

## **Striving for high performance in South Africa: the case of De Beers Marine**

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## **1. Introduction**

During the latest crisis and recession, interest in creating high performance organizations (HPOs) has been growing in countries all over the world. South Africa is no exception to this and South African managers have been looking into practices that will help them elevate organizational performance. However, there seems to be a shortage of high performance studies conducted in Africa and South Africa in particular (Hoskisson et al., 2000; Horwitz et al., 2002). A recent overview of high performance studies (de Waal, 2010) showed that only one such a study was conducted in Africa, in Zimbabwe (Khumalo, 2001). It examined seven industrial companies which were each the best financial performers in their industry. The study results showed that excellent companies in Zimbabwe had a participatory style of management, communicated with all levels of employees, promoted from within, trained their employees, emphasized the product of quality products and services, showed concern for others (for example by participating in community programmes), placed high value on customers, and rewarded good work. The overview study by de Waal (2010) yielded three other high performance studies in which South African organizations were part of a larger, multinational. Unfortunately, the research results were not specified for South African organizations (Khanna and Palepu, 2006; Stuart-Kotze, 2006; Gostick and Elton, 2007). Other studies that were found focused only on a limited number of aspects of excellence in South African organizations. Turner et al. (2000) surveyed the extent of ISO 9000 certification among South African organizations and looked at the benefits that these quality assurance standards brought these firms. Struwig and Smith (2002) looked at the relationship between organizational culture and strategy formulation in South African organizations. Gaylard et al. (2005) identified the most important variables for retaining South African information technology workers as their turnover has negative consequences for their employing companies. Spangenberg and Theron (2005) developed, based on Delphi research with South African managers, a model that defines and describes leadership behaviour required for creating an ethical and high performing organisation. Prinsloo et al. (2007) evaluated the effect of incentives on interfunctional relations in South African organizations. Serfontein et al. (2009) looked at the factors that helped a South African company transform, after a crisis, into a high performing entrepreneurial unit of a larger corporate environment. Finally, Fontannaz and

Oosthuizen (2007) developed a conceptual framework to guide organisational development in the South African context. It concerned a meta-analytical study of existing research, in-depth qualitative interviews and pilot testing of the so-called Performance ESP Index. This index (based on Execution, Strategy and People) provides a composite measure of the multi-faceted stakeholder view of organisational performance, and provides a diagnostic tool to assess the existence of an execution culture to address the challenge of complexity. However, it is not clear from the article whether the Index was actually tested in South African organizations and therefore its validity for the South African context cannot be established.

The above shows that there was a need for academically grounded high performance research performed in the South African context. The study described in this article has used the High Performance Organization (HPO) Framework (de Waal, 2008, 2010), which is an empirically validated framework based on worldwide collected data. It was expected that this framework could be used in the South African context as earlier Western management practices and techniques had been transferred successfully to South African organizations (Horwitz, 2002; Oosthuizen, 2005), and in addition the HPO Framework had already been applied successfully in the Tanzanian context (de Waal and Chachage, 2010). It is important to evaluate whether the HPO Framework is useful in the South African context, as previous research has shown that South African organizations with above-average output performance were the ones that had adapted global best practices successfully (Oosthuizen, 2005). Furthermore, it is important to know which adaptations to the framework are needed to make it suited to the South African context (Iguisi, 2009). Proving that the HPO Framework can be applied successfully at South African organizations will make it possible for other South African organizations to achieve a sustainable increase in their performance when also using the HPO Framework (de Waal, 2010). Consequently, the research question of this study was as follows: *Can the HPO Framework be applied in the South African context and with that help improve performance at South African organizations?*

The article is structured as follows. Section 2 provides a brief overview of the theoretical foundation of the HPO Framework which was used. Section 3 describes the

case company at which the HPO Framework was applied, De Beers Marine (DBM). This is followed in Section 4 by a description of the research approach. Section 5 discusses the research results. In Section 6 the actions of DBM following the HPO research are described. The article closes in Section 7 with a brief discussion and mentioning of the opportunities for further research. The research described in this article constitutes one of the first studies into the determining factors of sustainable high performance in South Africa and as such, it adds to the strategic management literature by showing that the HPO concept can be applied in South Africa to identify elements of sustainable high performance in South African organisations.

## **2. The HPO Framework**

There have been many studies into HPOs but none of these have actually resulted in an universal theory, model or framework which could be applied in different organizational settings (for an overview see de Waal, 2006). That is, until a few years ago, when the HPO Framework – incorporating the research results of multiple disciplines – was developed after an extensive descriptive review of 290 academic and practitioner publications on high performance (de Waal, 2007, 2008, 2010). In this HPO study, an HPO was defined as “an organization that achieves financial and non-financial results that are better than those of its peer group over a period of time of at least five to ten years.” For each of the 290 studies elements that the authors indicated as being important for becoming a HPO were identified and categorized. Because different authors used different terminologies, similar elements were put in the same category. The resulting categories were labelled ‘potential HPO characteristic’. For each of the potential HPO characteristics the ‘weighted importance’ was calculated, i.e. the number of times that it occurred in the examined studies. Finally, the characteristics with the highest weighted importance were considered the HPO characteristics. These characteristics were subsequently included in an HPO survey which was administered worldwide and encompassed over 3,200 respondents. In this survey, the respondents were asked to indicate how well they thought their organizations were performing as to the HPO characteristics (on a scale of 1 to 10) and also how the results of the organization they worked at compared to those of peer groups. The competitive performance was calculated using two formulas: (1) Relative Performance (RP):

