

# The Characteristics of a High Performance Organization

**André A. de Waal**  
Associate Professor  
Maastricht School of Management  
Endepolsdomein 150  
6229EP Maastricht  
The Netherlands  
Phone: +31-6-51232322  
E-mail: andredewaal@planet.nl

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Under the pressure of ever increasing demands of the external environment and stakeholders, organizations are more and more looking for the elements that make up high performance. An analysis of 91 studies into high performance organizations yielded characteristics with regard to the organizational design, structure, processes, technology, leadership, people, and culture, and the external environment which seem to influence the ability of organizations to achieve high performance. These characteristics can guide managers as to which actions they need to take to lead their organizations to superior results.

*Keywords: performance management, high performance organizations, organizational structure, organizational culture*

## INTRODUCTION

In the wake of Peters and Waterman's landmark study *In Search Of Excellence* (1982) and the bestsellers *Built To Last* (Collins and Porras, 1997) and *Good to Great* (Collins, 2001), there has been a strong interest in identifying the characteristics of high performance organizations (HPOs). This interest has been fired by the rapid changes in the competitive environment of companies (Laudicina, 2005), forcing them to "adapt faster and faster to growing international demands for flexibility and speed and to compete simultaneously on the basis of development cycle time, price, quality, flexibility, fast and reliable delivery, and after-sales support for their products" (Kasarda and Rondinelli, 1998). As a result of the changes in industry and society, governmental agencies too are subject to changes. They have to rapidly reshape themselves into nimble and flexible organizations which put the interests of citizens central, a movement which is known as New Public Management (Zeppou and Sotirakou, 2002; Pollitt, 2003).

The results of the search for HPO-characteristics have been documented mainly in the popular management literature, scientific research into HPOs has until now been scarce. Therefore, most evidence is anecdotal from nature, consisting of surveys and case studies, occasionally a more in-depth study can be found (Collins, 2001, Volberda, 1997). When reviewing the studies on HPOs, it is conspicuous that many different characteristics are found. This makes it difficult to distinguish an overall set of characteristics which describe a HPO in general. This paper aims to give direction to (scientific) research into HPOs by comparing the studies done over the last fifteen years. Aim of this comparison is to identify common characteristics that seem to be part of a HPO. These characteristics

can subsequently be studied to determine their validity and will consequently guide managers as to which actions they need to take to lead their organizations to superior results.

## **STUDIES SELECTED**

Basis for the comparison is an extensive search of both the scientific and popular management literature. Criteria for including studies in the comparison were:

1. The study has been performed in the last or present decade (no earlier than 1990) and is aimed specifically at identifying HPO-characteristics or best practices in certain aspects of business (such as processes, human resources, or technology) which are explicitly linked to achieving high performance. Reasons for the chosen time period are that there have been so many changes the last decade in both the competitive landscape - in the sense of becoming more global with increased competitive and legislative pressures and shorter product and organizational life cycles – and in people (‘the human resource’) – who have developed different expectations and priorities, from being relative compliant to having a ‘self-employed mindset’ (Morton, 2003) – that it is assumed that these changes render the results of studies older than ten years largely invalid or at least less relevant.
2. The study consists of either a survey with a sufficient number of respondents so that its results can be assumed to be (fairly) representative, or of in-depth case studies of several companies so the results are at least valid for more than a single organization. The study preferably contains more than one industry in more than one country because multiple industries, sectors and countries provide a broader base of knowledge.
3. The written documentation contains an account and justification of the research method, research approach and selection of the research population, a clear analysis, and clear retraceable conclusions and results. This way, the quality of the research can be assessed.

No distinction was made in the industries of the organizations studied or the countries these companies are established. These distinctions could be the topic of further study. Based on the described criteria, the literature search yielded 91 studies which satisfied the criteria completely or partly. Three types of studies can be distinguished:

- A. A study which satisfies all three criteria. These studies form the basis for the identification of HPO-characteristics. Thirty-six of these A-studies were found.
- B. A study which satisfies criterion 1 and 2 but only partly criterion 3, because although the research approach seems (fairly) thorough there is no clear description and justification of the method used. These studies form an additional input to the identification of HPO-characteristics. Twenty-five of these B-studies were found.
- C. A study which basically satisfies criteria 1 and 2 but not criterion 3, so there is no basis for generalizing the study findings. These studies can be used as further support for HPO-characteristics identified in category A and B studies. Thirty of these C-studies were found.

