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Organizational Culture:

A Critical Lever for Executing Strategy

By Susan Snyder and Lynn Foster



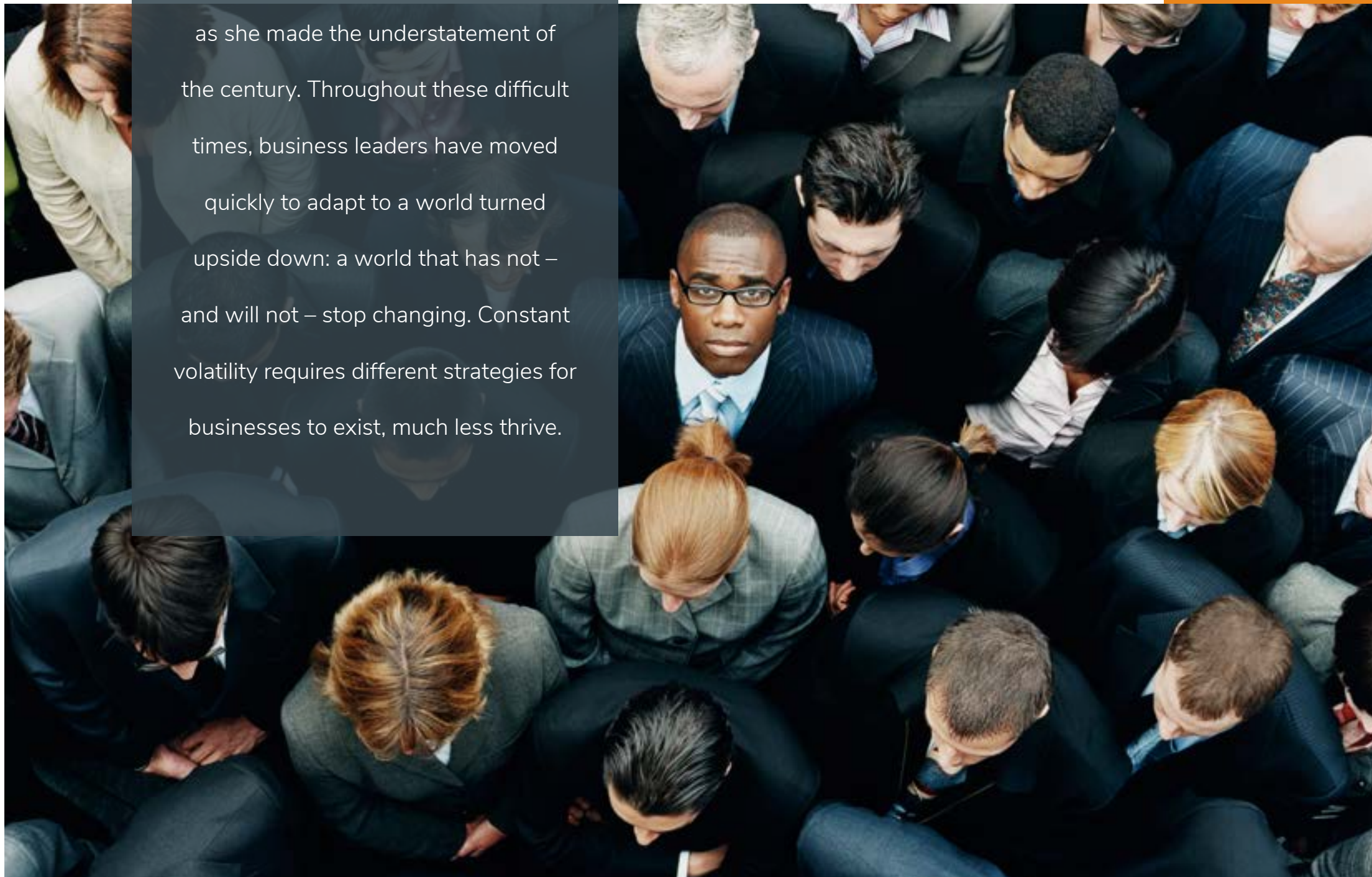
“It’s been a hard few years,”

an executive told us recently, sighing

as she made the understatement of the century. Throughout these difficult times, business leaders have moved quickly to adapt to a world turned upside down: a world that has not – and will not – stop changing. Constant volatility requires different strategies for businesses to exist, much less thrive.

