

ARTICLE

What it takes to build a lasting performance culture

A lasting performance culture is not built through campaigns alone, but through leaders who align their organizational culture with strategy, behavior, and structure.



We've all seen it before: a company needs to drive change, so it launches a flashy culture initiative, feeds its leaders prepared talking points, and expects everyone to just "get it." What comes next is predictable—energy fizzles, execution stalls, and eventually business goals fall short of expectations. Ultimately, companies do more harm than good with these types of superficial efforts.

It doesn't have to be this way.

After decades of working with hundreds of leading companies around the world, we have seen the best and worst of these types of culture initiatives. Along the way, we have learned what it actually takes to create a culture that unlocks sustainable performance.

Building a sustainable performance culture requires far more than just a great communications campaign or a systems overhaul. It requires strategic clarity and personal commitment from leaders throughout an organization to deliver the profitable growth needed for today while driving transformation for tomorrow.

Here is what that looks like.

Lessons learned: What works and what doesn't

Culture has been a hot topic for over 15 years, and leaders understand the value of focusing on it. Our survey of 500 CEOs around the world found that 71% cited culture as a top three influence on financial performance, underscoring just how central it has become to results.¹ The challenge isn't recognizing the utility of culture to performance; it's about how well organizations harness the commitment of their people when connecting the dots between the impact they want to have, their strategy, and how work gets done. Performance culture is no longer a "nice to have" but a "must have" lever for success.

Companies that get their culture initiatives right are the ones that hew closely to these simple, yet powerful principles.

First, *the CEO must own the culture*. Performance culture only becomes a reality when the CEO owns the journey from the very start and treats it as a fundamental lever to success. Yet all too often, culture is delegated to the HR team, and executives wait to be told when to show up and what to say.

Second, *culture must be commercial*. It must be shaped using clearly defined behaviors which are deliberately designed to accelerate the execution of the strategy and create the outcomes the business wants to see.

Thirdly, *emotional commitment is the key*. Rational understanding alone is not going to unlock real change or discretionary effort; instead, leaders must create deep emotional commitment in every one of their teams. This starts with a clear-eyed understanding of why an organization must change and a leader's role in leading that change, going far beyond the "check the box" exercise of town halls and employee roundtables.

Finally, *leaders go first*. Culture change happens in the way the work gets done. Every leader must model new mindsets and behaviors—moving their feet, not just their lips. *When this isn't happening, skepticism sets in and undermines all other efforts.*

¹ From research published in Rose Gailey, Ian Johnston, Holly McLeod, "Aligning culture with the bottom line: Putting people first," Heidrick & Struggles, 2023, heidrick.com.

Aligning the four elements of performance culture



When done right, the process of defining an organization's purpose can be as inspiring to employees as the words themselves.

To create a true performance culture, it takes ruthless alignment of four critical elements—purpose, strategy, culture, and structure.

Purpose

Most organizations today have a purpose statement, but held up against their competitors or frankly any other organizations, they are largely indistinguishable. Often, these are broad aspirational statements calling for the company to help bring about a better world—stirring, but completely divorced from the day-to-day.

A good purpose statement is not simply an inspiring description of what a company does, or of the good they want to see in the world. A purpose statement must define the impact a company wants to have—on the world, on its industry, on its own performance—as it becomes the best version of itself. It creates decades of stretch for the business, clarifying where the business wants to play, how it differentiates itself, and how it needs to innovate.

Organizations that succeed in this are the ones that place responsibility for purpose squarely on the entire executive team. Purpose isn't something a consultant or marketing function can define for them. Leaders must wrestle with the big questions about the company's future and apply rigor to every word they choose. Only then can they communicate authentically and with conviction—not just the final statement, but the thinking and debate behind it. When done right, the process of defining an organization's purpose can be as inspiring to employees as the words themselves.

As an example: Vialto, a global tax, immigration, and mobility services provider, was formed in 2022 from a carve out of 52 practices from PwC's global mobility business. The central question for Vialto's leadership was how to turn this federation of businesses into a global organization with a distinctive identity within a competitive market. The answer to this question began with defining their purpose—one that carved out unique space for the organization and that would help guide ongoing innovation.

To get there, Vialto created a purpose statement—"Make global work feel borderless and boundless"—that drew from three strategic elements:

- **"Make global work"** established the firm's playing field and signaled its push into new areas of growth, such as business travel and remote work;
- **"Feel borderless"** defined the client experience Vialto wanted to create, capturing the ambition to remove friction, and create an unmatched client service. It also laid down a clear innovation mandate—to unite Vialto's business to seamlessly solve cross-border challenges;
- **"Feel boundless"** reflected the ambition to transform mobility from an administrative burden into a source of opportunity, using Vialto's unified data platform and ecosystem to generate unique insights for clients.