## **DEFINITION OF AN HPO**

Many different definitions of a high performance organization can be found in the literature. These definitions often describe achievements or attributes of a HPO such as: strong financial results, satisfied customers and employees, high levels of individual initiative, productivity and innovation, aligned performance measurement and reward systems, and strong leadership (Epstein, 2004). Because, as stated earlier, researchers approach the topic of high performance from different backgrounds and angles and with different goals, it makes sense that there is not yet a consistent definition of an HPO. A way to proceed to such a definition is to identify common themes in the definitions given in the studies listed in Exhibit 1, and to compose a uniform definition based on these common themes.

When the definitions in the literature are combined, the following themes can be discerned:

- a HPO achieves sustained growth, which is better than the financial performance of its peer group over a longer period of time (Collins and Porras, 1997; Geus, 1997; Brown and Eisenhardt, 1998; Hodgetts, 1998; Mische, 2001; Weick and Sutcliffe, 2001; Zook and Allen, 2001; Annunzio, 2004; Bruch and Ghoshal, 2004; Van den Berg and De Vries, 2004);
- a HPO has a great ability to adapt to changes (Kotter and Heskett, 1992; Brown and Eisenhardt, 1998; Goranson, 1999; Quinn et al., 2000; Foster and Kaplan, 2001; Weick and Sutcliffe, 2001; Hamel and Välikangas, 2003; Annunzio, 2004; Light, 2005);
- a HPO is able to react quickly to the changes (Garratt, 2000; Quinn et al., 2000; Bossidy and Charan, 2003; Bruch and Ghoshal, 2004; McGee, 2004; Light, 2005);
- a HPO has a long-term orientation (Mische, 2001; Underwood, 2004; Maister, 2005; Miller and Breton-Miller, 2005; Siroat et al., 2005; Light, 2005);
- the management processes of an HPO are integrated and the strategy, structure, processes and people are aligned throughout the organization (Hodgetts, 1998; Lawler et al., 1998; Kirkman et al., 1999; Lee et al., 1999; O'Reilly and Pfeffer, 2000);
- a HPO focuses on continuously improving and reinventing its core capabilities (Kling, 1995; Lawler et al., 1998; Garratt, 2000; O'Reilly and Pfeffer, 2000; Weiss, 2000; Doz et al., 2001; Foster and Kaplan, 2001; Mische, 2001; Coffman et al., 2002; Manzoni, 2004; Underwood, 2004; Holbeche, 2005; Siroat et al., 2005);
- a HPO spends much effort on improving the working conditions and development opportunities of its workforce (Kling, 1995; Lawler et al., 1998; Garratt, 2000; O'Reilly and Pfeffer, 2000; Weiss, 2000; Doz et al., 2001; Foster and Kaplan, 2001; Mische, 2001; Coffman et al., 2002; Manzoni, 2004; Underwood, 2004; Holbeche, 2005; Siroat et al., 2005).

Based on the common themes, the following definition of an HPO is proposed:

*A High Performance Organization is an organization that achieves financial results that are better than those of its peer group over a longer period of time, by being able to adapt well to changes and react to these quickly, by managing for the long term, by setting up an integrated and aligned management structure, by continuously improving its core capabilities, and by truly treating the employees as its main asset.*

## **HPO FRAMEWORK**

In order to categorize the characteristics of an HPO, the framework of Kotter and Heskett (1992) is combined with that of Scott Morton (2003). The Kotter and Heskett framework defines four factors which influence the behaviour of people in organizations: organizational culture; organizational structure, consisting of formal structure, systems, processes and policies; leadership of the organization; and external environment, consisting of competitors and public and legislative organizations. Scott Morton's framework enlarges the external environment factor by adding customers, suppliers and partners, and broadens the framework by putting individuals & roles into it and by specifically adding strategy, organizational design and technology to the organizational structure factor. The factors in the resulting framework (Exhibit 1) influence the degree in which organizational members exhibit performance-driven behaviour which in turn designates whether the organization is an HPO (De Waal, 2004).

