

STRATEGIC INSIGHTS

The HBR Culture Factor

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ABSTRACT

The success of an organization is largely dependent on its culture, especially in its alignment with strategy. This paper discusses the Harvard Business Review’s “Integrated Culture Model,” used to assess and define existing organizational culture, establish a target culture, and finally take actions to properly establish and build a culture that aligns with the organization’s stakeholders, values, and strategies. Each of these foci are complemented by actionable avenues of evaluation, facilitation, and planning.

Introduction

Strategy and culture are symbiotic, and both are necessary to an organization’s success. They are each a means to achieve a goal, but strategy serves as the formal framework of actions, while culture establishes the values by which these actions are guided.

For leaders of an organization, strategy is often clear, concrete, and easily established. Culture, on the other hand, is rooted in unspoken actions, social behavior, and mindsets, making it more elusive. Both consciously and unconsciously, a leader inevitably influences the culture of their organization. The most culturally adept leaders can recognize the culture that shapes their company and, more importantly, identify when a change must be made. However, it is very common for culture to develop unchecked since it is often deemed an HR function and becomes a secondary concern.

Misaligned culture manifests in missed opportunities. Culture defines the behavioral patterns of the people in an organization, so when the culture is, for example, too authoritarian for a firm that encourages creativity, individuals within the organization are left with obscured goals—creating a missed opportunity for the organization to engage with and benefit from an individual’s contribution. Often the results of misaligned culture are more subtle and not realized until culture and strategy are carefully realigned.

When not carefully cultivated, culture permeates an organization like a weed and erodes thoughtful plans for strategy. However, there is a science by which culture can be properly understood, analyzed, and aligned with strategy. Evaluations of culture, framed by the HBR “Culture Factor” guide, and potential steps to calibrate it are outlined in this paper.

The Integrated Culture Model

A unique culture exists for every organization but can be categorized into one of eight styles: Purpose, Caring, Order, Safety, Authority, Results, Enjoyment, or Learning. There are two continuums on which an organization’s culture must be measured by in order to determine which culture category the organization falls under. The first continuum is people interactions, and the second is response to change.

“People interactions” is measured from highly independent to highly interdependent, depending on how important relationships and collaboration are, or how pervasive autonomy and individual action are.



“Response to change” is measured from stability to flexibility and depends on whether the organization strives for consistency or is receptive to change.

In **Figure 1**, each of the eight styles are plotted on a two-dimensional graph of people interactions and response to change. This model is especially powerful because it can also be used to assess leadership styles and professional values. Below are the descriptions of each style, verbatim from HBR’s “Culture Factor.”

Caring focuses on relationships and mutual trust. Work environments are warm, collaborative, and welcoming places where people help and support one another. Employees are united by loyalty; leaders emphasize sincerity, teamwork, and positive relationships.

Purpose is exemplified by idealism and altruism. Work environments are tolerant, compassionate places where people try to do good for the long-term future of the world. Employees are united by a focus on sustainability and global communities; leaders emphasize shared ideals and contributing to a greater cause.

Learning is characterized by exploration, expansiveness, and creativity. Work environments are inventive and open-minded places where people spark new ideas and explore alternatives. Employees are united by curiosity; leaders emphasize innovation, knowledge, and adventure.

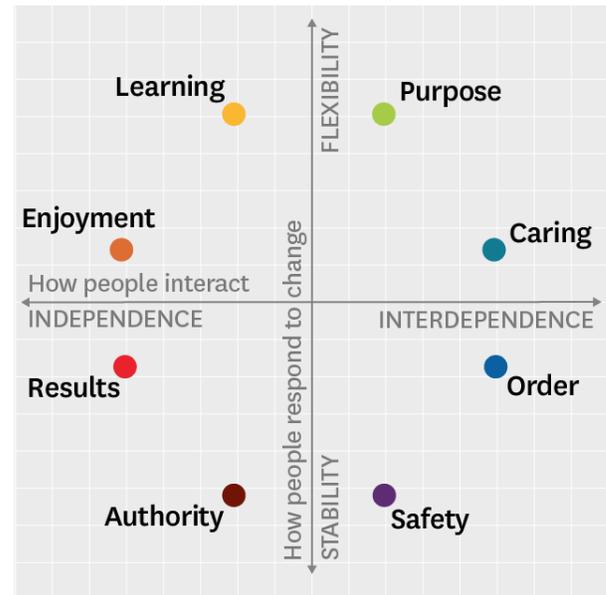
Enjoyment is expressed through fun and excitement. Work environments are lighthearted places where people tend to do what makes them happy. Employees are united by playfulness and stimulation; leaders emphasize spontaneity and a sense of humor.

Results is characterized by achievement and winning. Work environments are outcome-oriented and merit-based places where people aspire to achieve top performance. Employees are united by a drive for capability and success; leaders emphasize goal accomplishment.

Authority is defined by strength, decisiveness, and boldness. Work environments are competitive places where people strive to gain personal advantage. Employees are united by strong control; leaders emphasize confidence and dominance.

