

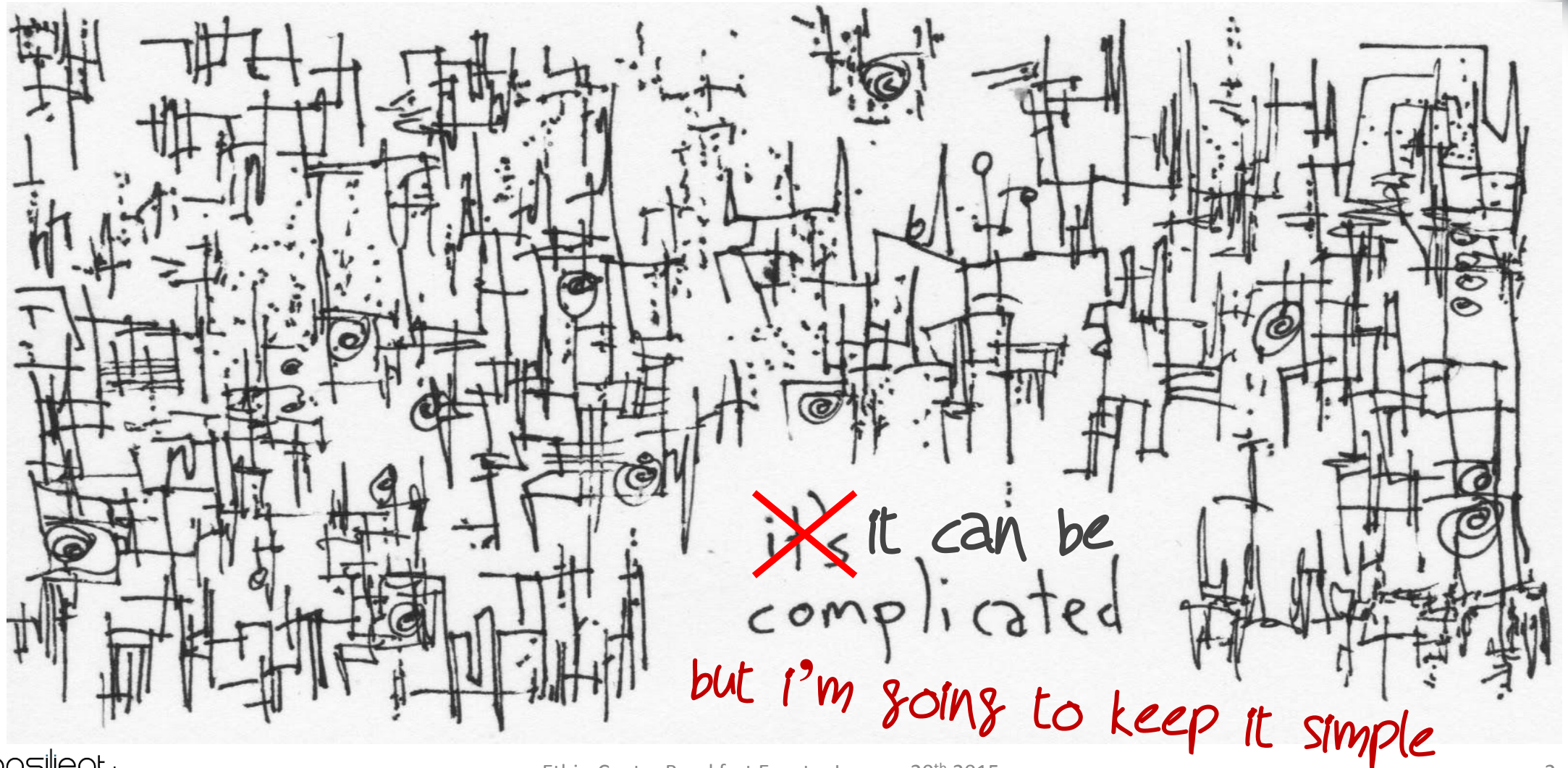


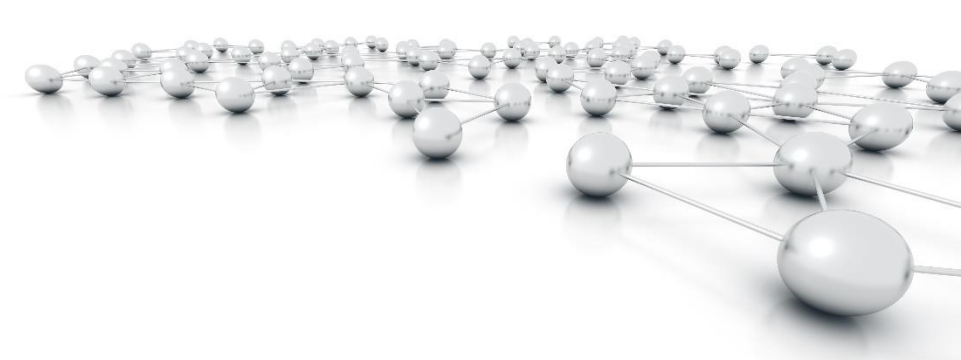
How to Ensure the Organization's Culture Does Not Eat Your Strategy for Lunch

Or... how to succeed in business
without really crying



Often, when we talk about strategy and culture, we're inclined to think: "it's complicated"

