

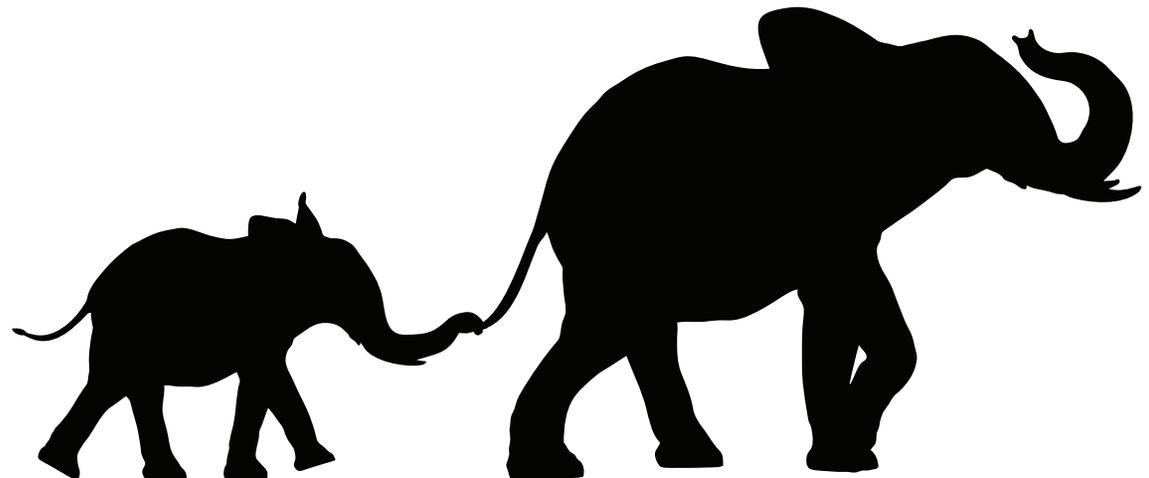
The Missing Link

Why
70% of
Corporate
Strategies
Fail...

... and how
Corporate Cultural
Alignment can
change that



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This paper addresses why 70% of business strategies fail in organizations. It identifies the missing link to successful strategic execution: the alignment of a company's culture. Without Corporate Cultural Alignment, no amount of technical support, process improvement, team building, training and development or external consultants will fix the problem.

The benefits of cultural alignment are compelling. The costs of ignoring it are even more so. This article depicts what Corporate Cultural Alignment is, its benefits, and how it can be implemented. You will also be given several actions you can take today in your organization to begin alignment and, at the same time, drastically increase the likelihood that your strategies will succeed.

The greatest mistake that organizations make is putting off a discussion of aligning strategy with structure and culture, in favour of focusing on shorter-term imperatives. Knowing how to “leverage-up” team members in your organization, so they can make decisions that flow from values and purpose, can contribute significantly to achieving the kind of success that best-of-breed companies seem to so effortlessly possess.

Over 70% of organizations today do not have any real alignment between their corporate culture and their business strategies. As a result, these companies typically struggle to make strategic headway in their businesses. Something is not quite right. Moving forward seems harder than it should be.

When corporate cultural alignment exists, employees of the company all speak from the same resonant values and purpose. They operate in peer-to-peer partnerships based on honour and trust. They experience the sense of being supported, of not spinning their wheels, and of finding efficiency and innovation more easily.

Incredibly, key performance indicators can increase by 300-500% when organizations focus on the three key ingredients of alignment: strategy, structure, and culture.

- **Strategy:** your offerings to the market, and the driver of your success or failure.
- **Structure:** how you organize people and grant decision rights so that your organization can fulfill on its strategy.
- **Culture:** unwritten rules that govern behaviour.

Simply put, Corporate Culture Alignment is focusing on and creating coherence between strategy, structure and culture. When Corporate Culture Alignment is achieved, companies experience exponential performance increases.

Profitable organizations that have corporate culture alignment know that leveraging naturally-forming groups can build thriving organizations. Such organizations outperform the competition in key areas such as employee engagement, client experience and sustainability.

Knowing the power of naturally forming groups in your organization

To get corporate culture alignment in your organization, leverage the natural groups within it. Organizations are made up of individuals who naturally gravitate towards certain people or groups due to similar interests or common work projects: birds flock, fish school, and people tribe. The power, commitment and loyalty that these naturally forming groups possess, can be immense. In business, the right strategies are crucial, but even more important is having the ability to deliver on these strategies. That requires the true commitment and support of all of your employees.