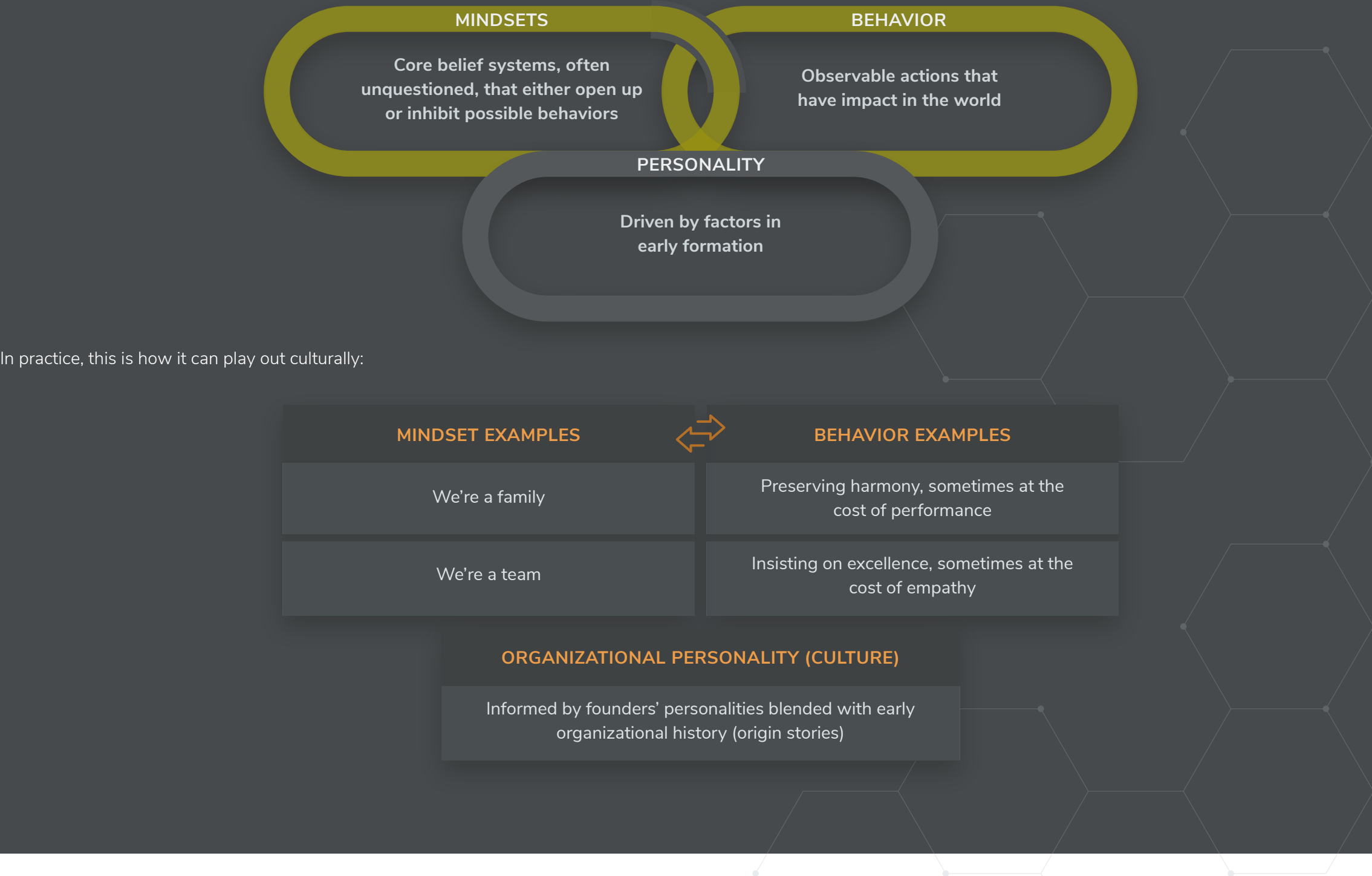
For smart and driven executives, the need to change strategy is easy to see and relatively easy to align around. Executing strategy, however, is much harder; it requires getting an entire organization to behave in ways aligned with the new strategy.