performance of the organisation versus performance of its peer group,  $RP = 1 - ([RPT - RPW] / [RPT])$  in which RPT = total number of peers, and RPW = number of peers with worse performance; (2) Historic Performance (HP): performance of the organisation in the past three to five years versus the performance of its peers during the same time period (possible answers: worse, the same, or better). These subjective measures of organizational performance are established indicators of real performance (Dawes, 1999; Devinney et al., 2005; Glaister and Buckley, 1998). By performing a non-parametric Mann-Whitney test, 35 characteristics which had the strongest correlation with organizational performance were extracted and identified as the HPO characteristics. The resulting correlation was as expected: the high-performing organizations scored higher on the 35 HPO characteristics than the lower performing organizations. Thus, it is likely that organizations which pay attention to these 35 characteristics will achieve better results than their counterparts that do not do this or do this less. Conversely, organizations which score low on the characteristics rank performance-wise at the bottom of their sector. Following the Mann-Whitney test, a principal component analysis with oblimin rotation was performed on the 35 characteristics, which resulted in five distinct HPO factors. The HPO Framework, consisting of the five HPO factors and their underlying characteristics, is given in Appendix 1. Further details on the statistics and the characteristics can be found in Waal (2008, 2010).

The five HPO factors which were found in the study are:

1. *Management Quality*. Belief and trust in others and fair treatment are encouraged in an HPO. Managers are trustworthy, live with integrity, show commitment, enthusiasm, and respect, and have a decisive, action-focused decision-making style. Management holds people accountable for their results by maintaining clear accountability for performance. Values and strategy are communicated throughout the organisation, so everyone knows and embraces these.
2. *Openness and Action-Orientation*. An HPO has an open culture, which means that management values the opinions of employees and involves them in important organizational processes. Making mistakes is allowed and is regarded as an opportunity to learn. Employees spend a lot of time on dialogue, knowledge

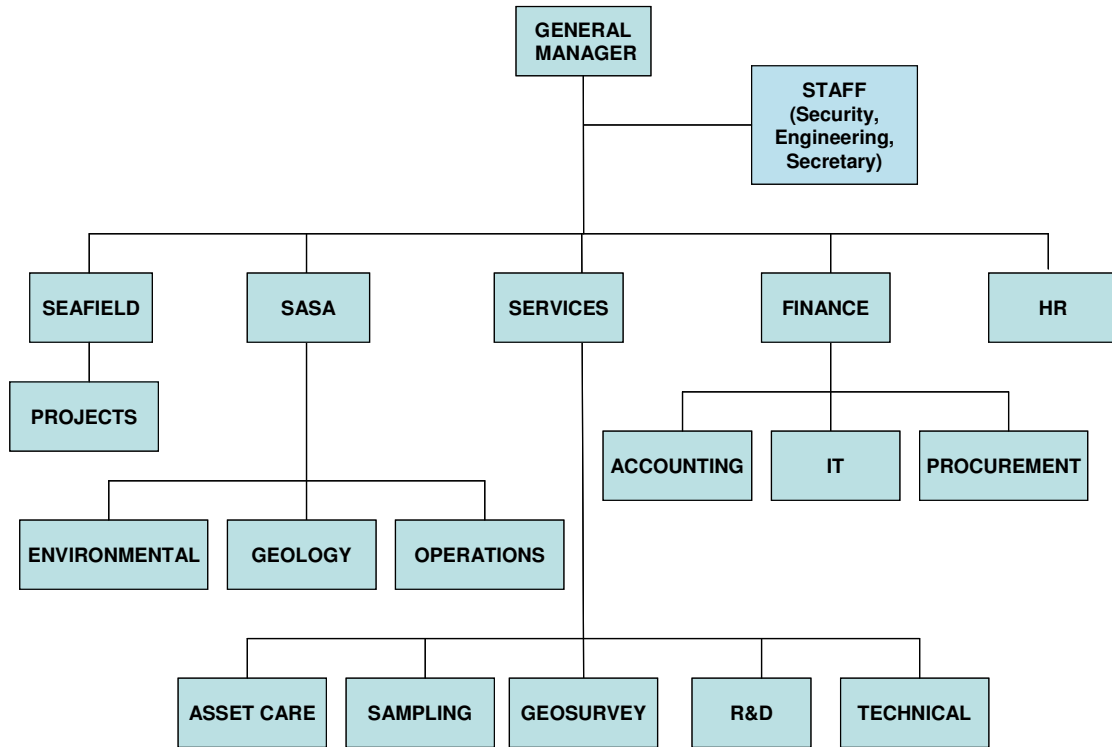
exchange, and learning, to develop new ideas aimed at increasing their performance and make the organization performance-driven. Managers are personally involved in experimenting thereby fostering an environment of change in the organization.

3. *Long-term Orientation.* An HPO grows through partnerships with suppliers and customers, so long-term commitment is extended to all stakeholders. Vacancies are filled by high-potential internal candidates first, and people are encouraged to become leaders. An HPO creates a safe and secure workplace (both physical and mental), and dismisses employees only as a last resort.
4. *Continuous Improvement and Renewal.* An HPO compensates for dying strategies by renewing them and making them unique. The organization continuously improves, simplifies and aligns its processes and innovates its products and services, creating new sources of competitive advantage to respond to market developments. Furthermore, the HPO manages its core competences efficiently, and sources out non-core competences.
5. *Workforce Quality.* An HPO assembles and recruits a diverse and complementary management team and workforce with maximum work flexibility. The workforce is trained to be resilient and flexible. They are encouraged to develop their skills to accomplish extraordinary results and are held responsible for their performance, as a result of which creativity is increased, leading to better results.

