# HPO Model + HPO Framework = Organizational Improvement for a European Multinational

ANDRÉ DE WAAL
AND DAVID HANNA

*In an era of increasingly saturated markets and ever tightening competition, multinational firms are diversifying their product portfolios, exploring new areas of operation, standardizing to achieve economies of scale, and generally enhancing the quality of their organization. Such quality management practices, however, are typically confined to production and supply chain processes, for there are no holistic improvement models designed for overall application in multinational firms. The experiences of a European multinational that embarked on an initiative to transform itself into a high-performing organization (HPO) to improve its ability to compete, demonstrate the value of combining two generic HPO schemata for guidance: Hanna's HPO model and de Waal's HPO framework. Within six months of evaluating its performance against those sets of HPO guidelines, the organization realized significant behavioral improvements, including enhanced communications and employee engagement, and was able to set a course for sustainable renewal. © 2016 Wiley Periodicals, Inc.*

After pursuing an autonomous growth strategy that included taking over several smaller companies, the managers of a multinational manufacturer headquartered in Europe were shocked by the threat of a hostile takeover bid. Realizing that there were quite a few investors who were unhappy enough with the organization's recent performance to potentially back the bid, the managers had to act quickly to show shareholders that they were still in control.

Instead of defending the company against the bid and despite competitive market conditions, they decided that the best course of action was to transform the company into a high-performing organization (HPO) whose achievements would satisfy investors. But what strategy should they employ toward that end?

Increasingly, industries are being dominated by a few global brands that operate simultaneously in many countries worldwide, commanding a large share of the markets in which they operate. In such an environment, continuous consolidation is expected as markets become increasingly saturated and competition between multinational firms intensifies. In light of these conditions, multinationals typically seek to diversify their product portfolio, look for new markets, increase standardization to achieve economies of scale and keep production costs down, and generally improve the organization's level of quality.

In a study of quality management tools and best practices in use at multinationals, Vrellas and Tsiotras (2015) found that while quality management practices do, indeed, improve operations, reduce costs, and increase profits at global companies, such practices mainly seemed to be confined to production and supply chain processes. Business excellence models, such as those applied in determining the recipients of the Malcolm Baldrige National Award and promoted by the European Foundation

for Quality Management, were sparingly applied and then mostly in the form of lean manufacturing techniques. Thus, it seems that although current research focuses on how to achieve operational excellence in multinationals (Beshah, Kitaw, & Alemu, 2013; Vrellas &Tsiotras, 2015), there are no holistic improvement models that are readily applicable to these global organizations.

### Setting a Strategy for an HPO Initiative

The multinational that was in danger of being taken over is a leading company in its sector, owning a portfolio of global and local brands worth well over $10 billion in 2014. A SWOT analysis conducted in that year noted the following:

- *Strengths*—The company's leading market position is built on its strong brand portfolio, and the company enjoys first or second market positions in many countries. A second strength is the large scale of its distribution network. It covers its markets through a combination of wholly owned companies, license agreements, affiliates, and strategic partnerships and alliances. A third strength is its focus on continuous innovation to cater to continuously changing consumer needs. The company is quite successful in introducing new products.
- *Weaknesses*—The multinational depends heavily on sales in developed countries, and analysts foresee a weakening market in these countries because of low economic growth and changing customer needs. This might have a considerable negative impact on company revenues and profits.
- *Opportunities*—The multinational is currently strengthening its presence in emerging markets through strategic acquisitions, often obtaining major stakes and leading market positions in these developing countries.
- *Threats*—There is a growing demand for private-label products that threaten the sales of the multinational's products. Another threat is the

global increase in the trade of counterfeit products under reputable brand names. This not only has a negative impact on profits but also damages the company's reputation when its name is associated with inferior quality knockoffs.