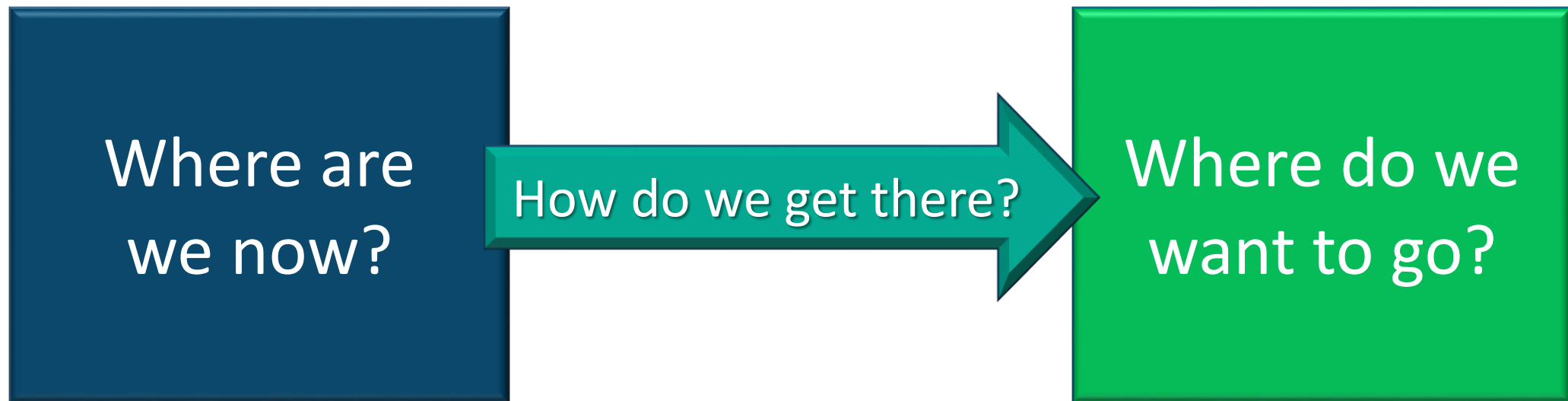


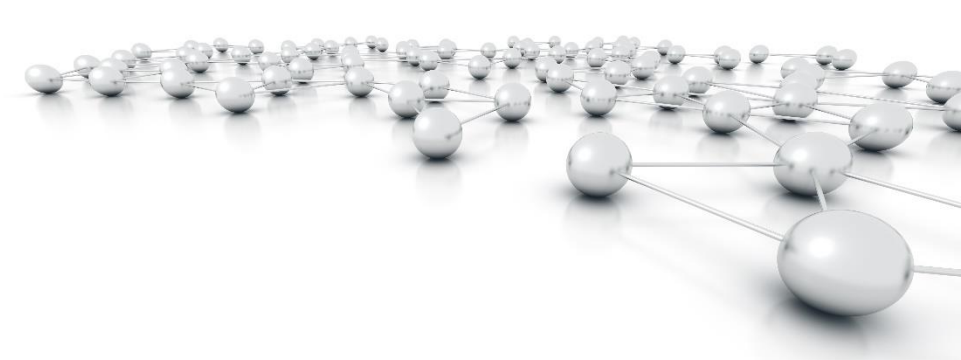


Strategy...

A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem

Definition courtesy of: businessdictionary.com





Organizational culture...

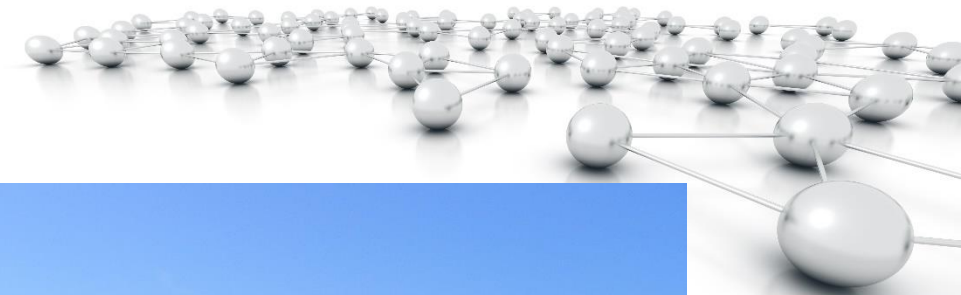
The values and behaviors that contribute to the unique social and psychological environment of an organization

Definition courtesy of: businessdictionary.com



"How we do things around here"

Strategy & culture work together



In practice, implementation means...

- ✓ Taking action
- ✓ Adopting policies
- ✓ Allocating resources

success...

Often involves tough decisions
Depends on employee co-operation



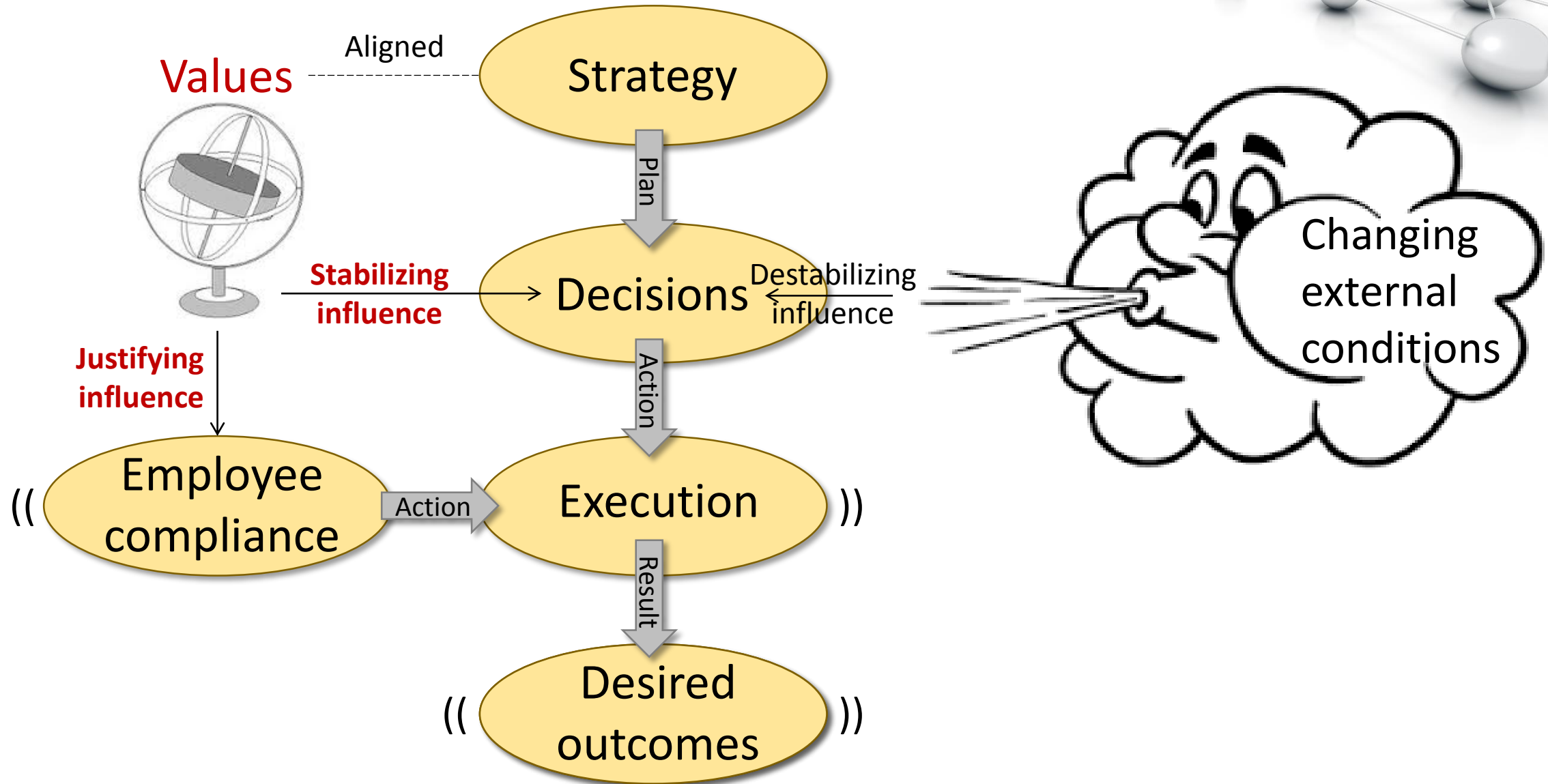
If NOT aligned with the way we do things around here, expect push-back and non-compliance



