



How Do You Weigh Strategy, Execution, and Culture in an Organization's Success?

Published: June 2, 2010

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During the course of research for a book I'm writing, I have had the opportunity to talk with a number of managers about the degree to which strategy, execution, and culture contribute to the success of their organizations. After several such conversations, I at first reluctantly—because I feared that respondents would regard the questions as too complex or even irrelevant—began asking each of them three questions intended to attach numbers to an otherwise abstract conversation. The questions are:

1. If your organization's performance (operating income) = 100%, roughly what percentage is accounted for by the quality of the organization's strategy (clients we target; products, services and results we offer; the way we organize and compensate people, etc.) vs. the quality of the organization's execution of its strategy (the quality of our people, work, processes, decisions, etc.)?
2. If your organization's strategy = 100%, roughly what proportion of its effectiveness is dependent upon and accounted for by the organization's culture (widely-shared values, beliefs, behaviors, rites and rituals, etc.)?
3. If the execution of your organization's strategy = 100%, roughly what proportion of its effectiveness is dependent upon and accounted for by the organization's culture?

To my surprise, my respondents neither found the questions too complex nor irrelevant. One even made it the subject of a management meeting at which he had forty of the most senior members of his organization tackle the questions.

Now I ask you, as a change of pace from our previous columns, to address the questions based on your experience. Can you respond, or are the complexities of each question—possibly requiring more complete or different definitions of strategy, execution, and culture—too great? Are the three dimensions of the questions the right ones? Do they cover all or nearly all aspects of competitive success? How would people in various regions of the world—or in for-profit vs. not-for-profit endeavors—approach this set of questions differently? How would you respond to the questions? Why did you respond that way? What do you think? [WIKI](#)

Reader Comments:

1. What if you had a plan to be president of the USA? You could have a perfect plan. A brilliant one! One, that if put on practice, it would give you a 100% chance of being the next president of the USA.

There is a catch. It's extremely hard to accomplish and you can't do it alone. Actually, you need the best people available, you all have to believe you can do it and above all, you have to learn how to work together.

Other than that, the plan is perfect.

It's all about people. It's all about making ideas become reality.

Reality is made of people, doing small things, every day. It's not about abstract ideas that in the realm of imagination look good.

Is strategy good? Of course it is. It gives us a goal, direction, things to care about, helps us to work together.

But it's not everything. And actually, it's not even a must.

You can win without a strategy. You could be lucky. You could have other people who care about you and help you in your objectives. Your competitors could make the wrong choices.

There are an infinitude of variables that just makes every good strategy a good guess.

If I could put it in numbers I would say that 30% is strategy and 100% is people!

That's right. Strategy gives you an edge, but it's nothing without people.

Paulo Fassina
Planner
Samurai

2. Based on over 30 years of consulting and executive experience: 15% strategy 50% execution 35% culture An outstanding strategy weakly executed will always be trumped by a weak strategy with outstanding execution. Culture is a key part of execution. If the strategy or execution conflict with the culture, bet on the culture.

Bob Legge
President
Legge & Company, LLC

3. Firm culture is the critical mass that is needed to drive the execution of management ideas that, are their very heart, are ideas that are first and foremost derived from the generation of strategic planning.

Firms and enterprises need core culture foundational anchorages to uphold the pillars of strong performance, robust risk management, loyal corporate citizenship, and dedicated and thoughtful client and employee satisfaction.

Only then, once the foundation and the ivory pillars are set, will adequate ambiance be available for the execution of management ideas.

Culture and strategy are generated by humans. In this ever-growing global and technological advanced age we live in the execution of ideas are merely delegated to computers and automated programs. Thus I say, 2/3 weight to humans for culture and strategy generation and 1/3 weight to technology for doing the monkey-work execution of ideas.

I will not be surprised if, over the next decade, there is more of a shift towards more reliance on technology, thus re-balancing the weight distribution less toward Human involvement. Following this logic, will workers be over-compensated and over-paid for their title in the future? However, is this not the very case at point as we speak?

Perhaps we will always need humans for culture and strategy formation, but at what expense to the "real" value-added end-performance that is generated by robust technological infrastructure?