The multinational's management team decided to transform the organization into an HPO to better withstand the pressures it was facing. The specific goals were to:
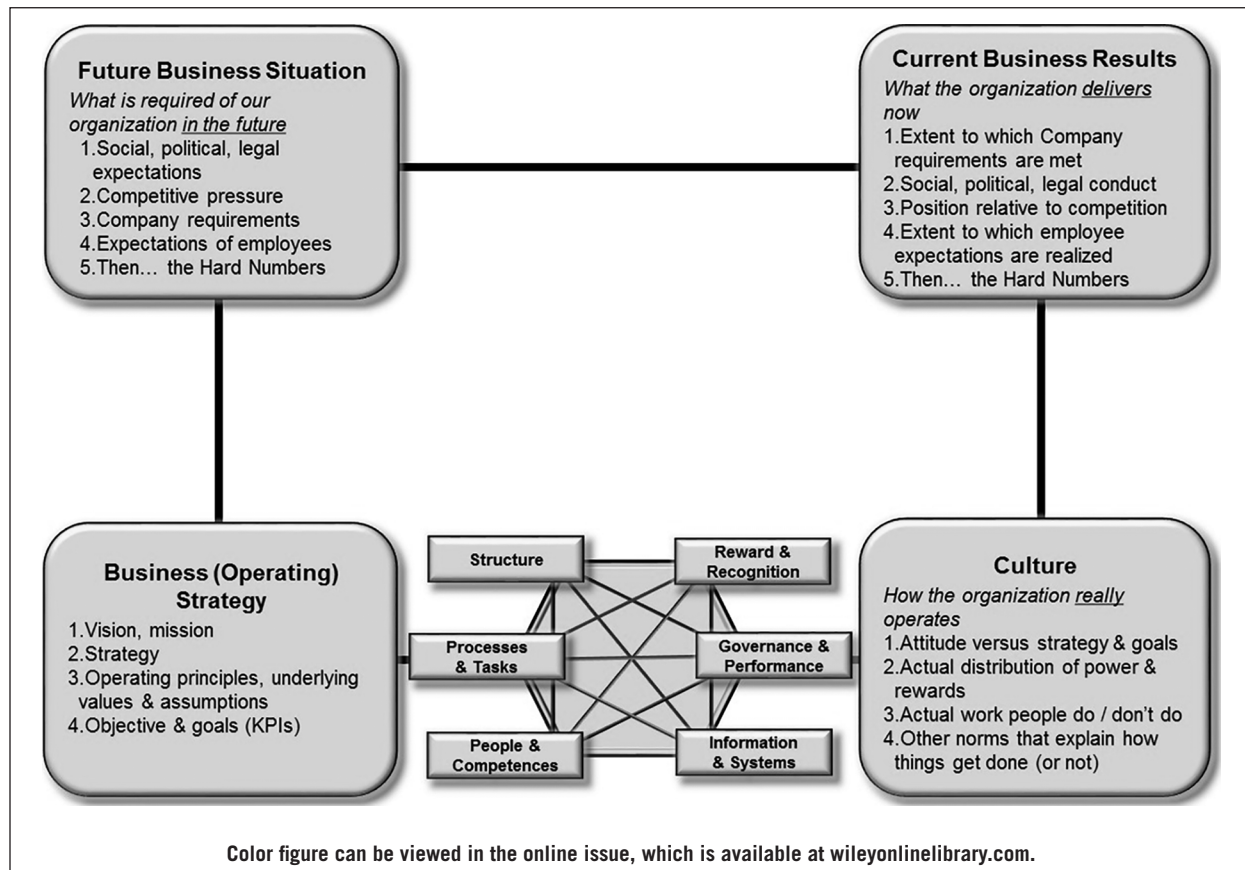
- define high-performing behaviors for employees,
- leverage the scale of operations to further cut costs and, thus, meet the highest industry standards (for example, an improved return on net assets),
- clarify current operations among employees, including how the company's resources support them, what the potential impact of management's decisions on the business are, and how good governance is to be guaranteed,
- seek out opportunities to improve employees' focus and simplify work processes, and
- accelerate the achievement of better financial results.

> There is a growing demand for private-label products that threaten the sales of the multinational's products. Another threat is the global increase in the trade of counterfeit products under reputable brand names. This not only has a negative impact on profits, but also damages the company's reputation when its name is associated with inferior-quality knockoffs.

### Turning to a Model of High Performance for Direction

To guide its efforts, the multinational initially used a modified version of Hanna's (1988) high-performance model (see **Exhibit 1** on page 32). The company then further broke down Hanna's HPO model into two loops. Tracing the loop shown in **Exhibit 2** (page 33), the multinational took the following steps to work toward its desired future.

**Exhibit 1. An Adaptation of the Hanna HPO Model**



**Future Business Situation**
*What is required of our organization in the future*
1. Social, political, legal expectations
2. Competitive pressure
3. Company requirements
4. Expectations of employees
5. Then… the Hard Numbers

**Current Business Results**
*What the organization delivers now*
1. Extent to which Company requirements are met
2. Social, political, legal conduct
3. Position relative to competition
4. Extent to which employee expectations are realized
5. Then… the Hard Numbers

**Business (Operating) Strategy**
1. Vision, mission
2. Strategy
3. Operating principles, underlying values & assumptions
4. Objective & goals (KPIs)

Structure
Reward & Recognition
Processes & Tasks
Governance & Performance
People & Competences
Information & Systems

**Culture**
*How the organization really operates*
1. Attitude versus strategy & goals
2. Actual distribution of power & rewards
3. Actual work people do / don't do
4. Other norms that explain how things get done (or not)

**Color figure can be viewed in the online issue, which is available at wileyonlinelibrary.com.**

**Step 1: Define the Theme and Map the System.** The goals here are to clarify and agree on the theme that the company is focusing on (the key problem and/or desired change); define the boundary of the problem/change (part of the organization, area, or department where the analysis is focused), as well as the pertinent entities, transactions, and relationships (any areas that interact with those within the boundary); and understand the influence of the different entities on the boundary results. The activities conducted to achieve these goals are as follows:
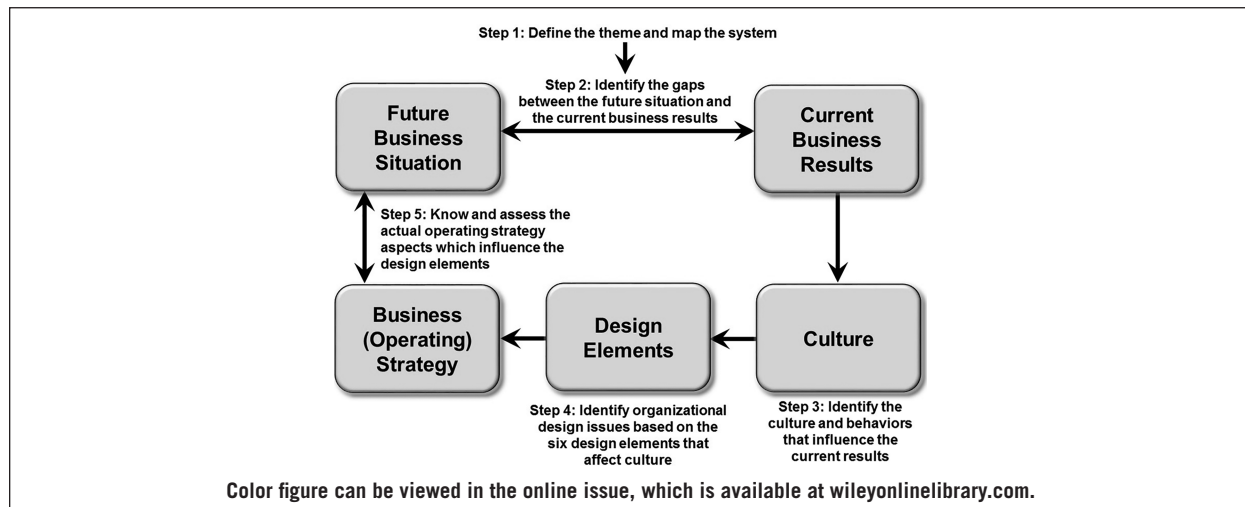
- Define the theme and boundary and assemble the right group of people to address them.
- Identify and map the entities that interact within the boundary.