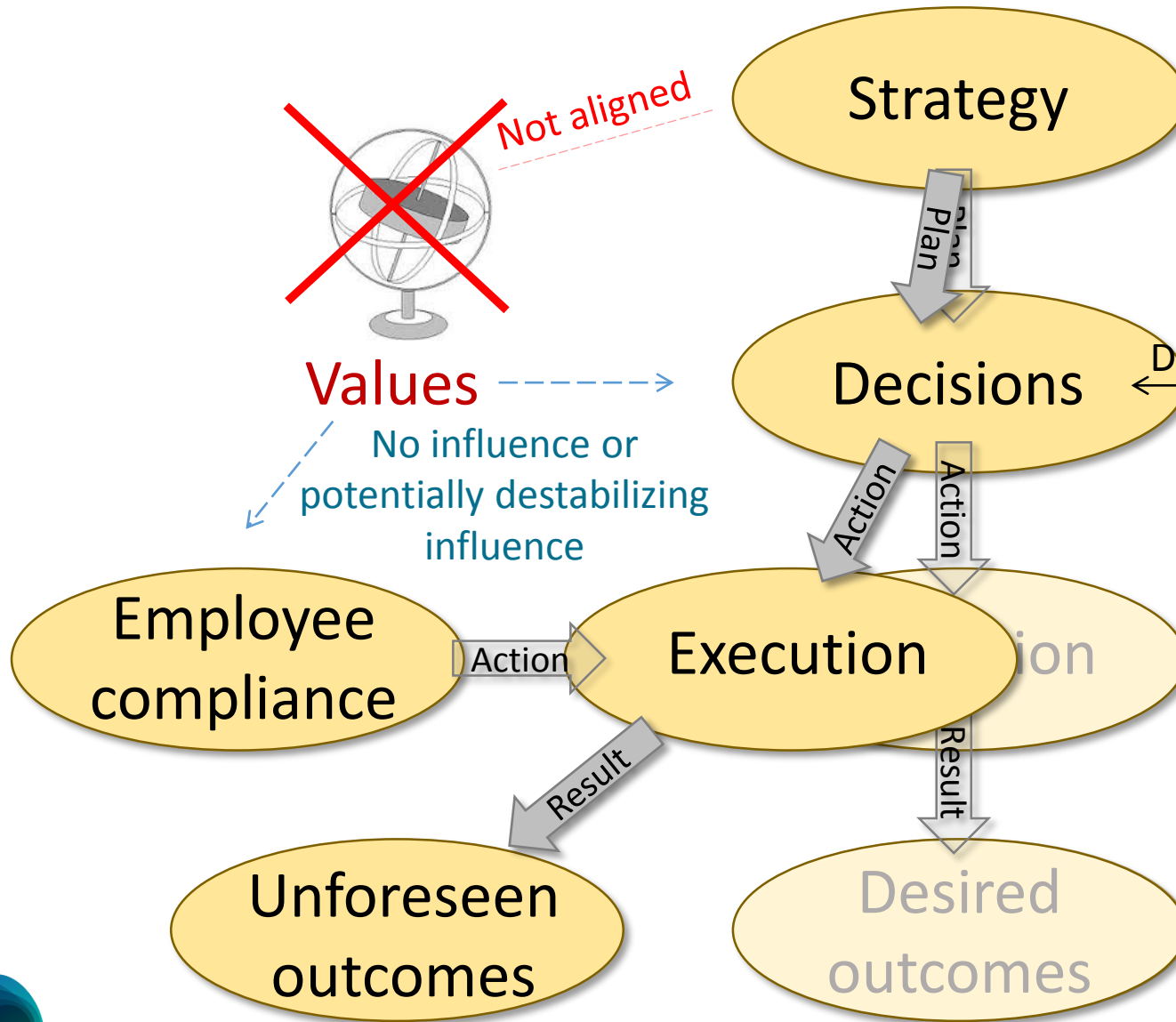
Meanwhile, external industry and market conditions are also changing...

... which can influence priorities and affect decisions

Implementing strategy



When values are not aligned...