Step 1

Identify the groups that form naturally in your organization. Assess the groups in terms of the importance of values and purpose – how much people operate on their own versus together, as well as the use of the terms “I, me, my” versus “we, our, team”.

There are a number of ways to approach this:

1. Have external facilitators assess your employees through live interviews and focus groups.
2. Use an on-line resource that provides anonymity such as <http://www.triballeadership.net/culture-meter>.
3. Submit your organization to a “Most Admired Culture Award” process to determine how well you do, based on industry benchmarks for:
 - vision and leadership;
 - cultural alignment, measurement and sustainability;
 - rewards, recognition and innovative business achievement;
 - corporate performance; and,
 - corporate social responsibility.

*e.g. Canada's 10 Most Admired Corporate Cultures of 2011 -
Waterstone Human Capital*

Step 2

From the cultural assessment provided by step 1, use the following leveraging techniques to “nudge-up” those in your organization or on your team who are disconnected, doubtful, or resentful:

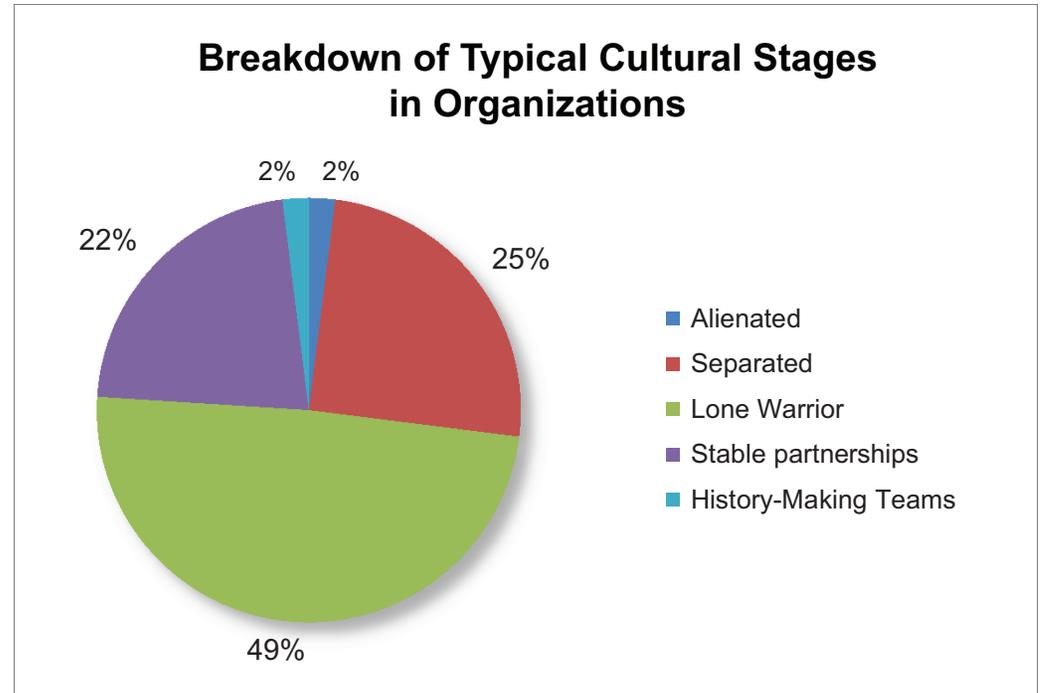
- Help them build dyadic (two person) relationships to increase their sense of belonging and community.
- Listen to their problems and have them participate in solutions.
- Mentor the individuals on organizational politics and how best to get things done within the company.

Step 3

For those high-performers in your organization who tend to operate on their own, and may complain that they don’t have enough resources or like-minded co-workers, use one or more of the following leveraging strategies:

- Have them identify individual core values.
- Support them to create stable partnerships of three or more.
- Highlight that every person on the team has a unique contribution to make that promotes the accomplishment of project outcomes.

The two groups referenced in Steps 2 and 3 above, compose about 74% of the people in a typical organization.