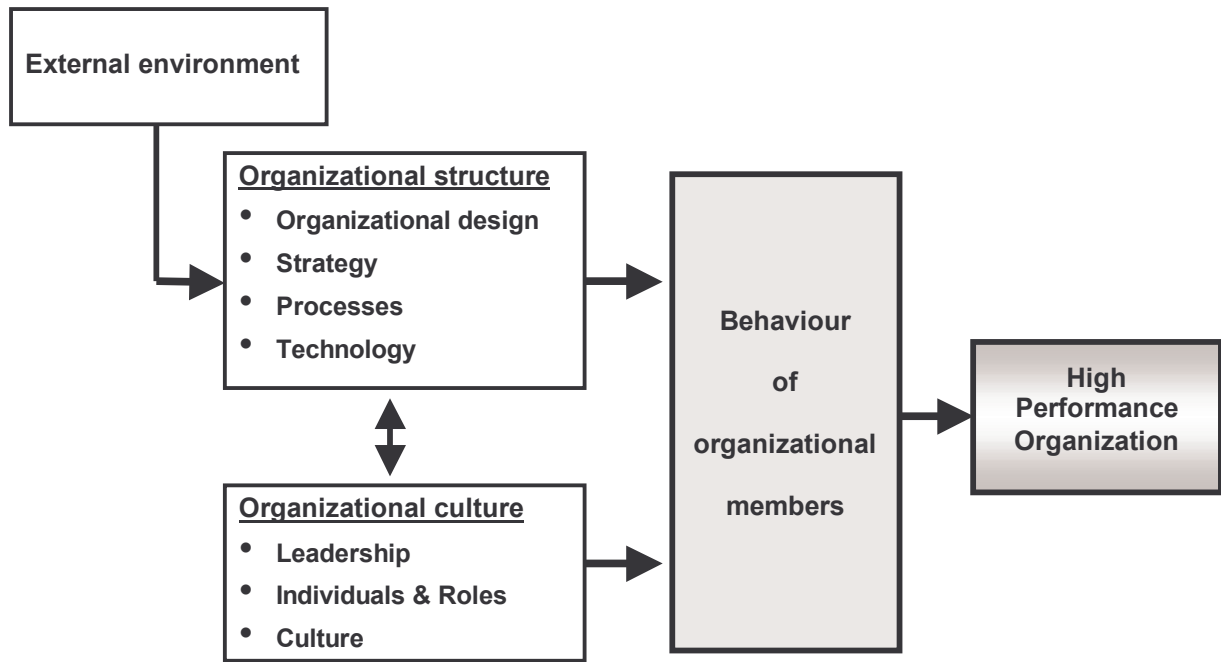


Exhibit 1: Framework with the eight factors influencing high performance

The method used to identify the HPO-characteristics is as follows. For each of the 91 literature sources, the elements the authors give as being important for becoming an HPO are identified. These elements are transferred to a matrix in which they are classified in one of the factors of the framework. Because every author uses a different terminology in his study, the elements are grouped into categories within each factor. Subsequently, a matrix per factor is constructed in which each category constitutes a characteristic. For each of the characteristics the ‘weighted importance’ is calculated, i.e. how many times it occurs in the various study types. To weigh the elements, each element from study type A gets 6 points, B and C get 3 respectively 1 point. The weighted importance is calculated by totalling the points of all elements for the characteristic. Finally, the characteristics which have a *weighted importance of at least 50 points* are chosen as the HPO-characteristics that potentially make up an HPO, because these characteristics can relatively be found the most in the HPO-studies.<sup>1</sup>

### ORGANIZATIONAL DESIGN CHARACTERISTICS

The table below lists the HPO-characteristics for organizational design. This paragraph gives an overview of the underlying elements per design characteristic.

Organizational design characteristics		Points
D1.	Stimulate cross-functional and cross-organizational collaboration.	93
D2.	Simplify and flatten the organization by reducing boundaries and barriers between and around units.	91
D3.	Foster organization-wide sharing of information, knowledge and best practices.	60

*Stimulate cross-functional and cross-organizational collaboration* by making teamwork and collaboration top priorities of management and by making cooperation standard throughout the enterprise. Create self-managing (global) cross-functional business teams and then foster teamwork

1. The resulting matrixes can be requested from the author.

by stressing the importance of these teams for the performance of the organization. Develop a team feeling by creating team commitment, getting everyone on the same team, and establishing shared responsibility. Stimulate functional interaction and cooperation by developing warm, interesting and cooperative relationships between organizational units and their people, emphasizing long-term internal partnerships, creating and sustaining a collaborative working environment, and fostering high levels of collaboration.