The HPO study (de Waal, 2008, 2010) showed that there is a direct and positive relationship between the identified HPO factors and competitive performance: the higher the HPO scores the better the performance of the organisation, and vice versa. An organization can determine its HPO status by having management and employees fill in an HPO questionnaire and then calculating the average scores on the HPO factors. The HPO questionnaire was distributed at De Beers Marine to identify the HPO status of this company and thereby help increase the performance of the organization. At the same time, this made it possible to test the application of the HPO Framework in the South African context.

### **3. De Beers Marine**

De Beers Marine (DBM) is a wholly owned subsidiary of De Beers Group Services. De Beers is a diamond exploration, mining and rough diamond trading company established in Kimberley in 1888 and has mining operations in South Africa, Botswana, Namibia and Canada. In the polished diamond consumer markets the company has 40 De Beers Diamond Jewellers stores, and an independently managed retail joint venture with Moët Hennessy Louis Vuitton. De Beers also wholly owns Forevermark, the proprietary diamond brand which serves as the group's primary consumer marketing arm. The number of stores from which Forevermark is available grew to 348 authorised Forevermark Jewellers. DBM's activities span the range of exploration, resource development, survey/geophysics, sampling, capital projects, building of marine mines, operation and maintenance of the marine mines and the associated support infrastructure, R&D, technical support and operations management. The vessels under management of DBM include the Coral Sea, the Douglas Bay, the Peace In Africa, two AUVs (autonomous underwater vehicles), and chartered vessels of opportunity.. DBM manages a number of facilities that include offices in Pinelands (Cape Town), technical and office facilities in Paarden Eiland, logistics and security at Port Nolloth harbour. The support base of the company is in Cape Town; however the vessels are at sea. Employees on seagoing conditions work 28 days on and 28 days off (technically working 6 months in a given year). Shore-based employees are on normal office type conditions. Figure 1 shows the abbreviated organizational chart for DBM.



*Figure 1: Abbreviated organizational chart of DBM*

DBM was established in 1983 with production starting in 1991 in Namibia. In 2001 a new entity, De Beers Marine Namibia (DBMN), was formed to manage the operations in Namibia. Certain functions, comprising mainly of specialised technical support, were left behind in DBM to support the operations in Namibia until these would become self-sufficient. The support functions comprised sampling (via two sampling vessels), survey (via a special underwater vehicle), research & development, shutdown maintenance in the Cape Town port, and capital upgrade projects. In 2005, De Beers Consolidated Mines (DBCM) decided to invest in a new mining vessel to operate in a new resource off the South African coast. DBM designed and built the vessel and production started in 2007. DBM operated the vessel, Peace in Africa, and manages the resource development on behalf of DBCM.

DBM's value chain is in the upstream part of the diamond pipeline as the company's involvement ends at getting the rough diamonds from the seabed. Downstream activities are handled by the Diamond Trading Company. DBM has three different business models for the three main clients. The major client is DBMN in Namibia, where DBMN



decides on the scope of the services to be provided by DBM, and all costs plus a mark-up are charged to DBMN. For DBCM in South Africa, DBM manages the complete operation in exchange for a share of the profit once a threshold return is reached. All costs are charged to DBCM.

#### **4. Research approach**

The case study was part of a refresher course organized by Maastricht School of Management (MsM) in South Africa in 2009. During a refresher course, MsM alumni come together in one location for a two-week program in which specific topics are taught. These alumni come from different countries in the region and are all experienced managers with several years work experience either in profit or governmental organizations or they are self-employed. DBM was chosen as case company because it had the reputation of being one of the better companies in Cape Town, the location where the refresher course was conducted. The company was approached by the president of MsM's partner in South Africa, the Elgin Learning Foundation, an organization with the mission to serve disadvantaged communities in South Africa through education and training. After DBM agreed to participate, the HPO diagnosis to establish DBM's HPO status was started. DBM received an internet link to the HPO questionnaire. Subsequently, 81 people from all levels of the organization (10 senior managers, 18 middle managers; 27 junior managers, 25 non-supervisory personnel) anonymously filled in the questionnaire. DBM also collected and sent information on the company (organizational chart, product/service description, number of employees etc.), its financial performance data and financial performance data of the competitors (if available), over the years 2000 – 2009, to the researchers. The fieldwork in Cape Town was performed by the author of this article and the 20 participants of the refresher course during the week of August 24 – 28, 2009. Two representatives of DBM visited the group to give a presentation on the company. Then the research team conducted interviews with six management team members and middle managers. These interviews lasted approximately 90 minutes. Interview questions focused on the things DBM managers do to improve their business and on potential improvement areas. The research team processed all the case company material (HPO questionnaire results, competitive data, interview write-ups, additional material) to analyze DBM and to come up with conclusions and recommendations on what the organization could do to

improve its performance. The analysis and draft recommendations were presented to each other in a series of short meetings. Feedback of the research to the case company was organized through a presentation to the DBM's management team followed by a lively discussion. Finally, the author made a write-up of the research, in the form of this article, which was sent to DBM for approval.

**5. Research results and discussion**

The average HPO score of DBM is 6.4 (Figure 2). This score shows that DBM is an average performing organization and not yet an HPO, which requires a score of at least 8.5 (de Waal, 2008). The HPO scoring line is almost level, which shows that DBM is a fairly well-balanced company - a good starting-point for improvement of all HPO factors.

