

Aligning Culture, Strategy and Leadership

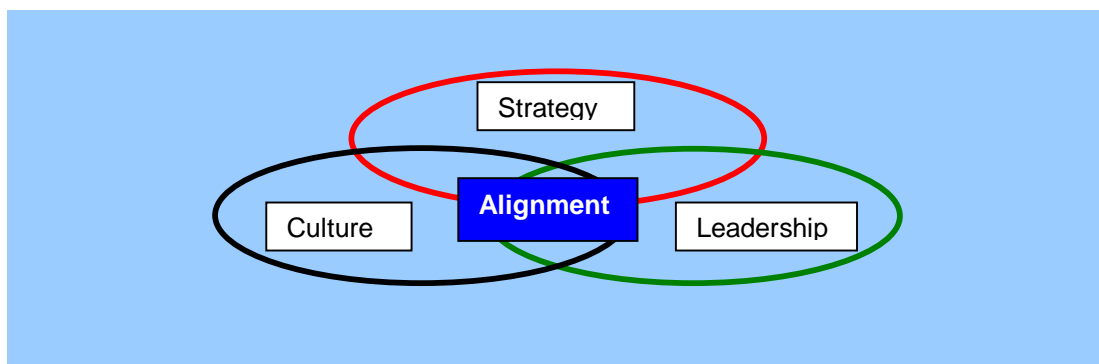
A March 07, 2007 *Management Forum Series* presentation by

Bill and Kristine Schneider

Synopsis by Rod Cox

"Organizational effectiveness results from the alignment of three main components:

- *Culture: How we do things around here in order to succeed.*
- *Leadership: Creating a vision and direction for the organization and mobilizing people to accomplish them.*
- *Strategy: Establishing the fundamental focus for action that the organization must take in order to provide significant added value to customers.*



"Successful leaders, therefore, develop and maintain the culture that will deliver their organization's strategic objectives. This approach takes leadership development and performance to the strategic and system level. It links leadership behavior to the marketplace, to business strategy, and to the culture required to implement that strategy.

The central emphasis in this approach is leadership versatility.

In this Management Forum Series© presentation, Bill and Kristine Schneider of the Corporate Development Group (CDG) discuss how core strategy, culture and leadership must be aligned; how this drives bottom line success and organizational sustainability; and how it harnesses the energy of the people and unleashes their productivity.

William Schneider, Ph.D. and Kristine L. Schneider help companies and their leaders improve performance through cultural alignment, leadership and executive team development, and training and coaching. Together, they founded the Corporate Development Group (CDG) that focuses on helping companies expand their productivity by leveraging their culture. Bill is the author of *The Reengineering Alternative: A Plan for Making Your Current Culture Work* (McGraw-Hill/Irwin 1994). He is widely recognized for his work in organizational culture and speaks regularly at national and international conferences. Kristine (MS, Social Work, Washington University, St. Louis) has been a leadership development facilitator and coach at University of Denver and the Women's Vision Leadership Institute. She is an international keynote speaker and has appeared on business radio shows as a guest expert.

This synopsis includes material from their insightful Portland, Oregon presentation as well as from Leadership Culturelink© and from Dr. Schneider's book.

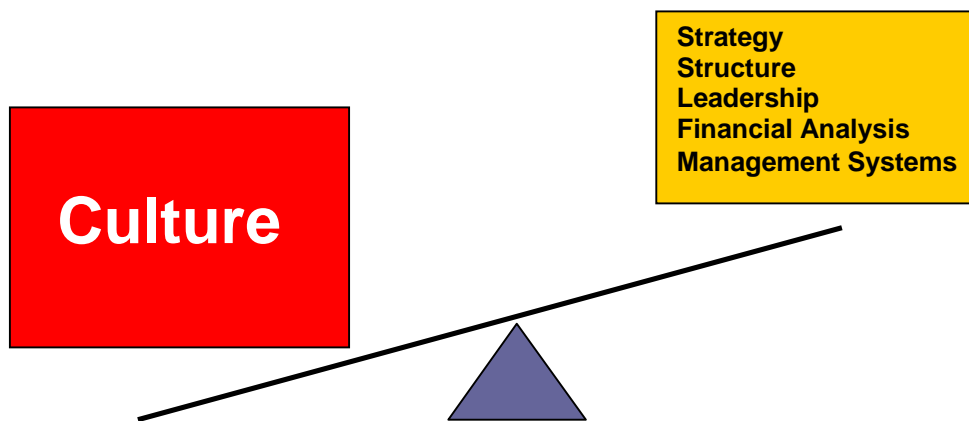
“Culture isn’t just one aspect of the game – it is the game. In the end, an organization is nothing more than the collective capacity of its people to create value.”

