



ACHIEVING BUSINESS EXCELLENCE










A blueprint for transitioning to a High Performance Organization

This Quick Insight explores the transformation to a High-Performance Organization (HPO) using the HPO Framework. The article underscores the importance of understanding and managing change, emphasizing continuous adaptation and the pivotal role of the HPO Diagnosis. It highlights a blend of top-down and bottom-up change management approaches, the significance of clear communication, and the persistence required in this transformative journey. Through a case study of a media company in the Netherlands, the article validates the theoretical approach to the HPO transformation, offering insights for organizations aiming to elevate their performance. A must-read for business professionals and leaders seeking a comprehensive understanding of the HPO transformation process.

This Quick Insight is the management summary of the article: de Waal, A. and Heijtel, I. (2017), "Developing a change approach for the transition to a high performance organization", *Measuring Business Excellence*, Vol. 21 Issue 2, pp. 101-116.



KEY TAKEAWAYS

-  **Embrace the High Performance Organization (HPO) Framework for competitive advantage:** Utilize the HPO Framework, which focuses on key factors and traits that distinguish high-performing organizations, to boost competitive advantage.
-  **Understand and Manage Change Effectively:** Given that a significant percentage of organizational change initiatives fail, effective change management is critical for successfully implementing the HPO Framework.
-  **Prioritize Continuous Change:** The transformation to an HPO requires a continuous change strategy. This allows organizations to keep pace with the evolving business environment.
-  **Use the HPO Diagnosis to Guide Transformation:** Use the HPO Diagnosis to assess organizational performance, identify areas for improvement, and dictate the scale of necessary changes.
-  **Adopt a Combined Approach for Change Management:** To manage the HPO transformation effectively, use a blend of planned (top-down) and emergent (bottom-up) change management approaches.
-  **Maintain Performance Through Constant Monitoring and Adjustment:** Regularly monitor and adjust operations in response to changing circumstances, maintaining the desired HPO level over time.
-  **Communicate Effectively Throughout Transformation:** Clear and transparent communication is essential at every stage of the change initiative, ensuring everyone in the organization understands the transformation vision.
-  **Involve Everyone in the Transformation Process:** Promote a sense of ownership and reduce resistance to change by involving everyone in the organization in the transformation initiative, customizing changes to departmental needs.
-  **Persist in the Transformation Journey:** The transformation to an HPO is a long-term process requiring continuous effort. It's a marathon, not a sprint.



INTRODUCTION: THE HPO FRAMEWORK

The rapid pace of change in the digital age has necessitated organisations to continuously adapt their strategies. The High Performance Organization (HPO) Framework is a robust approach that enables organisations to thrive amidst global competition, technological innovations, political shifts, and financial upheavals, in short, to flourish in this digital age. An HPO distinguishes itself through superior financial and non-financial outcomes over a minimum five-year span. This is achieved by focusing on five key factors and 35 characteristics that enhance the performance of an organisation. The HPO Framework was conceived to aid managers in identifying elements that foster sustained high performance in the organisation. It embodies attributes prevalent in high-performing companies globally and which moreover can be influenced by managers. The five HPO factors are interconnected, such that progress in one area positively affects others. These factors comprise management quality, openness and action-orientation, long-term commitment, continuous improvement and renewal, and employee quality. The factors contain traits such as trustworthiness, effective decision-making, promotion of dialogue and learning, prioritizing stakeholder partnerships and customer-centric service, resilience, and cooperation, among others.

To assess its HPO status, an organisation can undertake an **HPO diagnosis** based on the 35 HPO characteristics. The diagnostic process involves distributing a survey among managers and employees. Participants rate their organization on a 1 to 10 scale, and the averages are compared against industry standards. Achieving an average score of 8.5 or above across all factors designates an organization as an HPO. This diagnosis not only indicates an organization's status but also pinpoints areas of improvement. Thus, while the journey to becoming an HPO can be arduous, with the right tools and commitment, it is an attainable and rewarding goal.

Successful adoption of the HPO framework has seen improved performances across various countries, including Nepal, the Netherlands, the Philippines, Vietnam, Thailand, the UK, the USA, and Zambia. However, the path to becoming an HPO is fraught with challenges. With up to 70 percent of organizational change initiatives reported to fail, the pursuit of an effective, universally applicable framework for change is very opportune. The goal of the research described in this Quick Insight is to identify and test a change approach for implementing the HPO Framework which helps an organisation to transform into an HPO.



PATTERNS OF CHANGE INITIATIVES: RATE OF OCCURRENCE

Change initiatives can be classified into three types based on their rate of occurrence: incremental, continuous, and discontinuous. With incremental change, an organization addresses individual elements of change, one at a time. 'Bumpy' incremental change, a variation of this type, entails operational-level change consisting of periods of relative calm followed by periods of accelerated change. Continuous change involves constant transformation of the organization to keep up with changes in its environment through regular monitoring, sensing, and responses. In 'bumpy' continuous change, periods of calm are followed by accelerated organization-wide change. Lastly, there is discontinuous change when all changes occur in one large-scale initiative, followed by an extended consolidation period.

An organization striving to become an HPO needs to elevate the five HPO factors from their current performance levels to the required HPO level and maintain this level for a minimum of five years. The HPO Diagnosis identifies areas in the organization that need strengthening. Adjustments to the HPO change initiative are necessary to keep pace with the ever-evolving business environment. Both incremental and discontinuous change are inappropriate for HPO transformation due to the time scale and the potential need for changes during the consolidation period. Therefore, the preferred rate of occurrence for an HPO transformation is continuous change.



