.

Phase 2: Translation

There are two tasks of translation. The first involves translating the values into behaviors or actions. Let’s say you value “respect for the individual.” What does that mean in practice? Say you value “diversity.” What behavior indicates this to be true? What policies, procedures, and rewards are consistent with this belief? (See Figure 2.)

Involving leaders across organizational levels and functions at this stage can help ensure understanding, application, and commitment to the core values down the road. In the typical instance, these leaders are asked for their input and the executive team makes final decisions about the translation.

The second task of translation involves turning the list of values-anchored behaviors/actions into a measuring instrument. This survey questionnaire will eventually be administered organization-wide.

Phase 3: Assessment

The purpose of this phase is to determine the current state of alignment between the organization’s culture and its strategy. Data collected by survey and supplemented, perhaps, by individual or group interviews are

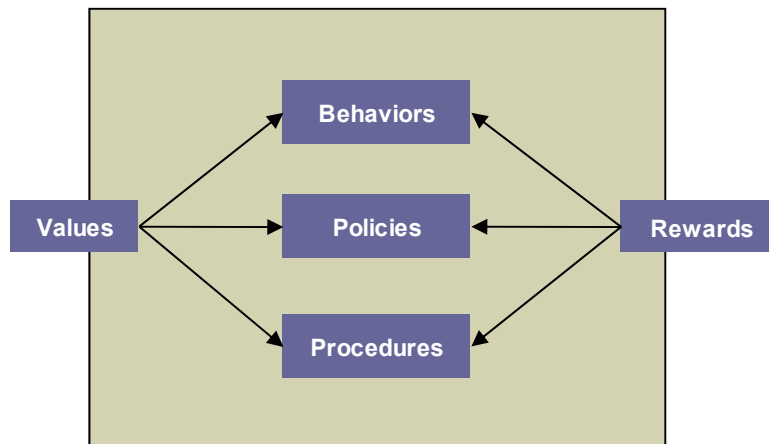


Figure 2: Aligning Culture's Elements

used. Typically, the data are analyzed and reported for the organization as a whole and by divisions, departments, or major functions. (Used over time, the assessment instrument and segmented data analysis allow individual entities and the organization itself to track their progress.)

Phase 4: Alignment

Within a specified timeframe, each division, department, or major function receiving an assessment report holds an *alignment conference*. Entity leadership determines who is invited to attend. The conference covers seven areas:

- The purpose of culture-strategy alignment
- Review of project timeline and work-to-date
- Review of core values and related actions
- Culture-Strategy Assessment purpose and method(s)
- Organization-wide and entity-specific results

- Discussion of alignment “hits and misses”
- Action planning and commitments

Of course, most of the time is spent on the last area. “Action planning” includes not only the identification of specific changes, but also the identification of potential obstacles, ways to prevent or address them, and all the necessary elements of creating an effective plan for integrating the changes into the ongoing work of the entity. Conference length varies, but usually begins with a full-day kickoff event followed by a series of half-day sessions. Entity leaders are expected to report on their alignment conferences up the management chain, reaching the executive team by the specified date.

Final Thoughts

As with all large-scale change initiatives, positioning and coordination are keys to the success of culture-strategy alignment. Though the organization’s Head of Human Resources may seem to like an obvious choice to lead the initiative, this will only have the necessary impact if the person is both widely respected and is a member of the

CEO's executive team. Executive Team leadership is crucial. It signals to the organization that this is a serious effort, one with authority and credibility—not some nice-to-do-if-you-have-time exercise.

To guide the initiative on behalf of the executive team, organizations have successfully used a *culture alignment committee*. Such a committee is made up of high potential executives from each division, department, or major function. Their role is to work with the change initiative leader to:

- Assist in planning and/or facilitation of the alignment conferences (as requested by the individual entities),
- Conduct “scheduled maintenance check-ups” to evaluate alignment progress,
- Provide overall coordination and management of the initiative.

An organization's culture develops and solidifies over time. Like one's reputation. And like your reputation, changing it for the better takes time—lots of it. And patience. The approach described above is an effective way to begin.

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About Stratexos

Stratexos, LLC helps senior executives create, execute, and evaluate solutions to the leadership and organizational issues keeping them up at night. Areas of expertise include:

- Chief Executive Transition
- Executive Team Performance
- Sharpening Organizational Strategy
- Designing Organizational Structures
- Aligning Organizational Culture
- Orchestrating Effective Change

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