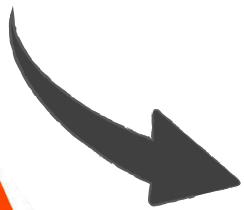
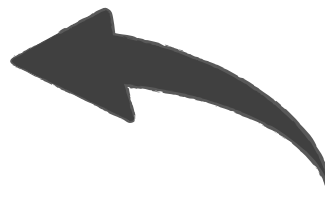




CULTURE



STRATEGY

HOW READY IS YOUR LEADERSHIP TEAM TO WORK ON ALIGNING CULTURE AND STRATEGY?

By Alistair Brown, Director of Taylor Clarke and Partner at Denison Europe

All organizational change is challenging.

However, fundamentally realigning your culture to support a transformational strategy shift is perhaps one of the most stretching and misunderstood scenarios for leadership teams to address. When you need to understand, influence, and reshape the entrenched beliefs, values, attitudes, relationships, and habits of the organization – i.e., the culture that has driven success in the past, but now won't serve the future – you need to ensure that the senior team is realistic, united, and ready for the challenge. This “thought piece” seeks to share some of our learnings from working with leaders through the early stages of cultural change, in particular: (1) the readiness of leadership teams to fully embrace culture challenges, (2) the early barriers to aligning culture and strategy, and (3) how to position early conversations to engage your leadership team.



3

Three states of readiness for intentional strategy and culture alignment


Not surprisingly, without a high level of commitment and involvement from the senior team, and the CEO in particular, **your efforts may be undermined by the absence of:**

- A clear and compelling vision for the future culture and behavior shifts required
- Early, visible commitment from senior leaders for the personal changes they need to make to support the new culture
- A shared belief in the role of culture and its impact on performance and the pace of change
- Realistic expectations, timescales, and resourcing around the “job to be done”
- Leadership support to ensure that everyone’s objectives, rewards, and priorities recognize the importance of cultural change to performance

So, how ready is your senior team to take on major cultural change? Is cultural alignment far enough up the senior team agenda?

The early dialogue with the senior leadership team about the relationship between strategy and culture typically reveals varying levels of readiness to lead a process of cultural change, both in terms of where the overall team is, as well as key individuals within the team. For many senior teams, culture can be perceived as too subjective, long term, and complex to influence and measure, and not sufficiently understood and respected for its significant impact on performance. While culture is recognized as key to the sustained success of many respected organizations, it can be a frustrating puzzle to fully understand and proactively influence.

With this in mind, “slowing down to move faster” through investing time in assessing and building genuine leadership understanding, readiness, and appetite for cultural change is critical before you go anywhere near outlining the options for what’s required to actually shift the culture. Crucially, the personal role of leaders in embracing the new habits and behavior shifts needs to be understood first, along with the habits they need to leave behind.



In my experience, senior teams start out with a wide spectrum of beliefs about the why, what, and how of the culture change agenda and its link to performance. We have found it useful to articulate three general states to characterize senior leadership readiness.

These three are summarized below:

1 “IGNORING IT” characterizes those leaders who “just don’t get it” and/or give it lip service, preferring to focus exclusively on the important strategy, structure, process and system performance levers.

While they may still talk about culture and its importance, after strategy is put to bed, they don’t actively seek to define it in a meaningful way. They either don’t take the step of engaging their people in a culture dialogue – whether through surveys or other means – OR they delegate the effort to the HR function, who quickly find themselves “pushing water uphill” in the absence of visible leadership team support.

2 “UNDERESTIMATING IT” characterizes those leaders who think they get it, take some steps, but ultimately underestimate the personal effort, engagement and time/resources required to align culture.

This group will often invest in understanding and defining the current culture and form a view on the future culture. They might even develop a set of values to communicate the cultural foundations in a way they believe will help to guide difficult choices. However, they often fail to invest sufficiently in understanding and connecting specific aspects of the culture with key strategies and performance metrics. The values remain fairly passive and open to different interpretation and are not sufficiently reinforced through feedback, training, performance management, communication, and leadership role-modelling. As such, the loose “cultural plan” lacks a clear connection to strategy and performance, tangible evidence of progress, and the level of employee engagement needed to achieve traction

for any sustainable behavioral shifts. People eventually run out of steam, as the culture work fails to get fully integrated with the key processes of the business.

3 “RESPECTING IT” characterizes a growing number of leaders who “really get it” when it comes to the fundamental contribution of culture to a healthy strategy and their performance improvement plans, often seeing it as their only true and sustainable source of competitive advantage. These leaders are compelled to consider strategy and culture in parallel.

This group sees aligning culture and strategy as a long-term journey requiring significant investment, a united leadership team who are both actively involved and clear about their own needs for personal change. But they also recognize the need for tangible early successes to demonstrate the impact of culture change on performance. They involve employees at all levels in defining meaningful cultural values and behaviors. They embed them with support mechanisms for recruitment, development, performance reviews, and promotions, and actively use them to guide key decisions. They also use employee surveys to measure cultural alignment and evaluate employee feedback. They empower local management to work with employees toward action plans that drive local culture improvements in a way that dovetails with the larger strategy and pushes on the key metrics.