Lou Gerstner, *Who Says Elephants Can’t Dance?*

“Every business has three fundamental resources that are the most ‘leverageable’ meaning that if one invests in these resources and effectively manages them, one can obtain a substantial return on that investment. These three resources are money, information and people. Business leaders have made great headway when it comes to money and information. But they have been much less successful when it comes to leveraging their people resources.”

“The people knowledge and power that CEOs do have is generally individual-person oriented. While this is valuable, it is inadequate, equivalent to someone having knowledge and power when it comes to individual dollar bills or individual bits of information, but not the important knowledge and power having to do with leveraging collective money and information. Although they may be quite capable when it comes to money and information, business leaders are least trained in how to leverage people resources – in particular, the collective resource of people.”

Culture is the most powerful driver of organizational success available to leaders.



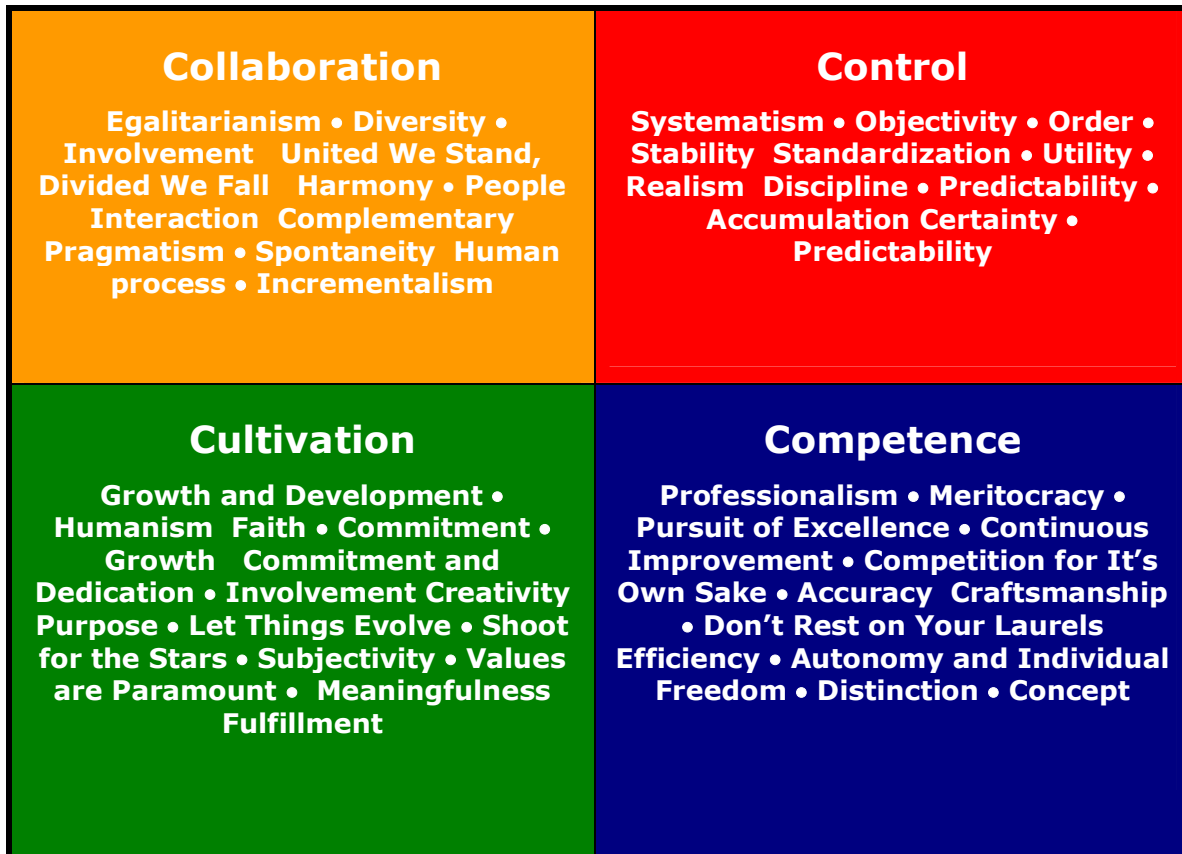
Have you noticed how some candidates – highly skilled, experienced, capable – don’t work out after assuming new managerial responsibilities? How someone who has “proven” herself in one industry or company fails in a new one, even though she comes with a rock-solid track record and business training? Why does this happen?