*Simplify and flatten the organization by reducing boundaries and barriers between and around units,* and by removing hierarchical layers and vertical boundaries. This way, the boundaries of the enterprise become more and more ambiguous. Get rid of bureaucracy and fight organizational complexity by simplifying organizational structures. Eliminate redundant organizational layers and bureaucratic structures and reduce barriers between units. Use sharply defined business units that have less autonomous managers.

*Foster organization-wide sharing of information, knowledge and best practices* by creating the infrastructure and incentives for these ideals. Set-up structures and a shared-knowledge base to collect and translate knowledge and best practices company-wide. Actively manage the sharing processes. Deliberately cultivate and utilize new ideas and knowledge from everyone in the firm.

### STRATEGY CHARACTERISTICS

The table below lists the HPO-characteristics for organizational strategy. This paragraph gives an overview of the underlying elements per strategy characteristic.

Strategy characteristics	Points
S1. Define a strong vision that excites and challenges.	79
S2. Balance long-term focus and short-term focus.	75
S3. Set clear, ambitious, measurable and achievable goals.	61
S4. Create clarity and a common understanding of the organization's direction and strategy.	15,6

*Define a strong vision that excites and challenges* by developing an envisioned, meaningful, compelling and persuasive vision. This vision should be mission-based on a winning strategy or 'big idea' and should have a broad picture. Continuously sell the vision so organizational units become united by common goals, a shared ambition and an all-encompassing purpose. This way, the organization is mission and 'feel'-driven, not numbers-driven.

*Balance long-term focus and short-term focus* in order to safeguard the long-term continuity of the business and its contribution to the world, and at the same time obtain short-term results which makes it possible to plan against possible futures. Manage seemingly paradoxical values by effectively balancing short-term operations with medium and long-term development and growth, and long-term strategy with short-term action.

*Set clear, ambitious, measurable and achievable goals* which raise levels of aspiration and thereby create a sense of stretch. Set 'outrageous' targets without creating demotivation, do not tolerate 'dog businesses', and weed-out everything which distracts from the focus of these goals.

*Create clarity and a common understanding of the organization's direction and strategy* which results in a commonly held strategic mind-set among organizational members. Make sure everybody understands the strategy and knows what matters most. Create company-wide understanding of individual, group, departmental and divisional contributions, and clarity of purpose and action.

## PROCESS CHARACTERISTICS

The table below lists the HPO-characteristics for the organizational processes. This paragraph gives an overview of the underlying elements per process characteristic.

Process characteristics	Points
P1. Design a good and fair reward and incentive structure.	158
P2. Continuously simplify and improve all the organization's processes.	147
P3. Measure what matters.	115
P4. Report to everyone financial and non-financial information needed to drive improvement.	103
P5. Continuously innovate products, processes and services.	101
P6. Strive to be a best practice organization.	58
P7. Create highly interactive internal communication.	53

*Design a good and fair reward and incentive structure* which reinforces the design, core values and strategy of the organization and supports a performance culture. Treat organizational members justly in relation to basic conditions of employment by compensating them fairly. Base the compensation structure on respect and trust, not on money. Be creative and flexible with rewards by explicitly using intrinsic rewards which are meaningful (fun, growth, teamwork, challenge, accomplishment). Reward people's achievements with praise and pay-for-performance, but also address poor results. Create compensation practices and programs which accurately reflect organizational performance by tying them to measures. Make sure the relation between reward and performance is transparent. Rewards are based on relative, long-term performance and on results, not efforts. Employ rewards that emphasize the group over the individual. Reward appropriate risk-taking and failure, and honesty. Have a minimum threshold below which no incentive is paid but also do not have a cap on payouts.

*Continuously simplify and improve all the organization's processes* to improve its ability to respond to events efficiently and effectively. Look for ways to be more efficient by eliminating unnecessary procedures, work, and all forms of excess and waste, and standardizing and simplifying remaining work. Keep the processes relevant and simple, and fight information overload. Use just-in-time processes, right-size processes and re-engineer processes to improve speed. It helps to apply a strong systems perspective, to think lean about every aspect of work, and not focus on the plan, but on the process. Become adept at rapidly designing and installing new ways of working.