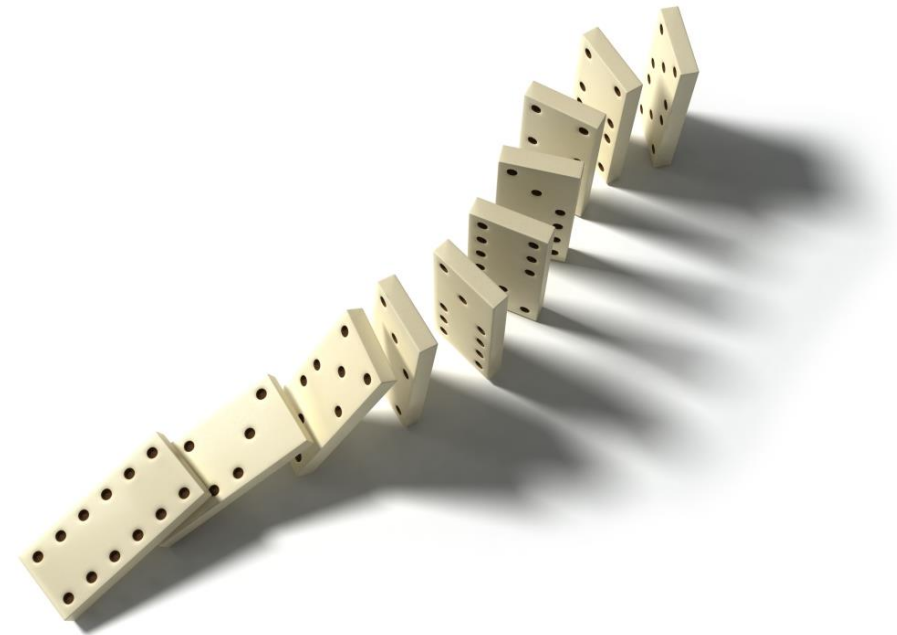


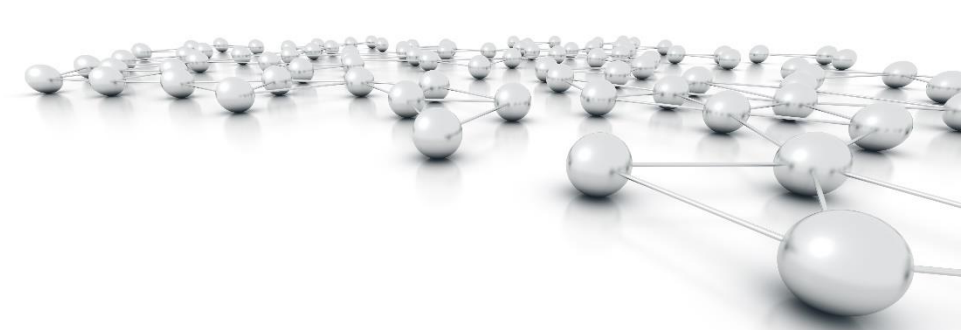


Generally, strategies don't fail in a single memorable moment.

More commonly, we see many small failures occurring at operational level throughout the organization...

...leading to sub-optimal outcomes





So what does this look like
in a real organization?

A case study from the chicken industry



- Subsidiary of a large food conglomerate
- Processing 120,000 chickens per week
- Mainly frozen whole birds (commoditized product)
- Strong competition on price – margins under pressure
- Number three in the market – looking for growth
- Unionized workforce
- Adversarial relationship with management

The strategy

- Management decided to pursue a differentiation strategy:
 - ⇒ Divert a large proportion of production from frozen to fresh
 - ⇒ Strong focus on quality
 - ⇒ Offer added-value products (e.g. skinless de-boned breasts)
 - ⇒ Premium pricing

Frozen whole birds



- Strong competitors
- Low margin
- Limited growth potential

Present Reality

Emphasis
shift

- Limited competition
- High margin potential
- Room for growth

Desired Future

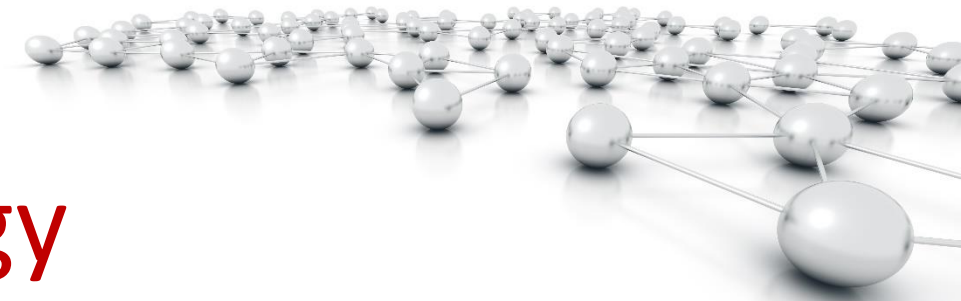
Fresh whole birds & portions





thought experiment

Organizational values that would promote this strategy



Strategy deliverables

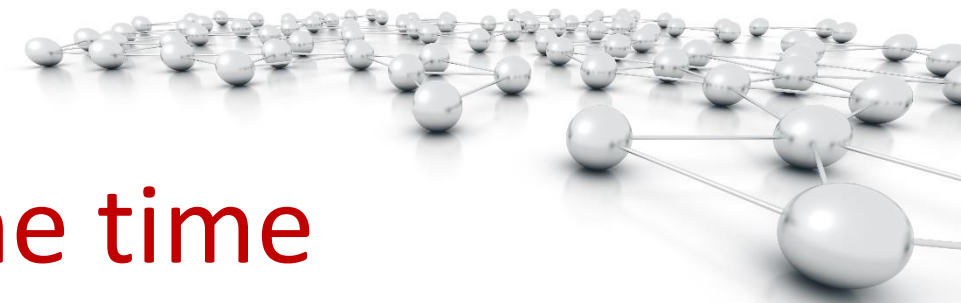
- Consistently high quality
- High margin
- Input-output balance
- New product offerings (value added)

Values that would support this

- Quality, Pursuit of excellence, Safety, Compliance
- Cost-consciousness, Performance
- Adaptability
- Customer focus, Innovation, Value, Technology



Values prominent in the organization's culture at the time

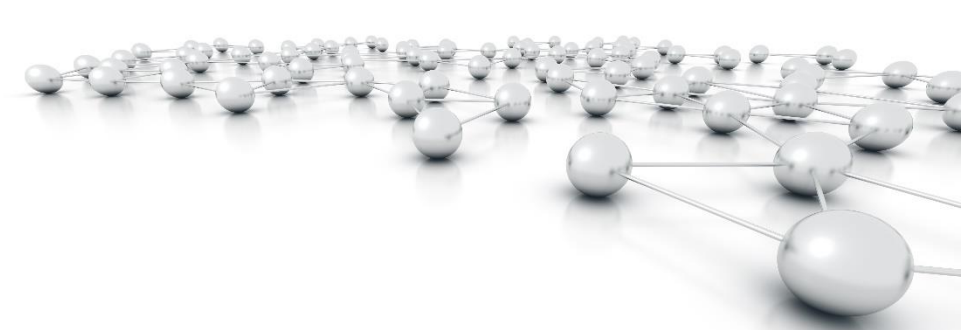


At senior management level...