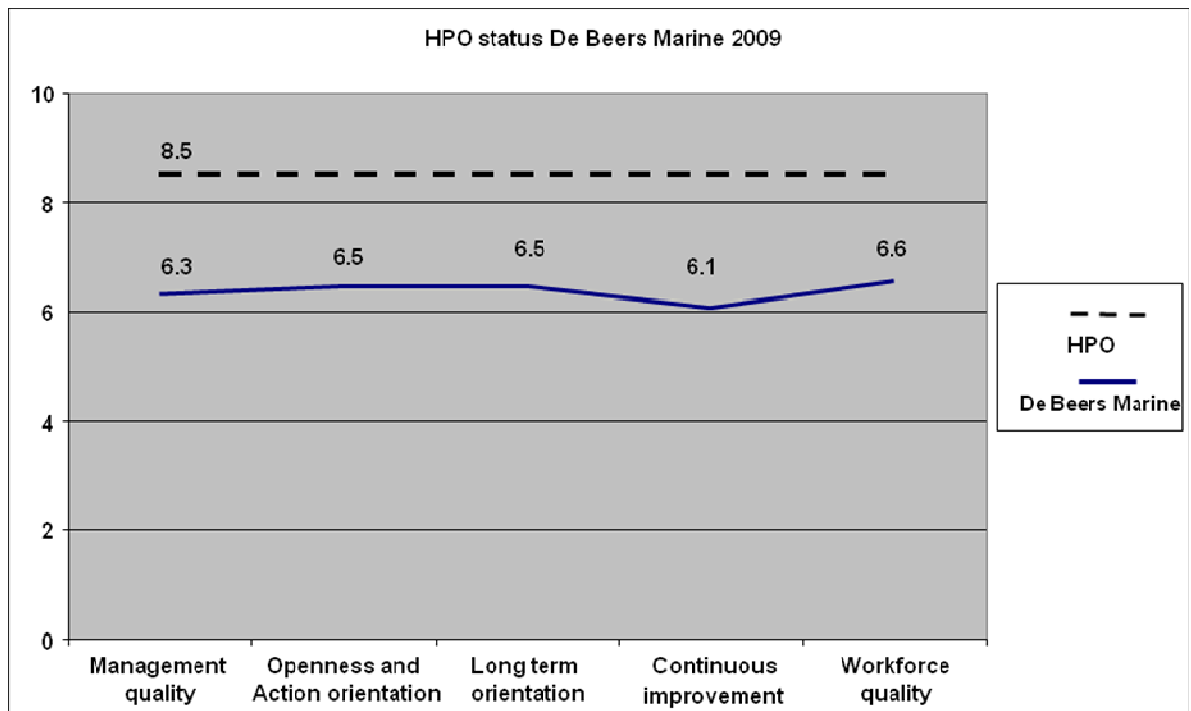
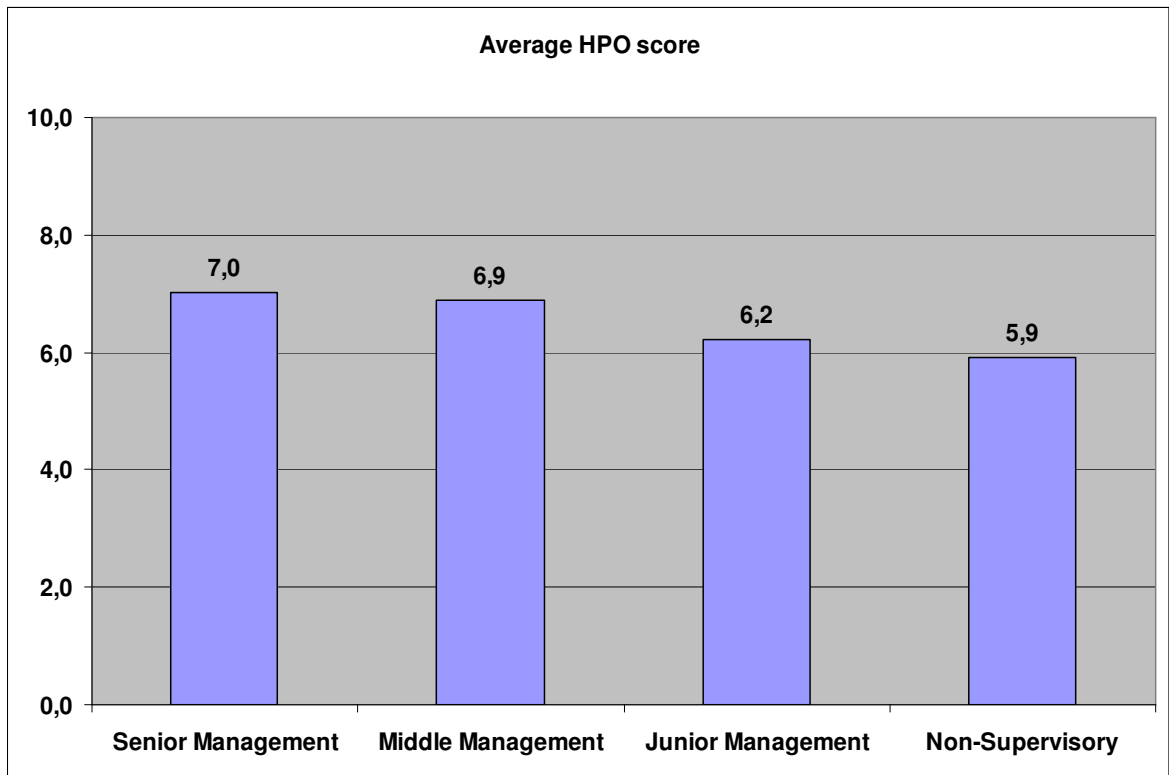


Figure 2: HPO status of DBM

The difference in scores between the function levels is about 1 point (Figure 3). This indicates that people at DBM share more or less the same perspective on the

organization, which constitutes a strong foundation for working jointly on the transition towards HPO.