Anonymous

4. If I could liken strategy, execution and culture to human anatomy - I would reckon strategy to be similar to the brain, which processes information and develops a plan to tackle known and unknown issues of life; with execution I would associate the hands, legs, and the sense organs in general because they help us perform whatever needs to be done and finally with culture I would associate the whole human body because the human body derives from a genetic structural makeup we don't have much say on at any given moment of time. Of course, culture just like the human body can be shaped over a period of time.

Just as with the human body - there is little the individual pieces (viz. brain, body organs and the body itself) can accomplish individually. It is the "combination" which helps us to achieve "things". Similarly in an organization - while I accord equal importance to strategy and execution, I put culture on a slightly higher pedestal.

Having a good culture is like having a well-designed free-way; if you have a Mercedes-Benz (good strategy) and are a good driver (good execution) you can cruise along at impressive speed, but if you have an in-a-shambles freeway - you can't really do much despite having an excellent strategy and execution. An argument can be made however with respect to the example cited here as to what happens if you don't have a Benz and but have an old ungainly vehicle instead? To this I have to say that replacing the old vehicle with a new Benz requires far less effort than paving the freeway. Similar argument can be made with respect to execution. Hence the argument about culture's supremacy.

Fixing the culture of an organization is a long haul. One can hire consultants/strategists to fix strategy and one can hire good executionists to make sure the task is done. But - culture is something that cannot be "hired" or changed overnight.

People of course are the key ingredient. But I believe that's somewhat a given under the circumstances. Without people - nothing is possible - the impossible and the possible both. It's people who make things happen (or not happen). Among strategy, execution and culture - a good culture is hard to get in legacy and even harder to build from scratch and both a good strategy and superlative execution are required to build a meritorious organization.

Saurabh Dwivedy
Al Futtam Group - Dubai

5. I feel that as a past manager of a division of a large corporation that Strategy is about 55 percent of an organizations income. I would say that approximately 25% of the Strategy's (100%) effectiveness is culture. As for Execution (100%), I would say culture is about 60 percent.

There does seem to be a large discrepancy between Culture vs. Strategy and Culture vs. Execution. I believe this is due to where (who) the Strategy is created and the flexibility of the stategists. Often a new product or innovation may not fit a companies culture but is a good strategic move for the organization.

Successful execution of a plan needs a 'can-do' attitude and a culture of strong beliefs and behaviors. A culture of strong positive attributes can make a strategy or plan work. Put another way; good habits = success, bad habits = failure.

I look forward to reading your book. This is a great area to study.

Charlie Cullinane

CJ Cullinane

6. Question 1. It is difficult to apply question 1 to major organizations within 3rd world developing countries due to their monopolistic state-controlled business. Potentially a weightage needs to be applied to normalize performance to penalize the preferential treatment (pt) accorded especially for state-owned companies. Perhaps there is a universal quotient for pt that can be used taking in GDP, capitalization, market size and competitiveness.

After doing the above, would we be able to divvy up performance success factors between people, process and culture (execution) and strategy?

Paribus ceteris, the 2 sides of the coins are inseparable, as one impacts the other. Execution is a result of strategy, and if the management has not placed sufficient brain juices ensure that the execution elements are also covered (e.g. the people that they hire in order to carry the task), then it would be like architecting a building that's 4 feet high to increase sq footage thus rental space.

Naturally, organizations are not that dumb, however more often than not they are "blind" due to the dearth of information and asking the right questions to get the right answers quickly enough. Secondly, if there is any culture that should be imbued, it's the organizational need for "memory" in order to constantly improve.

Question 2) Although the question is straightforward, measuring the impact of "culture" would be like trying to quantify the weight of wisps of smoke coming out of an underground smoldering fire. Where corporate leaders are dominant and it's "depth" shallow, then it is easy for them to extend cultural influences. But more often than not, in deeper and wider organizations the influences are minced with emotional baggage and thought processes of the line managers.

Secondly, unlike a military system, businesses are required to quickly change its system, style and hierarchy to the market and speed in execution. For example; from private to field marshal, that hierarchy has been left relatively unchanged for more than a century. Therefore allowing one element of "culture" to seed and take root.

In summary, where the organization is more fluid, leaders determine performance and for the bigger more hierarchical organization it will be its culture. E.g. fear of signing documents, towing the line etc.

