

Culture eats **strategy** for breakfast



Your guide to creating a
great organisational culture.

Contents

03

Introduction

06

Case studies

- Zappos
- Microsoft

09

It's time to map your organisational culture

Two models to assess your organisational culture:

- The Barrett Seven Levels Model
- The Competing Values Framework and Organisational Culture Assessment Instrument

14

How do I align my people with my strategy?

How do I align my people with my strategy?

- Build the right values into your culture
- Your people need to buy-in to your strategy, vision and purpose

17

Key takeaways



Introduction

Every organisation is defined by a unique culture.

By its very nature, culture is not stagnant; it shifts, grows and is shaped over time.

Culture is no longer something that happens in the corner office, it's a central business topic that CEOs the world over are exploring in a lot more depth and detail.

In fact, research by Deloitte indicates that 82% of employees surveyed believe that culture is a potential competitive advantage.

It is then clear why so many businesses are taking on organisational culture with fervour.

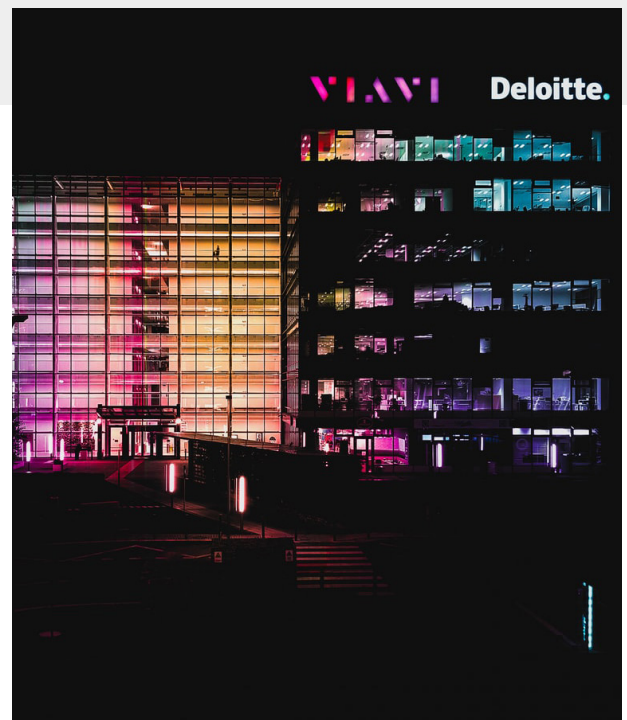
We believe that before going any further, it's important to outline what exactly organisational culture means:



"Culture refers to the values, underlying assumptions, expectations, and definitions that characterise organisations and their members."

Edgar Schein, in his 1992 book, *Organisational Culture and Leadership* defines culture like this:

"It is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."



It wasn't until the 1980s that importance was placed on the concept of organisational culture and the role it played in determining organisational performance and effectiveness.

It was thought that culture was something that developed naturally, organically and, for the most part, culture went unnoticed until something arose that indicated discomfort or confusion among the organisation's members.

Today, thanks to the foundational work of many management and organisational scholars, we can observe that culture lies at the heart of all organisations. Properly nurturing this can have powerful effects on the performance of the individuals within your organisation, which then drives organisational effectiveness.

To highlight the importance that people place on culture, the 2019 Glassdoor survey found that to ensure their job satisfaction, 56% of respondents said culture was more important than cash .

So this is where we find ourselves -

"Culture eats strategy for breakfast"

The title of this eBook was most famously coined by Peter Drucker, a well-known management consultant, whose writings have contributed to and influenced many modern business practices.

Let us explain what this phrase means...

Essentially, the phrase means that strategic execution cannot happen if your business does not have the culture to support it.

For example, if your business strategy requires your business to embody a culture of innovation, autonomy, and creativity but your culture has never reflected this in the past, you may find yourself struggling to execute this strategy as your employees may be resistant to this sudden shift in behaviour.

But, if your culture supports innovation, autonomy and creative thinking, your strategy has a much higher likelihood of success.