*Measure what matters* by developing a model of the business that links overall goals to specific things the organization needs to control and therefore needs to measure with key success factors. Rigorously measure progress, consequently monitor goal fulfilment and confront the brutal facts. Live by a balanced scorecard performance culture that is taken seriously at all organizational levels. Make ongoing performance improvement inevitable by incorporating it into a disciplined measurement-based process. Abandon the measures inherited from the past and start using customer-centred measures including ones that look into the future. Focus on output, not input. Design measures that are objective, timely, understandable and easy to calculate. Make performance measurement aligned. Quantify everything up to the personal level, thus making measurement a part of everyone's job, and provide organizational members with performance transparency.

*Report to everyone financial and non-financial information needed to drive improvement*, so people can draw logical conclusions from complex information and determine how to use the performance information to reach their goals. Focus on the direct, indirect and cascading effects of what was done in the past. Let facts and measurement triumph over intuition and opinion, focus on what is really going on rather than just on appearances. Share information widely and foster access to it across all boundaries. Deliver it tailored to the needs of the individual. Focus on what is truly important and emphasise 'no surprises'. Adopt a common language and set of methods and standards for collecting data and measuring improvement.

*Continuously innovate products, processes and services* thus constantly creating new sources of competitive advantage. Rapidly develop new products and services to respond to market changes. Foster generating new ideas and excel at implementing these. Encourage creativity through cultivating an environment of learning, openness to change, challenging of old methods, an attitude of continuously seeking improvement, and an obsession with innovation. Experiment widely with a few chosen ideas. Continuously innovate current core activities while simultaneously developing new activities, and look for both incremental and disruptive innovations.

*Strive to be a best practice organization* by being world-class in everything the company does. Constantly strive to improve productivity and quality by continuously identifying opportunities for improvement, searching for best practices, and by executing flawless operations. Do everything that is necessary to be(come) competent and fight complacency. Appoint senior process owners to measure, manage and improve processes, and emphasize quality in everything that is done. Frequently assess the overall health of the company, to discover ‘loopholes’ in operations. Develop an effective benchmarking system, and implement the best ideas regardless of their origin.

*Create highly interactive internal communication* through which a continuous and open information exchange takes place. Clearly communicate strategy and results achieved to spread conviction. Create new channels of communication and use these as to create commitment. See communication as an ongoing senior management responsibility. Drive clarity deep into the organization.

## **TECHNOLOGY CHARACTERISTICS**

The table below lists the HPO-characteristics for technology. This paragraph gives an overview of the underlying elements per technology characteristic.

<b>Technology characteristics</b>	<b>Points</b>
T1. Implement flexible ICT-systems throughout the organization.	56

*Implement flexible ICT-systems throughout the organization* by introducing ICT-systems everywhere in the workplace, creating an accessible and credible database, having back-up systems to take over when accidents happen, and using the internet to share information and streamline transactions. Make sure that every business design that is developed contains a high-level ICT infrastructure design.

## **LEADERSHIP CHARACTERISTICS**

The table below lists the HPO-characteristics for organizational leadership. This paragraph gives an overview of the underlying elements per leadership characteristic.

<b>Leadership characteristics</b>	<b>Points</b>
L1. Maintain and strengthen trust relationships with people on all levels.	148
L2. Live with integrity and lead by example.	130
L3. Apply decisive action-focused decision-making.	85
L4. Coach and facilitate.	76
L5. Stretch yourselves and your people.	72
L6. Develop effective, focused and strong leadership.	68
L7. Allow experiments and mistakes.	66
L8. Inspire the people to accomplish extraordinary results.	62
L9. Grow leaders from within.	58
L10. Stimulate change and improvement.	58
L11. Assemble a diverse and complementary management team and workforce.	51
L12. Be committed to the organization for the long haul.	50

*Maintain and strengthen trust relationships with people on all levels* by valuing loyalty, treating smart people smart, showing people respect, listening to and asking for help from others, learning from others, creating and maintaining individual relationships with people, having belief and trust in others, and exhibiting elemental fairness in the way people are treated. Be and stay in touch with employees by knowing and dialoguing with them. Apply a collaborative, reconciliatory style. Build employee confidence by only criticizing them when they are present or in bilateral conversations, by creating fairness and equity in management decision-making, and by ‘fighting to the death’ for them. Show organizational members their true value, value their contribution, and recognize them for their achievements. Acknowledge people’s efforts to change by giving them credit for it.

