

8 Reasons Culture Eats Strategy for Lunch

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We've all heard the aphorism "culture eats strategy for lunch," originally attributed to Peter Drucker. Culture is the personality and character of your organization. Of course, culture and strategy interact, and in the ideal case are mutually reinforcing, but it's a rare organization that has a culture plan as robust as its strategic plan. This article shares 8 reasons why culture trumps strategy and why your organization should therefore have a cultural blueprint.

Reason #1: People are loyal to culture, not to strategy

Southwest Airlines has the highest loyalty in the industry, but its people aren't loyal to strategies like fuel price hedging. They're loyal to a culture that honors individuality, fellowship, and having fun. With experts predicting serious shortages of the most-talented and best-trained workers in years to come, you should begin now working on fostering a culture of ownership.

Reason #2: Culture provides resilience in tough times

When Starbucks crashed several years ago, founder Howard Schultz returned to take the helm. He closed marginal stores and introduced new products, but what saved the company during those darkest days was not strategic brilliance, it was cultural resilience. Schultz wrote in the *Harvard Business Review* (July-August, 2010) that "the only assets we have as a company [are] our values, our culture and guiding principles, and the reservoir of trust with our people." Without using the term, he was describing what we at Values Coach call the "Invisible Architecture™" of core values, corporate culture, and workplace attitude.

Reason #3: Culture is more efficient than strategy

Nordstrom is famous for customer service excellence, but employees don't go above and beyond the call of duty because it's in the HR policy manual (which has only one sentence telling people to use their best judgment in every situation). We no longer need disciplinary processes to enforce workplace smoking policies because those expectations have been woven into our cultures and are thus self-enforcing.

Reason #4: Culture inspires personal performance

In the Pacific Northwest, Les Schwab dominates the retail tire business. They sell the same tires you can buy anywhere else, but at Les Schwab technicians *run* out to your car the minute you pull into the parking lot. Many hospitals have been disappointed when customer service programs featuring scripts and happy face pins failed to improve patient satisfaction. They've learned the hard way that a strategy which is contrary to existing culture is likely to backfire.

Reason #5: Culture is the best advertising – and it’s free

Robert Stephens, founder of the Geek Squad, said that advertising is a tax you pay for not having a great culture. Companies like Zappos, Toms Shoes, and Texas Roadhouse gain millions of dollars’ worth of free publicity (not to mention competitive advantage on the recruiting front) as a result of their unique cultures.

Reason #6: A brittle culture can doom even a great organization

After Hostess went bankrupt management blamed unions and unions blamed management. But what really killed the Twinkie was a toxic culture in which no one was willing to place the collective interest of the organization ahead of their own agendas.

Reason #7: When strategy and culture collide, culture will win

When Home Depot recruited Robert Nardelli from GE, he centralized purchasing and replaced knowledgeable company veterans with part-timers. These strategies increased the bottom line, but at the cost of trashing Home Depot’s employee-centered culture. Nardelli was eventually fired, but his failure to respect culture inflicted wounds that will take a long time to heal. By contrast, when Louis Gerstner led the turnaround at IBM he honored the company’s historic culture. In *Who Says Elephants Can’t Dance?* Gerstner wrote “culture isn’t just one aspect of the game, it *is* the game” (emphasis in original).

Reason #8: Cultural miscues are more damaging than strategic ones

When Dave Carroll, lead singer for an obscure band from Nova Scotia, asked United Airlines to reimburse him for his broken guitar, he got the runaround – and United paid a huge price. More than 20 million people have viewed Carroll’s three “United Breaks Guitars” videos. If United had the sort of customer-centric culture for which Southwest Airlines, Jet Blue, and Virgin Airlines are known, this multi-million dollar PR black eye would have been prevented.

The secret to a great culture

No one ever changes the oil in a rental car. The keys to fostering a culture of ownership are alignment of personal and organizational values plus shared expectations regarding attitude and behavior in the workplace. A cultural blueprint (we call it the blueprint *behind* the blueprint™) is an essential step to creating a shared vision and common expectations.

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