

Aligning Corporate Culture and Strategic Management

Introduction

Have you ever participated in a strategic planning session and tried to implement it, only to find resistance and/or slow uptake by the rest of the organization and management?

If the corporate culture is incompatible with business strategy, objectives will not be met. Before changing the corporation's strategic direction, top management should be prepared to reshape the organization culture to fit the new strategy.

What?! Change the culture?! Can it be done? The answer is yes.

However, I've seen organizations execute new strategies, due to changes in external influences, but allowed these plans to be subverted by a culture, reflecting old strategies. I have seen large scale change initiatives being implemented and on the project plans it is on time and on budget, yet the stakeholders/recipients of the initiative is lagging behind. The reason is not that change management is at fault (some would argue), but many initiatives do not take into account the importance of organization culture.

Most CEO's, however do not see themselves as being able to influence culture, because of it's vagueness or just because they are resigned to their heritage. Organization culture is often conceived of like "charisma", you know it when you feel it's influence, but can't do much about it. In truth, culture is manipulable and changeable.

I have found focusing on the following 4 aspects will not only increase your chances of success, but will also have a quicker return on your investment when you are implementing a new strategy or a program to reinforce and/or change the current organization culture:

1. Assessment

One has to know where you are and where you want to go before embarking on a journey. The worst thing is, to think you know what the culture is and designing an intervention only to be found missing the mark. When this happens, the resistance to change increases exponentially. An accurate assessment of the current culture and the ideal culture is crucial for any lasting change.

2. Type of organization

Two types of organizations that need more planning and a longer time to accept and embrace change are (1) older, more mature organizations facing competitive threats and new technologies; and (2) large diversified organizations.

Older, more mature organizations typically will not let go of routines that produce current efficiencies as managers who has to implement the change often starts from a point of skepticism.

Strategies are only as good as the structure that is erected to support and encourage them. An example would be a new customer focus strategy without adjusting performance management processes.

Left to their own devices, functional groups within large diversified organizations will design systems consistent with their own conception of what is required and what "good management" is. For example, a corporation will end up with a finance culture, a human resource culture, a supply chain culture, rather than an integrated organization culture.

3. Leadership

Culture responds to and, in fact, mirrors the conscious and unconscious choices, behavior patterns, and prejudices of top management.

There are specific steps a CEO can take to reshape his/her culture:

- a. Accept culture as an instrument of leadership, not as an impediment to leadership;
- b. Use trusted insiders and outsiders, get feedback on current action, on the implicit or explicit signals being communicated.
- c. Compare current actions and the resulting infrastructure with those infrastructural features that would be desirable to support and sustain new strategic directions.

4. Supporting processes

To introduce any change, including new strategy, one must work with the whole system, all the elements that shape the perceptions, beliefs and reflexes of those who must carry out the strategy of the corporation. Furthermore, business processes and other support processes need to be reflective and structured to reward expected behavior of the new initiative.

I always use the metaphor of a waterbed, when you push an area on the bed down (introduce change to a system) it influences the rest of the bed's form. A system will always want to return to homeostasis and unless supporting processes are in place to sustain the change, the systems will eventually revert back to it's original state.

Summary

Whether you are embarking on a journey of assessing your organization culture, wanting to create a new culture after a merger, or want to take your organization in a new strategic direction; assessing, planning executing and supporting is the key.

Third Rock can assist you in making your journey a success.

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