Question 3. Humbly question 2 and 3 should be one; (although I academically appreciate the delineation between a "perfect strategy" and a "perfectly executed strategy") the reason why it should be combined is the results of how fast a business needs to run - there's almost zero time to seek a perfect strategy. Hence, for me, a perfect strategy is one which is "executed". Period. That which is not are only worth as much as the paper and binders that it's in. Regardless, I am not alluding to a ad-hoc/shorterministic thought processes but "strategy on steroids".

Alas, the answer to question 3 is the same as 2, IMHO.

Dr. Kervokian
Consultant

7. The performance of the organization depends upon many factors but the greatest among them is the execution of strategy in time. And strategy depends upon culture of the organization.

Good culture is catalyst for good strategy. Good culture means people are responsible, motivated and committed to their duty and there is a transparency in the organization. Good culture is created out of the vision and efforts of a leader and followers embrace the visions in the organization. So, good culture is created by a good and effective leader. Therefore, culture acts as a platform to bounce ideas, take risk, take decisions, be creative and innovative etc. Strategy without culture is useless. Even the best strategy without good culture is almost impossible to implement. So in this way, culture has more weight-age than strategy.

Now, take strategy and execution. There is a huge gap between strategy and execution. The gap is cognitive inertia, inaction, and resistance to come out of comfort zone. The more the gap, more it will be difficult to execute the strategy and vice versa. Here comes the role of true leadership who can overcome these perceived obstacles through his courage, action and will power. So, leadership has more weight in executing the strategy. And execution has more weight than strategy in this way.

I strongly believe that execution has the maximum weight i.e. 60-65%, culture has 20-25% and strategy has 15-20%. The reason why I put strategy in the lowest position is that it can be copied easily with slight modification and alteration etc, but leadership can't be copied.

Even if you copy the leadership style, it is only style; to execute, you need courage that can't be copied. Power of courage comes from within and can't be copied. So, leadership execution has the maximum weight to make culture and strategy into high performance.

Ajay Kumar Gupta
Management Professional
Master in Management, AIM, Manila

8. Many of today's managers underestimate the essence and impact of their organizational cultures. The elements that control workplaces, values, ethics, and the untold rules and stories are often ignored, and business strategies, alone, are assumed to do the job.

Drucker's statement "Culture eats strategy for breakfast" is wholeheartedly presenting the pain that people face in their workplaces. Growth plans and articulated business tactics cannot be sustainable without a framework of cultural values and rules. Fix the culture first, then define a strategy and an execution plan. If you operate within a culture of deception, ignorance and lack of accountability, no matter how robust or concrete the business plan you develop, it will fail its first encounter internally before externally with the market.

Mouaz AlZayyat
PMO manager
Al-Rostamani Group

9. I think that strategy is certainly important in terms of kind of like a road map. If I am traveling from say Texas to Chicago it would help if I had an idea on how to get between the two points in terms of a broad framework, but the plan still has to be executed. The most brilliant of strategies on paper often fail when put into action because of major unaccounted for variables. The largest of these variables would be your people and culture.

Corporate culture can not be overestimated in terms of its value to the success or failure of any strategic plan. Put into a numbers perspective I would say that 10% of success is attributed to the strategic planning process, 30% to the actual strategic plan execution and 60% to the people driving the execution, the corporate culture.

The key to a good manager is to match people and their talents with the right tasks and to ensure those tasks blend well with corporate culture. Without this you have little chance of success.

Harry J Tucci Jr.
Managing Partner
Katahdin Resources

10. My opinion is that it is a virtuous circle that can break at any of the three points. It starts with a happy, innovative culture that generates a strategy for success. In the execution phase, the strategy is implemented by an organization with a commitment for success. And back to strategy based on feedback from an organization with an open culture. I think culture is the most important variable. I would give it 40% and 30% to strategy and 30% to execution. Culture is the only sustainable advantage.

Drew Williamson
Advertising Consultant
MBA Arizona State University

11. I'm reminded of a quotation that hung on my boss's conference room wall. I believe it came from a former CEO of HarleyDavidson..."All the money's in the execution". Which suggests an awful lot about how an organization is constructed, staffed, it's culture, and how people feel about working in it.