- Describe existing formal processes and relationships between the boundary and each involved entity.
- Map the influence of the different entities on the boundary results.

**Step 2: Identify the Gaps Between the Desired and Current Situation.** The goals here are to understand what is required of the organization in the future (typically a three- to five-year plan/yearly reviews, or a significant change), clarify the gaps to work on and the results to be maintained, and create a sense of urgency to overcome shortcomings. The activities that take place in this step are as follows:

- Describe the future situation in terms of the following aspects: company requirements

**Exhibit 2. An Adaptation of the Hanna HPO Model: The Define Theme and Assessment Loop**



**Step 1: Define the theme and map the system**

**Step 2: Identify the gaps between the future situation and the current business results**

**Future Business Situation**

**Current Business Results**

**Step 5: Know and assess the actual operating strategy aspects which influence the design elements**

**Business (Operating) Strategy**

**Design Elements**

**Culture**

**Step 4: Identify organizational design issues based on the six design elements that affect culture**

**Step 3: Identify the culture and behaviors that influence the current results**

**Color figure can be viewed in the online issue, which is available at wileyonlinelibrary.com.**

(the higher needs mandated from above, which an organizational unit has to fulfill to contribute to the multinational's strategy); social, political, and legal expectations, ranging from social responsibility programs to compliance with local laws; competitive pressure, including all sources of external pressure that could affect the company's future, such as pricing trends, raw material shortages, and new product categories that could compete with the company's products; employee expectations in terms of working conditions, career growth, investment opportunities, etc.; and the hard numbers to be achieved as measured by key performance indicators.

- Identify the current status of the aforementioned aspects.
- Perform a gap analysis by determining which results need to improve and which should be maintained (because they are good and on track).
- Prioritize gaps to determine the order in which they will be addressed.

**Step 3: Identify the Culture and Behaviors That Influence Current Results.** The goals in this step are to understand how current results, both good and bad, are influenced by the way the organization operates

in terms of attitude toward strategy and goals, distribution of power and rewards, actual work that people do or not do, and other norms that explain how things get done or do not get done. The activities in this step are as follows:

- Examine how each result, whether good or bad, is achieved and ask which organizational cultural aspects and behaviors might be responsible for this.
- Compare what people say they do with observable behavior—that is, what is actually seen.
- Prepare a statement of positive behaviors that the organization wants to promote.
- Prioritize critical cultural aspects and behaviors to investigate.

**Step 4: Identify Organizational Design Issues.** The goals here are to identify the influence of the current set of six design elements in the diamond that can be seen in the center of Exhibit 1 on the critical (good and bad) cultural aspects and behaviors identified during Step 3. In addition, consensus on the need to solve the identified critical design issues must be built within the management team. The activities in this step are as follows:

- Identify design strengths and opportunities by assessing each of the critical cultural aspects and behaviors in respect to the six design elements.
- Cluster common issues for each design element, wherever possible.
- Prioritize the issues to be addressed by entering the diamond via processes and tasks, checking that these are defined and then assessing the influence of the other five design elements on performing each process and task.

**Step 5: Assess Operating Strategies That Influence Design Elements.** The goals in this step are to understand how the existing operating strategy has influenced the current design of the organization with respect to the design issues identified during Step 4. It is also important to determine whether the existing operating strategy is appropriate to support the survival and growth of the organization as presented in the description of the future business situation. The activities in this step are as follows:

- Determine the current operating strategy, both formal and unwritten, to identify the causes of any critical issues identified in the design elements.

- Assess the fit between the actual operating strategy and what the business situation requires in the future, looking at vision, mission, strategy, operating principles, underlying values and assumptions, objectives, and key performance indicators.

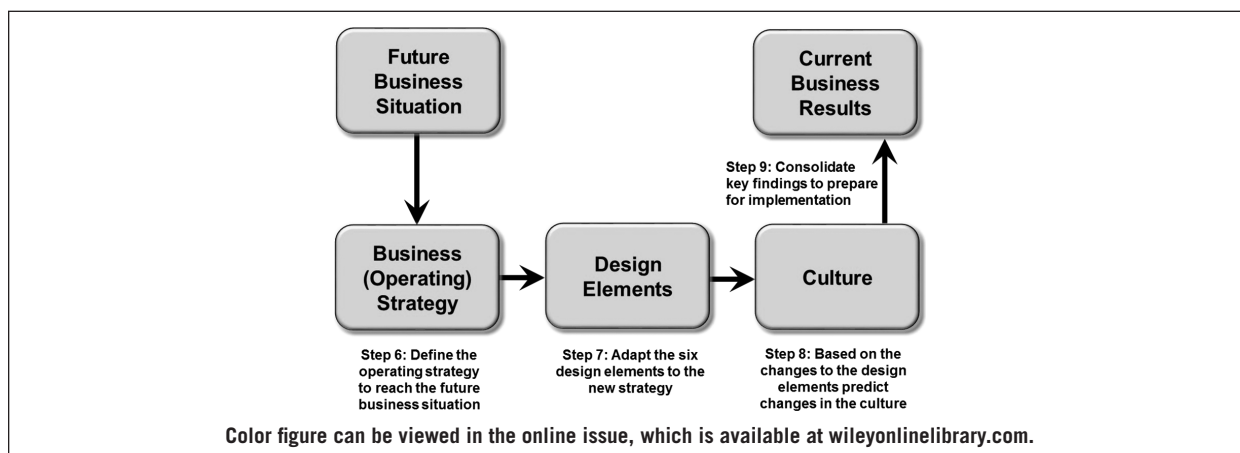**Final Steps Leading to Implementation**