*Figure 3: HPO status per organizational level*

The HPO status of DBM was heavily influenced by the history of the company. Until 2000, the situation of DBM was relatively stable as the company was part of the De Beers family and could count on a steady and predictable workload. After 2000, DBM was spun off as a separate entity which had to take care of its own income. This entailed that former colleagues in the De Beers family suddenly had to be treated as clients, and that DBM now had to obtain its own sales and undertake its own ventures. This put a great deal of pressure on the organization because it had to develop sales and business capabilities while at the same time safeguarding the high quality of its technical processes. During the interview with DBM's HR manager, it became clear that the pursuit of diversity and innovativeness was a way of life at DBM: "It goes beyond race, gender, etc. From diversity you get more ideas other than when a group is too uniform. However, only 20 percent of DBM's work force are women due to a limited availability

of women with relevant qualification in the field of science. The majority of the women work at head office, 21 women are based at sea as engineers. There is an innovative scheme at place in DBM in which employees can express their ideas. These ideas are assessed by an Innovation Committee, which gathers all the ideas brought in by staff, analyzes these and puts them to the test. In addition, the company has a career path programme in which it supports employees to rise through the ranks through trainings, coaching, exposure, secondment and mentoring. This is complemented by a People Development Process which helps employees to be trained in job-specific skills. There is no ceiling as far as rising through ranks is concerned, the sky is the limit.

The HPO diagnosis showed that DBM was a technically very proficient company which historically had a strong focus on further development of the technical processes but less on the processes that improve the HPO factors. Although, since 2006, the company paid more attention to strengthening its business processes, the rate of innovation and improvement in that area was still lagging behind that of the technical processes. In addition, the worldwide crisis and subsequent recession affected the organization negatively which meant that quite a few of the employees had to be laid off and several business functions were outsourced to reduce costs. At the time of the HPO diagnosis, DBM was clearly at a crossroads (Figure 4). If the HPO factors would not get a strong boost, performance would inevitably suffer (line R2 in Figure 4). However, if DBM would concentrate on implementing the HPO actions, it was expected that performance would get a renewed boost (line R1).

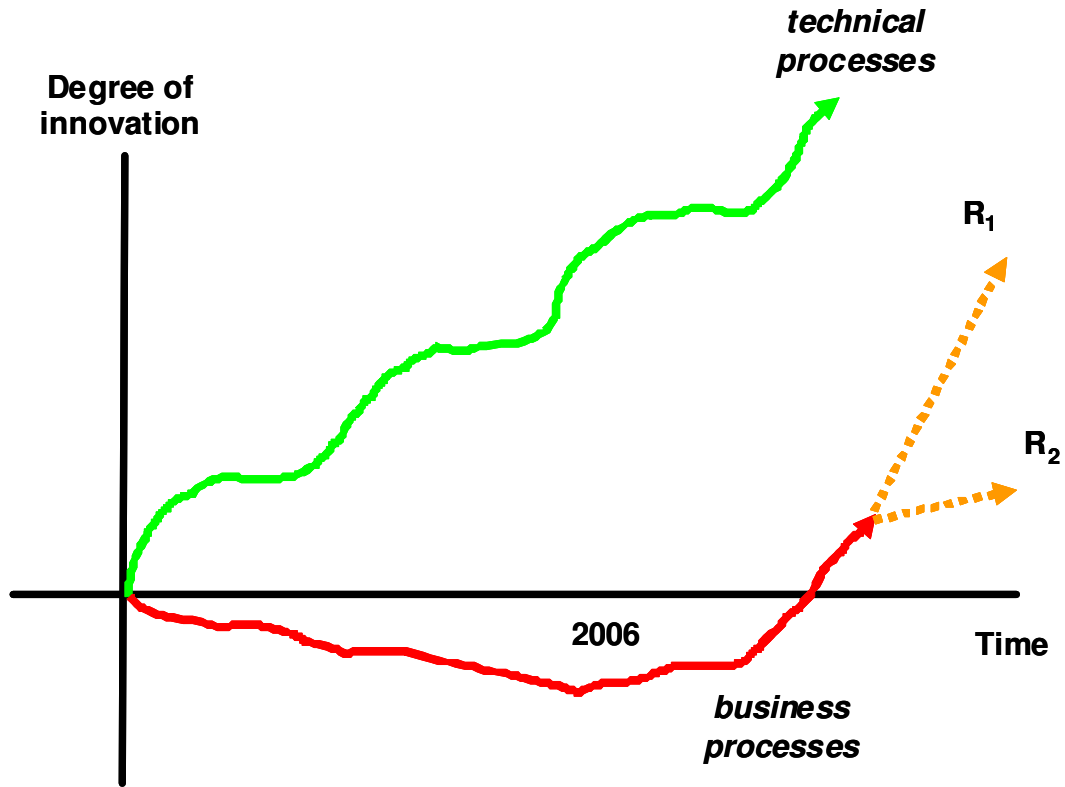


Figure 4: Development course of technical and business processes at DBM

Fortunately, the HPO diagnosis showed that DBM had several strong points which would help it along the R1 route: it was a fairly unique company (HPO score 6.8) with result-oriented (7.3) and change-minded (7.1) management aimed at serving the clients as best as possible (7.7). After studying the HPO scores and the interview write-ups, the research team identified four main HPO attention points which DBM had to address to make sure the company would follow route R1. These points are described underneath.

