

CULTURE — THE ILLUSIVE CULPRIT

How aligned is your culture with your strategy? There are few leaders who aren't painfully aware of the famous Peter Drucker quote *"Culture eats strategy for breakfast"*. Yet few pay purposeful attention to culture. Since 1955, 89% of the Fortune 500 listed have come and gone! We believe that culture when ignored, leads to an organization's demise.

Yet, it is tough to put your finger on organization culture like you would many other things in business – it can feel nebulous and illusive. Leaders often feel that culture cannot be managed but this view leads to complacency. Left unattended, company cultures evolve into weedy gardens that choke out the execution of strategy.



WHAT IS CULTURE?

In the words of E.B. Taylor (originator of Cultural Anthropology) "Culture is that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society". No wonder business people stay away!

At 1-degree, we prefer this definition of culture - *"The way we do things around here"*. It's simple! Culture is the collective behaviours, language, symbols, rituals (daily practices), stories (past history), world-views – in essence the VALUES and organizational norms. It forms the DNA of an organization. Without considering, engaging and aligning the organization's culture with the purpose and strategy, execution becomes difficult and could create a death spiral.

Humans have a need to make their environment sensible, orderly and meaningful. We will work at developing a consistent and predictable view of how things are and how they should be. Therefore culture is the collective patterning of these world-views and values.

CULTURE AND GROWTH

The word 'culture' derives from a French term, its origins being Latin 'colere', means to tend to the earth and grow or cultivate and nurture. It shares its etymology with a number of words associated with actively fostering growth.

Based on the growth curve inspired by George Land in his book entitled 'To Grow or Die', anything that is organic will naturally experience change. Change is simply an outcome of growth. Whether it is a human being, a plant, or an organization, anything organic will have three very predictable phases of growth. Culture is an ecosystem that needs to evolve and grow like any other lifeform.

Let's look at how culture forms and morphs through three stages of growth:

PHASE 1 — THE FORMATIVE PHASE — START-UP MODE

In Phase I the leader has a particular world-view and compelling vision. A good example of this is Steve Jobs "We're here to put a dent in the universe". If the vision captivates and galvanizes a group of people AND leads to success, the leader's world-view and values become shared. They become the collective's 'correct' way to think, feel and act.

If you have ever been in a Phase 1 organization – a start-up – you know how exciting it can be. You bought into the vision and everyone does whatever is necessary to make it a reality – make it happen. While most of the time you are flying by the seat of your pants the vision is catalytic and energizing. The culture is exciting, electric and chaotic in Phase 1. Anyone who joins the organization is charged. Nobody really knows what their role is or cares because it's all hands on deck. There is no such thing as "that's not my job" because your performance is pretty flat and to make payroll you do what's necessary.

The founder's vision needs to produce success and in organizations that means financial performance. So you can't stay in Phase 1 for very long or you flat line. At some point, hopefully before the start-up capital dries up, you find a pattern for success and you enter Phase 2.



PHASE 2 – THE NORMATIVE PHASE – ESTABLISHING NORMS TO ACCELERATE SUCCESS

Now it's all about replicating the pattern of success 'efficiently'. Processes are put in place to support efficiency and predictability. You want to 'cookie cut' initial success. Systems, procedures, rules, hierarchy, formal structure flourish and grow. You don't want anybody to deviate from the pattern.

Leadership style now needs to be more managerial or operational. They need to be process oriented and focused on profitability. Once a group has a culture it will pass this onto the next generation. When you join a Phase 2 organization, you are taught how to think, feel and act through both formal training and informal group norms. Culture is learned through interaction and consistent repetition. And if you violate these norms it produces discomfort and many times ostracism. Culture takes on a life of its own and becomes held in place by the very systems, processes and hierarchy necessary for growth in Phase 2.

However it's not possible to sustain this type of Phase 2 growth forever. In today's environment change happens quickly, your competition is aware of your success and replicates it faster, cheaper, better. The interaction of your competitor and your market can accelerate the leveling off of your growth. The offering that used to be highly profitable is now feeling competitive pressure. Working harder and smarter is not likely to result in more profit.

PHASE 3 – THE INTEGRATIVE PHASE - TO GROW OR DIE?

This is a critical choice point. This is where we believe those Fortune 500 companies got it wrong. They didn't choose to go out of business they just didn't understand the dynamics of their own culture.

Companies get set in their ways. It's not that they don't change or are unaware that something has to be done. It shows up as a neon sign in their financials, increased customer dissatisfaction and attrition.

Transformation is necessary at this stage in the culture. Many leaders miss this nuance. This Trial and Error period has to coexist culturally with a business that has become intolerant of mistakes.

This trial and error mode is often called the Yes And Phase. YES, you need to innovate AND make sure that you're still bringing in business because that's what's keeping the doors open and what will feed the new growth.

Companies die because their leaders singularly focus on the economic activity of producing goods and services and adherence to their systems and process from Phase 2. What is lost is their organizations' true purpose, that being to be of service to their clients.

The change needs to be purposeful and the culture aligned with strategy. If left unattended or not aligned the culture that has taken hold will trump the new direction!

Brand loyalty is garnered only through great experiences your customers have on a daily basis. That experience is based on the collective behaviours of your team members. At the root of all behaviour are VALUES.

To define culture, leaders must go below the behavioral level to the individual and shared values and ensure alignment. Culture and leadership are two sides of the same coin in that leaders first create cultures in Phase 1 – The Formative Phase and if purposeful, can infect the culture needed in Phase 3. Leaders helping shape a culture in Phase 3, need to encourage "yes, and" thinking and trial and error behaviour that is so critical in Phase 1.



Here are some tips to help align culture with strategic direction:

- 1 Culture must be an element of strategic planning** – have a strategic pathway that aligns culture with the key values/behaviours with the strategic direction
- 2 Conduct a culture audit through a values assessment** – what is the gap between current & desired state?
- 3 Audit your systems** – they are the legacy of past leaders and past strategies. They may prevent change and at the least add to confusion if they are not aligned.
- 4 Work the vision, strategy and values with the collective team** – don't just 'communicate it'. A bottom-up approach drives real engagement.
- 5 Relentless focus on values** – rather than plaques on a wall or words on a website, desired values need to be “alive” in as many ways as possible and used to make daily decisions

The bottom line is that if leaders don't consciously evolve their cultures in which they are embedded, those cultures will manage them.

1-DEGREE VISION

At 1-degree our vision is to help business be the most powerful force for good on our planet. We do that by: helping you to build a clear & differentiated strategy; ensuring your culture accelerates vs sabotages the plan; aligning systems for optimizing performance & efficiency; and shaping your leaders to understand their role in energizing execution.



If you are inspired to build a great workplace culture... email: info@1-degree.ca

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