Regarding "strategy"...I remain of the opinion that is a word that means different things to different people. I tend to favor the word idea. And am reminded of an adage that asked...."What's the business's idea?" And said that one's idea very often dictates strategy.

Example...FedEx's "idea" was to deliver a package anywhere overnight when that idea seemed preposterous. And besides, who would pay for such a thing? But that simple sounding idea dictated a strategy that revolves around airplanes and tight scheduling.

Perhaps we agonize too much about "strategy" and culture, and their result, "the numbers". A really good idea...well executed...can result in good performance. Is it really much more complex than that? Canvassing executives for their take on what's important might provide for interesting, but anecdotal, conversation. But add a litmus test too.....ask them what they'd regard as the best business idea they've had in their careers. And why. That might tell you something too.

Edward Hare
Retired Director...Strategy and Planning
Fortune 250 Manufacturer

12. I've been looking at this from a different lens. I started with engagement, which led to leadership and now I'm planted in culture.

The tie is this....leaders really hold or drive the strategy and culture of the company. How those leaders get to their positions and stay there depends, primarily, on the culture. If the company is a meritocracy, you tend to find leaders who come up with a strategy that makes sense and fits and the culture promotes the execution. If the culture values other facets (not

necessarily stated) like longevity or risk management, then you will get a potentially insulated strategy and a culture that drags on anything but the status quo.

To literally answer your question: 1. 40 strategy/60 execution 2. Varies but 70% of strategy dependant on culture 3. Same.

Ann Mamallo BlessingWhite

Ann Mamallo
Director
BlessingWhite

13. Strategy, Execution and Culture are inseparable. It is like Speed, traction and direction that are required while driving a car. Strategy provides us the direction, and the execution will define the speed at which we capture the market. I will compare culture to the traction, we do need to change gears at times and propell the organisation forward, especially during tough times. Who else but inspired employees will do this since work is--at its core--a fundamental human endeavor. In my view, it is unreasonable to associate each to a certain % as i believe the 3 needs to exist in the eco system for an organisation to succeed.

Sanjeev
Head of Business Operations, CT&O
Thomson Reuters

14. Culture 50%; Strategy 35% & Execution 15%.A sound organizational culture is a basis for solid planning and flawless execution. Culture is the people; Strategy is ideas and execution is the technology . Organizations that always survive the worst market storms is because they have a sound culture. This culture will always be harnessed by a detailed planning process and knowledge management system. A sound plan will always lead to flawless execution.

Jobe Mabaso
C.E.O
Jozan International; South Africa

15. Question #1 49% quality of organization's strategy 51% quality of strategy execution There is somewhat of a symbiotic relationship here; though, I believe execution wins out.

Without good direction, even the best executed strategy may miss the mark. The design and structure of strategy, operations, support systems, and internal quality systems must be a point of emphasis - almost to the extent in which these structures are executed. However, the actual execution is where the rubber meets the road. Even with good strategy, an organization will be ineffective - unable to get out of the starting blocks - without good people, work methods, and decisions processes.

Question #2 100%. The content of an organization's strategy is a derivative of its values, beliefs, behaviors, etc. The strategy is developed by the people who represent the culture. Organizations then need people who are aligned with the organization's culture to deliver and execute on the strategy. Even if the execution is seamless, if the people's values are not aligned with the organization's values, then the results delivered will miss the mark. This is the case, both in terms of creating satisfied customers and creating value for stakeholders.

Question #3 100%. If the execution is 100%, then I would think that the culture of the organization is such that it emphasizes a high degree of quality - a General Electric for example. I find it hard to consider an organization that is able to sustain itself through optimal execution without such a cultural infrastructure. To achieve a high level of execution

(in strategy), a large proportion of its effectiveness must result from the values, beliefs, behaviors, etc. that are put in place to emphasize quality.

Finally, consider the importance of people/culture, strategy, and execution collectively. Without a doubt, my priorities are (1) people/culture, (2) execution, and (3) strategy. Given this prioritization, I also understand that if the right people are not effectively executing the right strategy, then customers are not satisfied, employees are not loyal, and stakeholders receive less than an optimal return.

Clinton Coker
Director Global Excellence
SunGard Global Services

16. I think Yogi Berra had it right. Success is 1/2 strategy, 1/2 execution, and 1/2 culture.

James Biltekoff
consultant

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