Drucker's assertion was never intended to undermine the value of business strategy. Instead, it highlights the importance of nurturing a great culture and how that can aid in achieving organisational success.

In fact, according to research conducted by [LSA Global](#), companies that achieve strategic alignment are 72% more profitable.

This is why we wrote this eBook, to help you understand the important role culture plays in building a successful business. In it, we will:

- Take a look at how two global giants Zappos and Microsoft have built successful cultures that have directly resulted in success in their respective markets.
- Dissect two popular organisational assessment tools and see why it is important to assess your culture.
- Look at ways to help your organisation prepare for change.
- Look at effective ways to ensure you achieve cultural and strategic alignment for long-term sustainable success.

Let's get started.



Case studies

02



Case study:

How Zappos successfully **aligned their culture** to their **strategy**.

Let's look at the well-known example of Zappos.

They're a very successful business...

Founded in 1999, today the company boasts roughly 1500 employees and generates more than \$2 billion in annual revenue. Amazon actually went on to purchase the business for a whopping [\\$1.2 billion](#) in 2009.



So much of their success can be directly attributed to the corporate values the company lives by.



At Zappos, we really view culture as our No. 1 priority. We decided that if we get the culture right, most of the stuff, like building a brand around delivering the very best customer service, will just take care of itself.

CEO of Zappos, Tony Hsieh.

They've formalised their culture into 10 core values, which you can take a look at [here](#).

What we'd like to highlight is the importance the company has placed on their hiring process. With over 1500 employees, how do they ensure that the culture is something that's realised through every one of those individuals?

Only about 1 out of [100 applicants pass the hiring process](#), which is weighted 50% on job skills and 50% on the potential to mesh with the Zappos culture.

From there, a new hire goes into a four-week training period, this period is where the Zappos culture is something that needs to be committed to by each trainee. At the end of this period, if the new hire decides that this job is not the right fit for them, they're offered [\\$2000](#) as a "thank you" for participating.

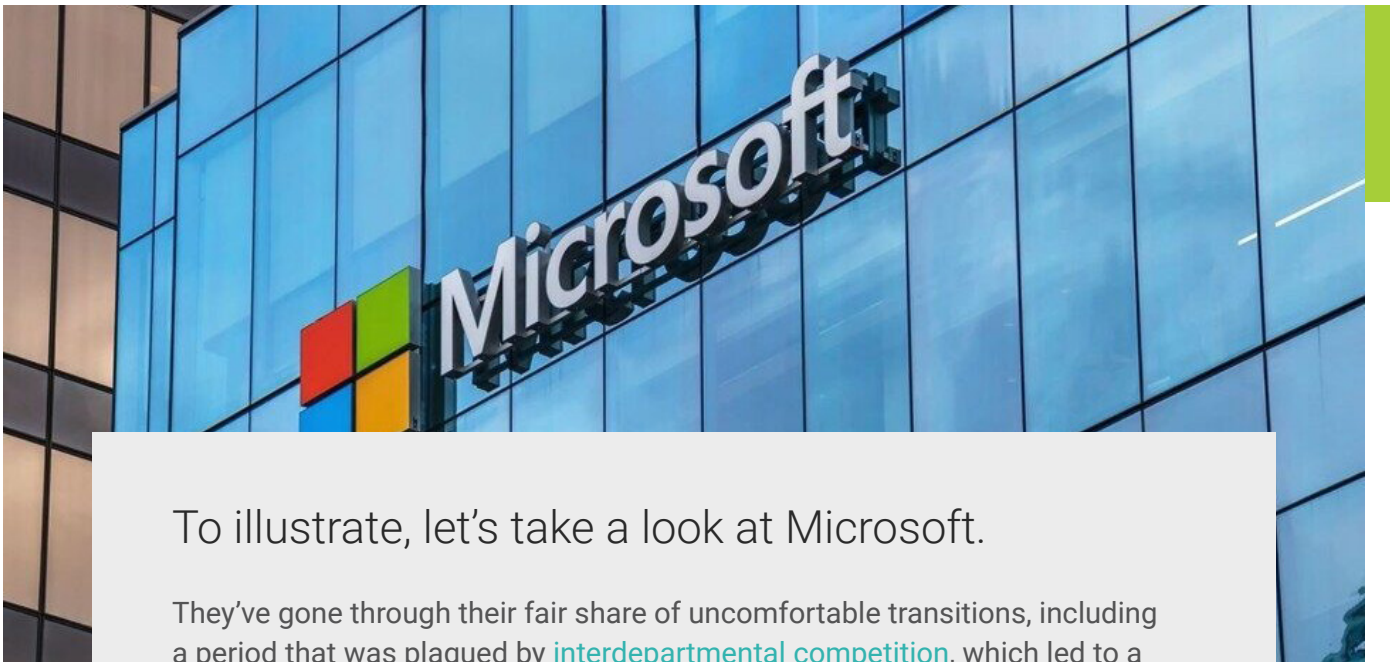
The point here is not to deep-dive into the Zappos model, but to understand how their culture is intertwined with their business strategy. This connectedness drives immense value, not only for its people but its revenue too.