If culture is not clearly and consistently understood and valued by the senior team “in service of their performance agenda,” then building leadership readiness to truly embrace culture is a critical area to explore first, particularly if you can demonstrate how working with culture will help speed up change and improve employee engagement.



[Five barriers] to early alignment of strategy and culture

For those senior teams who may be short of “respecting” culture, it is important to first understand what beliefs and assumptions are operating within the leadership team when it comes to the role and importance of culture. The most common barriers we encounter in the mindsets and assumptions of senior leaders are:

- 1 Leaders assuming everyone in their senior team understands the true power of the prevailing culture to derail or energize strategy. There is often a “say and do” mismatch because leadership teams fail to openly share their understanding of what culture is, how it connects to performance, and how to influence it. With differing implicit views on the culture, it is extremely difficult to build commitment to a consistent approach and emphasis.
- 2 Leaders believing culture is too complex, subjective and abstract to be actively managed, measured, and tracked as a reliable predictor of future bottom line performance. Those who miss this point will find plenty of reasons for allocating resources to other more tangible priorities in their mind and fail to respect and address cultural barriers to performance like trust, respect, discretionary effort, engagement, openness, feedback, relationships, etc. Here’s a good reference to explore evidence to shift this limiting belief more deeply: [Stop ignoring culture](#)
- 3 Leaders not recognizing that culture is the environment in which your strategy “thrives or dies.” Many leaders think they must make a choice between either (A) changing your strategy to more closely align with the culture to speed up execution or (B) just accepting that the culture change will occur slowly. In reality, successful leaders address both alignment issues and adapt specific culture change initiatives to nurture the new behaviors required to support the strategy while unlearning the behaviors that may have supported past performance but are now obsolete.
- 4 Leaders failing to understand the importance of developing a common language and framework to a meaningful and coherent dialogue about culture. Early conversations are often undermined by different beliefs and mental models of what culture is, and there are many to choose from. We partner with Denison, whose culture model our clients have found to be pragmatic, simple to understand, and with well-researched links to performance outcomes: [Denison Culture Model](#)
- 5 As a consequence of the above beliefs, leaders often fail to consider the cultural factors early or fully enough to make more informed strategy choices that will make cultural alignment and strategy execution faster and easier. As Peter Drucker once famously said, “Culture eats strategy for breakfast.” How “it eats” is most often a function of leaders not fully understanding the culture and where it will support or hinder a strategic choice, as well as what shifts in culture will be required to sustain a new strategy. Far too often, we observe leaders overestimating their ability to control the culture, while simultaneously underestimating the impact of their behaviors and their acceptance of others’ behavior.

So, these are some of the broad issues to consider when framing your approach to senior team engagement. Like any major change, having the senior team all on the same page and understanding and wanting it as much as you is not only a good place to start, it’s the only place to start!

In practice, uncovering and challenging these limiting mindsets (and ultimately shifting them) is a matter of asking the right questions and getting the team to reflect and collectively share their perspectives with each other. Here are the 10 practical questions we have found most useful to help facilitate this dialogue and build the senior team’s readiness to work on aligning culture and strategy.

10

Ten questions to engage the senior team in a “culture conversation”

Is it possible to out perform our competitors?

How aligned and connected are we?

Who owns the culture change

What is Culture?

Obviously, the feedback culture of your organization, team climate and your relationship with the CEO and the senior team (and how much you value your career prospects!) will inform how you choose and frame these 10 questions and their relative importance!



- 1 What is culture? Do the key attributes, drivers, components, and characteristics have a common meaning to all your senior team?
- 2 Do we have a common language to describe culture and the key components underpinning our culture?
- 3 How important and genuinely urgent is culture as a performance improvement lever to use as a team making key strategic choices?
- 4 Is it possible to outperform our competitors if we don't actively align our culture with our vision and strategy?
- 5 Do we know what aspects of our current culture are helping or hindering, aligned or misaligned, with the execution of our strategy...and how do we know?
- 6 If culture change is not a key strategic issue or opportunity, what risks are we taking in not actively managing our culture?
- 7 Who owns or should own the culture change agenda? The CEO, the Senior Team, HR, others? And what external perspective is required??
- 8 How would you like our employees and customers to describe our culture for success in 3-5 years, and how would they assess our culture at the moment?
- 9 How aligned and connected are our Organizational/ People strategies, processes and initiatives to shaping our future desired culture, and how do we know?

- 10 How important is our role as senior leaders in shaping our future culture, and what role have we played in shaping the existing culture, both good and bad?

In many ways, the early process of senior leader engagement determines the success of everything that follows when working to ensure your culture truly supports the effective execution of your strategy. If we, as facilitators of the change process, are effective in recognizing the readiness of the team, surfacing the barrier mindsets at work, and creating the right kind of reflection and dialogue, we can better prepare senior teams for the kind of active and personal role that is needed to lead and sustain culture change. And if they're not ready for this role, we might help them honestly evaluate that too.