Safety is defined by planning, caution, and preparedness. Work environments are predictable places where people are risk-conscious and think things through carefully. Employees are united by a desire to feel protected and anticipate change; leaders emphasize being realistic and planning ahead.

Order is focused on respect, structure, and shared norms. Work environments are methodical places where people tend to play by the rules and want to fit in. Employees are united by cooperation; leaders emphasize shared procedures and time-honored customs.



SOURCE SPENCER STUART
FROM “THE LEADER’S GUIDE TO CORPORATE CULTURE,” BY BORIS GROYSBERG, JEREMIAH LEE, JESSE PRICE, AND J. YO-JUD CHENG, JANUARY–FEBRUARY 2018

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Figure 1. The eight culture styles are plotted two-dimensionally according to people interactions and response to change.



Utilization of the Model

This framework can be utilized in several ways:

- Evaluate an organization’s culture and assess its intended and unintended implications.
- Determine whether the company’s values align with its employees’ view of its culture.
- Identify subcultures that exist within departments, teams, or other groups that may account for varied results.
- Assess differences in culture during a merger or acquisition.
- Quickly familiarize new hires, especially leaders, with the values and language of the organization.
- Design and effectively communicate necessary cultural changes.

Strategic Results has developed a framework of qualitative evaluation design, tools, and analysis to assess programs and policies, especially including their relationship with the organization’s culture. This framework includes evaluation questions, logic models, data collection instruments, indicators, key informant interviews, full analysis, and reports.

Although culture may seem intuitive, the perception of both the existing and target cultures vary greatly from person to person, especially among individuals within the organization, as demonstrated in “Target Culture” below. Formal evaluation of existing culture, especially by a third party, is the most imperative step in initiating cultural growth.

Target Culture

Set a target culture by evaluating your company’s history, values, strengths, and stakeholders’ interests. This is best done by interviewing a wide variety of influential members of your organization to ensure that your target culture can prevail under the conditions your industry may experience in the future. Additionally, a similar framework of qualitative evaluation design, which is used to assess existing culture, is also used to set an effective target culture.

Employees may not hold converging views about the existing culture of the firm. In this case, successfully establishing a target culture may be more difficult and is especially critical. The two models shown in Figure 2 show a plot for the culture each employee defined as most important to the company. Employees at Company A held very diverging views about the company’s values, while employees of Company B held converging views. If your company holds converging views that do not align with your target culture, the task of implementing new culture must be carried out especially deliberately.

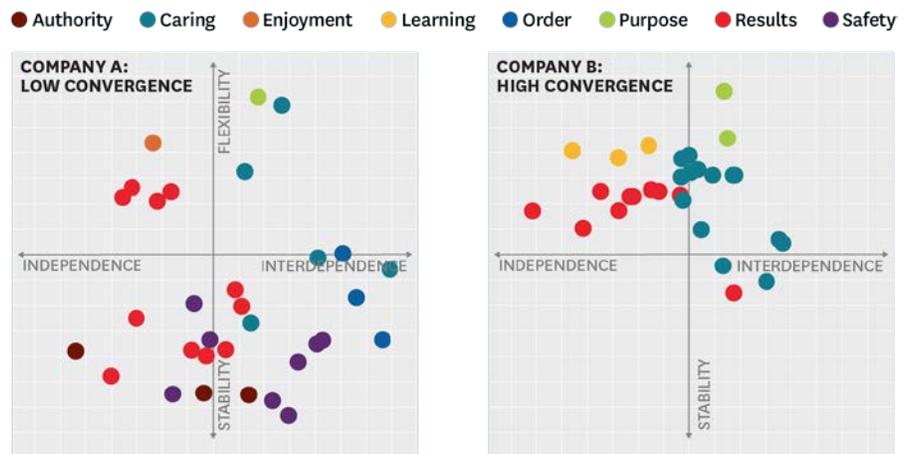


Figure 2. Employees at two companies were asked to plot the point that they felt represented their company’s culture. Company A shows low convergence while employees of Company B exhibited high convergence in their opinions of their firm’s culture.



Some organizations describe their culture using two styles. While this may be a good way to evaluate an organization’s culture, it’s not a goal to strive for. Organizations should strive to achieve a target culture that reflects one of these styles in particular. More than one target culture leaves employees feeling confused about the company’s priorities, and therefore their own professional priorities.

When determining your firm’s target culture, industry is an important contextual guide to keep in mind. **Figure 3** depicts the most common styles for several industries. While this may serve as a beneficial guideline to setting your target culture, it is important to remember that your culture is also influenced by other contextual factors like region, leadership styles, organizational design, strategy, and niche product.

Additionally, it may be significant to reinvigorate the firm’s strategy to ensure that it, in turn, is supported by the newly targeted culture. Because it is central to an organization’s success, Strategic Results offers strategic planning services, including mission and vision statements, branding, stakeholder analyses, mandates, SWOT (strengths, weaknesses, opportunities, and threats) analysis, strategic issues, budgets, and action plans. Each of these steps work to propel both an organization’s culture and strategy in tandem, increasing their effectiveness exponentially relative to development of strategy and culture independently.