Source: This chart, and much of the content in this paper, thanks to Dave Logan, John King & Halee Fischer-Wright, *Tribal Leadership: Leveraging Natural Groups to Build a Thriving Organization* (Harper Collins: 2008)

Step 4

Have people identify their own individual core values. After completing this exercise, people can then work together to determine the common core values that reflect those of the group as a whole.

Importantly, the CEO and Executive Teams must embrace the core values of the employees in order to achieve any kind of alignment. The reverse won't work, no matter how frustrating that idea may be to some managers. Many organizations define company values based on what leaders *think those values should be*, rather than what they *actually are*. This often helps to shape the perception that “values” initiatives are a waste of time and effort. The reality is that a top down, leader-directed approach does not connect or motivate people based on what matters to them. Top-down values just become words on a plaque or a website. Moving forward becomes more challenging than it should be.

Alternatively, when values are identified and elevated from the bottom-up, staff tend to become highly productive and better enjoy where they work. Firmly-rooted core values positively impact the communication, decision making, and relationships within in the organization, and even with clients and vendors. When core values are sorted from the bottom-up, teams and organization thrive.

Step 5

If core values are the fuel of a given group, then a “purpose” is the direction where that group is headed. A purpose captures the group’s ultimate aspirations. Said differently, core values are what we “stand in”, and purpose is what we “shoot for”.

Purpose cuts across individual differences and makes leadership possible. It produces alignment and often the ability to work with people who are not natural allies.

When purpose is generated from within the organization or team, as opposed to a top-down approach, those teams and organizations typically outperform non-aligned teams. The more people you have rowing towards the same beacon, the faster you will get there, and employee engagement will soar.

To determine your organisation’s purpose, engage your employees in a discussion around what they consider to be predictable in their future performance, around attitudes, and whatever else is important to them.

Then have employees speculate on a future that is a departure from the predictable, in-line with their highest aspirations. These at first might be divided by teams and departments. You need to arrive at a statement that cuts across everything the organization or group does. Purpose captures why people come to work.

It is a pronouncement of a future state that an organization or group will bring about through its coordinated action. It is bigger than what one person can do alone, no matter how many people are offering technical support; it requires people’s best efforts and passions. It should arouse so much excitement in the organization that even if people fail, the purpose was worth the effort.

Step 6

Develop and redesign business strategies to line up with organizational purpose and the common core values determined by employees. When culture strategy and structure are in line, performance indicators increase exponentially.

Step 7

Monitor and address the gaps in Corporate Cultural Alignment based on these success indicators:

- The performance results of the teams and in the organization increase dramatically.
- Large companies act with the rapidity and creativity of much smaller enterprises.
- Where formerly there was divisiveness and lengthy decision making processes, there is marked improvement in making decisions with ease and efficiency.
- Teams and groups seek more challenging projects with a very diverse network.
- If the market doesn't offer the right conditions, employees will engineer an opportunity to excel, aligned with values and purpose.
- Transparency is experienced throughout organization.

Amgen

Amgen is a leading human therapeutics company in the biotechnology industry. Its CEO, Gordon Binder, is considered one of the most successful CEOs of the twentieth century, in part because of the corporate cultural alignment he built within the company. Amgen's success is almost unprecedented. One share purchased at the 1983 IPO price of just under \$17, rose to \$2,784 by the year 2000 – the year Binder stepped down. In 1994 Amgen was awarded the National Medal of Technology, which represents the highest presidential award for the use of technology.

Binder's focus on cultural alignment contributed greatly to the company's remarkable success. The early Amgen culture was marked by a dedication to curing disease and collective success. However, it wasn't until someone in the organization became interested in formally identifying what made up the culture, that Amgen's values became distinguished. "By the time we were done, we had individual interviews with about four hundred people, focus groups and so on. Along the way, I concluded everything grew out of the values; the culture was based on them. If we could start with the values, everything else would follow."

After this extensive process, the Amgen senior management team got together to develop the final articulation of the eight Amgen values – a critical part of aligning all initiatives in their organization:

- Science-based inquiry
- Competition
- Teamwork
- Creating value
- Ensuring quality
- Collaboration
- Communication
- Being ethical

Uncovering Amgen’s values focused on what was important to the employees, as opposed to being personal reflection of the CEO. Managers were expected to hire, promote, train, develop and even fire employees based on values. When meetings would run long at Amgen, someone would ask “what would the values say”? From there, a decision would be made quickly, with everyone satisfied with the result. Ten years later, after the initial round of interviews and focus groups, the same eight values were seen to support the key guiding principles of the employees.