In other words, it requires culture change – and culture change is difficult.



Why is that? While definitions of organizational culture range from the academic to the emotional¹, we find it useful to **think of culture as the personality of the organization**. Just as individual personality drives human behavior, organizational personality shapes the behavior of people throughout the organization. One of the most pragmatic definitions of culture is “it’s the way we really do things around here.”²

Personality – be it individual or organizational – is shaped early by both nature and nurture, solidified into mindsets, and demonstrated in behavior, as illustrated here:



¹ The classic academic definition is Edgar Schein’s definition of organizational culture: “a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that have worked well enough to be considered valued and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” (Organizational Culture and Leadership, Jossey-Bass, 1985). A mouthful to be sure. On the more emotional side, a recent LinkedIn post defined culture as “how employees’ hearts and stomachs feel about Monday morning on Sunday night.”

² Though possibly apocryphal, the Five Monkeys video clip remains the best – and most vivid – encapsulation of organizational culture we’ve seen: <https://www.youtube.com/watch?v=Rc1RuZe-ksI>

Very few cultures are inherently “bad”: they just may not be fit for purpose. The mindsets and behaviors that serve us at one point in our lives (individual or organizational) are often less helpful as our situation and goals change. When we think about culture change, though, we often think about toxic cultures. Cultures where a lack of psychological safety means people won't speak truth to power for fear of being punished, ridiculed or ignored (as in the O-ring debacle in NASA's development of the Challenger shuttle). Cultures where the hierarchy is such that some voices are less valued than others (think surgeries, before operating rooms started to instill a checklist³) or where people backstab one another to rise to the top. There's no denying the downsides of cultures like these and why new CEOs of these organizations often quickly begin a culture change agenda.

It's much harder to align a team on the need to change warm, friendly cultures, because there is great strength (and comfort) in them. Friendly cultures often do a better job of developing people, investing in one another's success and building bonds of loyalty. Some data indicate that these cultures are doing a far better job of weathering the Great Resignation than toxic cultures⁴. They attract talent, often being more purpose-driven, where the shared story of doing good in the world provides a strong antidote to the helplessness brought the constant barrage of the news cycle. It feels safe to be part of such a culture.

But dangers also lurk in friendly cultures. People in friendly cultures often are reluctant to give real feedback and to hold one another accountable for behavior as well as results, ironically making true development harder. It can be difficult to integrate external talent into friendly cultures – it's hard to join a “family.” Organizations with friendly cultures often struggle with siloed “us/them” thinking – perhaps best seen in the increasing schism between administration and doctors in healthcare, or between administration and faculty in higher education, or between R&D and commercial groups within life sciences. They frequently take longer to make decisions in order to create consensus – sometimes to the point of missing the moment for action. Worse yet is a tendency for people in these cultures to pretend to agree in order to avoid difficult conversations. People see things but do not raise them – not for fear of hierarchy or ridicule, but for fear of relationship disruption. The intent is positive, but the impact is not.

The benefits of a friendly culture may well be worth it for a time – until the environment or the strategy requires a different collective personality. At that point, a friendly culture (often characterized as “a family”) can get in the way of growth – because decisions take too long, true dissent does not surface, healthy debate is rare, and communication is unclear to avoid disrupting harmony.



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³ The Checklist Manifesto by Atul Gawande (Picador Press, 2011).

⁴ “Toxic Culture is Driving the Great Resignation,” Donald Sull, Charles Sull and Ben Zweig in MIT Sloan Management Review, January 11, 2022.

How do you change culture?

Strategy requires an executive team to consider change at the cognitive level, while culture development and change requires an executive team to take on shifting the organization's personality – at scale.

At the individual level, we take on behavior change all the time. Most of us believe that old dogs can indeed learn new tricks, at least when they think it matters. Human beings change their behavior by practicing new skills; they challenge their mindsets through executive coaching and experimentation. Mindset and behavior change, when done together, are mutually reinforcing and achieve positive outcomes more quickly. Adult behavior change happens only when the person really wants a different outcome (and understands the cost of not changing), emotionally grasps the different behaviors and mindsets needed to get there, and has access to someone they trust who supports them in experimenting with different ways of thinking and behaving.⁵

Culture can change, too, but only under the same conditions: a shared cognitive and emotional belief that the desired future requires it, recognition of those cultural elements that need to change and those to be preserved in order to execute strategy, and trusted support to build new mindsets and behaviors.