Subsequently, as shown in **Exhibit 3**, the multinational had to take the following steps to make its current business situation reflect the desired future state:

**Step 6: Define the Operating Strategy to Reach the Future Business Situation.** The goal here is to build a new operating strategy toward the desired business state. The main activities in this step are to:

- reassemble the team members to discuss and eventually reach consensus on each point of the new operating strategy, and
- ensure that the critical elements of the new business strategy criticalities that were identified during Steps 4 and 5 are incorporated into the new design.

**Step 7: Adapt the Six Design Elements to the New Strategy.** The goal in this step is to define any changes needed to enable the new operating strategy.

**Exhibit 3. An Adaptation of the Hanna HPO Model: The Redesign Loop and Consolidation of Key Findings**



Color figure can be viewed in the online issue, which is available at wileyonlinelibrary.com.

It is essential not to jump straight into the new organizational structure, lose what is working well, and forget to crosscheck to ensure that the updated design elements truly mesh with the new strategy. The activities in this step are to:

- list all the processes and tasks that need to be performed in order to fulfill the new operating strategy, ensuring that processes and tasks fit;
- structure people to processes and tasks;
- confirm that employees have the competencies needed to perform the tasks for which they are responsible;
- reward task accomplishment and correct behaviors;
- ensure that decision making drives the newly defined tasks and fits the revised structure;
- make sure that people get the information needed to properly execute tasks and make decisions.

**Step 8: Predict Culture Changes.** The goal here is to anticipate the future organizational culture that will result from the changes made in the business strategy and the six organizational design elements. The activities in this step are as follows:

- Identify the positive and negative impact that the new design elements will have on the organizational culture (reference positive behaviors as defined in Step 3).
- Re-visit the diamond at the center of Exhibit 1 to evaluate predicted impact on each of the six elements.

**Step 9: Consolidate Key Findings to Prepare for Implementation.** The goal in this step is to ensure that the road to implementation is thoroughly charted. The main activity in this step is to prepare a comprehensive summary of the:

- changes to be implemented with respect to the revised operating strategy,
- changes to the design elements,
- new communication plan, and
- major changes expected in the organizational culture.

**Using de Waal's HPO Framework to Stay on Track**
In adapting Hanna's HPO model, the multinational had three main goals. They were to identify the following:

- Areas for improvement by determining the gap between the current and the desired business results.
- Critical issues regarding culture, organizational design, and behavior that are the cause of current results.
- Improvement actions regarding the six design elements—processes and tasks, structure, people and competencies, rewards and recognition, governance and performance, information and systems—to move from the current to the desired state.

Although Hanna's HPO model described the analytical activities to undertake and the order in which they should be addressed, it did not pinpoint which critical areas to focus on. Therefore, the multinational's managers risked spending time and effort in various ways that would not actually help the organization improve in a sustainable way. For instance, people might suggest implementing competency management techniques or installing more information and communications technology systems, without knowing for sure that such practices would actually help the company.

Looking to alternative models to offer tangible guidance, the company's internal consultants happened upon de Waal's HPO framework, which previously had been tested in a multinational environment (de Waal, 2012a, b). A scientifically validated analytical tool, the framework gave the multinational an efficient approach for:

- identifying the most critical issues regarding culture, organizational design, and behavior that, once addressed, would turn the organization into an HPO,
- suggesting possible improvement actions for addressing these critical issues, and

- determining the priority of these improvement actions. This was of particular importance, since each organizational unit of the multinational can apply the diamond in Hanna's model in its own way.

The HPO framework was developed according to a descriptive review of 290 academic and practitioner publications on high performance and a questionnaire that was completed by 3,200 respondents worldwide (de Waal, 2006 rev. 2010, 2012a). According to the framework, an HPO is an organization that achieves financial and non-financial results that are significantly better than those of its peer group over a period of five years or more, by focusing in a disciplined way on what really matters to the organization. The HPO framework consists of five HPO factors and 35 underlying characteristics (see **Exhibit 4**). The five HPO factors are the following:

1. *Management Quality (MQ)*. 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 organization, so everyone is aware of and embraces them.
2. *Openness and Action-Orientation (OAO)*. 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 making the organization performance driven. Managers are personally involved in experimenting, thereby fostering an environment of change in the organization.

3. *Long-Term Orientation (LTO)*. 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 (CI)*. 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 noncore competencies.
5. *Employee Quality (EQ)*. An HPO assembles and recruits a diverse and complementary management team and workforce with maximum work flexibility. Trained to be resilient and flexible, workers are encouraged to develop their skills to accomplish extraordinary results and are held responsible for their performance. This increases creativity, which leads to better results.

> According to the framework, an HPO is an organization that achieves financial and non-financial results that are significantly better than those of its peer group over a period of five years or more, by focusing in a disciplined way on what really matters to the organization. The HPO framework consists of five HPO factors and 35 underlying characteristics.

