What can you share with CEOs about the importance of culture to strategy and performance?

CEOs and senior teams all have a lot — usually too much — on their plates. That is true today more than ever before because we are in times like never before. So, what are the blue chips, the highest value things for CEOs to focus on? We believe there are three powerful drivers of performance that deserve their attention.

1. **Purpose and direction** — Connecting people at all levels to the mission and their declared strategy for fulfilling that mission

2. **Structure and enabling processes** — Creating the best organization structure and supporting system to drive that strategy

3. **An enabling culture** — Ensuring the behaviors in the organization are the specific ones needed to make the structure and strategy work

That sounds reasonable, what makes it difficult to do?

These drivers are vital but not time urgent, and culture is the hardest to shift into alignment. Most CEOs and their top teams can effectively adjust their strategies. They’re also good at devising new organizational structures.

But as Ed Schein, a pioneer in culture, said, “An organization’s culture is its response to the way things used to be.” In other words, the culture lags and can become the anchor out the back of the boat. We call this the “Jaws of Culture.” We’ve all encountered those jaws at one time or another when we went to implement a change and it didn’t go easily.

Explain what you mean by the Jaws of Culture.

Culture represents the collective norms and behaviors in the organization. Most companies have solid core values and cultural traits that have made them great. They also have some historic habits that haven’t changed with the times.

Those habits can get in the way, especially when strategy or structure/process changes or when even higher levels of performance are needed. If not systematically addressed, these cultural barriers act like jaws in the culture that can chew up strategies and initiatives.

How does this show up in terms of cultural traits?

This shows up in a number of ways. Cultural traits we commonly see that create barriers to change include turf issues, trust issues or people working in silos. These all get in the way when changes require collaboration across the enterprise. There is also a need for more agility and innovation than ever before.

Acquisitions are a part of the growth strategy for many companies and it is well known that the biggest reason for shortfall in acquisitions and mergers is “cultural clash”. So, if that is the strategy, creating an acquisition friendly and aware culture is an imperative.

Other companies are seeking to change their structure, such as moving from a holding company or decentralized model to a “one company” shared business model. In both situations, the cultural traits that need strengthening are trust and collaboration for the greater good.

What are the key things you advise CEOs to do to eliminate the Jaws of Culture?

CEOs featured in this issue of The CEO Forum provide some of these answers. For example, Zappos CEO Tony Hsieh points out that he had to get the culture right to succeed at creating the best customer experience. Why? Because it is the behaviors of employees that affect the experience customers have. Hsieh is an example of a CEO who focused on culture to support his service strategy and by doing so created a distinctive competitive advantage.

What else can CEOs and senior teams do to make their culture a launching pad for success rather than one trapped in the jaws?

One practical way is for CEOs and their teams to revisit their organizations’ cultural definitions. Do the value statements cover the kinds of behaviors the company needs to win at this moment in time? If not, they need to be adjusted. If the cultural definitions are fine but the behaviors don’t match, CEOs need to first find ways to ensure the team at the top is living and modeling the desired behaviors. This is because organizations become shadows of their leaders. Special training processes and reinforcement systems can be used to bring the desired culture to all levels in the organization.

The CEO’s most important job: aligning strategy, structure and culture

Larry Senn is chairman of culture-shaping firm Senn Delaney, a Heidrick & Struggles company. Senn Delaney has partnered with hundreds of CEOs and their senior teams around the world to create thriving, high-performance cultures.