- Quality
- Pursuit of excellence
- Safety
- Compliance (esp. food safety)
- Customer focus
- Performance
- Innovation
- Learning
- Cost-consciousness
- Wealth creation (imposed by parent)

Amongst other employees...

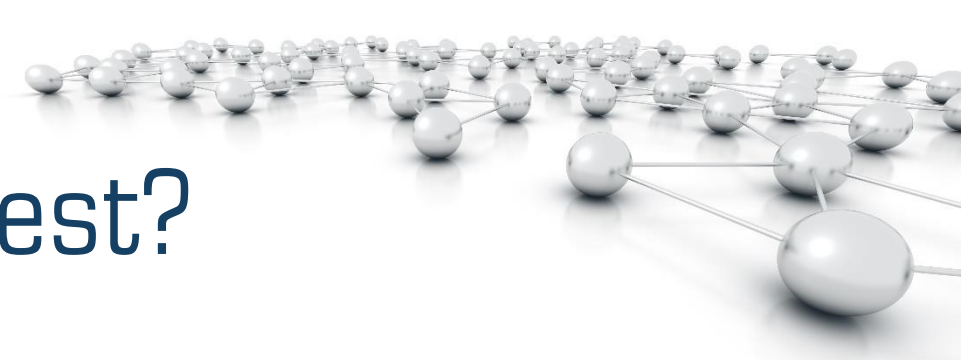
- Employee empowerment
- Caring for employees
- Fairness
- Diversity
- Respect
- Safety
- Trust (or more accurately, mistrust of management)



Let's visualize these differences

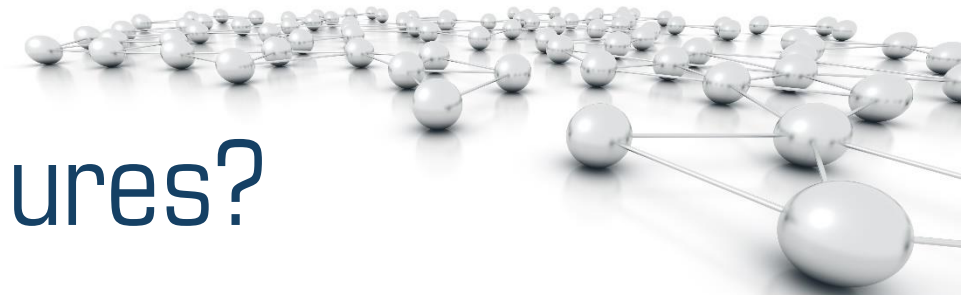
Values Prominent in the Happy Acres' Culture





What does this evidence suggest?

1. Senior managers formulated a strategy consistent with their own values
2. Values embedded in the company's culture were not considered - and happened to be very different
3. Trouble would ensue ...



Remember the many small failures?



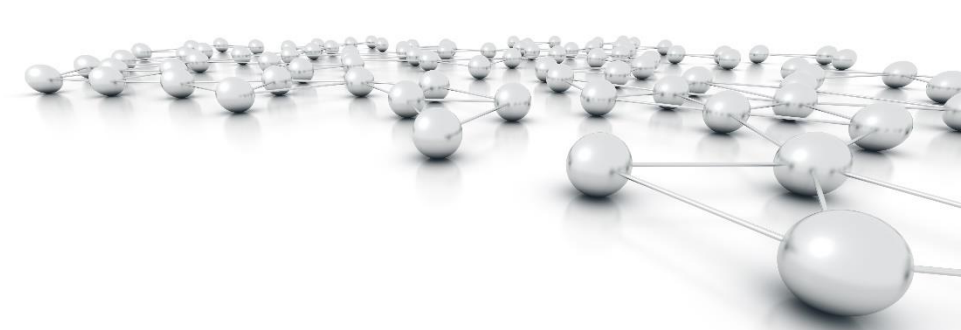
Here's one small example...

It came to be known as...

The GREEN SLIME event



What happened...



- A Happy Acres salesperson visited a busy customer chain store and was checking on the merchandising of their product in the chillers
- She was horrified to find a pack of their fresh chicken breasts in the chiller contaminated with what appeared to be a disgusting 'green slime'
- She immediately removed the offending pack, paid for it and brought it back to the plant
- The management team quickly convened to inspect the pack and try to find out what it was and how the contaminated product had wound up in the chiller of one of their major customers...

What was concluded:

- The green slime turned out to be chicken bile
- Contamination could only have occurred during evisceration
- Once contaminated, at least a dozen people would have handled or seen the breast and had an opportunity to remove it

- ✓ One or more eviscerators
- ✓ Cutting table operator
- ✓ Tray packer
- ✓ Cling wrap operator

- ✓ Label operator
- ✓ Price tag operator
- ✓ Carton packer
- ✓ Cold room attendant

- ✓ Stock picker
- ✓ Truck loader
- ✓ Truck off-loader
- ✓ Merchandiser

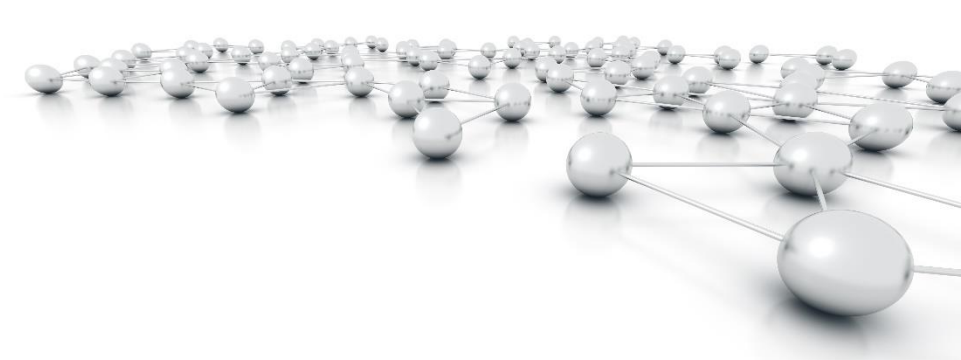
... and yet, no one did anything!