There's a tendency for executive teams to take on culture by agreeing on new values (as a first and only step) and then driving them into the organization. They spend the majority of culture change activities on corporate communication, manager training, and shifts in HR processes intended to reinforce behavior. All of those activities are important and give a welcome feeling to the team that they're "doing something." One CEO who had taken this path told us, in a bout of frustration, "If only they would behave differently, we'd be able to get things done!"

There's the rub: the executive team – and the CEO – must take on their own psychology before instituting work on what we've too often heard called "the frozen middle." You can't change "them" before doing the hard work on "you," as an individual leader and as an executive team. (See "Case Study" below.) Because we humans are wired to sense and respond to subtle power dynamics, we watch leadership behavior very, very closely. We sense misalignment from the top quickly, and actions speak far louder than words. Without visible behavioral change in executives (individually and as a team), cynicism and disbelief set in and makes true change nearly impossible to create – no matter how much change management is done. Conversely, when executives actively attend to the health and quality of culture – beginning with their own mindset and behaviors – the stage is set for real change to occur.

In friendly cultures, the "personality" change required is typically more evolution than revolution; there's much that needs to be preserved. Aligning on what is needed,

though, requires honest debate on the executive team, something that is often profoundly difficult when the mindset is "we're a family." The family knows what we don't talk about – at least out loud. In many executive teams within friendly cultures, what tends to happen is back-channel talk. Instead of honest conversations and debate, heads nod...and then members proceed as desired. Instead of rallying the troops toward an agreed-upon strategy, there is quiet resistance. Instead of holding one another accountable, people get a free pass.

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While the collective story in a friendly culture is one of belonging and security, the collective fear of disrupting that safety interferes, ironically, with true belonging. True belonging comes when we have a shared purpose and respect one another enough to ask questions from a place of curiosity rather than judgment. True belonging comes when the space is safe enough to disagree, to debate, to challenge – and, especially, to listen. True belonging happens when we align on a decision that is good for the whole, even when I have to go back with a hard message for "my" group.

CEOs who recognize the need to shift friendly cultures, therefore, must begin with the courage to create honest debate in a team that is uncomfortable with it. Working with a trusted advisor who can share concrete examples, facilitate discussions and observe dynamics

in the moment is very helpful: it keeps the CEO off the hot seat and helps the team begin to align on what the culture needs to be – and what it means, behaviorally, for individuals and for the team. As each executive – and the team as a whole – leans into practicing new behaviors and mindsets, they are better able to communicate in an aligned and consistent way across the organization. Then, and only then, will broader change management efforts begin to take hold, shifting organizational "personality" at scale and bringing strategy to life.



⁵ Adapted from *Helping People Change* by Boyatzis, Smith and Van Oosten (HBR Press, 2019).

Case Study



The founder CEO of a small biotech, a brilliant scientist, struggled mightily with conflict, going back to his own origin story. He was comfortable with academic debate and scientific detail, while also warm, friendly and enjoying the dedicated teamwork that occurs in many labs. And he was out to change patient outcomes with the scientific innovation of the biotech he founded. It was a compelling purpose and a place to which researchers flocked.

As the organization grew, strategic priorities shifted: bench research still mattered, but well-run clinical trials became critical for showing investors that the science would result in life-changing therapies that insurance companies would fund. The executive team agreed on what needed to be done, but struggled with what it meant for how they behaved as a team and for how the organization needed to behave.

Instead of having the difficult decisions “in the room,” they nodded and then revisited decisions off-line with the CEO. These new decisions were not discussed with the executive team as a whole, so members gave different directions to their own part of the organization. Employees grew frustrated by unclear communication. The board began to worry, as the organization missed clinical deadlines crucial to additional fund-raising. When executives began to leave, the board insisted on more rigor and successfully encouraged external hiring of senior executives with different backgrounds to ensure execution. Suddenly, the team needed to make difficult trade-offs and communicate them in a coherent way to the organization.



