

## Culture Eats Strategy For Breakfast



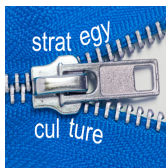
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**The myth of separation:** Strategy and culture are often seen as independent factors but they are completely dependent upon each other. Ignore one at the peril of the other. In reality 1% of strategy is planning, 99% is daily decisions and actions. Culture effects these daily decisions and actions FAR more than the plan. Make sure not to create a culture of “choiceless doers”.<sup>1</sup>



**Culture eats strategy for breakfast**<sup>2</sup>. Only 30% of strategic initiatives are successfully implemented<sup>3</sup>. Home Depot developed their culture around the strategy of serving home do-it-yourselfers. In 2000 Bob Nardelli shifted significant resources away from consumers in order to cater to professional contractors. Home Depot’s consumer satisfaction scores suffered the biggest drop of any U.S. retailer ever. In 2007 a new CEO, Frank Blake refocused the business... homeowners would again be the primary customers”. The culture, designed to help homeowners, could not service contractors as well<sup>3</sup>.



How **strategy clobbers culture before lunch**. Most companies in the Forum’s research<sup>4</sup> that were slow in execution had been too busy to do it right. Poor planning and poor communicating bogged the change down. Too much focus on process and technology and not enough on people produces lack luster results. It’s important that everyone has clear direction, commitment, and the flexibility to adapt the strategy as you execute.

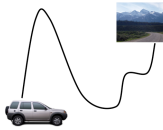


**Integrating culture and strategy.** Create whole system change processes to engage people. Most people contribute powerfully when they are invited to do so and they are given enough information. Support people in taking healthy risks to adapt and implement strategy quickly and easily. Good decision-making and high employee engagement<sup>12</sup> create a vital cycle of great business results<sup>5</sup>.

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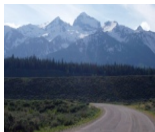
**Zappos – an example of integration.** CEO Hsieh says, “Zappos is a service company that happens to sell shoes. Our marketing budget goes into customer service and training. Great customer service IS how we market. [Our strategy] is about giving employees permission and encouraging them to just be themselves”<sup>6</sup>.



Take an **Integration Road Trip**. Create strategy that builds on the core of your culture, and energizing vision, and the strengths of your organization. As you progress redesign systems to enable you to fulfill your vision. Developing your people and enhancing momentum propel both strategy and culture.



**Begin with DNA.** Your DNA (your core purpose and values<sup>7</sup>) must be aligned. Your brand is your DNA seen from the outside, and should resonate throughout the company and the market. Use the Positive Change Questions (below) to discover what already is aligned with your DNA. Companies that go slow in order to go fast, tend to have much higher profit margins<sup>4</sup>. The higher the quality of the climate the faster strategy is implemented.



You need absolute clarity about the **Desired Destination**, and the goals you will have to achieve along the way to that destination. You need an **energizing vision**<sup>12</sup> of this future. It must energize all stakeholders including employees, investors and customers.



**Positive Change Questions**<sup>9</sup>: Create positive direction, momentum and creativity—fast. **Goals?** This question can refocus on long-term objectives or the next action we need to do. **What are we doing already that works towards those goals?**<sup>8</sup> This helps us build momentum, and builds confidence in your DNA. **What else can we do towards our goals?** This gets us brainstorming new ideas, adapting past practices and innovating, without wasting time exploring problems that don't matter.



**Focus your strategy!** As Robert Simon writes in his Harvard Business Review article<sup>3</sup> “Choose your primary customer. Put all resources towards this customer”. Your culture should also be focused on serving this customer, so resources, actions and brainpower are maximized. Everyone should be clear who has top priority when making decisions – consumers, stockholders, employees, etc. Management attention is a scarce and valuable resource. Tracking metrics that are not critical to the strategy *and* culture wastes time and reduces decision-making effectiveness.



**Development tools for culture alignment:** Leadership Development, Team Building, involving stakeholders in Strategic Planning, Coaching, People Skills Training, and culture change guidance.

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