Taken together, these elements formed a purpose that was both a unifying story for the business and a performance challenge: to build the capabilities, operating model, and technology required to make global work genuinely feel borderless and boundless for clients.

Strategy

Every major organization has a strategic plan. Most of these plans are very thorough, very analytical—and almost no one in the organization knows how to use them or even what's in them.

Leaders often don't get the mileage out of their strategy efforts for a few reasons:

- **Focused on activities over outcomes:** The strategic plan defines "what are we going to do," not "what we want to accomplish."
- **Overwhelming:** The strategic plan ends up with too many concepts, too many pages, and not enough clarity on how to apply them all.
- **Generic:** The strategic plan ends up offering a similar sector-level playbook with little differentiation from a company's competitors.

A well-defined strategy is broken into critical drivers of growth that make action inevitable. It provides focus and captures how an organization will win against the competition. By anchoring on the outcomes to achieve in the next three to five years, organizations can chart a clear path that helps their people deliver on their goals.

Strategy is complex, but it doesn't need to capture every single action or choice organizations need their people to make. It requires detailed thinking, but much of this detail doesn't need to be shared beyond the senior team. Instead, leaders should identify no more than four strategic drivers that are captured in simple language and supported by a few key priorities under each. These drivers should be checked against your purpose to ensure they are stretching, coherent, and executable.

Just like purpose, this strategic work cannot be outsourced. Executives need to have hard discussions about the company's unique rights to win, align on outcomes, and argue the choices that need to be made to drive execution.

IHG, the international luxury hotel group, offers a useful example of putting strategy into practice. Its loyalty program was an important driver of growth, but it was competing against larger chains that, by virtue of their size, could always offer more points for the same customer spend. In that context, a conventional strategic objective such as "improve the loyalty program" was too generic to guide meaningful action.

The more useful question IHG leaders focused on was what they needed to create that their larger rivals could not simply outspend. That led to the idea of building "loyalty you can't buy."

That phrase did more than simplify the strategy; it clarified the experience the organization needed to design for. Rather than trying to win a points race it could not win, IHG could focus on creating moments of recognition and service that felt distinctive to customers.

One senior executive from a different company illustrated this perfectly by describing their stay at an InterContinental hotel, where staff marked top-tier guests for special attention and the chef personally offered to prepare whatever breakfast they wanted.

That is the difference between a strategic narrative that describes an activity, and one that defines an outcome that people can understand, remember, and deliver.



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Culture

When it comes to building a performance culture, it's vital to focus on the specific behaviors that are going to make the biggest difference in executing your purpose and strategy.

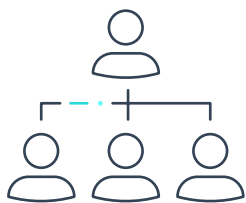
All too often, organizations focus on defining a culture that is healthier and friendlier, without understanding or describing how exactly that culture will drive better execution. In the rush to define culture and expectations, companies often layer values, competencies, and frameworks in ways that leave people overwhelmed and unsure what to pay attention to.

Once a strong purpose and set of strategic drivers have elevated the expectation on what they need to achieve and why it matters, organizations need to set an equally high bar for behaviors. While values set the foundation for how we treat each other, these select behaviors “raise the ceiling” on how we deliver on our ambition. Establishing three to four key behaviors, linked to organizational values, provides a collective focus that everyone can aspire to and commit to.

ADI, a global technology and semiconductor leader, provides a compelling example of how culture comes to life once organizations intentionally invest in the behaviors they need to drive performance at scale.

Over the past three and a half years—a period marked by rapid technological change and the rise of artificial intelligence—ADI sharpened its focus on three core principles, including a key behavior: “take ownership, be accountable.” To embed these principles, the company engaged more than 5,000 leaders in development initiatives designed around practical steps for operationalizing these commitments. Leaders walked away with a set of clear expectations for how they would deliver results and model accountability for their teams.

The results have shone through: in employee engagement surveys, scores for leadership, manager effectiveness, and team effectiveness have all improved year over year, while ADI has been recognized by Forbes as one of its Best Employers for Company Culture for two consecutive years.



The right approach to structure is to ask: what is the minimum amount we can change in order to propel the organization toward a performance culture?