*Attention point 1: Increase the quality of management*

Table 1 shows the HPO characteristics underlying attention point 1.

HPO characteristics	Score
The management of DBM is trusted by organizational members, <i>according to management.</i>	6.7
The management of DBM is trusted by organizational members, <i>according to employees.</i>	5.0
The management of DBM is decisive with regard to non-performers.	5.8
The management of DBM coaches organizational members to achieve better results.	6.0

The management of DBM inspires organizational members to accomplish extraordinary results, <i>according to management.</i>	7.7
The management of DBM inspires organizational members to accomplish extraordinary results, <i>according to employees.</i>	6.0

*Table 1: The HPO characteristics underlying attention point 1*

As a consequence of the described changes in the organization, DBM had a fairly new management structure. Most managers came from within the De Beers family and were naturally more technical than people oriented. These managers not only had to deal with organizational changes but, since 2006, also with the implementation of several new managerial tools, such as the balanced scorecard (BSC) and the continuous business improvement initiative (CBI). These tools were backed by many meetings between managers and employees. The effect was that potentially competent managers and good systems were present. However, managers had difficulty coping with all the changes, did not have enough time to coach their people, and as a result employees had not noticed much improvement. In fact, employees' trust of management started to decrease because of the recent lay-offs and outsourcing. As one interviewee defined trust: "Trust is following through with what you said you were going to do. It is a fundamental requirement that managers do what they say they will do and respect and trust are linked to that." Unfortunately, many meetings were attended by a rotating body of employees and each time chaired by different managers. This caused feedback mechanisms to not fully develop because each time different people would meet who might or might not be knowledgeable about previously made arrangements. This caused trust to be affected negatively. In addition, to many people the longer-term future direction of DBM was not clear, causing an uneasy feeling among employees that management did not know how to set the company's direction. Finally, managers stacking improvement projects on top of the regular work of employees in the hope that these projects would be inspirational to employees did not help the trust issue either. In spite of trust being one of DBM's values, it was unfortunately not an item on the management agenda, causing managers to take trust too much for granted. There seemed to be a contradiction between the recent lay-offs and the inability of management to be decisive with regard to non-performers. This had to do with the recently introduced BSC which DBM used as its performance management system, to manage and improve performance. The BSC

provided direction with regard to promotions, demotions and disciplinary actions, and was linked to salary increment and the payment of bonus. However, the interviews revealed that at times supervisors inflated the scores to help staff get a higher bonus. This abuse caused DBM's managers to not be able to hold employees responsible for their results as the data in the BSC was not always reliable. The conclusion was that DBM needed to find a way of putting the competences, systems and BSC to work in such a way that employees would notice positive outcomes of them. An important activity in this respect was that managers should start working on regaining the trust of employees, for example by finding different ways to inspire employees.

*Attention point 2: Improve dialogue between management and employees*

Table 2 shows the HPO characteristics underlying attention point 2.

<b>HPO characteristics</b>	<b>Score</b>
Management of DBM frequently engages in a dialogue with employees.	6.8
Organizational members are always involved in important processes.	5.9
Organizational members spend much time on communication, knowledge sharing and learning.	5.9

*Table 2: The HPO characteristics underlying attention point 2*

As mentioned before many meetings between management and employees were organized at DBM, such as CBI meetings, monthly BSC review meetings and focus group meetings. In fact there were so many that a 'meeting-free Friday' was recently installed. However, the large number of meetings is not necessarily a guarantee for the quality of the meetings or of whether real dialogue and knowledge sharing took place between people. In fact, before the BSC was introduced at DBM, the general manager used to inform everybody about the company status in a general meeting, which means one-way communication with little feedback from employees. Later on, with the BSC in place, each management team member had a monthly meeting with his or her department to discuss the figures and to talk about the highlights and actions to be taken which was, communication-wise, a large improvement. The interviews showed that staff were confused about on the one hand being involved in the dialogue and

knowledge-sharing meetings, and on the other hand not feeling connected. This was an important issue as many good management initiatives were started which had to be executed by the employees. As a manager remarked “The road to success should be taken together” so management should not get disconnected from employees. Another issue was that DBM recently put a system of knowledge-sharing teams in place with a fixed meeting schedule, and in addition smaller focused group meetings with a maximum of twenty people present were installed. Specific attention was given to improve the quality of communication between the people on the vessels at sea and headquarters, by conducting daily conference calls and appointing dedicated contact persons at headquarters who liasoned with the vessel managers of the ships. However, this all was still new at the time of the research and a positive effect could not yet be established. The conclusion was that DBM should look critically at the communication processes in the organization in order to increase the quality of the dialogue and knowledge sharing. The CBI was specifically aimed at addressing challenges in getting employees involved in process improvements and increasing knowledge sharing across the organization, so DBM needed to ensure that the CBI process would be well managed and sustained.

*Attention point 3: Better manage the improvement process*

Table 3 shows the HPO characteristics underlying attention point 3.