Often, the answer is individual-culture incompatibility. *“The organization has its way, and the individual has her way. No matter how hard everyone tries, the two cannot connect. There is no ill-will in any of these cases. At issue are very powerful patterns of behavior – organizationally and individually – that are different enough that mutual adaptation is not possible.”*

The next three sections look at the four core strategies, four core cultures, and four core leadership practices. Note how they overlay each other. As you read them, consider what is likely to happen when they are in alignment? What is likely to happen (or not happen) when they are misaligned?

The Four Core Cultures

Core refers to the elements of the business that drive competitive advantage and shareholder value. All other internal core functions need to function in support of the core. CDG defines the four core cultures as follows:



Culture is important because it limits or enables strategy. It provides consistency, order and structure, and sets internal ways of life and patterns for internal relationships. It determines conditions for internal effectiveness and drives effective performance. *“The most important thing that leaders can do is create and manage culture.”* (Edgar Schein) It has everything to do with organizational implementation, and is the foundation of an organization’s identity. The wrong culture can hold your strategy hostage.

The most important culture driver is the nature of the business. If you understand what the business is about, you are likely to understand the core culture. Using the above quadrant as a guide, in which color would Bonneville Power Administration operate? How about Legacy Health Systems? The Oregon Lottery? Oregon Catholic Press? Fred-Meyer? Intel? Your own organization?

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The Four Core Strategies

Strategy is the fundamental focus for action that the organization must take in order to provide significant added value to its customers. It is the unique value proposition, the magnetic north, the decider for all decisions. It determines the right culture and the right leadership.

In a successful company, strategy is likely to be in alignment with culture and leadership.

<p>Synergy</p> <p>Close partnership • High customization Total solution • High personalization Co-development • Incremental relationship</p>	<p>Certainty</p> <p>Dependability • Efficiency Interaction with Customer Commodity / Commodity-like Accuracy • Predictability Convenience</p>
<p>Enrichment</p> <p>Fuller realization of potential Growth of Customer • Raising of human spirit • Further realization of ideals, value, higher-order purposes • Take customer to another plateau</p>	<p>Superiority</p> <p>One of a kind • Create market niche Extremely unique • Unmatched product / service • Excellence • Constant innovation • Operational excellence Product leadership • Re-invention</p>