Shaping Your Culture

There are four particularly successful practices by which a culture can be shaped. First, “articulate the aspiration.” Analyze the current culture and the outcomes it facilitates, and establish the ways in which it aligns (or misaligns) with the industry. For example, a tech company with a results style exists in a rapidly changing industry and may be better served by a learning culture. Rooting this analysis in tangible problems facing the company, like market pressures or growth challenges, helps elucidate the more ambiguous nuances of culture.

Second, “select and develop leaders who align with the target culture.” This model, importantly, can be used to assess both organizational culture and individual leadership styles, so candidates can be evaluated in direct comparison to the culture of the organization. Lack of cultural fit is responsible for 68% of new-hire failures at the senior leadership level; culture is critical in evaluating a candidate. Tangentially, this model can also be used to evaluate current leaders and reorient them in the importance of strategic and cultural alignment. Of course, this cultural reinvigoration can lead to turnover for individuals who feel they are no longer a good fit for the organization.

Third, “use organizational conversations about culture to underscore the importance of change.” The goal, in this case, is to create a positive feedback loop. Leaders begin discussing new business priorities, like innovation rather than quarterly earnings, and employees reflect this behavioral change as well, therefore fostering more conversations about newly established business priorities and reinforcing this goal to leaders. These conversations can be structured in many ways, including road shows, listening tours, and structured group discussion. In this way, the organization fosters widespread discussion.

Culture Styles Ranked by Industry

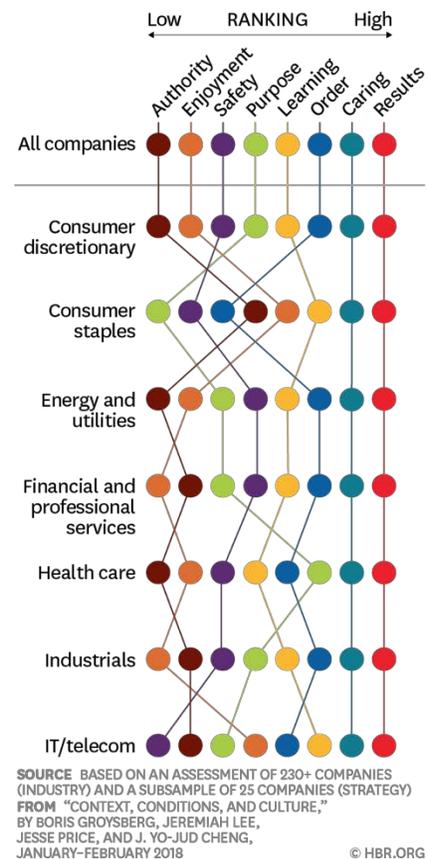


Figure 3. The most common culture styles by industry.



Fourth, “reinforce the desired change through organizational design.” After systems and processes are established to align culture and strategy, promoting new cultural changes and behaviors will come easily. The number of hierarchical levels can be adjusted to reinforce actions that reflect the target culture. Training practices can reinforce the target culture and behaviors that contribute to it as the organization grows. The structure of an organization can have a deep impact on how people think, act, behave, and achieve within an organization.

Strategic Results offers facilitation of group meetings and processes that directly and seamlessly address each of these practices, including strategic planning, training, team building, focus groups, and board development. Additionally, these processes are complemented by the strategic planning services discussed above.

Conclusion

For some organizations, misalignment of culture and strategy has been visibly crippling. For most, however, the signs of misalignment are slight. For these organizations, goals are consistently achieved, and operations are successful. It is for these firms that the formal analysis and targeting of culture and strategy is the most powerful because it builds on existing potential.

Qualitative evaluation design services from Strategic Results are the first step in assessing policies, programs, and existing culture. The evaluation questions, logic models, data collection instruments, indicators, key informant interviews, and reports involved in the qualitative evaluation process are the foundation of objective cultural assessment.

Our strategic planning services complement the delicate process of selecting a target culture. Mission and vision statements, branding, stakeholder analyses, mandates, SWOT analysis, strategic issues, budgets and action plans define the goals of an organization, both externally and internally as it is balanced by culture.

Finally, the integration of a target culture must be the most intentional since its success is relatively intangible. This implementation can be strengthened by Strategic Results’ facilitation of group meetings and processes, including strategic planning, training, team-building, focus groups, and especially board development.

Because culture is so elusive, it often goes unaddressed and can be detrimental to thoughtful strategy, but if it is purposeful, it can be incredibly powerful fuel for an organization. Reach out to Strategic Results to discuss ways your organization can establish purposeful culture and strategy.

Sources

Groysberg, Boris, Jeremiah Lee, Jesse Price, and J. Yo-Jud Cheng. “The Culture Factor.” Harvard Business Review 96, no. 1 (January–February 2018)

<https://hbr.org/2018/01/the-culture-factor>



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