<b>HPO characteristics</b>	<b>Score</b>
DBM continuously innovates its products, processes and services.	6.5
In DBM processes are continuously improved.	6.4
In DBM processes are continuously simplified.	5.0
In DBM processes are continuously aligned.	5.7
Organizational members are always involved in important processes.	5.9

*Table 3: The HPO characteristics underlying attention point 3*

There were many process improvement projects running at the time of the HPO diagnosis, but the main focus of these projects seemed to be on technical improvement and not on business process improvement. The CBI, which was aimed at improving



business processes, had only gotten into gear in Autumn 2009 and the effects had not been noticed yet. From the interviews it became clear that CBI, although a promising and worthwhile initiative, was regarded by employees to be a top-down initiative which had to be done on top of the regular work, so there was no clear commitment of employees to it yet. Another interesting point was that DBM had many feedback mechanisms on process improvement status, like the monthly BSC discussions, a CBI forum, two-weekly and monthly technical forum meetings, backed by a process documenting all initiatives and a reward system for new ideas. What was missing however was an overarching framework for all the initiatives, which would provide management an easy overview. Also, there was some concern about whether the recent outsourcing might have hurt the staff capacity building, i.e. did they have enough knowledge and skill to successfully complete all the improvement initiatives.

The conclusion was that DBM's management should consciously keep discipline in rolling-out CBI, so that maximum results will be obtained from the process improvements.

*Attention point 4: Create a culture of innovativeness in the whole company*

Table 4 shows the HPO characteristics underlying attention point 4.

<b>HPO characteristics</b>	<b>Score</b>
DBM has adopted a strategy that sets it clearly apart from other organizations.	6.8
The management of DBM allows making mistakes, <i>according to management.</i>	6.7
The management of DBM allows making mistakes, <i>according to employees.</i>	5.1

*Table 4: The HPO characteristics underlying attention point 4*

The interviews demonstrated that the uniqueness of DBM consisted of the combination of generic engineering skills and marine knowledge, which created a set of unique skills. Coupled with the huge capital investment required for the offshore operations and stringent government regulations in regard to doing business in this industry made that

DBM basically had no competitors. The technical nature of the company created an intrinsic drive for innovation, which was lead by R&D. DBM could therefore be characterized as a learning organization on the technical side where the company constantly pushed the limits. An interviewee described innovativeness: “We are constantly pushing the limit by finding ways to mine ten percent better than the previous year, and continuously improving processes resulting in improved operational efficiency. What used to be a yearly production 27 years ago is nowadays a monthly production!” Almost by definition, R&D was allowed to make mistakes, but the interviews with people from other departments showed that management was much less lenient toward their mistakes. At the same time, many of the jobs at DBM (especially those at the ships) did not allow making mistakes because these would be dangerous. This was understood by employees but they were concerned about the way management in general reacted to mistakes which were all treated as ‘bad.’ The conclusion was that DBM should take a hard and honest look at whether its culture was really fostering an innovative climate throughout the whole company, not only in R&D, and whether this also concerned the business processes which would improve the HPO factors, and not just the technical processes.

## **6. Follow-up actions of DBM**

The results of the HPO diagnosis did not surprise DBM’s management as they confirmed the findings of a study done by one of DBM’s sister companies on safety. The conclusion of that study was that the quality of management and processes needed to be improved, which was why CBI was started. It however became clear from the HPO diagnosis that CBI alone would not be enough and that additional initiatives were needed to change the minds and attitudes of both managers and employees toward more HPO thinking. Also, more room had to be created for initiatives from the work floor, which should be more supported than in former days by management. The recently introduced slogan ‘Can do great things ... done’ should get more content and follow-up.

The first action management took was mapping out the route to get employee buy-in, and it was decided that the business update sessions, in which management and employees meet to discuss current and future DBM affairs and on-going projects, was

an important mechanism to use in this respect. The second action was to put specific HPO actions in the strategic focus areas of the company (see Table 5).

Focus Area 2010	Intent
1. Safety, Health, Environment & Security	"To strive for zero incidents through a culture of professionalism"
2. Delivery to De Beers Family of Companies	"To be DBMN's service provider of choice through excellence and innovation in a cost efficient manner"
	"To deliver positive cash flow to DBCM through utilization, efficiency, rate, and cost efficiency"
	"To enable DBMN to progress the global exploration fast and cost effective through innovative techno-economic solutions"
3. Leadership	"To step up our management quality and capability on our journey to become a high performance organization"
4. Capability	"To fundamentally transform the way we work by empowering every employee to be more professional tomorrow than today in all aspects of the business"
5. Shape our future	"To reinvent the marine mining pipeline through innovative processes and systems"

*Table 5: HPO actions in DBM's strategic focus areas*

The third action was to develop a form that assesses managers' ability to Plan, Lead, Organise and Control in order to evaluate the leadership and management capabilities of DBM's managers (Figure 5). Subsequently almost all managers went through an assessment made by their employees. DBM now is in the process of developing an E-learning module to assist managers to develop themselves to be higher-quality managers. DBM is quite excited about the journey toward becoming an HPO, although the company is acutely aware of the fact that this will not be an easy journey.

