



# **Bringing Strategy to Life:**

**Aligning your corporate culture**

**with business goals**

Leaders of high-performance companies understand that a corporate culture that is aligned with its strategic priorities helps the organization achieve business success. The challenge: achieving alignment and sustaining it over the long term.

### High Performance: As Unique as a Company Itself

One of the most striking characteristics of high-performance organizations is the level of harmony between business strategy and organization culture that they manage to achieve and sustain over time. A manufacturer competing chiefly on cost and efficiency, for instance, requires a culture very different from that of a luxury goods retailer for which personalized customer attention is the ultimate differentiator.

“High performance” means different things in companies competing on different strategic priorities across industry sectors. In short, the right high-performance environment is one that helps a company achieve a specific set of business requirements. In a high-performance organization, workplace practices must actively influence the employee behaviors needed to execute its strategy and reinforce its market focus.

### Cultural Alignment: Making It Real

**So how do high-performance companies align their cultures with strategic priorities?** It starts with leadership. Our work with high-performing organizations has proved that the attitudes and

behaviors of leaders are critical in establishing a culture that aligns with the business strategy.

But, certainly, this is easier said than done. In fact, many companies’ cultures are not aligned with their business objectives, because their leaders, who by and large focus on the financial and operational aspects of the business, simply allow corporate culture to evolve. In some cases, the responsibilities of day-to-day management intrude, or leaders do not have the tools necessary to identify and close the gaps between culture and strategy.

When the culture and strategy align, both people and functions work toward a common purpose. For example, a company that relies on customer service to drive growth must have leaders who truly value good customer relations, an HR organization that offers outstanding training on how to best deal with customers, a sales function that asks for and follows up on customer opinions, and employees who understand that their primary focus is on understanding how to satisfy customers and consistently achieving that goal. Culture, and all the systems that support it, must reinforce and reward these actions, behaviors and attitudes.

“Does your corporate culture help you reach your business goals — or does it stand in the way?”

### Cultural profiles by strategic priority

Strategic Priorities				
Efficiency	Quality	Innovation	Customer Service	Company Image
Cultural differentiators* by strategy in financially high-performing companies				
<ul style="list-style-type: none"> <li>Comprehensive training in basic work processes</li> <li>Precisely defined job roles</li> <li>Disciplined allocation of resources and workload</li> <li>Clear and effective organizational structure</li> <li>Data-driven assessment of work processes</li> <li>Coordination of efforts across work groups</li> </ul>	<ul style="list-style-type: none"> <li>Effective exchange of best practices</li> <li>Empowerment of people to correct/improve work processes</li> <li>Disciplined use of data-based feedback on product/service performance</li> <li>Disciplined focus on long-term objectives</li> <li>Focus on advanced training for superior products/services</li> <li>Focus on processes to ensure superior products/services</li> </ul>	<ul style="list-style-type: none"> <li>Support for diversity of thought and opinion</li> <li>Encouragement for risk taking</li> <li>Bias for action</li> <li>Anticipating customers’ emerging needs and expectations</li> <li>Consistently recognizing new ideas and their application</li> <li>Leadership clarity on future priorities</li> </ul>	<ul style="list-style-type: none"> <li>Information sharing to improve customer service</li> <li>Positive team working relationships</li> <li>Strong customer orientation</li> <li>Regularly adopting customer perspective</li> <li>Focus on talent retention</li> <li>Local authority and empowerment</li> </ul>	<ul style="list-style-type: none"> <li>Embedded understanding and acceptance of brand promise</li> <li>Strong belief in product or service provided</li> <li>Deep pride in shared company values</li> <li>Integrity guiding all business practices</li> <li>Work environment explicitly reflects external brand</li> <li>Leadership that inspires confidence and respect</li> </ul>

\*Differentiators derived from Towers Watson employee research into the survey questions and topics on which financially successful/high-performing companies competing under each of these strategies excel versus their peers.

### What defines company culture?

Culture generally refers to the shared set of values, principles, assumptions, beliefs, symbols and behaviors that reflects how work gets designed and executed. In short, it's "how things are done around here." Of course, no two organizations' cultures are exactly alike.

### Towers Watson's Culture Alignment Tool

Towers Watson's Culture Alignment Tool (CAT) is an innovative web-based technique for helping leaders understand their organization's current culture and map a future culture that aligns with their strategic priorities. Based on our extensive research with high-performing organizations — in particular, the cultural elements that those organizations employ to achieve strong financial results given a specific strategy — the CAT provides a proven framework for closing the gap between current and desired cultures.