But what happens if your culture and strategy don't align?



Case study:

Microsoft - Culture and **strategy misalignment**



To illustrate, let's take a look at Microsoft.

They've gone through their fair share of uncomfortable transitions, including a period that was plagued by [interdepartmental competition](#), which led to a siloed approach to tackling any new projects. There was such fierce internal competition that multiple product developments were derailed by internal fighting, bickering and competition.

Enter new CEO, Satya Nadella, whose primary goal was to rebuild the culture of the company.

He's done this by structuring the organisation around goals that focus on a growth mindset, accountability, quality and innovation.

There was a decisive shift towards adopting this new growth-driven, always learning mindset, as opposed to the previous "know-it-all" attitude.

Nadella has not only restored Microsoft to a place of 21st-century relevance; he's also generated more than [\\$250 billion](#) in market value in just three and a half years, practically unheard of for almost any entity in history.

The Microsoft story is not uncommon. Toxic work cultures can lead to severe business failures. Nadella has been someone who personified the desired culture for everyone to see and emulate.



It's time to map your organisational culture

High-performance companies are beginning to realise the important role that culture plays in the overall success of a business. In fact, according to Mercer's [2019 Global Talent Trends study](#), high-growth companies are 4x more likely to have a 'people strategy' in place.

What's more, according to [LSA Global](#), highly aligned companies can grow revenue 58% faster, than those that don't have culture and strategy alignment.

Before we get into the nitty-gritty, we want you to know [why](#) mapping your culture is important for your organisation.

- It brings to light how and why things are done within your organisation.
- It can identify weaknesses and strengths within your culture.
- It allows you to plan and adjust your culture according to your survey insights.

Now, we'd like to jump into the methodologies you could use to effectively assess your organisational culture.



Two models for **mapping** and **assessing** your organisational culture

If you're still with us at this point, we're going to take you through the process of assessing your organisational culture using two different models.

This activity can and should be done with multiple stakeholders to ensure an accurate picture is mapped. The stakeholders you choose to include are entirely up to you.

a. The Barrett Seven Levels Model

This model was developed by Richard Barret of the Barrett Values Centre.

For the purposes of this article, we're going to look at the seven levels of organisational consciousness, how the model is used to assess organisational culture and how it has done so for a multitude of businesses across the globe.

The Barrett model suggests that organisations go through seven different stages or states at different times. The image below showcases the seven different states / culture types of any organisation:





This model is used to identify the values that motivate your workforce, and according to this model, the only way to build your ideal culture starts with understanding what values underpin your existing culture.

You'll need the Cultural Transformation Tools® (CTT) to do that.

There are a number of tools or assessments needed to understand both the personal values of your employees, but also the values that are collectively embodied by your organisation.

But for the purposes of this article, we're going to look at a specific assessment called the Cultural Values Assessment (CVA).