**DE BEERS MARINE (PTY) LTD**

**LEADERSHIP/MANAGEMENT ASSESSMENT**



**Assessment and feedback for** \_\_\_\_\_  
**(Your Manager's / Supervisor's name)**

<b>Date:</b> _____		Rate each question according to this scale: _____		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Poor	Fair	Good	Very good	Exceptional

Question	Question	Rating
	<b><u>Planning:</u></b>	
1	Do I know what my unit objectives are?	
2	Do I know what is expected of me at work – has my manager discussed my KPIs / deliverables with me and how they fit with the objectives of the unit.	
3	Do I understand how my unit will deliver on the business objectives?	
4	Does my manager proactively plan unit activities?	
	Total	
	<b><u>Leading:</u></b>	
1	In the last month, have I received recognition or praise for good work from my manager?	
2	Does my manager encourage my personal development through career planning discussions?	
3	Does my manager lead by example and does he/she live the De Beers values?	
4	Am I actively encouraged to volunteer new ideas and make suggestions for improvement? Do my opinions count?	
	Total	
	<b><u>Organising:</u></b>	
1	Is my manager interested in knowing that I have the materials and equipment I need to do my work efficiently?	
2	Am I correctly placed in the organization, are my reporting lines clear and aligned with the work I do?	
3	Are there clear understandable business processes to guide the way we work?	
4	Does my manager communicate clearly and effectively?	
	Total	
	<b><u>Controlling:</u></b>	
1	Does my manager monitor and manage performance effectively?	
2	Does my manager ensure that company policies are adhered to?	
3	Does my manager effectively delegate?	

4	Does my manager handle discipline and conflict well?	
	Total	

Figure 5: DBM's leadership/management assessment form

## 7. Discussion

At the time of the research DBM was facing several challenges. Firstly, the company had to find a way to retain skilled people in key areas, as more and more employees were lured away by the high salaries paid in the offshore industry. Secondly, the company had to find a way to become financially more sustainable. Thirdly, the company had to implement better succession planning and knowledge transfer as key personnel was going to retire in the near future, taking with them vital knowledge and experience. Fourthly, as the CBI was so important to raising the quality of the processes, and thereby of the company, DBM had to find a way to keep the initiative alive and rolling. To address these challenges, DBM turned to the HPO Framework as DBM's management was of the opinion that this framework could help DBM to identify the areas in the company that needed to be improved in order to become and stay high performing. As the research described in this article shows, the HPO Framework can indeed be used to assess the strengths, weaknesses and improvement issues of a South African company. In this respect, the HPO Framework helped DBM to focus on what is really important to improve and thereby foster the improvement process. At the same time, the research described in this article shows that the quality of management and the quality of the dialogue process are of paramount importance for a successful transition to a high performance organisation and therefore the implementation of modern management techniques deserves the utmost attention (Makkar et al., 2008). Therefore the research question posed at the beginning of this article, *Can the HPO Framework be applied in the South African context and with that help improve performance at South African organizations?*, can be answered in the affirmative. This means that not only DBM but also other South African organizations can use the HPO framework in their quest to becoming world-class, as the framework gives them the factors to focus on in order to increase their performance. This provides opportunities for further research. First, the application of the HPO framework could be

tested at other South African organizations, especially non-profit and governmental organizations. In addition, longitudinal research should focus on identifying whether an increase in performance at DBM can be noticed and whether this increase is sustainable. Finally, research could evaluate whether applying the HPO Framework at the partners of DBM in the De Beers Family of Companies will improve the overall performance of the group of companies.

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## Appendix 1

In this Appendix the 35 characteristics are listed per HPO factor.

<i><b>HPO CHARACTERISTIC</b></i>
<i><u>Continuous improvement</u></i>
<ol style="list-style-type: none"><li>1. The organisation has adopted a strategy that sets it clearly apart from other organisations.</li><li>2. In the organisation processes are continuously improved.</li><li>3. In the organisation processes are continuously simplified.</li><li>4. In the organisation processes are continuously aligned.</li><li>5. In the organisation everything that matters to performance is explicitly reported.</li><li>6. In the organisation both financial and non-financial information is reported to organisational members.</li><li>7. The organisation continuously innovates its core competencies.</li><li>8. The organisation continuously innovates its products, processes and services.</li></ol>
<i><u>Openness and action-orientation</u></i>
<ol style="list-style-type: none"><li>9. Management frequently engages in a dialogue with employees.</li><li>10. Organisational members spend much time on communication, knowledge exchange and learning.</li><li>11. Organisational members are always involved in important processes.</li><li>12. Management allows making mistakes.</li><li>13. Management welcomes change.</li><li>14. The organisation is performance driven.</li></ol>
<i><u>Management quality</u></i>
<ol style="list-style-type: none"><li>15. Management is trusted by organisational members.</li><li>16. Management has integrity.</li><li>17. Management is a role model for organisational members.</li><li>18. Management applies fast decision-making.</li><li>19. Management applies fast action-taking.</li><li>20. Management coaches organisational members to achieve better results.</li><li>21. Management focuses on achieving results.</li><li>22. Management is very effective.</li></ol>

23. Management applies strong leadership.
24. Management is confident.
25. Management is decisive with regard to non-performers.

Workforce Quality

26. Management always holds organisational members responsible for their results.
27. Management inspires organisational members to accomplish extraordinary results.
28. Organisational members are trained to be resilient and flexible.
29. The organisation has a diverse and complementary workforce.

Long-term orientation

30. The organisation grows through partnerships with suppliers and/or customers.
31. The organisation maintains good and long-term relationships with all stakeholders.
32. The organisation is aimed at servicing the customers as best as possible.
33. Management has been with the company for a long time.
34. New management is promoted from within the organisation.
35. The organisation is a secure workplace for organisational members.