The HPO research showed that there is a direct and positive relationship between each of the five HPO factors and competitive performance: The higher the scores on the HPO factors (HPO scores), the better the results of the organization; the lower

**Exhibit 4. de Waal's HPO Framework**

| 5 HPO Factors | | 35 HPO Characteristics |
|---|---|---|
| Management Quality | 1 | My manager is trusted by organizational members. |
| Management Quality | 2 | My manager has integrity. |
| Management Quality | 3 | My manager is a role model for organizational members. |
| Management Quality | 4 | My manager makes decisions quickly. |
| Management Quality | 5 | My manager takes action quickly. |
| Management Quality | 6 | My manager coaches organizational members to achieve better results. |
| Management Quality | 7 | My manager focuses on achieving results. |
| Management Quality | 8 | My manager is very effective. |
| Management Quality | 9 | My manager applies strong leadership. |
| Management Quality | 10 | My manager is confident. |
| Management Quality | 11 | My manager is decisive with regard to nonperformers. |
| Management Quality | 12 | My manager always holds organizational members responsible for their results. |
| Openness & Action Orientation | 13 | My manager frequently engages in a dialogue with employees. |
| Openness & Action Orientation | 14 | Organizational members spend much time on knowledge exchange and learning from each other. |
| Openness & Action Orientation | 15 | Organizational members are always involved in important processes. |
| Openness & Action Orientation | 16 | My manager allows making mistakes. |
| Openness & Action Orientation | 17 | My manager welcomes change. |
| Openness & Action Orientation | 18 | Our organization is performance driven. |
| Long-Term Orientation | 19 | Our organization maintains good and long-term relationships with all stakeholders. |
| Long-Term Orientation | 20 | Our organization is aimed at servicing the customers as best as possible. |
| Long-Term Orientation | 21 | My manager has been with the company for a long time. |
| Long-Term Orientation | 22 | New management is promoted from within the organization. |
| Long-Term Orientation | 23 | Our organization is a secure workplace for organizational members. |
| Continuous Improvement & Renewal | 24 | Our organization has adopted a strategy that sets it clearly apart from other organizations. |
| Continuous Improvement & Renewal | 25 | In our organization processes are continuously improved. |
| Continuous Improvement & Renewal | 26 | In our organization processes are continuously simplified. |
| Continuous Improvement & Renewal | 27 | In our organization processes are continuously aligned. |
| Continuous Improvement & Renewal | 28 | In our organization everything that matters to the organization's performance is explicitly reported. |
| Continuous Improvement & Renewal | 29 | In our organization both financial and non-financial information is reported to organizational members. |
| Continuous Improvement & Renewal | 30 | Our organization continuously innovates its core competencies. |
| Continuous Improvement & Renewal | 31 | Our organization continuously innovates its products, processes, and services. |
| Employee Quality | 32 | My manager inspires organizational members to accomplish extraordinary results. |
| Employee Quality | 33 | Organizational members are trained to be resilient and flexible. |
| Employee Quality | 34 | Our organization has a diverse and complementary workforce. |
| Employee Quality | 35 | Our organization grows through partnerships with suppliers and/or customers. |

the HPO scores, the lower the competitive performance. An organization can evaluate its HPO status by having its managers and employees respond to the statements on the 35 HPO characteristics given in Exhibit 4 with a rating of 1 (very poor) to 10 (excellent), and then calculating an average for each factor. These average scores will pinpoint areas needing improvement.

### Clarifying the Relationship Between Hanna's HPO Model and de Waal's HPO Framework

For the multinational to move forward and avoid confusion, management needed to explain the relationship between Hanna's HPO model and de Waal's HPO framework and explain how and when the results of the de Waal HPO questionnaire should be used during the roll-out and use of Hanna's model. **Exhibit 5** depicts how Hanna's model and de Waal's framework for conducting an HPO diagnosis complement each other; the broken-line rectangle indicates where de Waal's framework connects with Hanna's model.

As Exhibit 5 shows, applying de Waal's HPO framework in combination with Hanna's HPO model helped the organization in the following areas:

- Identify the current HPO status of the organization by attaching hard numbers to the five HPO factors. These numbers were derived from managers and employees' perceptions, revealed in the data obtained from the HPO questionnaire.
- Make the desired future business status of the organization tangible by identifying, once again with hard numbers, the requirements needed for the company to become an HPO. (To achieve HPO status, the score for each of the five factors in the HPO framework needs to be at least 8.5.)
- Create the desired HPO mindset—an awareness of the tangible requirements that need to be addressed to become an HPO—which started as soon as people filled in the HPO questionnaire.

