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Culture vs Strategy

As executive teams devise new ideas to keep a business competitive, it's brought to the fore how difficult it is to drive change without effective employee engagement. Criticleye speaks to those who are trying to balance boardroom vision with on-the-ground execution

Strategy has traditionally been seen as more important than culture in the creation of a high performing business. That's always been a false dichotomy as it stands to reason that the best strategy in the world won't count for much if you have a workforce that feels unappreciated. The difficulty for leaders is to get the blend right in an organisation.

For those businesses where the strategy is ill-defined but there is a disproportionate focus on culture, values and communication, not much is likely to get done – or not, at least, in the way the executive team imagines, which results in damaging fractures occurring in a business.

Anne Stevens, Vice President of People and Organisation at Rio Tinto Copper, says: "You've got to have a strategy so that a business understands what it has got to do, what's important and where it's going. Strategy is important but by itself it is of no use if the culture in the organisation is working against delivering the strategy.

"So to my mind, they go hand in hand. Even if you have a really good culture which is supportive, open and people are motivated, if they haven't got clarity on direction and what the business is trying to achieve and a strong leadership that comes with a good strategy, that's probably no good either."

If an emphasis is placed upon either strategy or culture at any given time, it has to be relative to the stage of the journey each business is on. **Kevin Freeguard**, Managing Director of Solutions at commercial banknote printer and cash management specialist De La Rue, says: "You do need a clear vision and direction for the team – if that's a

strategy, then that's what you need to have. But culture is what will enable it to be delivered effectively."

One of the ways to develop a good culture within a business is to have a compelling set of aims and values to channel strategy. **Andrew Heath**, President of Energy at Rolls-Royce, says: "A simply articulated vision statement about what the company is trying to achieve, and the direction you are trying to head in, provides a guide that staff can align to and see how they fit into it and what they can do to contribute to that vision."

that it's important to have metrics and to combine this with a hands-on management approach.

Anne comments: "Metrics in isolation probably don't work terribly well. There's a broad definition of metrics. It's all about clear priorities and expectations on what the goals and outcomes should be; clear communications about why this is important and good measures that you can communicate back to people about what the business will achieve, or what the individual has achieved against those specific goals.

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The messages conveyed and overall behaviour of the leadership team have to be consistent. **Anne** says: "In my experience, people like transparency, authenticity and honesty at the top of the business. If you can create a culture where the leadership is comfortable with being open and transparent, giving clear directions and being very clear about what the priorities are, it helps people understand their part in the equation. That clarity goes a long way to engaging people and helping build morale."

RIGHT PRIORITIES

It's generally agreed there should be a system in place to measure staff performance and engagement, although views on how this is to be achieved vary considerably. **Kevin** suggests

"If people can see where you start – a baseline – and how you are improving, that can be very motivational. If you haven't got that measure, how can you tell if you're being a success, or even if you have a problem?"

A similar point is made by **Chris Merry**, CEO of professional services firm RSM Tenon, who says: "We try and identify and coach people and make it a real requirement to know who our best people are. That entails having proper performance reviews, scoring systems and mechanisms in place which objectively allows you to identify the best people."

There have to be tools in place to bring through the next generation of leaders within the business, keep staff focused and morale high, and to be able to detect ▶

when the mood of employees begins to lag. As **Chris** puts it: “You have to tell employees when they’re the best people – that is something that very often doesn’t happen in organisations.”

Howard Kerr, Chief Executive at standards and training provider BSI, says: “A couple of years ago... I inherited two operations – one in Milton Keynes and one in Hemel Hempstead which were almost companies within companies. The morale on both sites was not great...one issue was that the working environment was just not fit for purpose.

“*Unless you have a culture connected to performance, it’s going to be really hard to make changes happen*”

“We went out and found a new, bigger premises somewhere between the two and physically relocated both teams... That completely lifted the morale of the organisation. People recognised that this was a business that had ambition and was investing in them. It was a very impressive building that we got for them....people responded to that.”

Mark Carr, President of the Energy Sector at DMG Global Energy, explains that the introduction of an engagement survey for staff, which excluded the senior

management, proved to be an excellent way to reveal small but important issues: “Having a two-hour session, where we let staff get things off their chest, was helpful in itself and many things they said were easy, cheap fixes.

“That was the first step, but the real question was: ‘Why didn’t the management team pick up on this?’ It would have made their life so much easier but they had gotten into a cost-saving mentality even though business was going well... So we built a bridge between the senior management team and the workforce.”

These are simple measures, designed to make staff feel involved and appreciated. Naturally, a more individual and tailored, one-to-one approach is also necessary. **Kevin** says: “We have personal development plans for our employees. That’s a key part of keeping people engaged. It’s about building capabilities and then using capabilities in the most effective way.

“Keeping employees engaged and keeping talent within organisations is about realising the opportunities they have to grow and develop, the value they think they contribute and about the work environment itself.”

For a strategy to be delivered meaningfully, so that it runs through an organisation and makes a real impact on employees, customers and clients, there has to be engagement. It’s why proper communication has become such a vital skills for leaders.

Stephen Welch, Director at global management consultancy Hay Group, comments: “If you have the right culture, people tend to do the right things instinctively and they will behave in a

consistent and solid way without having a set of instructions about what to do...

“But it has to start from the top. You need to be clear about the link between culture and performance – unless you have a culture connected to performance, it’s going to be really hard to make changes happen.”

If you can’t join dots from the strategy in the boardroom right through to the people on the frontline of your business, it might be time to have a serious think about where your organisation is really heading. ■

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Featuring Commentary From:



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