Using the CAT, Towers Watson can help your organization answer these questions:

- Do leaders have a common understanding of the existing culture and the future culture they want to achieve?
- How well do current and future cultures support achievement of the organization's strategic goals?
- Do leaders agree among themselves on the organization's actual (or prospective) sources of competitive advantage?
- What changes are required to reshape the culture for enhanced performance in the future?
- Are executives, managers and the HR function equipped to develop and execute new strategies and new aspects of culture to support the change process?

### How Does the Culture Alignment Tool Work?

Senior leaders begin the process by going to the CAT website, where they find 30 cultural attributes — for example, "strong customer orientation," "bias for action" or "support for risk taking" — that they rank order, dragging and dropping each attribute (the "cards") into rows on a grid. (Figure 1 shows an example from an online assessment.)

Figure 1. Sorting method used for current and future culture

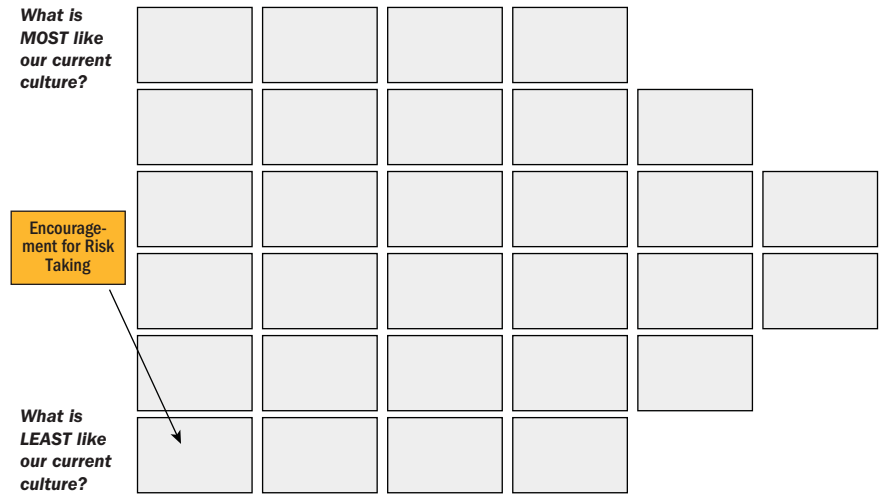


Figure 2. Example of current and future culture results: Ordered left to right, top to bottom by average row placement score

<b>What is most like our CURRENT culture?</b>	Leadership That Inspires Confidence and Respect	Integrity Guiding All Business Practices	Local Authority and Empowerment	Positive Team Working Relationships		
	Embedded Understanding and Acceptance of Brand Promise	Strong Belief in Product or Service Provided	Information Sharing to Improve Customer Service	Focus on Talent Retention	Work Environment Explicitly Reflects External Brand	
	Regularly Adopting Customer Perspective	Strong Customer Orientation	Deep Pride in Shared Company Values	Disciplined Use of Data-Based Feedback on Product/Service Performance	Disciplined Allocation of Resources and Workload	Empowerment of People to Correct/Improve Work Processes
	Comprehensive Training in Basic Work Processes	Data-Driven Assessment of Work Processes	Focus on Processes to Ensure Superior Products/Services	Focus on Advanced Training for Superior Products/Services	Disciplined Focus on Long-Term Objectives	Effective Exchange of Best Practices
	Leadership Clarity on Future Priorities	Anticipating Customers' Emerging Needs and Expectations	Precisely Defined Job Roles	Coordination of Efforts Across Work Groups	Clear and Effective Organizational Structure	
<b>What is least like our CURRENT culture?</b>	Encouragement for Risk Taking	Bias for Action	Support for Diversity of Thought and Opinion	Consistently Recognizing New Ideas and Their Application		