The CVA, according to the Barrett Values Centre, *“provides a deeper understanding of what motivates the people within your organisation, along with an objective diagnosis of what is and isn't working. It will also provide you with actionable insights that will highlight a clear path forward.”*



Here's how it works:

- The CVA is an employee survey that's around three questions long and takes a maximum of 15 minutes to complete.
- This survey will highlight what is and what isn't working in your culture.
- It will also highlight what hinders people from doing their jobs to their full potential which indirectly impacts your customers from experiencing your products and services fully.
- It will also highlight which values are most important to your employees.
- The insights from your CVA should then be analysed and shared with your employees.
- From here you should create a cultural development plan to help build your desired culture.

Why is this model a valuable tool for diagnosing your culture?

- It provides you with a deep understanding of the motivations and experiences of your workforce.
- The insights are able to direct both the purpose and strategy of your organisation.
- The insights should help you develop a road map for achieving a high-performing, strategically aligned business.

This model is powerful at truly getting to the heart of your company culture.

A culture shift is an immensely complex endeavour, one that might require a shift in core values or even a shift in business direction, but using tools like this will provide you with insights into where your organisation should be heading.

b. The Competing Values Framework and the Organisational Culture Assessment Instrument (OCAI)

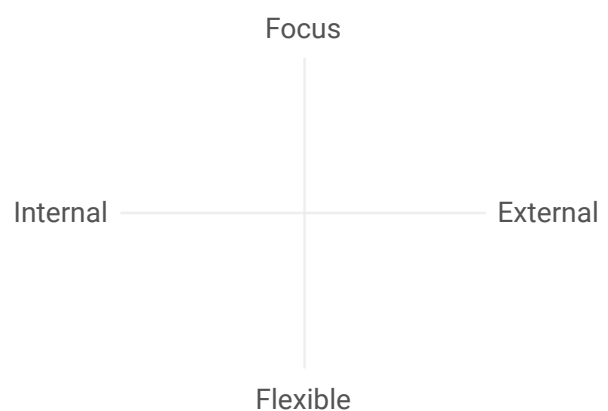
The second model we'll be looking at is the [Competing Values Framework](#) and the [OCAI](#). This model was developed by Robert Quinn and Kim Cameron at the University of Michigan.

This methodology was developed to help organisations identify their culture, but also use it as a tool to facilitate a potential shift in culture.

First, we need to understand "The Competing Values Framework". This framework consists of four competing values; the focus here is on the word - competing. According to this framework, no organisation can successfully employ two opposing sets of values at the same time.

The competing sets of values are:

- **Internal vs. external**
- **Focus vs. flexible**



These four values then directly correspond to four different types of organisational culture as defined by Cameron and Quinn.



So how does the OCAI model work?

We then move over to the OCAI which asks you to score your culture according to six different aspects, namely:

1. Dominant characteristics
2. Organisational leadership
3. Management of employees
4. Organisational glue
5. Strategic emphasis
6. Criteria for success

What's important here is that your entire organisation needs to take the OCAI survey. The survey assigns values according to each of the above aspects. The results will provide insights into the type of culture your organisation currently embodies.

The OCAI survey needs to be taken twice. The second time your organisation takes it, you need to bear in mind the culture you want - your desired culture.

You're now able to tally and compare the two sets of results. You should be able to determine two things:

1. Your organisation's desire to shift its culture
2. The general levels of satisfaction with the current culture

If you would like to take the OCAI for yourself, go and check it out [here](#).

No matter what model of measurement you choose to use, it is essential that you're able to identify specific areas of change in a way that benefits your organisation in a strategic way.

Their research indicated that every organisation will have a mix of four different culture types in varying amounts, but will exhibit a dominant culture.

1. Clan culture

This culture has a close resemblance to a family structure where loyalty, trust and tradition are important to developing a meaningful work environment. They place a lot of importance on addressing and solving the needs of their clients.

2. Adhocracy culture

This culture prides itself on being dynamic, innovative and it enjoys taking on a risk or two. It enjoys experimenting with new ideas and sees this process as a means of creating bonds between employees. This helps the organisation achieve its goals and develop new processes for doing things.