- Determine the changes needed in hygiene factors (elements essential in a functioning organization) and HPO factors (those that will lea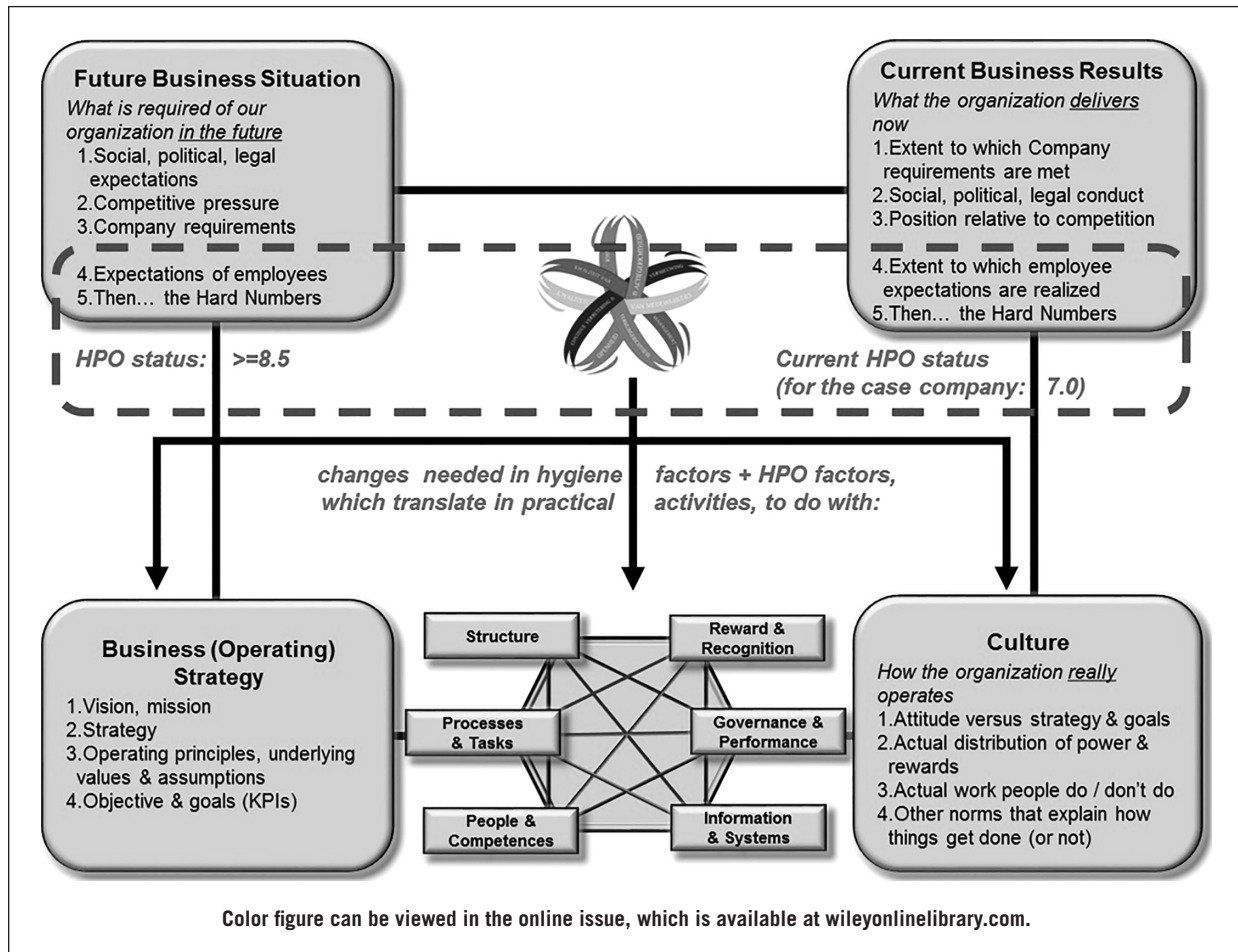d to world-class performance). The diamond in Hanna's HPO model provided a structure for mapping actions according to the organizational elements of structure, reward and recognition, governance and performance, information and systems, people and competencies, and processes and tasks.
- Translate these changes into practical actions guided by the Hanna model diamond and prioritize them.

> The diamond in Hanna's HPO model provided a structure for mapping actions according to the organizational elements of structure, reward and recognition, governance and performance, information and systems, people and competencies, and processes and tasks.

In summary, de Waal's framework identifies *what* companies need to do, while Hanna's model indicates *how* companies can change their organizational elements to become HPOs. The experiences of the multinational in connecting the steps in the HPO model with the process of conducting an HPO diagnosis are outlined in **Exhibit 6 (page 40)**.

### Workshops Disseminate the HPO Message

To inform employees at all levels about the HPO initiative and Hanna's HPO model, teams of internal consultants conducted a series of workshops throughout the organization. During the workshops, managers and those they supervised were given an organization and change management manual that explained the HPO model and the steps that each operational unit in the company would need to take to transform itself into an HPO. As previously noted, during roll-out of the multinational's HPO model it became clear that something extra was needed to make it more tangible for

**Exhibit 5. The Relationship Between Hanna's Model and de Waal's HPO Framework**



**Future Business Situation**
*What is required of our organization in the future*
1. Social, political, legal expectations
2. Competitive pressure
3. Company requirements
4. Expectations of employees
5. Then… the Hard Numbers

HPO status: >=8.5

**Current Business Results**
*What the organization delivers now*
1. Extent to which Company requirements are met
2. Social, political, legal conduct
3. Position relative to competition
4. Extent to which employee expectations are realized
5. Then… the Hard Numbers

*Current HPO status (for the case company: 7.0)*

*changes needed in hygiene factors + HPO factors, which translate in practical activities, to do with:*

**Business (Operating) Strategy**
1. Vision, mission
2. Strategy
3. Operating principles, underlying values & assumptions
4. Objective & goals (KPIs)

Structure
Reward & Recognition
Processes & Tasks
Governance & Performance
People & Competences
Information & Systems

**Culture**
*How the organization really operates*
1. Attitude versus strategy & goals
2. Actual distribution of power & rewards
3. Actual work people do / don't do
4. Other norms that explain how things get done (or not)

**Color figure can be viewed in the online issue, which is available at wileyonlinelibrary.com.**

employees and to focus their improvement efforts. This realization led the management team to turn to de Waal's HPO framework. The plan was to introduce the framework at company headquarters, evaluate its efficacy, and then decide whether to roll it out further in the organization in conjunction with Hanna's HPO model.

The HPO questionnaire was distributed online via a link to all HQ personnel. Of the 388 employees, 301 returned valid (completely filled-in) questionnaires, for a response rate of 77.6 percent. Subsequently, a call-to-action workshop to review the scores was held with the company's senior leadership team.

