

Culture Trumps Strategy, Every Time

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Trust, fights, and child care. When I'm advising start-up teams nowadays, I ask a lot of questions around those three areas. Which makes it sound more like a marriage counselor's office, rather than a boardroom, right?

Quite often, the teams I'm talking with think culture is some woo-woo stuff that doesn't make any difference in the end, or even if they think it does matter, they have an excruciatingly hard time describing what theirs is.

Which begs the question: does culture matter?

Culture's all that invisible stuff that glues organizations together, as [David Caldwell](#), my management professor at Santa Clara University, taught me many years ago. It includes things like norms of purpose, values, approach — the stuff that's hard to codify, hard to evaluate, and certainly hard to measure and therefore manage. Many [other experts](#), such as [Senge](#) and [Kotter](#) have certainly added to that understanding with complex and nuanced constructs, but Caldwell's *invisible glue* comment holds a truth.

This "invisibility" causes many managers to treat culture as a soft topic, but it's the stuff that determines how we get things done. For example:

Do We Trust Each Other? A team I was recently working with reminded me of 6-year-olds playing soccer, where every team member simply surrounds the issue [much like a team of kids surrounds the ball](#). They then travel en masse, afraid to move away from the proverbial "ball." In this culture, no one owns a position on the field. This "we're all in it together" cultural norm is certainly egalitarian, but it doesn't support specialization, scale, or accountability. I worry that as this team grows, and when they're not all in the same room, they will fail. When they are huddling, what they are signaling is that they don't know how to trust one another to do their unique part. They — like many teams — simply don't know how to "let go" to and with others, thus risking their ability to scale results.

Disagreements Mean What? We all know that we want the best ideas to triumph for the best innovations to take place, but sometimes we act as if that only applies when the idea is our idea. Two members of a team were recently disagreeing vehemently on something. Both had facts that backed up their point of view. Both were fighting for the benefit of the company. Each believed they were "in the right" and wanted the CEO to simply pick the winner, making the losing party wrong and mostly likely, gone. [How we handle disagreements](#) and dissent are also part of culture. When teams don't know how to handle disagreement, molehill issues can become do-or-die mountains, or, conversely, passive-aggressiveness insinuates itself as a mechanism to avoid overt disagreements at all costs.

Who Cares About the Baby? A team that is part of a 50,000+ organization recently described an issue where one team does their best right up to a handoff milestone, then relinquishes any part of the project's ultimate success. They described their discomfort with this using a baby analogy. "Will you take care of my [baby] the same way I would, knowing our shared goal is to [get this kid to a good college]?" When the "baby" or in this case, business performance isn't co-owned by everyone, [things can easily fall through the cracks](#). And truth be told, that's where most business problems happen in our high velocity world; between the cracks of divisions or silos or the "white space" no one owns.

How we get things done drives performance. These issues of trust, conflict resolution, and co-ownership are foundational for how a team gets work done. Culture is the set of habits that allows a group of people to cooperate by *assumption* rather than by *negotiation*. Based on that definition, culture is not what we say, but what we do without asking. A healthy culture allows us to produce something with each other, not in spite of each other. That is

how a group of people generates something much bigger than the sum of the individuals involved. If we only get $2+5+10 = 17$, we haven't gotten any benefit of leverage. What we are looking for is $2*5*10 = 100$, delivering an explosive return on effort. Culture is the domain that enables or obstructs a velocity of function. By addressing where an organization is limiting its velocity, you can accelerate the engine that fuels innovation and growth, and, ultimately, financial numbers.

Stephen Sadove, chairman and chief executive of Saks, agrees that culture drives numbers: "Culture drives innovation and whatever else you are trying to accomplish within a company — innovation, execution, whatever it's going to be. And that then drives results," [he said in a New York Times interview](#). "When I talk to Wall Street, people really want to know your results, what are your strategies, what are the issues, what it is that you're doing to drive your business. Never do you get people asking about the culture, about leadership, about the people in the organization. Yet it's the reverse, because it's the people, the leadership, and the ideas that are ultimately driving the numbers and the results."

Because we can see the outward manifestations of work performance like products shipped, revenues booked, and earnings-per-share, we can discuss them in analysts calls and at management meetings. We can barely see and surely can't measure the cultural aspect of what makes great products, revenues or earnings per share. But that doesn't mean it can't be decoded.

After working on strategy for 20 years, I can say this: culture will trump strategy, every time. The best strategic idea means nothing in isolation. If the strategy conflicts with how a group of people already believe, behave or make decisions it will fail. Conversely, a culturally robust team can turn a so-so strategy into a winner. The "how" matters in how we get performance. Yes, it does.

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