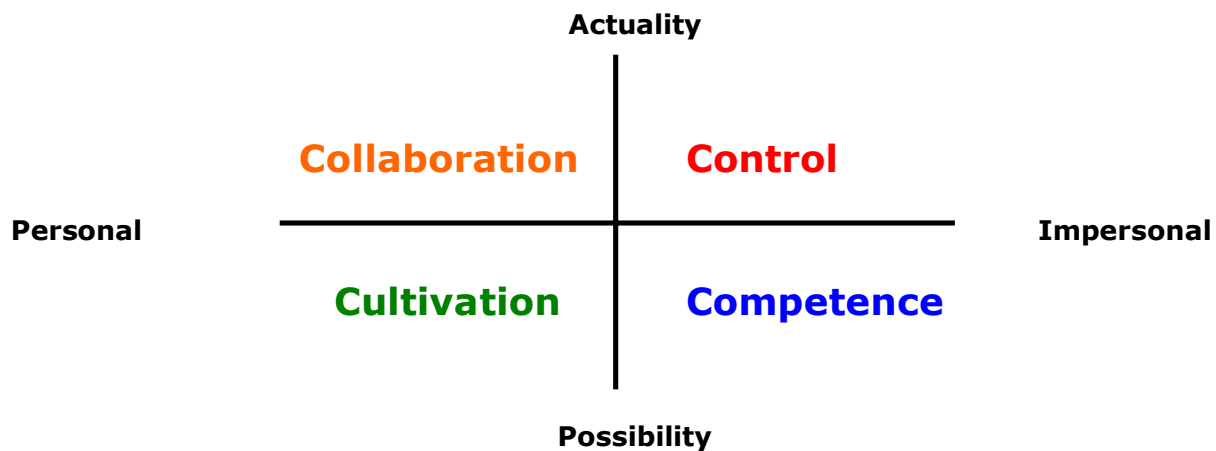
The Four Core Leadership Practices

The four core leadership practices are:

<p style="text-align: center;">Participative</p> <p style="text-align: center;">Team Builder • Coach • Close Partner With Customers • Integrator • Push for Consensus • Conflict Manager • Amiable • Pragmatist</p> <p style="text-align: center;"><i>Integrator: Ensures Utilization of Diversity</i></p> <p style="text-align: center;"><i>Epicenter: People Process</i></p> <p style="text-align: center;"><i>Motive: Affiliation</i></p> <p style="text-align: center;"><i>Goal attainment: Unique customer</i></p>	<p style="text-align: center;">Directive</p> <p style="text-align: center;">Authoritative • Conservative • Driver Firm and Assertive • Definitive • Realist</p> <p style="text-align: center;"><i>Structurer: Builds Systems</i></p> <p style="text-align: center;"><i>Epicenter: System</i></p> <p style="text-align: center;"><i>Motive: Power</i></p> <p style="text-align: center;"><i>Goal attainment: Organizational system</i></p>
<p style="text-align: center;">Charismatic</p> <p style="text-align: center;">Cultivator • Catalyst • People Steward Idealist • Commitment Builder Expressive • Idealist</p> <p style="text-align: center;"><i>Developer: Appeals to Higher-level Vision</i></p> <p style="text-align: center;"><i>Epicenter: Values</i></p> <p style="text-align: center;"><i>Motive: Self-actualization</i></p> <p style="text-align: center;"><i>Goal attainment: Value-centered</i></p>	<p style="text-align: center;">Standard Setter</p> <p style="text-align: center;">Conceptual Visionary • Challenger of Others • Spurs Competition • Tough Taskmaster • Stretcher of People Analyst</p> <p style="text-align: center;"><i>Exceller: Drives Constant Improvement</i></p> <p style="text-align: center;"><i>Epicenter: Concepts</i></p> <p style="text-align: center;"><i>Motive: Achievement</i></p> <p style="text-align: center;"><i>Goal attainment: Conceptual</i></p>

If you were a leader in a certainty business (**Directive**), ideally you’d focus on maintaining control in a directive manner. It is unlikely that a **Charismatic** leader could succeed in this environment because she would be working cross-culturally, against the grain. For nearly every minute of every day on the job, she would be trying to adapt to a culture diametrically opposite to the culture to which she is most suited. Her ability to set direction, build organizational commitment and ensure organizational capability would be compromised. Thus, an important element in choosing leaders is to match them to the core culture and strategy of the organization.

Note the dual drivers in each of the core areas below:



The most difficult adaptations are cross-quadrant:

- A **Directive** leader in a **Cultivation** culture
- A **Charismatic** leader in a **Control** culture
- A **Participative** leader in a **Competence** culture

A **Standard Setter** leader in a **Collaboration** culture

So what? Applications and Implications

The purpose for understanding the culture of your organization is simple: when aligned, the organization is likely to perform better, the potential for employee satisfaction and balance is likely to be higher, and the organization is likely to be more successful. A framework for effectiveness would include:

1. **Analyze** your organization. Which of the four core cultures is dominant?
2. **Focus:** How clear is the organization’s core culture to your colleagues? To employees? How does this affect relationships? Effectiveness?
3. **Alignment:** How aligned are the organization’s strategy, culture and leadership? What are the areas of cultural match? Where are the potential pitfalls?
4. **Integration:** Do leaders behaving in a way that supports taking the organization to the next level?

Resource

Dr. Schneider’s excellent article “Why Good Management Ideas Fail: the neglected power of organizational culture” is available on the internet at:
<http://www.refresher.com/!neglected.html>