**Exhibit 7** (page 41) gives the average scores for all multinational companies collected in the HPO database, as maintained by the HPO Center in Hilversum, The Netherlands. The case company scored virtually the same. The company struggled most with two HPO factors: openness and action orientation, and continuous improvement and renewal. The company's HPO scores led to a list of several Attention Points for the firm to address in the next few years in order to transform itself into an HPO. Two attention points were chosen as having priority for the coming year: simplify and align the way of working and improve openness in the company.

Subsequently, the management team members conducted call-to-action workshops in their departments to inform their staff and discuss ways to address the two high-priority attention points in their respective area. These workshops were supported by a town hall-style meeting in which the multinational's CEO addressed staff on the importance of the company's transformation and the unconditional support that he and the management team would give to this initiative.

Throughout the workshops, employees kept in mind the elements of the diamond at the heart of Hanna's HPO model (see Exhibit 2) to ensure that they would be taken into account when tackling the HPO Attention Points. At the end of the workshops, each company sub-unit had an HPO Action Plan of tangible actions to address the questions they raised. An example is given in **Exhibit 8 (page 42)**.
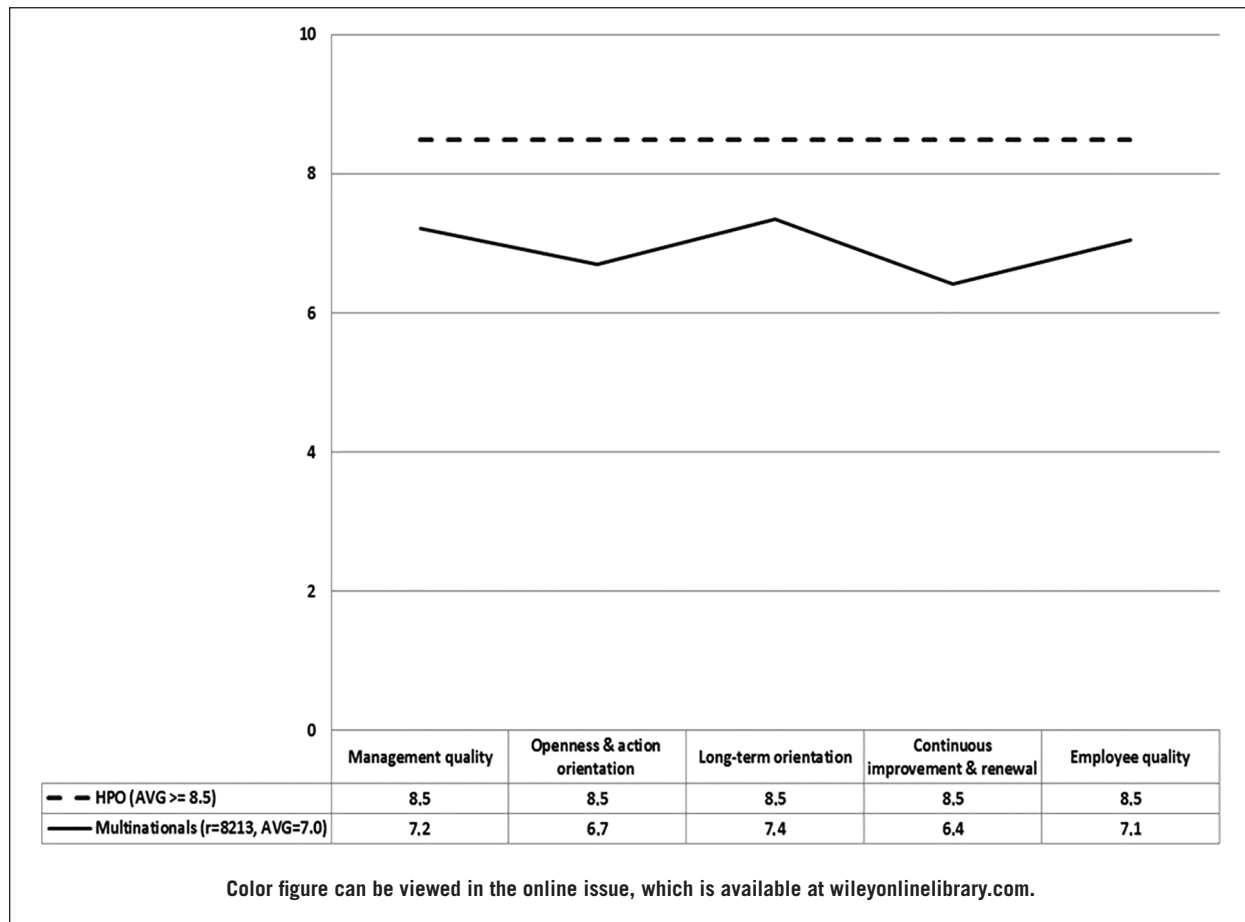
**Management Guidance Leads to HPO Transition**

One of the main challenges in any change initiative is how to keep it alive (Carman, 2011; Raineri, 2011; Stanleigh, 2008). The multinational took a threefold approach to address this issue.

First, the company established a Steering Platform, consisting of the multinational's CEO, the director of strategy and control, and the director of human resources. They were responsible for:

- monitoring the progress of the HPO transformation,
- guiding the overall strategic direction of the HPO transformation, and
- making changes to the various actions based on messages received from various levels of the organization.

Second, the company established an HPO Change Agents Group that consisted of a representative

**Exhibit 7. HPO Scores for the Dutch Multinational**



| | Management quality | Openness & action orientation | Long-term orientation | Continuous improvement & renewal | Employee quality |
|---|---|---|---|---|---|
| — — HPO (AVG >= 8.5) | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 |
| —— Multinationals (r=8213, AVG=7.0) | 7.2 | 6.7 | 7.4 | 6.4 | 7.1 |

**Color figure can be viewed in the online issue, which is available at wileyonlinelibrary.com.**

from each organizational unit. The main responsibilities of the group were to:

- convey messages from the work floor to management and the Steering Platform about how the HPO initiative was received and being dealt with in the various units, and
- coach the units in starting and conducting the various actions needed to address the HPO Attention Points.