*Live with integrity and lead by example.* Be honest and sincere. Show commitment, enthusiasm and respect. Have a set of ethics and standards. Be credible and consistent. Act boldly when needed. Maintain a sense of vulnerability and don’t be arrogant. Keep a perspective in a crisis. Don’t put form over function, style over substance, and don’t try to win a popularity contest. Solicit strong opinions. Don’t focus on the negative and don’t be aloof. Pick your battles. Ensure that the values are maintained and rate behavioural consistency highly. Set and sustain a high level of ethical and moral behaviour. Display committed executive leadership, by subscribing to specific goals in public. Create congruity between words and actions, between the values that are preached and that are actually lived. “Walk-the-talk”. Don’t be afraid to do the hard work yourself and endure, don’t stop. Be clear about your personal role in executing organizational processes, especially strategy implementation. Be visible as a leader during trying times. Practice what you preach.

*Apply decisive, action-focused decision-making.* Act decisively when trouble is at hand. Avoid over-analysis but come up with decisions and effective actions, while at the same time fostering action-taking by others. Be sure to attach importance to follow-up. Act with speed, boldness and originality but always question whether there is a good business reason for making a particular decision. Don’t make decisions based on needs and circumstances of the moment: balance thought and action. Be broad-minded, balanced and decisive. Help build systems that turn knowledge in action.

*Coach and facilitate* employees by being supportive, helping them, protecting them from outside interference, and by being available. Don’t tell people how to achieve their goals but do give them immediate and concrete feedback on their performance.

*Stretch yourselves and your people* by setting high standards and stretch goals: keep raising the performance bar. Be competitive; do not be satisfied too soon but balance impatience with a constructive drive for excellence. Make people proud of the company and give them challenging work.

*Develop effective, focused and strong leadership* by communicating the values and by making sure the strategy has been received and embraced by organizational members. Explain what you are trying to achieve and share the vision by repeating it and by consistently doing it. Solve conflicts in a constructive manner and dispel concerns before they get out of hand. Spot opportunities and problems early. Be committed to information, have disdain for waste, reject bureaucracy, and embrace simplicity. Pay attention to detail but ignore irrelevant issues that impede progress.

*Allow experiments and mistakes.* Permit taking risks, be willing to take risks yourself, and see mistakes as an opportunity to learn. Don’t cover mistakes up. Establish a tolerance for failure and setbacks. Identify and support risk-takers and create room for them and for mavericks.

*Inspire the people to accomplish extraordinary results* by applying charismatic leadership, creating a larger-than-life mindset, inspiring all to do their best, and mobilizing individual initiative. Unleash the organization’s energies and collective capabilities to maximise workforce productivity. Take pride in one’s own and the organization’s accomplishments, let people feel they are part of a bigger thing, and inspire them to achieve greatness. Instil in the employees a sense of confidence, collective will, can-



do attitude, unified way of thinking, and single-minded determination. Possess enthusiasm and take time to win people over.

*Grow leaders from within* by encouraging people to become leaders, filling positions with internal talent, and promoting from within. Carefully choose managers on their purpose-fullness, energy, stamina, and their ability to inspire others. Create leadership development opportunities through job rotation and enrichment programs. Identify high-potentials and emerging leaders and put them in critical business opportunities, thus establishing their worth and thereby creating a pipeline for future leaders.

*Stimulate change and improvement* by continuously striving for self-awareness and renewal and developing dynamic managerial capabilities to enhance flexibility. Be a leader of the change process by supporting change and creativity and by being personally involved in these activities. Exhibit behavioural changes yourself. Involve people in moving forward and demand widespread participation and engagement in making the change happen. Adapt the driving leadership style and change processes to evolving conditions, and complement your style to fit these conditions.

*Assemble a diverse and complementary management team and workforce* to help spot the complexities in operations and to incite creativity in solving them. Make sure to have people who differ in ability, background and personality and who have complementary skills. Focus on getting these people by using differentiated approaches to recruiting, identifying and developing talent. Build a great management team with complementary skills and shared values. Encourage different opinions and scepticism towards established wisdom.

*Be committed to the organization for the long haul.* This entails balancing common purpose with self-interest, and teaching organizational members to put the needs of the enterprise as a whole first. Align personal interests with group interest. Create long-term relationships of people with the company. Exercise careful stewardship and focus on the survival of the company. Avoid ‘fad-surfing’.

## INDIVIDUALS & ROLES CHARACTERISTICS

The table below lists the HPO-characteristics for individuals and their roles. This paragraph gives an overview of the underlying elements per individuals & roles characteristic.