Now the CEO had an executive team without a shared story of how the firm needed to **be**, though all were aligned on what the company needed to **do**.

Recognizing the danger, the CEO took a simple act of great courage: he asked for help. Working with his CHRO and trusted consultants, he set out on a journey to understand his own mindset, shift it, and show up differently with his team. As a result, they’ve narrowed their focus and are executing with more speed and decisiveness. Whether their clinical trials will prove successful remains to be seen – but they’ve stepped up to the behavior change challenge with grace.

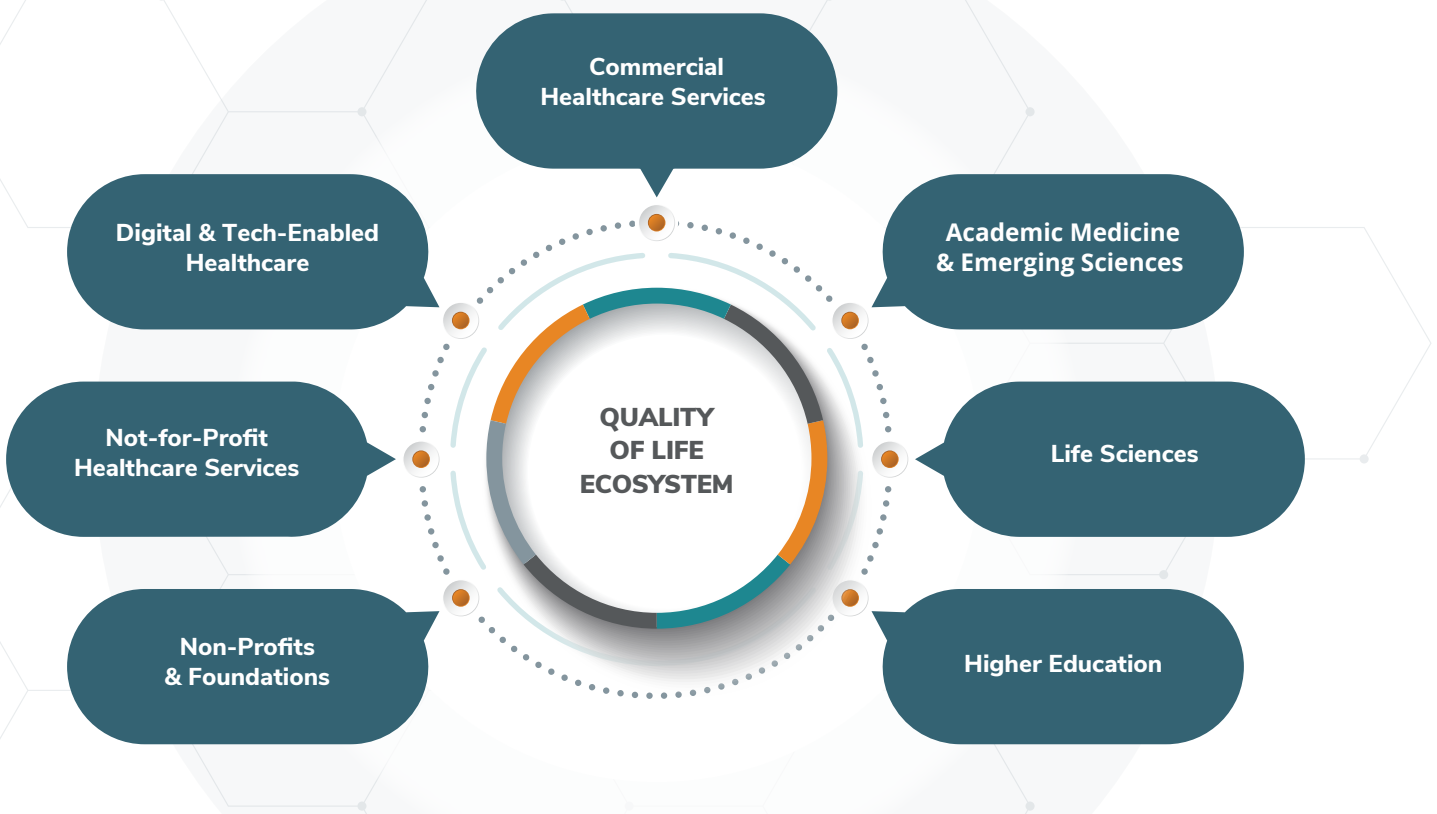
Mindset and behavior change, when done together, are mutually reinforcing and achieve positive outcomes more quickly.