3. Market culture

This culture defines itself by its results. A culture like this is highly driven, fiercely competitive and goals oriented. They measure their success by increasing their market share and industry domination.

4. Hierarchy culture

This culture refers to a more formal, structured environment. There are processes and procedures for everything which often form the basis for how people interact and behave within that organisation. Through its rigid processes and procedures, this culture style affords the organisation a level of stability which helps them achieve long-term success.



How do I **align my people** with my **strategy**?

a. Build the right values into your culture.

Here's what we know...

Your values are what form the guiding principles of your organisation.

At this point, if you've identified that your culture needs a shift to reflect greater strategic alignment, we suggest revisiting your values, mission and vision.

Here's why...



Your [values, mission and vision](#) define what your company stands for, and why it exists.

In revisiting them you're able to provide more clarity and you're able to ensure your purpose is directly aligned with your strategic direction.

For example: If you're wanting to become a more digitally enabled and innovative company, your core values could reflect something along the lines of innovation, always learning, and collaboration.

Companies who fail to provide clarity in these areas often struggle with employees who experience confusion and a lack of purpose and direction.

In [Corporate Culture and Performance](#), John P. Kotter and James L. Heskett found that companies with strong adaptive cultures based on shared values outperformed other companies by a significant margin.

b. Your people need to buy-in to your strategy, vision and purpose.

McKinsey & Company describe an aligned organisation as follows:



Some organisations make all of the links, so that vision, strategy, and goals come together to become meaningful work. In so doing they instil a sense of achievement that, in turn, enables their people to achieve more and more.

The Aligned Organisation, P 137



01.

Employee and stakeholder buy-in occurs with effective communication

There is [research](#) to back that up too, “...effective lateral and workgroup communication leads to an improvement in overall company performance.”

Communication is still one of the most undervalued contributors to high performance and competitive advantage.

To steal from the field of marketing for a moment, according to Thomas Smith in his book “[Successful Advertising](#)”, he believed it took someone hearing a message 20 times before they would buy something.

Furthermore, [studies](#) suggest that repeated statements are perceived as more truthful than statements made less frequently, “...because repetition imbues the statement with familiarity.” You need to develop an effective means of communicating your vision, mission, purpose, and strategic direction with your employees to drive effective culture and strategic alignment. Our previous eBook has a whole chapter dedicated to developing an effective communications strategy.

You can download it [here](#).

02.

Inspirational leadership

If we take one thing away from the above Zappos and Microsoft case studies, it's that both companies have CEOs that are leading from the front, and by example. They inspire and live out their purpose and vision in a way that helps them successfully achieve their strategic goals.

“All organisations start with ‘why’, but only the great ones keep their ‘why’ clear year after year.”

Simon Sinek

This is achieved through building trust with your employees by recognising and rewarding behaviours that are directly aligned with your values, and leading by example.



Key takeaways

Organisational culture plays a crucial role in the overall success of your business.

For many years, and even today, culture has been seen as a soft measure to building a successful business, however, we live in an era that's been able to prove the exact opposite.



Take a look at this:

- According to a study by [Gallup](#), selecting high-talent managers can lead to 27% higher revenue per employee than average. Selecting naturally talented individual contributors can add 6% higher revenue on top of that. That means you could see a **33%** higher revenue by creating a culture that attracts the right talent for your organisation.
- According to the [2020 Global Culture Report](#), by clearly communicating the importance of an employee's contributions, companies can see a 15% increase in organisational clarity and a 21% increase in discretionary effort.

Building a strong company culture that's strategically aligned with your business goals and objectives could be the single biggest competitive advantage your business could ask for.

Culture is our game. It's part of the reason we built [bountiXP](#), a plug-n-play employee recognition and engagement platform. What makes us different is that our platform makes sure that you link every recognised or rewarded behaviour to one of your company values, goals or initiatives.

This is an essential element to ensuring that we help companies build cultures that are in direct alignment with their overall business strategy.



Are you ready to see
what happens when
you align your **strategy**
with your culture?

Let's get to it.

Sign up for bountiXP today for **FREE**.

Visit our website at
bountixp.com

