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A bias for action: building a strong delivery culture

Failure of strategy is mainly due to the inability to execute effectively

Research suggests that organisations which perform well over the long-term have a strong delivery culture. This is certainly essential to the execution of decisions. A survey by Bain showed that firms only achieved 63% of the expected results of their strategic plans and that much of the gap is due to the inability to execute effectively. Culture lies at the heart of success and yet fewer than 10% of leaders believe their companies have the right one. And even this small minority of businesses who manage to foster the right culture find it hard to sustain.

While there is quite a range of material published regularly on culture, little is focused explicitly on the cultures most likely to enhance performance and delivery. To find the best thinking we looked at some of the evidence-based published material, including work by consultancies Bain, Booz and Marakon, as well as publications from Harvard and Wharton business schools.

What these studies show is that creating a bias for action requires two things.

First: a successful culture needs a unique personality

Every winning culture has a unique personality and soul that cannot be invented or imposed. Based on shared values and heritage, it is not a product of best practice or benchmarking and must be authentic. This unique personality is often taken for granted and sometimes undervalued when it was shaped by a founder or previous leader.

The reason why this unique character is important is that it is easier to provide the more emotional drivers of employee motivation in a business that is clearly 'special'. As one Southwest Airlines employee said "we all work hard, but to do anything else would be like letting the family down". A great definition of that culture is: it is what everyone does when no-one is looking.

Second: cultures which are strong at execution also have six distinguishing features

Many businesses have cultures that exhibit some of the following features. Only companies good at execution, who are high performers, exhibit all these characteristics. They are part of the DNA which creates a bias for action.

- 1. External focus:** A 'do whatever it takes for the customer' attitude is ingrained and often the leadership view is 'put customers first and profit will take care of itself'. Action-biased cultures also have external radar that keeps an eye on the competition. This is complemented by regular measurement of the needs and expectations of customers and

partners, against competitor performance. Metrics such as ‘most recommended’ or other customer loyalty and satisfaction indexes are common. A wider view of stakeholders is also common, with local communities being cared for in ways that involve employees.

2. *Individuals who team:* neither teams of clones nor solo heroes are good for execution. In winning cultures individuals are encouraged to be themselves, have their own perspectives and opinions and are held personally accountable for their actions and behaviour. Companies in return invest in the development of people through training and coaching. But they also have a culture where the strongest loyalty is always to the whole enterprise, and where the team is more important than even the strongest individuals. To get the right combination of individuals and teamwork requires a minimum of politics and turf wars.

Building trust through debate (where it is safe to debate alternatives); managing differences; and quickly aligning behind agreements, are all essential. This is often toughest, yet most important, at the most senior executive levels.

3. *Passion, energy and a desire to win:* Employees in a high performance culture are never satisfied. They are always pushing to go farther, better, faster. Winning in an execution culture is not focused only on financial success but rather on building something special that is meaningful and lasting. Metrics are chosen that everyone can understand and be driven by – market share or position is more important than profit or share price. Customer loyalty and satisfaction, cost control and speed to delivery are favourites. The Japanese car companies are famous for their simple metrics (for example, from Nissan: 15% market share, 30% cost reduction in three years, reducing new product cycle time from 20 months to 12 months). Celebrating success is important, whether individual events, proof points, or milestones.

4. *Keeping it simple and concrete:* communication is a central part of those cultures focused on execution. Clear and concrete direction with a small number of big priorities (rather than abstract strategy) – is easily and regularly translated into personally relevant action. The individual employee feels a direct and personal connection between what they do and the overall purpose and goals of the organisation.

An important by-product of this clarity and simplicity is to reduce the need for rules and bureaucracy. The clearer everything is, the more people are left to get on with it. The more complex and ambiguous the business strategy and plans, the more processes, guidelines and controls are needed – which reduces performance.

Credibility is then reinforced with regular evidence-based reports on progress as well as leadership behaviour which is consistent with the delivery culture.

- 5. Sense of responsibility:** such companies set high expectations and have a deeply built-in sense of personal accountability, backed by frequent assessment and discussions about performance and ongoing coaching. While reward itself does not shape culture – it does support and reinforce the right actions and behaviours.
- 6. Courage to change:** the sense of performance and responsibility is matched by responsive flexibility to new situations and ideas. Managed risk-taking is encouraged if it means open-mindedness to new solutions to solve a problem to deliver rather than 'stick to the rules'. Taking risks and change are not goals in themselves, but they are part of a mindset that assumes there are always new, better, faster ways to deliver results.

Start with recruitment

Cultures like these do not happen by accident, nor are they sustained without determination by leaders. One of the many benefits of explicitly describing what a good delivery culture looks like is to enable recruitment, career development and performance management to support it in a joined up way. Asda, as it turned itself around to a high-performance culture, told everyone: “we don't interview, we audition”; recruitment was not to check the skills (this can often be learned) but to find the people with the right values and personality for the job.

Sources

Sources used for this article include: Mehan, Gadiesh, Hori: *Culture as Competitive Advantage* (Bain); Neilson, Martin, Powers: *The Secrets to Successful Strategy Execution* (Harvard Business Review); Neilson, Pasternack, Mendes: *The Four Bases of Organisational DNA* (Booz); Perigo: *When Good Strategies Fail to Deliver Culture May Be the Culprit* (Marakon); Rogers, Meehan, Tanner: *Building a Winning Culture* (Bain); *Three Reasons Why Good Strategies Fail: Execution, Execution, Execution* (Wharton Knowledge Network).