Reasons given:

- I didn't see it (inattention)
- I was too busy (distraction)
- I didn't think I was allowed to remove it (disempowerment)
- That's not my job (disinterest)
- Surely the customer could just wash it off (ignorance)

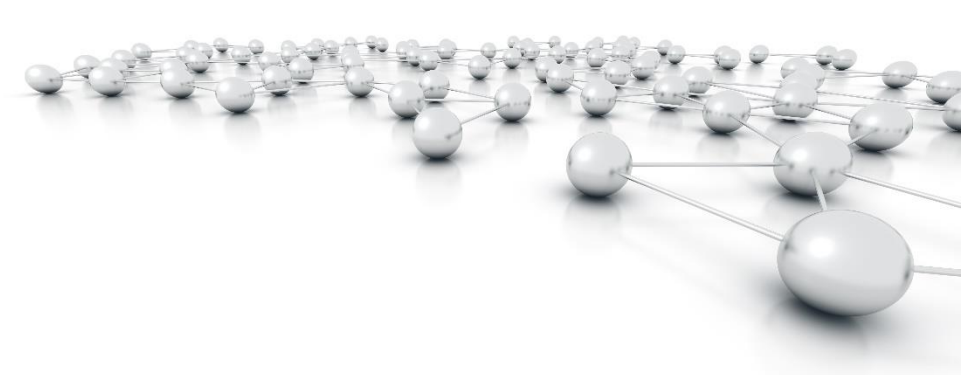
... but these are just excuses



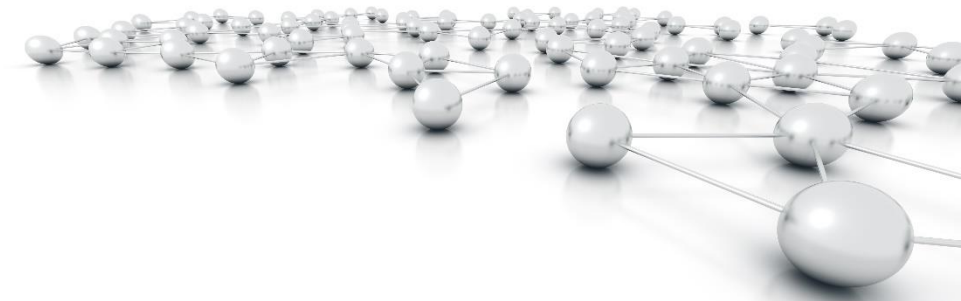
The REAL reason is that...

Quality didn't matter to them

They didn't embrace it so, to them, it wasn't a natural part of "the way we do things around here!"



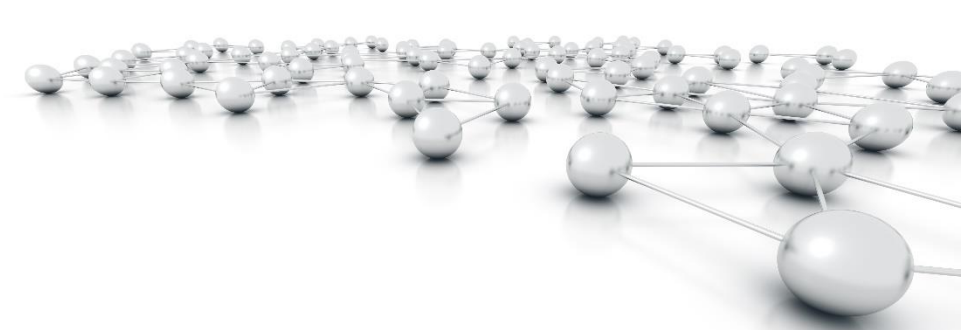
But here's a different story
from around the same time
in the company's history...



Meet David...

- Working in the packing bay
- Very limited education
- Earning minimum wage
- Union member
- No real prospect of advancement

This was David's job...

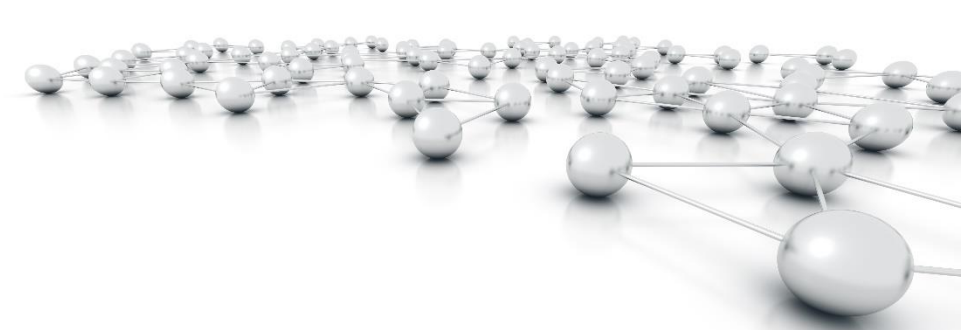


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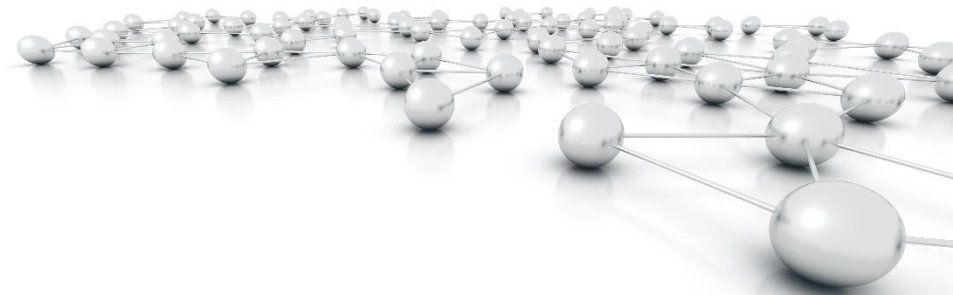
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One day, the production manager noticed David doing something strange...

