

Culture
Vs
Strategy

Which is more important?

**Having Great Culture or great
Strategy?**

Definition of Culture

From www.investopedia.com - “Corporate **culture** refers to the beliefs and behaviors that determine how a **company's** employees and management interact and handle outside **business** transactions. Often, corporate **culture** is implied, not expressly **defined**, and develops organically over time from the cumulative traits of the people the **company** hires.”

Definition of Strategy

[Alfred Chandler](#) wrote in 1962 that: "Strategy is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals."

[Michael Porter](#) defined strategy in 1980 as the "...broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals" and the "...combination of the *ends* (goals) for which the firm is striving and the *means* (policies) by which it is seeking to get there."

Culture vs Strategy

Great debate has occurred during recent years about Culture versus Strategy. The discussion centers around the argument of which is more important to the success of an organization and which one comes first. The implication is that they are mutually exclusive.

My argument is that they are both needed.

Considering these two definitions, it's clear that Culture is "how" we do things and Strategy is "what" we do.

Culture vs Strategy

The Argument

On one hand, Culture proponents believe Culture is more important than strategy. One such proponent, Peter Drucker, has said: “Culture eats strategy for breakfast”. In an article he stated: “I used to think corporate **culture** didn't matter. Discussion of vision, mission and values was for people who couldn't build product or sell it!”

Culture vs Strategy

The Argument

On the other hand, many business leaders have ignored culture in favor of strategy. Their thought process is that culture is the touchy, feely and warm and fuzzy stuff - not something great business leaders should spend time on. In their minds, strategy is the focused, hard-driving thing that makes business successful.

Culture vs Strategy

In recent years, the critical nature of Culture has become evident. Lack of strong culture (i.e., focusing on people, morals, values, etc) has led to corporate scandals, senior leader missteps and governmental officials' lapses in judgments. If these "leaders" would have been practicing their trade in strong cultures, many of these offences could have been avoided.

Culture vs Strategy

So which is more important: focusing on developing a strong culture or focusing on strategy?

My belief is that they are both important. Strategy without culture is dead and culture without strategy is ineffective.

But how do you balance the two, thus creating a world-class company?

Culture vs Strategy

With something I call Servant Culture.

Here's how it works. Your company should create a Servant Culture with strategies that drive the culture. The beginning point is the creation of a strong, ethical, moral Culture that connects the organization back to its reason for being - its Mission, Vision, and Values. Then, strategies are created based on the Culture, and the Culture is sustained through those strategies.

Culture vs Strategy

It's something I like to call a balanced approach. Balanced in that it's not "all about the bottom-line." Focusing on key metrics such as employee engagement/satisfaction, customer satisfaction, product/service quality metrics, financial performance and business growth insures that your company will be around for a long time.

Culture vs Strategy

So, a great Culture leads to great Strategy and great Strategy sustains great Culture. If you run a great organization, you can't have one without the other.

I remember at a Board meeting that one of the Board members asked, "What's our strategy?" I had just finished rolling out this approach and was somewhat frustrated that it hadn't taken. As I began to try to re-explain my premise, one of the other Board members blurted out: "What's more strategic than People?"

Culture vs Strategy

He got it! He realized that if you have a strong Culture (where employees are fired-up, motivated and excited about coming to work) your customer service will be better, the quality of your product will be higher, you'll produce great financial results and your company will grow.

Culture vs Strategy

So, what's the evidence that Culture is more important?

If you analyze the companies listed in Fortune magazines "Top 100 Companies to Work For" lists each year, you'll discover that everyone of them focuses on employees and creating a great culture.

If you research the Baldrige National Quality Program Award recipients since 1988, you'll discover that everyone of them focused on culture.

Both Fortune and Baldrige Program analysts have proven time and time again that "winners" of these companies' awards outperform their counterparts on every business metric

Why does your organization exist?

The only reason any organization exists is to meet a human need

Servant Culture (aka “Moral Purpose”)

The most successful organizations, over time, are those in which people act consistently and decisively, innovating and building high-quality relationships. The task of leadership is to stimulate these kinds of actions, reliably and continually.

Servant Culture (aka “Moral Purpose”)

The leaders who can do this are not magicians. Consciously or not, they have learned how to deploy a conceptual tool that allows them to inspire and lead an organization toward enduring competitive advantage.

Servant Culture (aka “Moral Purpose”)

That conceptual tool is called moral purpose. A moral purpose is a value that, when articulated, appeals to the innate sense held by some individuals of what is right and what is worthwhile.

Servant Culture (aka “Moral Purpose”)

For example, by all accounts, Sam Walton was a tough businessman, but at the company he founded, Wal-Mart, making money was secondary to another moral purpose: giving customers a good deal.