Here’s how they did it:

- Had different conversations as a team, beginning with understanding one another’s stories and styles to build the trust that is needed when people from diverse backgrounds come together as a new team.
- Learned to argue in the room, providing one another the support needed to manage and work through discomfort.
- Determined how culture needed to evolve for the organization to thrive in this new stage: what to preserve, let go and redefine to support the strategy.
- Relied on new processes for decision-making to allow for debate while clarifying who owned the final decision, balancing inclusion and necessary speed.
- Aligned on what to communicate and how, and held one another accountable for doing so.
- Implemented decisions with a renewed sense of clarity, confidence and empathy.

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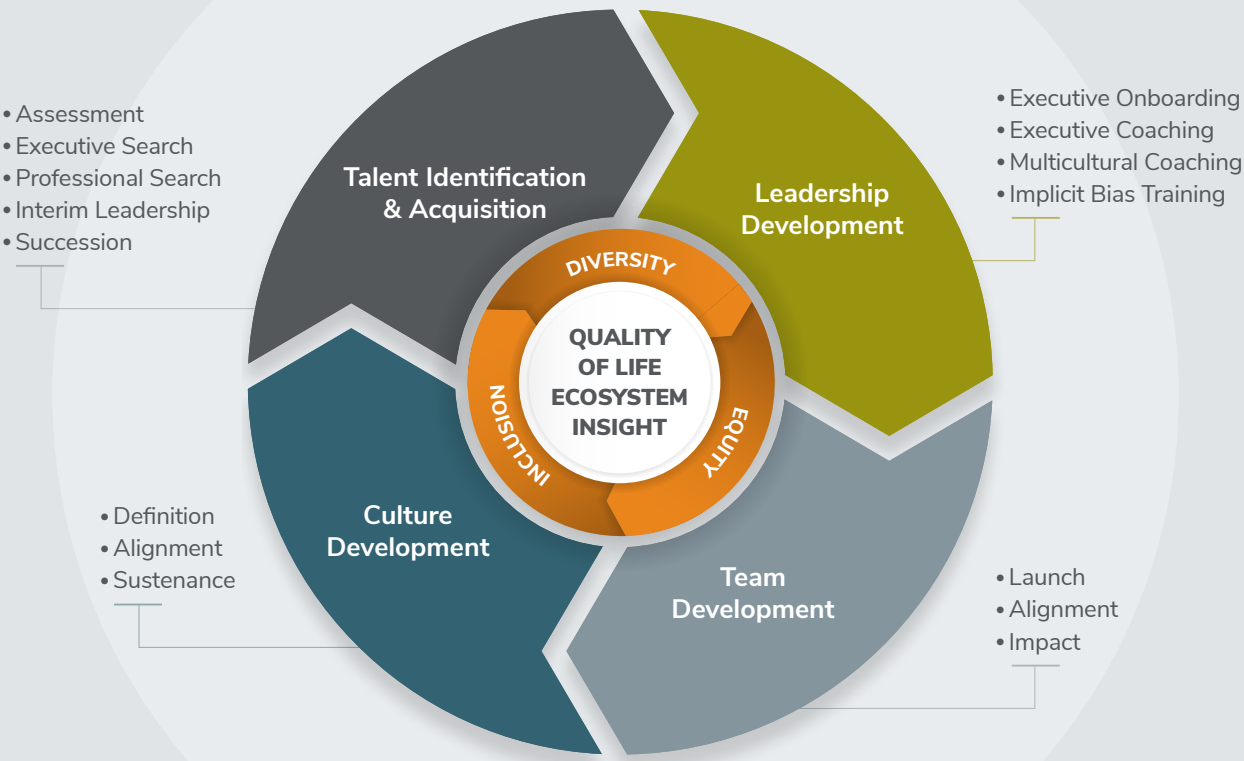
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