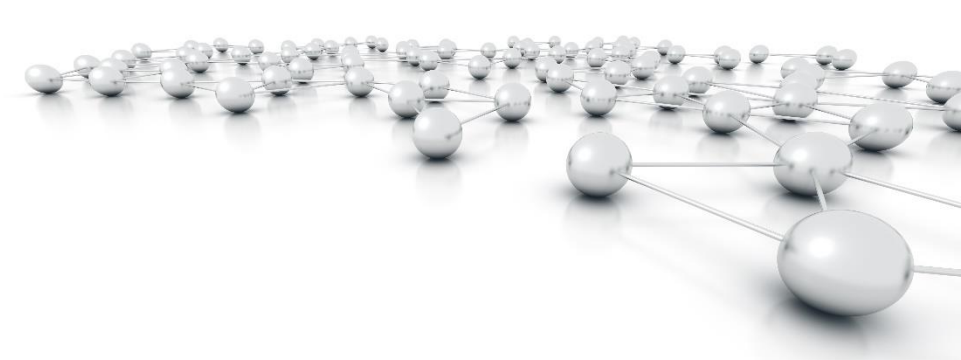
Something no-one else was doing



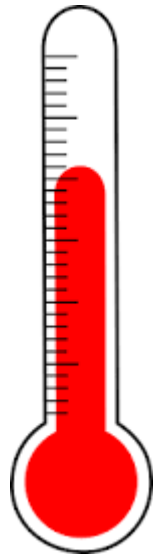
He was turning the top layer of
cartons *upside-down* before
shrink-wrapping the loaded pallet

The production manager wanted
to know why...

This is what David told him:



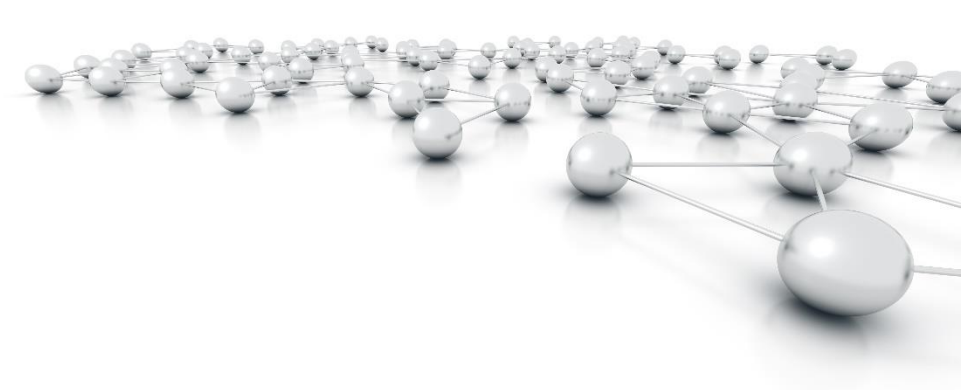
- I want to make sure the chicken is still frozen when it gets to the store...
- ...so I turn the top carton over because it keeps the chicken colder



- The Production Manager was sceptical, but decided to run a test
- What he found astounded him...
- The top layer of chickens was 2°C colder when the container was turned over
- In “cold chain” terms, this is a HUGE deal!

What made David different?

- He worked in relative isolation – untainted by general animosity towards management
- His personal values motivated him to do a good job
- To him, turning the top layer over was simply doing the best he could to “keep the chickens cold”



In his mind, it was no big deal

It was simply the way he did things
around there!



What these examples highlight...

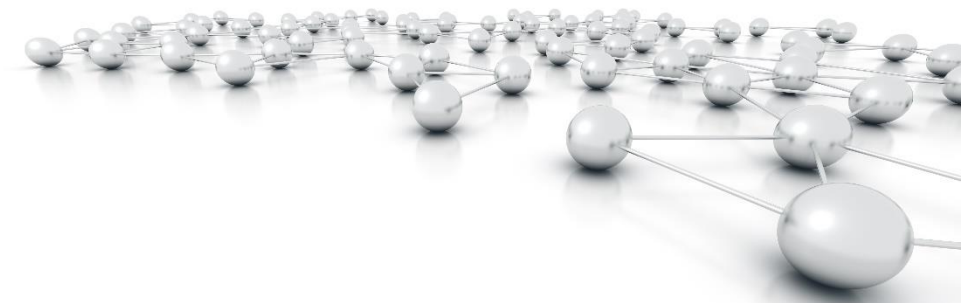
‘Compliance by dictate’ is generally ineffective
when strategy and culture are misaligned

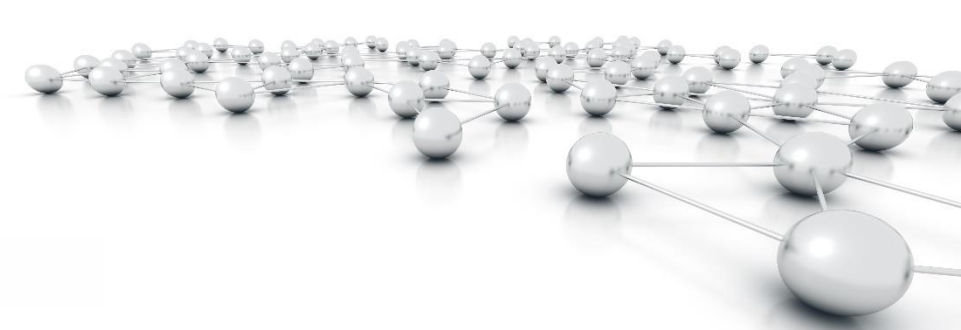
But when strategy is aligned with values,
implementation follows naturally