Third, the company gave priority to the HPO Attention Point that addressed openness. Research clearly shows that the support of top management is the most critical success factor in any organizational change initiative. This support should consist of top managers visibly championing the change effort, being involved in its activities, and regularly talking to staff about the initiative (Messinger & Havely, 2013; Oakland & Tanner, 2007). Thus, to create genuine dialogue about its HPO transformation and ensure that employees would be motivated to participate in it, the multinational made a concerted effort to make the CEO more visible to staff by organizing regular town hall-style meetings and having the CEO visit various locations where he could talk individually to staff. The other members of the company's management team followed suit,

| Exhibit 8. Addressing HPO Attention Point 1: Simplify and Align the Way of Working | |
|---|---|
| **Diamond Elements:** | **Sample Questions:** |
| Processes & Tasks | Which processes and tasks have to be improved and in what way to make sure that we get real simplification and alignment? How can we improve the process of process improvement? |
| Structure | Do we need to change or adapt the organizational structure to achieve better cooperation and alignment? Do we have to shift or change roles and responsibilities? |
| People & Competences | How can we strengthen the competencies that people need to be able to work in a simplified and aligned manner? |
| Reward & Recognition | In what way do we need to change the reward and recognition system so that it fosters instead of hinders cooperation and collaboration? |
| Governance & Performance | What performance information do we need to tell us the status of our simplified and aligned processes and whether additional improvements are needed? |
| Information & Systems | How do we need to change our systems so they can support our improved processes and our process of process improvement? |

which gave employees many opportunities to interact with top leaders.

Within six months of conducting its HPO diagnosis, the multinational experienced significant behavioral improvements. The HPO Change Agents Group conveyed crucial information to the Steering Platform about HPO efforts in the various organizational units and identified issues that required attention. This improved line of communication closed the gap between the work floor and management. The members of the HPO Change Agents Group became very enthusiastic about their role and the respect and attention they were receiving from management. The group continues to ensure that the HPO initiative stays alive as it regularly reminds both managers and employees about the need for the company to become an HPO in order to be successful. This buzz has helped people to stay the course during the transformation process.

The dynamics of the new communications structure emphasized the importance of people for the business. In addition, the involvement of all departments through the HPO Change Agents Group sent a strong message throughout the organization that mutual cooperation was essential for success, thus breaking down the functional silos that had hampered operations in the past.

As a result of his involvement with the Steering Platform, the CEO is now more accessible. His enhanced availability continues to break down stifling hierarchical barriers, which facilitates interactions between the Steering Platform and employees at every level, who feel empowered to air their concerns and put forth their ideas for improvement. Discussions concerning organizational changes have become more open, honest, and aligned to the common goal of transforming the firm into an HPO. Early indications show that, thanks to the HPO initiative, investors have reaffirmed their trust in the multinational and will support it in remaining an independent company.

### References

Beshah, B., Kitaw, D., & Alemu, N. (2013). Significance of ISO 9000 quality management system for performance improvement in the developing countries, Journal of Business Management, 5(1), 44–51.

Carman, M. (2011). How to run a successful change project: Strategic change management explained, Training & Development in Australia, 38(6), 4–7.

de Waal, A. A. (2006, rev. 2010). The characteristics of a high performance organization. Social Science Research Network. Retrieved from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=931873.

de Waal, A. A. (2012a). What makes a high performance organization: Five validated factors of competitive advantage that apply worldwide. Enfield, UK: Global Professional Publishing.

de Waal, A.A. (2012b). Applicability of the high-performance organization framework at a multinational enterprise. Global Business and Organizational Excellence, 32(1), 51–63.

Hanna, D. (1988). Designing organizations for high performance. Boston: Addison-Wesley.

Messinger, B., & Havely, J. (2013). How to improve your odds for successful change management, Communication World, 30(6), 18–22.

Oakland, J. S., & Tanner, S. (2007). Successful change management, Total Quality Management & Business Excellence, 18(1/2), 1–19.

Raineri, A. B. (2011). Change management practices: Impact on perceived change results. Journal of Business Research, 64(3), 266–272.

Stanleigh, M. (2008). Effecting successful change management initiatives, Industrial & Commercial Training, 40(1), 34–37.

Vrellas, C. G., & Tsiotras, G. (2015). Quality management in the global brewing industry, International Journal of Quality & Reliability Management, 32(1), 42–52.

*André de Waal, PhD, MBA, is an associate professor of strategic performance management at Maastricht School of Management, The Netherlands, and the academic director of the HPO Center in Hilversum, The Netherlands (www.hpocenter.com). Dr. de Waal is the author of 27 books and more than 300 articles in the field of high performance, excellence, and strategic performance management. His latest book is* What Makes a High-Performance Organization: Five Validated Factors of Competitive Performance That Apply Worldwide *(Global Professional Publishing, 2012). He can be reached at dewaal@hpocenter.com.*

*David Hanna is a partner in the HPO Global Alliance, a professional services firm committed to developing high-performance organizations (www.hpoglobalalliance.com), and an adjunct professor in the MBA program at Brigham Young University in Provo, Utah. He worked 16 years at Procter & Gamble in the United States and Europe and has consulted with numerous companies worldwide. He is the author of three books and several articles on high performance, organizational culture, organization design, and leadership. His latest book is* The Organizational Survival Code *(Hanaoka Publishing, 2013). He can be reached at dphanna63@gmail.com.*