<b>Individuals &amp; Roles characteristics</b>	<b>Points</b>
I1. Create a learning organization.	165
I2. Attract exceptional people with a can-do attitude who fit the culture.	102
I3. Engage and involve the workforce.	62
I4. Create a safe and secure workplace.	54

*Create a learning organization* by continuously investing in training and upgrading of skills, establishing good management development and top-of-the-line training programs, and by constantly identifying and accessing new competencies. Invest profoundly in people by training them to enhance their problem-solving and quality improvement skills, strategic capabilities, and technical and interpersonal competencies. Foster individual growth and achievement by developing people’s self-reliance. Encourage learning, probing, and discovering. Learn from the past and by trying many things. Encourage employees’ activities outside of their jobs because this fosters creativity. Assess each learning initiative in the context of the organizational culture to ensure effectiveness, and regularly review and measure the value of training tools. Emphasize internal training, on-the-job learning and external coaching. Make training and development mandatory and ongoing. Develop specific training and development tools that work for the organization.

*Attract exceptional people with a can-do attitude who fit the culture.* First, identify precisely the kinds of people you are looking for, and then carefully choose them and retain and leverage them. Nurture highly talented employees and give bright people space to change and excel. Identify strengths of employees, create clarity of personal ability, and then make use of their talents. Create high standards for hiring and training people, make sure the hiring process supports the culture, and get rid of the people who do not fit the culture. Make sure everybody knows how they should fit in and whether they now do.

*Engage and involve the workforce* by involving people in developing vision and values, in interactive discussions and the decision-making process and by communicating issues and developments important to the organization. Make the relationship between organization and individual an adult-to-adult one and see employees as partners. Work with people to design a desirable future for the company. Foster the personal involvement of people in the business of the organization.

*Create a safe and secure workplace* by giving people a sense of safety (physical and psychological) and job security. Work on retaining employees and do not lay-off people (until it cannot be avoided). Strive for low turnover. Create an enlightened ‘welfare state’.

### **CULTURE CHARACTERISTICS**

The table below lists the HPO-characteristics for organizational culture. This paragraph gives an overview of the underlying elements per culture characteristic.

<b>Culture characteristics</b>	<b>Points</b>
C1. Empower people and give them freedom to decide and act.	182
C2. Establish strong and meaningful core values.	81
C3. Develop and maintain a performance-driven culture.	65
C4. Create a culture of transparency, openness and trust.	62

*Empower people and give them freedom to decide and act.* Devolve decision making authority and give autonomy to organizational members to operate, within clearly established boundaries and constraints of what is allowed and what not. Assign responsibility for operational decision making and performance improvement to individuals and work teams, because people with the best information and perspective should make the decisions. Empower people to let them feel like owners. Balance control with autonomy but restrict checkpoints. Shift from command and control to creating shared mindsets and empowered colleagues. Establish a climate of choice and create freedom for individuals to develop their natures and express their diverse qualities, but stress that the liberty of individuals should not be at the expense of others. Let people feel free to question and challenge decisions.

*Establish clear, strong and meaningful core values* and make sure they are widely shared within the company. Become a value-based organization with a common, company-wide value system that balances values with rules. Only make commitments that are aligned with the core values. Have clear ethics which are supported by organizational policies.

*Develop and maintain a performance-driven culture.* Don’t assume success is permanent, realize that nothing lasts forever, so abandon inertia and complacency and challenge the enemies of a winning mindset. Have a healthy dissatisfaction with the status quo. Focus strongly on getting high excellence in whatever the organization does, and stimulate people to achieve high performance. Enforce performance-driven behaviour and set out to make aspirations reality. Expect disappointments so have discipline in execution and commitment to resilience, thus accomplishing made agreements. Celebrate successes daily.

*Create a culture of transparency, openness and trust* by establishing a shared understanding, openly sharing information and fostering informality. Demonstrate integrity and openness in all dealings with others, tell the truth, and make sure people have the opportunity to be heard. Encourage open and honest debate and create an information ethos in which errors are reported without fear.

## EXTERNAL ENVIRONMENT CHARACTERISTICS

The table below, lists the HPO-characteristics for the external environment of the organization. This paragraph gives an overview of the underlying elements per external environment characteristic.

