Objectives—Strategy and Culture

- Describe four core types of organizational culture
- Understand the effects of culture on your ability to execute strategy
- Demonstrate an application of culture and strategy alignment – “Deep Dive”
- Identify the core culture of your organization and the opportunities and challenges associated with your culture
The organization’s culture can make or break your attempts to achieve your goals and convert strategy into action.
Stanford Advanced Project Management “bridge”

- Portfolio
- Structure
- Implement
- Culture
- Programs
- Projects
- Strategy
- Operations
The world of project management has changed

From

Schedule
Scope
Cost

“Get it done!”
Project Execution

To

“Get the right results!”
Strategy Execution
“Strategy is about adding value through a mix of activities different from those used by competitors.”*

Strategy is HOW the organization will achieve its long-range intention and goals

Organizational culture is "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."\(^1\)

Culture…\(^2\)

- Provides order and structure
- Informs people what is right and wrong
- Determines who has power and who doesn’t
- Has much to say about organizational structure

How important is Culture?

“I came to see, in my time at IBM, that culture isn’t just one aspect of the game—it IS the game.”

—Lou Gerstner, IBM CEO, *Who Says Elephants Can’t Dance?*
Every organization has a predominant culture and may have subordinate cultures

Four core cultures—the variables

The four Strategic Value Disciplines (SVDs)

- **Operational excellence**
  - Differentiate through superior execution as measured by productivity and, ultimately, lower price

- **Customer intimacy**
  - Differentiate through superior matching of customer expectation with offer fulfillment—demanding higher price

- **Product leadership**
  - Differentiate through superior design and engineering yielding higher performance—demanding higher price

- **Disruptive innovation**
  - Thinking outside the box, imagineering, new paradigms

Every organization has a predominant culture and may have subordinate cultures

Misaligned strategy and culture: HP-Compaq in 2001

- Competence
- Collaboration
- Control
- Cultivation
- Disruptive Innovation
- Product Leadership
- "The HP Way"
- "HP Invent"
- Operational Excellence
## Where your culture fits

<table>
<thead>
<tr>
<th></th>
<th>Competence</th>
<th>Control</th>
<th>Collaboration</th>
<th>Cultivation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cherishes</strong></td>
<td>Achievement</td>
<td>Order and security</td>
<td>Affiliation</td>
<td>Self-actualization</td>
</tr>
<tr>
<td><strong>Celebrates</strong></td>
<td>Top performers</td>
<td>Making the plan</td>
<td>Teamwork</td>
<td>Creativity</td>
</tr>
<tr>
<td><strong>Prioritizes</strong></td>
<td>The work</td>
<td>The system</td>
<td>The people</td>
<td>The idea</td>
</tr>
<tr>
<td><strong>Asks</strong></td>
<td>How?</td>
<td>What?</td>
<td>Who?</td>
<td>Why?</td>
</tr>
<tr>
<td><strong>Leads by</strong></td>
<td>Expertise</td>
<td>Authority</td>
<td>Process</td>
<td>Charisma</td>
</tr>
<tr>
<td><strong>Organizes as</strong></td>
<td>Work projects</td>
<td>Hierarchy</td>
<td>Persistent teams</td>
<td>Little as possible</td>
</tr>
<tr>
<td><strong>Recruits for</strong></td>
<td>Competitiveness</td>
<td>Loyalty</td>
<td>Trustworthiness</td>
<td>Brilliance</td>
</tr>
</tbody>
</table>

Lab: Your organization’s culture map

- Individually, evaluate the culture of your organization and draw its “culture egg”
- Use a blue dot sticky and post your “core” culture on large “flip chart” culture map
- In triads, discuss the following:
  - Is your culture working for you? Is it aligned with strategy?
  - How might your culture egg shift as strategy changes?
  - Given your culture, what adjustments might you make individually to better align?
- Review the Cultural Questionnaire
Deep Dive

An Application of Strategy, Structure, and Culture in a Project Environment
IDEO background

- One of the world’s largest and most successful design consultancies
- Responsible for the physical design of many notable products, from Apple’s first mouse to a mechanical whale for *Free Willy*
- Located in Palo Alto, California
- Founded by David Kelley, Stanford Engineering professor
Lab—the IDEO culture

★ From your observations, what is IDEO’s culture and strategy?
★ What evidence do you have to support your position?
★ Is the IDEO culture sustainable?
★ Can IDEO’s culture work in other organizations?
Where would you put IDEO?

Four cultures—summary

Group

Collaboration
culture
(affiliation)

Control
culture
(order & security)

Individual

Cultivation
culture
(self-actualization)

Competence
culture
(achievement)

Personal:
Insight

Customer
intimacy

Impersonal:
Data

Operational
efficiency

Disruptive
innovation

Product
leadership

Where is Your
Organization?
What is the most appropriate culture you need to create or maintain to achieve your objectives?

Is the current structure of your project organization compatible with its strategy and culture?

What changes are necessary to enhance the alignment and ultimate strategic success of your organization?

If there is some misalignment in your organization, what CAN you do to support and grow the team and its ability and willingness to contribute to the desired outcomes?
In conclusion...

- Culture has a profound impact on your ability to convert strategy into action.
- Know your culture and what you can do to leverage it to help achieve your objectives