Structure

Structure comprises the roles, systems, processes, and governance that practically shape how people get their work done on a day-to-day basis.

Most organizations fail at building lasting links between purpose, strategy, structure, and culture because they try to change everything at once instead of identifying the few structural shifts that will drive most of the difference. The resulting changes are so overwhelming that they take too long to fully implement, and the business ends up moving on before the redesign fully lands.

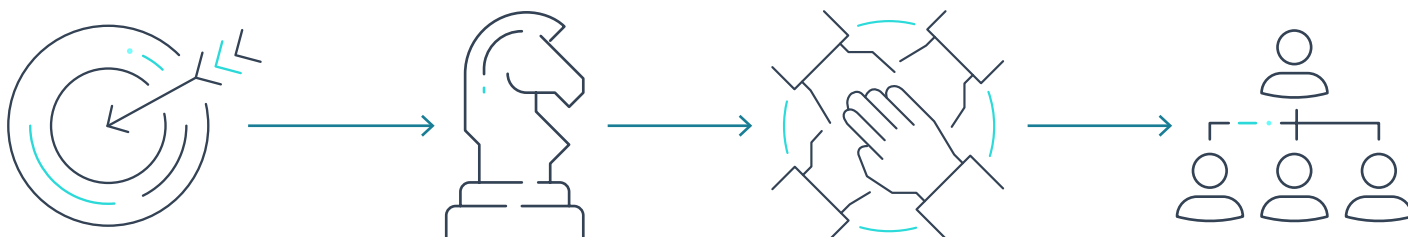
The lessons of the Pareto principle—that a 20% shift in effort will drive 80% of results—seem to be forgotten when it comes to organizational redesign. The right approach to structure is to ask: what is the minimum amount we can change in order to propel the organization toward a performance culture?

Tesco, the UK grocery chain, offers a useful example. As the company worked to become more agile and faster, and to build a stronger performance culture, one major obstacle was its governance model, which had been built around a system of checks and balances that had helped maintain disciplined oversight in the past, but which was now slowing down growth.

Rather than attempting a wholesale redesign, the leadership team focused on just that one structure. Ten of the top 50 leaders, working together, redesigned and relaunched the governance model in just eight weeks. For a £60 billion, 400,000-person, financially regulated company, that kind of pace sent a powerful signal: the organization was serious about changing how decisions were made, and it was willing to remove structural barriers quickly rather than merely talk about agility in the abstract.

Alignment: Tying all four elements together

Focusing individually on one of these elements—purpose, strategy, culture, or structure—alone will not yield significant dividends for any company. Purpose shaped in board retreats, strategy through consultancies, culture through the HR team, and structure through one-off redesigns: A lasting performance culture comes from the tight alignment of all four. Purpose defines the impact the organization wants to have. Strategic narrative translates that ambition into a clear set of choices and outcomes. Culture shapes the behaviors and beliefs required to deliver those choices. Structure hardwires the choices into governance, processes, roles, and decision-making norms. When those elements are aligned, organizations move faster, make better trade-offs, and execute with greater consistency because people are no longer receiving mixed signals about what matters most.



Where to focus now

The organizations that consistently outperform are not those with the most inspirational slogans, but those that treat culture as an intentional, well-led effort to create purpose, strategy, culture, and structure aimed at the outcomes that matter most.

For leaders who suspect their current culture is not serving their organizational needs, here are three immediate challenges:

First, **take a hard look at your strategic ambition and hold it up against what you are using to set direction for your company.** Ask yourself how clear, compelling, and memorable that direction is. Could you stop an employee in the hallway and have them share how they are using that direction to help them make better decisions and get their work done? If you're not happy with the answer to this question, it's time for a re-design.

Second, **get clear on the culture you have today and the culture you need for the future.** How do people feel? What do they need to understand better, and what changes would make the biggest differences? Make sure you understand employee mindsets. Data matters, but so does belief, trust, and the degree to which people feel committed to the organization and its direction. Leaders need an honest baseline that combines hard evidence with a frank understanding of how the culture is actually experienced by employees.

Third, **bring the culture agenda into the executive team agenda as a core business and performance issue.** If culture is left as a side conversation, disconnected from strategic choices and operating priorities, it will not drive results. When culture is treated as a CEO and executive team responsibility, it becomes a real source of alignment, speed, and advantage.

Today, most leaders know that culture drives results. The most effective leaders don't leave their organizational culture up to chance or inertia. Instead, they optimize their culture to drive the exact results they want.

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Heidrick Consulting

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