Hand-in-hand with the role of values in creating alignment in a culture, is the “noble cause” or purpose. At Amgen, employees were aligned around a single noble cause. Everyone from cleaning staff and administrative members to senior executives spoke about their important contribution to fulfilling on the noble cause.

A letter received at Amgen tells the story. The letter was a thank you note from a father whose son had died of cancer. One of Amgen’s drugs boosted the son’s red blood cell count so that before he passed away, he was able to sit up and eat pizza with his Dad and sip beer for the first time. Binder hand-wrote a note of thanks to all employees, adding “we renew life”. While “we renew life” is not an official tagline, it is still repeated as one of the key reasons why Amgen is a great place to work.

Binder’s focus on corporate culture alignment helped make him one of biotechnology’s greatest leaders and Amgen a great place to work to this day.

The following are five things you can do immediately to introduce Corporate Cultural Alignment in to your organization right now. The best way to advance Corporate Cultural Alignment in your organization is to prove that it works, even on smaller “pilot” groups.

1. **Identify the cultural stage of those naturally forming groups.**

Assess the stage of your internal groups. There are a number of ways to approach this. For example, you could use an on line resource that provides anonymity <http://www.triballeadership.net/culture-meter>

2. **Have people identify their individual core values. Have people ask others, what is important to them.**

3. **Say “yes” to things that fit with your values and your accountabilities.**

What does your team value? What are they committed to? Choose initiatives that are an expression of those values and commitments to ignite your productivity and satisfaction.

4. **Collaborate with at least two other people who are working on similar things.**

Encourage Dyad (two person) meetings and Triad (three person) meetings. Going from one-on-one meetings to meetings with at least two other people increases innovation and productivity by up to 30%.

5. **Be inspired.** There are many ways to begin this conversation. One of the easiest is to have the organization begin by using a common body of knowledge. Our recommendation is to start with Simon Sinek's *Ted Talk on How Great Leaders Inspire Action*. Mr. Sinek reveals what he has coined the Golden Circle. He demonstrates that understanding why you do what you do, supports the change required in moving towards corporate cultural alignment.

http://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action.html

Everyone is empowered

When organizations align around their core values and purpose, individuals begin operating in new strategic ways that expand results. With the right structures in place, peer-to-peer relationships are formed, taking employee engagement and their leadership to new levels.

Unique competitive advantage

Corporate cultures that embrace the values and expectations of the Millennial generation have a unique competitive advantage. The current generation of employees entering the workforce is ten times more likely to demand a socially purposeful place of employment than previous generations. The competitive advantage comes from a culture that is an expression of the employee's values and the purpose that drives them.

Efficiency and creativity increase

When being true to purpose and values, large scale, and even global, corporations are able to act with the rapidity and creativity of much smaller enterprises.

Business strategies succeed

Typically, culture eats strategy for breakfast. When the organization has employees that are disconnected from each other and from the organization's strategies, 70% of strategies fail. Usually organizations go to work on modifying the strategies, whereas what is really needed is a shift in the organizational culture. When businesses align around culture, employees pull for the strategy to succeed.

Consistent innovation

Corporate cultural alignment supports ongoing innovation without being forced by management to do so. With the right structures in place, employees naturally initiate brainstorming, creativity and innovation in line with corporate values and purpose.

Talent management made simple

In cultures fueled by purpose and values, turnover, absenteeism, sick days and stress levels decrease. Such organizations recruit based on both skill and "values" fit. People align with the organization based on their beliefs, not because it is just a job or a paycheck.

A new era of business is emerging. The answers, ways of operating, and solutions that have historically allowed businesses to succeed, are now being challenged from all angles.

In the new era of business leadership, corporate culture alignment is essential.

Corporate cultural alignment exists when people are all speaking from resonant values and purpose, and are operating in peer-to-peer partnerships based on honour and trust. You will find yourself and your organization overflowing with pride, creating a workplace that operates in collaboration towards shared goals, driven by values that unite everyone together. Corporate culture alignment also provides unlimited revenue growth, time and resources savings and higher profitability.

The key to creating corporate culture alignment is to have coherence between strategy, structure and culture.



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