External environment characteristics	Points
E1. Continuously strive to enhance customer value creation.	196
E2. Maintain good and long-term relationships with all stakeholders.	123
E3. Monitor the environment consequently and respond adequately.	100
E4. Choose to compete and compare with the best in the marketplace.	84
E5. Grow through partnerships and be part of a value-creating network.	59

*Continuously strive to enhance customer value creation* by learning what customers want, understanding their values, building excellent relationships with them, having direct contact with them, engaging them, being responsive to them, and focusing on continuously enhancing customer value. Focus on retaining customer loyalty by making customer satisfaction a central goal and value. Identify the key factors that are critical for superior customer satisfaction, and carefully craft forms of feedback for determining customer satisfaction. Create high standards for dealing with clients and demonstrate and promote a culture of customer focus and service. Deliver products and services that consistently meet customers' expectations, and anticipate their unarticulated needs. Partner intimately with major clients and embrace the radical vision of virtual integration with them. Make customers realize the full value of your products and innovations, and collaborate with them to improve value propositions. Constantly identify and access market knowledge about leading-edge customers worldwide and have a continuous stream of data about them. Consistently create high-value image and acceptance among consumers relative to price and performance. In short, be obsessed with the customer.

*Maintain good and long-term relationships with all stakeholders.* Network broadly, be generous to society, and create mutual, beneficial opportunities and win-win relationships. Understand the needs of key stakeholders by being connected with them. Use vision to align and unite stakeholders. Demonstrate significant financial commitment to local economies and environments. Develop a good corporate reputation by focusing on corporate social responsibility. Reconcile different stakeholder needs.

*Monitor the environment consequently and respond adequately* to shifts and opportunities in the marketplace. Do this by surveying the markets to understand the context of the business, identifying trends and exploring scenarios, capturing external information quickly and accurately, anticipating adversaries through careful study and assessment, and by creating a warning system to spot changes to which the organization must respond quickly. Develop an exceptional sense of reality by becoming highly sensitive to environmental changes and understanding what is happening and what the implications will be. Watch competitors for signs of change and be ready to act. Deal proactively with externalities and their stakeholders. Anticipate industry oscillations and breakpoints. Pursue and integrate useful information from outside the organization, and connect with other organizations to share information and insights.

*Choose to compete and compare with the best in the marketplace.* Always strive for relative success compared to competitors and for obtaining a leading market position. Achieve this by creating a clear competitive advantage and defending it fiercely, and understanding competitor behaviour. Lead the

pack in all industry standards and practices. Consistently set the standard and rules so competitors must react. Strive to crush the competition. Know how the products stack up against the competition and price for profitability.

*Grow through partnerships and be part of a value-creating network.* Turn the organization into an international network corporation. Make growth happen with mergers and partnerships. Seek alliance and partnership opportunities for non-core activities. Embrace the vision of virtual integration with suppliers, and therefore redesign and streamline inter-enterprise processes. Find the best partners you can and share a common vision with them.

## CONCLUSION

There are some limitations to this HPO-research. Despite an extensive literature search, potentially valuable studies might have been missed. By not taking studies older than fifteen years, research which still might be valid has been omitted. There is also the issue of ‘apples and pears’: studies of a different kind have all been lumped together, making the results of the comparison potentially incomparable. Also, the studies look by definition at what organizations have done in the past, therefore not necessarily giving a guarantee that these characteristics will also be valid and of importance for the dynamic future (Morton, 2003). Another drawback is that many organizations characterized as HPOs in the past foundered in performance in the years following their being studied and written up as examples (Manzoni, 2004), such as the companies originally described in the book *In Search Of Excellence* and organizations like Enron in the USA, Parmalat in Italy, and Ahold in The Netherlands.

Despite these limitations, a first picture has been obtained of how a modern HPO might appear. It should be remembered however, that long-term studies into the birth, survival and death of organizations in America show that “the company equivalent of El Dorado, the golden organization that continuously performs better than the market never existed, it is a myth” (Foster and Kaplan, 2001). With this, the warning of Strebel (2003) should be taken seriously that “to work effectively, best practice has to be adapted to the specific situation a business is facing. Because the business and its environment are continually evolving, best practice also has to be adapted to the times. What matters is the right managerial practice, exploiting the right business drivers to adapt to and shape the conditions facing a business over time.”

Further research should focus on validating the characteristics found in this study so management can start improving with confidence their organizations. Also, additional research should focus on validating the link between the HPO-characteristics and organizational performance, in order to make sure it is worthwhile for companies to improve themselves in the direction indicated in this paper.

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