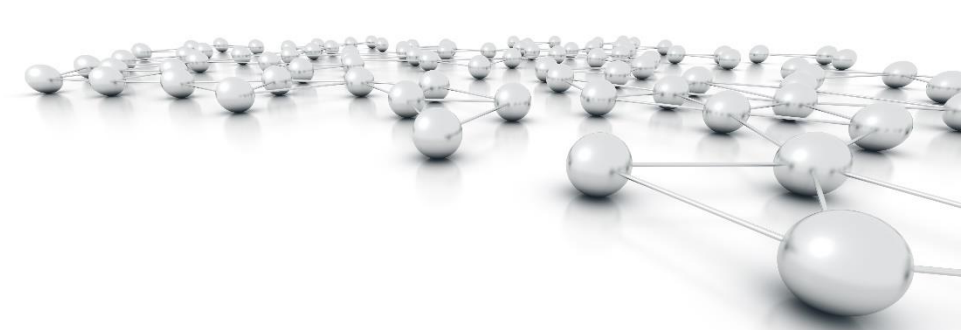
The Outcome:

- Unfortunately, David *was* the exception...
- Ongoing industrial action: go-slows, working-to-rule, strikes
- Production problems persisted
- Management continually fighting fires
- After persevering with the strategy for several years, the company was sold to a competitor, who abandoned the differentiation strategy and reverted to the simpler production of frozen whole birds



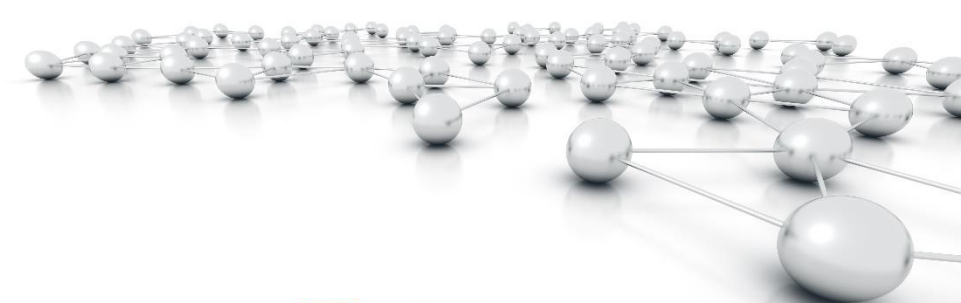


What do you think management ought to have done differently?



Let's Summarize...

Steps you can take to prevent this →



- a) Identify the 'strategy deliverables' – key building blocks of the outcomes your strategy aims to achieve
- b) Consider what values need to be in place to ensure these deliverables are realised
- c) Determine what values are actually driving the organization's culture
- d) Identify gaps between (b) and (c)
- e) Either take action to close the gaps or adapt the strategy to accommodate the existing culture

Tip

focus on values that are clearly related to the deliverables

Tip

these aren't the ones in the frame hanging in the lobby



Alternatively:

Since culture is not the easiest thing in the world to change...

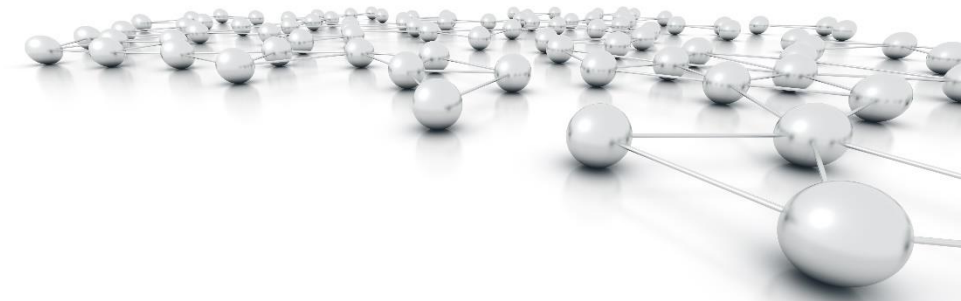
a) Start by conducting a values discovery audit to uncover the organization's authentic values



b) Formulate a strategy that aligns with these values and uses them to best advantage



Final Tip



Consider using a values framework

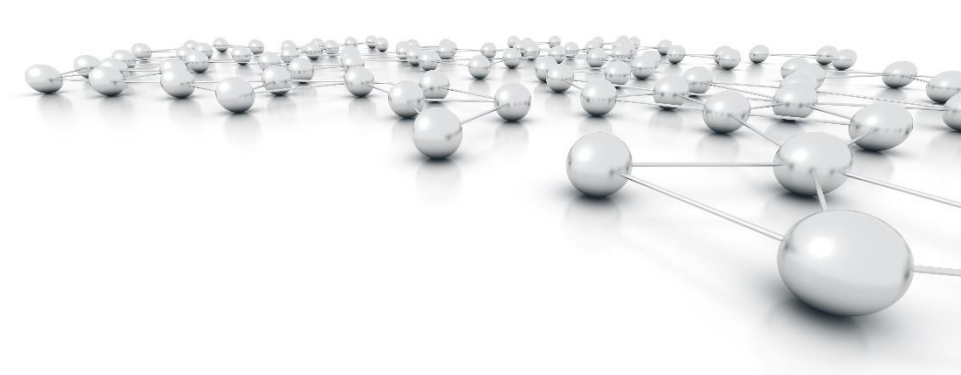
Benefits:

Speeds up the process – everyone uses a common language

Results are consistent and repeatable – good for tracking over time

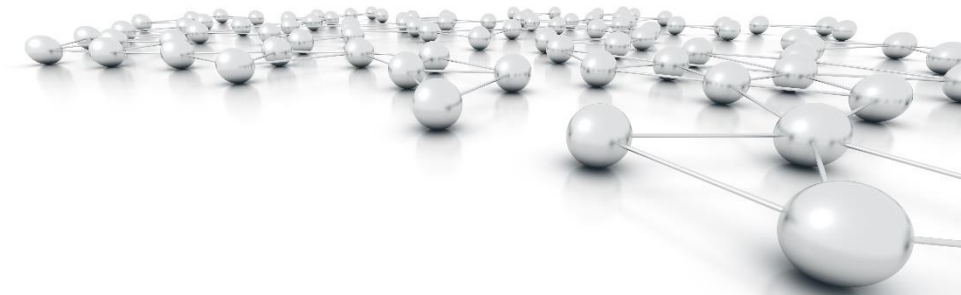
Allows comparison against benchmarks & norms

... and a final thought:



Strategy is the promise that culture must deliver

“Culture Eats Strategy for Lunch”
- Curt W. Coffman & Kathie Sorensen Sep 2013



Thank You
for your attention