Servant Culture (aka “Moral Purpose”)

He made his "associates" feel that their work was worthwhile, by tapping into their natural good feelings toward fellow human beings. This in turn led them to treat customers in a friendly and helpful way, which (combined with his fierce pursuit of low prices) established the kind of customer loyalty that has been the central competitive advantage of his company.“

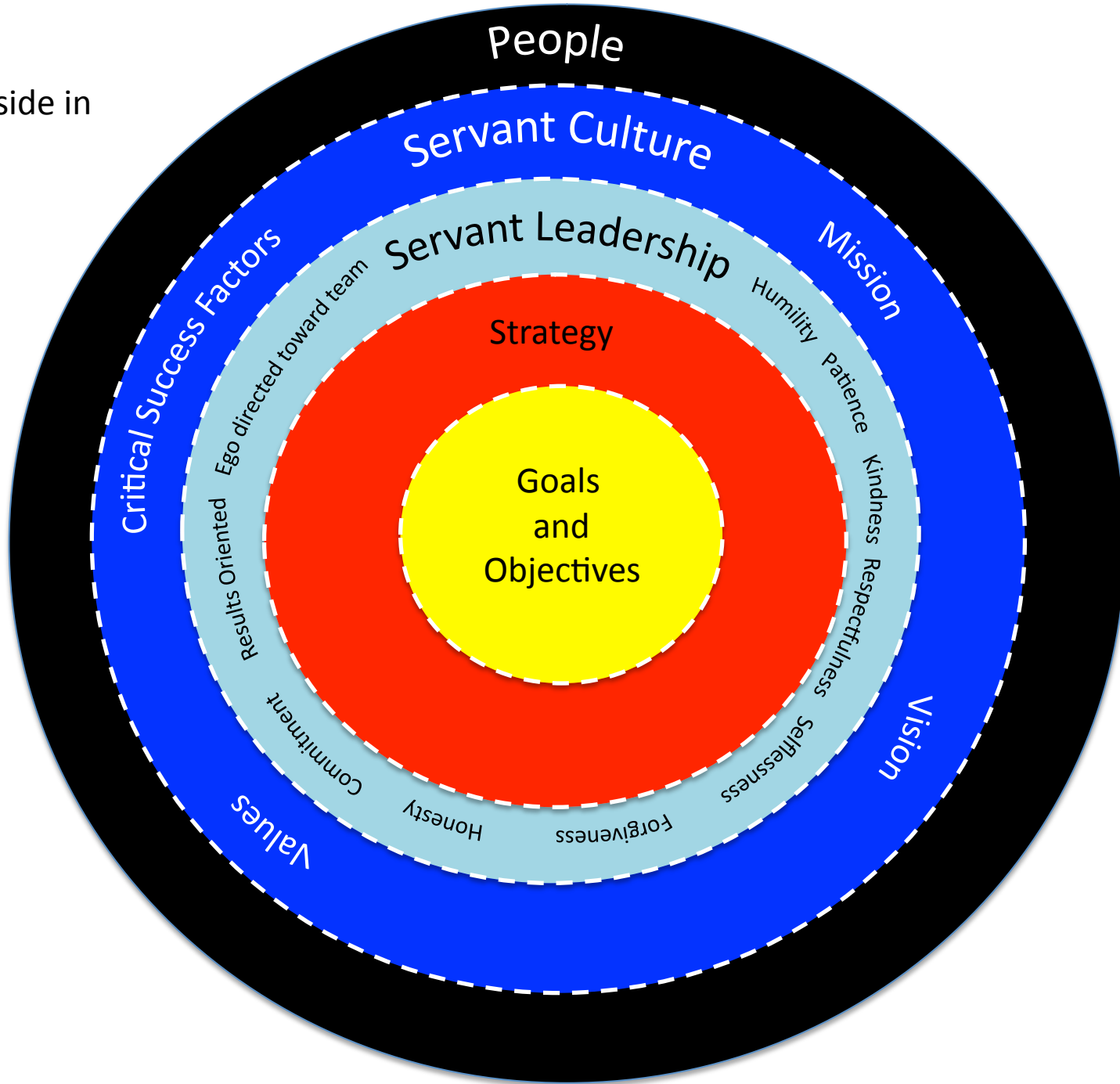
Servant Culture (aka “Moral Purpose”)

These four moral purposes are:

Discovery	The new	IBM, Sony, Intel, Virgin, Sony
Excellence	The good	Berkshire Hathaway, The Economist, Apple, BMW
Altruism	The helpful	Wal-Mart, Marriott, ServiceMaster, The Body Shop, Disney
Heroism	The effective	Microsoft, Ford, ExxonMobil

Nikos Mourkogiannis, “The Realist’s Guide to Moral Purpose

Outside in



Servant Culture

Mission Driven

Vision Focused

Values Centered

Employee Centric

Customer Devoted

My Definition of Culture is called
Servant Culture

A Servant Leader, employee-first environment designed to ensure that employees' highest priority needs are being met, with character that inspires confidence.

What motivates volunteers?

Legitimate needs identified and met

“Bought” into the mission

Public recognition and appreciation

Being part of a team committed to excellence

Being part of a special community

In other words, this is their “**Personal Mission Statement**”

So, how do we create that culture?
By relentlessly focusing on our:

- Mission
- Vision
- Values
- Critical Success Factors (PEOPLE first)

**But, our employees aren't
volunteers**

Or are they?

Servant Culture

- Creating an organizational culture built on open communication
- Frequent interaction with front-line staff
- Creating a “no secrets” transparency
- Creating a results-oriented accountability
- Creating a “no excuses” environment
- Creating a culture where employees feel valued, manage their own morale, behave like owners and are inspired