

# **CULTURE TRUMPS STRATEGY EVERY TIME**

*By David Stewart*

*The Need for Agility – Adaptability & Alignment have never been made more apparent as a critical tool kit for survival than during the COVID-19 Pandemic*

## OVERVIEW

The above quote is often attributed to the revered 'Peter Drucker.' What he actually argued is that **a good culture would thump any attempt to implement a strategy that is incompatible with its culture.** The great problem with any strategy is execution, and that is the domain of culture. In this article we are not comparing which is more important, both are, but what we are exploring is how strategic intentions need to align with an organisations culture.

## CULTURE DEFINED

John Lasseter the visionary filmmaker behind Pixar Animation was recently asked what the secret behind their success was. He put it down to five key principles: **Hard Work, Great Fun, People, Honesty and Focus on Creativity.** What he described was their core values and hence their culture. Culture is the invisible glue that drives performance. Rather than put a definitive statement around what culture is, we thought we would put up a series of statements to describe it:



- Culture is the set of habits that allows a group to co-operate by assumption rather than negotiation
- Culture is hard to codify, but it is what staff and customers feel and observe
- Culture is not what we say but what we do without asking
- Culture is the domain that enables team dynamics
- Culture manifests itself in the habitual thinking, decision-making, actions, behaviours and judgement of staff
- **Culture is the how / Strategy is the what**
- Culture is the intangible feel of an organisation whilst strategy is concrete and can be measured, debated and analysed
- A culture reflects what the leadership of any organisation values
- Culture is the unspoken beliefs about how things are done by staff
- A macro culture is made up of micro cultures

## **CULTURE AND STRATEGY ALIGNMENT**

**Quite simply, building a healthy culture requires a strategy! Both have to be sustainable and aligned. Every healthy positive team culture we have observed has occurred not because culture has been placed ahead of strategy, but rather it has been the key driver of strategy. In reality, culture does not thump strategy; rather they work together to enhance the success of one another. It is not a matter of strategy V culture, but an aligned strategy and culture that matters.**

The execution of strategy is the great organisational challenge. When staff lacks the resolve, inspiration and capacity to implement a strategy - then look first to the health of the organisation's culture. People are loyal to culture but not strategies. When Starbucks ran into serious trouble several years ago, founder Howard Schultz said what saved the company during its darkest days was not its strategy but its cultural resilience, "The only assets we have as a company are our values, guiding principles, culture and reservoir of trust with our people." HBR Article July - August 2010 Ultimately culture helps create a competitive differentiation in the market. However, cultural mishaps are far more damaging than strategic mishaps, just look at some of the high profile corporate collapses in recent times as a case in point.

Indeed strategies can be copied, but culture cannot. When culture and strategy collide, culture will always win, as staff will not implement a culturally incompatible strategy. All the best incentives will not cause an organisation to thrive if not governed by authentic and believed core values.

### **PEOPLE ARE LOYAL TO CULTURE BUT NOT STRATEGIES**

Culture is what fuels an organisations brand (how people describe and view an organisation). It is a living, breathing thing, which is the sum parts of how all staff act and behave day in and day out. Good judgement and decisions by all staff is a reflection of the culture and this will impact a brand.

Key to alignment is to ensure the strategic intentions are believed, understood and committed to by the staff at all levels of the organisation. Culture is the environment in which your strategy and brand thrives or dies.

# PRINCIPLES OF CULTURE

Organisational culture is like the culture of a country. Everyone needs to be involved to shape and guide it and respect needs to be shown for the status quo as the habits are developed and learned over time. What follows is a set of broad principles, which will help develop a positive and desirable culture...

- 1. Culture is the main game of a leader:** Leaders must start with the belief that culture is important, and is the central platform for having a competitive advantage. This is a “not negotiable!” If a leader does not fundamentally believe this, the chances are they are a “toxic leader.” If left unchecked it will kill team dynamics (culture).
- 2. Focus:** Align the entire organisation and what everyone does to achieving the vision, mission and organisational goals. This has to be a relentless pursuit, so all staff can see some form of alignment with what they do and how it impacts on the organisation’s strategy.
- 3. Achievement Mind Set:** Staff must feel they are making progress. Nothing motivates and inspires people more than the sense of achievement and recognition. Catching people doing things right symbolises what is important and encourages peer-to-peer role modelling.
- 4. Cohesion is Key:** It is pointless having pockets of excellence and pockets of poor performance between departments. This just maintains a “silo” effect, sends mixed messages about superior performance and kills the brand of an organisation. There has to be consistency in application and approach and a spirit of interdependence.
- 5. Can Do Team Spirit:** These are the formal and informal rules – values that guide decision-making, habits and employee behaviours. Fun, Focus, Familiarity, Discipline are the four ingredients for team dynamics.
- 6. Personification:** This is the true test of culture. How staff take what is implied and agreed and personally implement it. How do they walk the talk? It is like having good manners, there is no one prescriptive approach to how an individual interprets and applies the agreed organisational values.

## CULTURE AND LEADERSHIP

The building blocks of any culture sit with the leadership team. It requires a sustained and systematic approach (strategy) by leaders through their actions and behaviours. It takes hard work, and all levels of management in the organisation need to be engaged and dynamic ambassadors of the desired culture.

**A key tip for leaders is to focus on behaviours first and outcomes second.** This will help symbolise a sense of what is desired and indeed an important priority. Central to this is to focus on the few critical desired shifts in behaviour. This will help move a culture “from” an existing state “to” a more desired state. Limit the focus to no more than 2-3 behaviours to ensure no one can ignore what the organisation aspires to.

## FINALLY

It is important to honour the strengths of an existing culture. Being respectful is central to earning the trust and respect of staff. Blanket cultural change statements are unhelpful. Instead, develop a strategy to shape the culture in a manner, which engages the staff.

Market commentators will talk results, strategies, market issues and growth targets. Rarely do they talk culture, people, morale, confidence or team connectedness. This is because it is not concrete for them and cannot be as easily analysed. But it is the people and their resilience, enthusiasm, creativity and

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passion, which will drive the numbers. **Culture is to an organisation what personality and character are to an individual.**



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WHAT PERSONALITY AND CHARACTER  
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## **FACTA NON VERBA, DEEDS NOT WORDS**

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