Chapter 12 crafting and executing strategy

Business, Management

Chapter 12 Corporate Culture-the character of a company's internal work climate as shaped by a system of shared values beliefs, and ethical standards that define behavioral norms. Key Corporate Culture Features The values, principles, and ethical standards that management practices and preaches. Company's approach to people management and official polocies procedures and operating practices that provide guidelines for the behavior of company personnel. The atmosphere and climate that pervades the work climate. The way managers and employees interact and relate to one another. The strength of peer pressure to do things in particular ways and conform to expected norms. The actions and behaviors that are explicitly encouraged and rewarded by management in the form of compensation and promotion. The company's revered traditions and oft-repeated stories about " heroic acts" and " how we do things around here." The manner in which the company deals with external stakeholders. Transforming Values and Standards into Ethical Norms Give attention to values and ethics in recruiting and hiring to screen out applicants who aren't compatible. Incorporating the statement of values and the code of ethics into orientation and new and existing employee training. Senior management frequently reiterate values and ethics in their communications to employees. Use values statements and codes of ethical conduct as benchmarks for jugding whether polocies and practices are appropriate. Making displaying core values and ethical priciples a major factor when evaluating performance. Ensuring that management from top to bottom enforce ethical code. Strong peer pressure to exhibit core values and ethical standards. Occasional ceremonial actions to recognize those who display ethical values. Instituting ethics enforcement

procedures. Stories are important to company culture, builds a sense of belonging to something good. Perpetuating the Culture-Keep reinstituting the transforming values and standards into ethical norms (above list). Strong Culture Companies-the dominating presence of deeply rooted values, behavioral norms, and operating approaches that are widely shared and " regulate" the conduct of a company's business and the climate of its workplace. Company values must be reflected in its actions. Weak Culture Companies-Lack values and principles that are consistently preached or widely shared. Few revered traditions and cultural norms. Three Ways Culture Helps to Execute Strategy Culture that is well matched to strategy objectives and focuses employee attention on what is important. Culture-induced peer presure further induces personnel to do things in a manner that aids cause of good strategy execution. Company culture that is consisent with requirements for good strategy execution can encourage employees to deepen commitments execute strategy well and enhance worker productivity. High Performance Cultures-lots of pride with doing things right, no excuses accountibility, and results oriented workplace. Adaptive Cultures-Willingness on the part of the employees to accept change and take on new challenges of executing new strategies. Any changes in culture must not stray from long standing principles and must satisfy stakeholders. Unhealthy Cultures Change resistant cultures. Politicized cultures. Insular, Inwardly focused features. Unethical and Greed-Driven Cultures Incompatible Subcultures Changing strategy is extremly difficult and requires significant efforts of top management and downward. Three actions charged to manager. Monitor the process closely-be in the work. Putting constructive

pressure on the organization to execute the strategy well and achieve operating excellence. Initiating corrective actions to improve strategy execution.