<b>What is most like our FUTURE culture?</b>	Leadership That Inspires Confidence and Respect	Integrity Guiding All Business Practices	Support for Diversity of Thought and Opinion	Bias for Action		
	Consistently Recognizing New Ideas and Their Application	Anticipating Customers' Emerging Needs and Expectations	Information Sharing to Improve Customer Service	Encouragement for Risk Taking	Work Environment Explicitly Reflects External Brand	
	Regularly Adopting Customer Perspective	Strong Customer Orientation	Deep Pride in Shared Company Values	Local Authority and Empowerment	Positive Team Working Relationships	Empowerment of People to Correct/Improve Work Processes
	Focus on Talent Retention	Embedded Understanding and Acceptance of Brand Promise	Focus on Processes to Ensure Superior Products/Services	Focus on Advanced Training for Superior Products/Services	Disciplined Focus on Long-Term Objectives	Effective Exchange of Best Practices
	Leadership Clarity on Future Priorities	Strong Belief in Product or Service Provided	Precisely Defined Job Roles	Coordination of Efforts Across Work Groups	Clear and Effective Organizational Structure	
<b>What is least like our FUTURE culture?</b>	Comprehensive Training in Basic Work Processes	Disciplined Allocation of Resources and Workload	Disciplined Use of Data-Based Feedback on Product/Service Performance	Data-Driven Assessment of Work Processes		

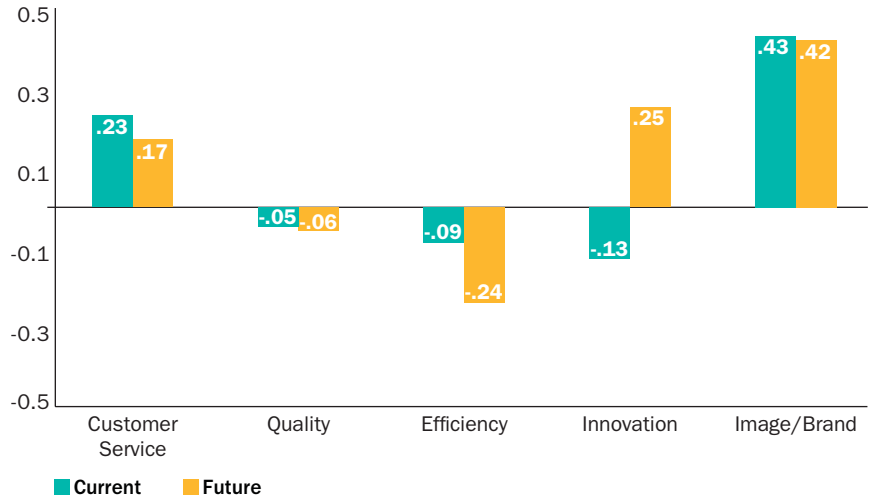
Executives rank order the 30 cultural attributes twice — once in relation to how well each attribute describes the current culture and a second time to indicate the extent to which each attribute describes the desired future culture. See *Figure 2* on page 3 for examples of completed assessments for both current and future cultures.

The results are then compared — at the aggregate and individual levels — to data from organizations that are successful at achieving specific strategic priorities. This enables us to show how a given organization’s culture compares with the cultures of high-performing organizations. (See *Figure 3* for an example.) In this case, results show that, relative to the current culture, the leaders desire a future culture more like companies succeeding on innovation and less like companies succeeding on efficiency, and they perceive the current culture as just the opposite.

The CAT also identifies levels of consensus among senior leaders on current and future cultures. The grid shown in *Figure 4* indicates the degree to which the organization’s leaders agree or disagree about future cultural attributes. Blue boxes represent attributes to which members of the leadership group have assigned similar emphases. Gold boxes indicate moderate agreement on emphasis, and green boxes show where leaders disagree. The grid facilitates a valuable discussion among leaders about where the company does and does not need to focus.

**Figure 3. Current and future correlations with strategic priorities**

- Current Culture emphasizes **Customer Service** and **Image/Brand**.
- Future Culture emphasizes **Innovation**, with a maintained focus on **Customer Service** and **Image/Brand**, and less emphasis on **Efficiency**.



