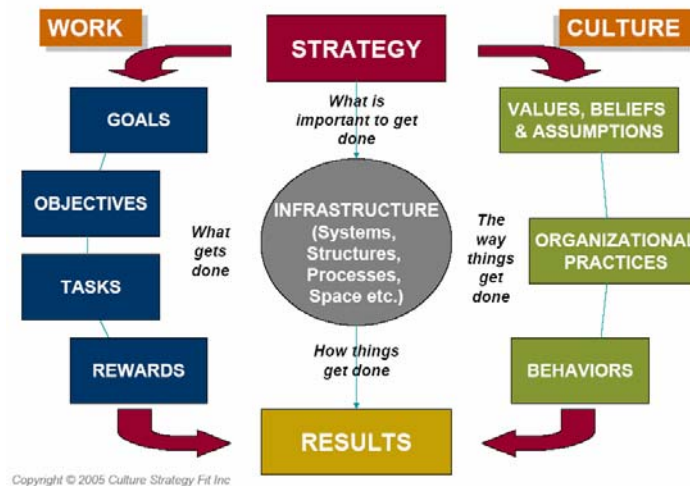


# Organizational Culture: The Missing Link in Strategy Execution

A significant body of research clearly indicates that organizational culture, and specifically the extent that it is aligned or not aligned with strategy, is the single most important factor in determining whether or not a strategy is successfully executed and performance goals achieved (i.e. Marks, 1999; Kotter & Heskett, 1992; Lee & Yu, 2004; Sorenson, 2002). There are, however, other elements of the organization system that need to be considered in combination with culture. These are goal alignment and process and structural integration. The relationship of these elements to strategy execution is depicted below:



## Goal Alignment

Most approaches to strategy execution emphasize 'goal alignment' illustrated on the left hand side of the diagram. Goal alignment focuses on the 'work' of the organization or 'what gets done' on a day-to-day basis. It emphasizes the need to define clear goals and then align group and individuals objectives, tasks and rewards to these goals. This creates a 'cascade' effect that ensures the work performed by individuals and groups is focused on areas of strategic importance to the organization.

While this is important, it is frequently insufficient in terms of ensuring the successful execution of strategy. This realization has led some to suggest that, to be effective, goal alignment must be supported by an aligned infrastructure comprised of systems, structures, processes, and so on that support goal achievement and strategy execution.

## Process and Structural Integration

Most people who have worked in a large organization have, at some point, been involved in restructuring, process reengineering, a major technology implementation or the like. These are

all examples of interventions aimed at increasing efficiency and effectiveness in support of goal achievement. It is a well accepted fact that the internal infrastructure of the organization must support the work of the organization if the desired results are to be realized. The alternative is unacceptable and unnecessary costs and potentially lost revenues and/or missed goals.

Yet, after the restructuring, the process reengineering and the large-scale technology implementations, many leaders are frustrated with their organizations' apparent inability to execute strategy at the speed required to achieve the needed results. The problem is that while the 'hard' elements of the organization may have been addressed, little or no attention is given to the 'soft' stuff otherwise known as culture.

## **Culture: The Missing Link**

Connie Curran, (2002) a researcher and practitioner in the healthcare sector, wrote "Culture eats strategy for lunch every time". In this simple statement she has eloquently summarized one of the strongest themes in the literature on strategy implementation, which is that it doesn't matter how wonderful your organization's strategy is, if its culture does not support it, the strategy will not be realized – even if your goals and infrastructure are aligned!

We take this one step further...our research clearly shows that aligning organizational culture to strategy accelerates strategy execution. Organizational culture includes the highly influential sets of norms, values, assumptions, beliefs and behaviors which influence the selection, design and implementation of strategic initiatives, impacting growth and operational strategies. Misaligned cultures create drag that impairs the performance of the organization's 'engines' for growth, hobbling strategies from being achieving to their full potential.

## **In sum, high performing organizations have cultures that are aligned with strategy**

**A 2005 Economist Intelligence Unit research study reported that 56% of the executives surveyed believed that their organization's culture was a key stumbling block to growth.**

The link between organizational culture and achieving sustained high performance has been proven. Culture-strategy fit assessments and culture alignment initiatives are important work that leaders need to undertake to 'lay the tracks' for strategic priorities to roll-out on.

Consider how our deep capabilities in alignment of Culture to Strategy, Work and Infrastructure can help your organization achieve its strategy and get to the next level of performance.

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