**Figure 4. Example of results for consensus on future culture**

**What is most like our FUTURE culture?**

Strong Orientation Toward Serving Customers	Ongoing Development of People	Bias for Action	Local Authority and Empowerment		
Strong Belief in Product or Service Provided	Clear Core Values	Collaborative Work Environment	Disciplined Focus on Long-Term Objectives	Continual Training to Ensure Low Error/Defect Rates	
Awareness of Customer Needs and Expectations	Support for Risk Taking	Understanding Customers’ Quality Expectations	Data-Driven Assessment of Work Processes	Effective Sharing and Management of Information	Understanding Company Direction and Brand Promise
Rewarding New Ideas and Their Application	Confidence in and Respect for Leadership	Performance Mgmt. Aligned With Customer Service Goals	Comfortable and Supportive Work Environment	Focus on Processes to Ensure Quality Outputs	Empowering People to Correct Work Processes
Work Environments That Stimulate New Ideas	Shared Values and Pride in the Company	Training on Basic Work Processes	Positive Supervisor/Employee Working Relationships	Support for Diversity of Thought and Opinion	
Clear Accountabilities and Organizational Structure	Standard Performance Management System	Effective Exchange of Best Practices	Retaining the Most Talented People		

**What is least like our FUTURE culture?**

■ High Consensus    ■ Medium Consensus    ■ Low Consensus

### What are your strategic priorities?

To align culture with strategic priorities, an organization’s senior leadership must first agree on what those priorities are. Towers Watson has conducted extensive research on the cultural attributes of high-performance companies and categorized them based on their dominant business strategy. Our research shows that high-performance companies tend to focus on one or two primary strategic priorities, and they align their culture to support them. In a broad sense, those priorities are:

- A relentless focus on the *customer*
- A pronounced emphasis on organizational *efficiency*
- A compelling *image* or *brand*
- A superior level of product *quality*
- A consistently exceptional level of *innovation*

# Aligning Work Culture With Changing Organizational Goals

A biopharmaceutical company had high levels of start-up capital and a high burn rate, but no product yet on the market. In response, the company cut the workforce by 20% and brought in a new leadership team. To put the company on a track to success, the new leaders wanted to understand how the existing corporate culture needed to change to align with emerging strategic priorities. By using the CAT, top leadership discovered areas where the culture supported business priorities and areas where it needed to change. To improve performance, top management desired a future focus on two priorities — primarily innovation in order to develop products to take to market, and secondarily operating efficiency to foster the business discipline to run the organization profitably.

To build alignment, Towers Watson helped the company launch an ongoing series of meetings of the senior management team (roughly the top 8%) — open dialogues among the CEO, executive team and other senior department leaders. The CEO used these meetings to discuss and refine the company's key business strategies for the coming year. These business imperatives were then communicated throughout the organization. In addition, to reduce communication complexity, leaders eliminated unnecessary committee meetings and introduced a single operations committee for senior-level decision making. They also agreed that executives would communicate the rationale and next steps for strategic decisions directly to employees.

A subsequent all-employee opinion survey was designed directly from CAT results, with a focus on attributes needed to drive innovation and operating efficiency. Analysis of the survey results showed that the company performed well against benchmark organizations, and employees were generally engaged. However, the results also showed that employees wanted more from leadership: more communication, clearer direction and strategy, and better connection with the future of the company. Top management also discovered some surprising differences between the executive level and the rest of the company. Executives were actually more negative than other employee groups on all aspects of managing the company, including direction and strategy, communication, decision making and competitiveness as a business.

After the assessments and subsequent discussions, company leaders were able to better understand different viewpoints among themselves and implement change management strategies to bring the culture into closer alignment with strategic priorities. The result: A year later, another all-employee survey was conducted, and all categories of employee opinion in that survey showed improvement.

## The Towers Watson Approach: From Insights to Impact

In an ideal world, an organization's culture would always be neatly aligned with its strategic objectives. But in reality, top leadership doesn't always achieve clear or consistent agreement on strategic priorities or the cultural traits needed to support them. That's where Towers Watson consultants and the CAT come in.

We help you understand the results of the tool's findings, the broader workforce implications and where interventions might be needed. We engage your leaders in a candid discussion about strategic priorities and how the culture might need to change — and identify areas in which it should stay the same — and we can work with you to implement recommended solutions.

## Contact Us

For more information on the Culture Alignment Tool and our supporting services, contact your Towers Watson relationship manager or visit us at [www.towerswatson.com/services/Employee-Surveys](http://www.towerswatson.com/services/Employee-Surveys).

## About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. The company's Employee Surveys practice maintains the world's largest database of workforce opinion norms by country, industry and job level, as well as global high-performing companies. We draw on our decades-long expertise in the field of employee surveys and employee engagement, bolstered by our 2007 acquisition of International Survey Research (ISR), to help clients to analyze key measures of workforce effectiveness and HR efficiency.

[www.towerswatson.com/services/Employee-Surveys](http://www.towerswatson.com/services/Employee-Surveys)