PATTERNS OF CHANGE INITIATIVES: SCALE

Change initiatives can also be distinguished based on their scale: fine-tuning, incremental adjustment, modular change, and corporate change. Fine-tuning involves continuous changes at the group level to maintain alignment with the organization's structure, processes, people, and strategy. Incremental adjustment involves modifications to management processes and strategies, without radical change. Modular change refers to major shifts within one or several organizational units, while corporate change entails radical, organization-wide alterations.



In transforming to an HPO, the scale of change varies with each organization. The HPO Diagnosis determines the scale of required change at the start of each HPO initiative. The change could encompass the entire organization or be limited to a single department, based on the diagnosis. Radical changes may be necessary if the difference between the measured average HPO score and the desired HPO score of 8.5 is substantial, or minor adjustments may be required if the difference is small.

PATTERNS OF CHANGE INITIATIVES: MANAGEMENT OF CHANGE

The key theories about managing change during initiatives are the planned and emergent approaches. The planned approach focuses on understanding the different phases of change and the activities required to transition from a subpar state to the desired state. Changes are top-down pushed into the organization. In the emergent approach, change is considered unpredictable and ongoing, with the approach adapting to an evolving environment. It is a bottom-up approach where changes begin and are implemented at the individual level without top-down direction.

For an HPO transformation, the change management approach must ensure a transition from the current performance levels to the desired HPO performance levels. While the planned approach is suitable for top-down communication, its assumptions of a stable and predictable business environment are generally not realistic. On the other hand, the emergent approach seems more suited for maintaining the required HPO Factor levels over the years rather than boosting them quickly. As no single approach is sufficient, it might be best to combine the planned and emergent approaches of change management. After communicating the results of the HPO Diagnosis, organizational-wide changes can be executed using the planned approach. Simultaneously, changes at individual levels can be managed with the emergent approach, tailored to their local context. Once the desired HPO level is achieved, the emergent approach can help maintain this level over time.

THE CASE COMPANY

This case study focuses on a media company that was formed as a result of a merger of three regional media companies in the Netherlands. The organization provides media and communication services to consumers and businesses nationally. The company's aim is to enhance the customer experience in the realm of information, communication, and entertainment within a continuously changing media environment. However, the merger



process was fraught with difficulties leading to a significant backlog in order processing, poor customer service accessibility, and problems managing customer relocations and new addresses. This resulted in negative publicity and a spiralling crisis. The company was underperforming, failing to meet goals and targets, and making multiple mistakes.

Efforts to stem the downturn initially focused on improving processes and enhancing call centre accessibility. With stringent top-down management, the operational foundation of the company was restructured to better meet customer expectations. With these basic improvements in place, the management team aspired to elevate the company's performance from an average performance level to a high-performing performance level. The HPO Framework was applied to assist this transition, with the HPO Diagnosis revealing an average HPO score of 6.5 for the company, falling short of the desired 8.5. Management decided to use the feedback from the HPO Diagnosis as a launchpad for an HPO change program.

RESEARCH FINDINGS AND ANALYSIS

The research methodology incorporated expert interviews and document analysis. The interviewees were members of the HPO Program Team, who were responsible for overseeing the HPO change initiative progress and were considered the most informed about the change approach. Semi-structured, face-to-face interviews were conducted to discuss the HPO change approach.

Rate of Occurrence

The HPO Diagnosis indicated that the company's change initiative, aimed at bolstering HPO factors, had to be implemented across the organization and also customized to departmental needs. Thus, department employees devised change initiatives to transform specific characteristics within their departments, while the HPO Program Team focused on transforming characteristics throughout the company. The change rate for most initiatives was continuous, with occasional periods of acceleration followed by periods of calm. Generally, most initiatives were continually worked on, leading to incremental improvements in the HPO factors.



Scale

The scale of change closely resembled fine-tuning as the company's strategy had not been modified for or modified by the changes. Instead, the company consistently worked on required improvements. Furthermore, the changes brought about alignment between work processes, working styles, and employee behaviour.

Management of Change

The change management approach for the HPO change initiative was a blend of planned and emergent approaches. The initial focus was on communicating the company's vision of becoming an HPO. The HPO Program Team developed a communication strategy prior to receiving the HPO diagnosis results. The strategy execution exhibited planned change approach characteristics: the transformation vision was developed at the top and communicated throughout the organization through clearly defined change interventions.

Subsequently, the HPO Program Team developed various interventions to facilitate bottom-up change initiatives. Both a top-down approach (where organizational members developed transformation initiatives through clearly defined interventions from the management team and the HPO Program Team) and a bottom-up approach (where each department developed transformation initiatives to enhance specific HPO characteristics in a manner suitable for their local business environment) were used.

Lastly, focus shifted to the adoption of required transformation initiatives by organizational members. The HPO Program Team facilitated this with centrally formulated interventions consisting of clearly defined steps. However, each team was asked to review and modify their change interventions every three months based on possibly changed circumstances. This crucial role of the HPO Program Team ensured a continuous transformation rate, overcoming potential resistance from managers and employees who were preoccupied with daily activities.



CONCLUSION

In Table 1 a comparison is made between the theoretical HPO change approach and the HPO approach used at the case company.

Categories of change	Theoretical HPO change initiative approach	Empirical HPO change initiative approach
Rate of occurrence	Continuous	Continuous
Scale of change	Differs for each HPO change initiative	Fine-tuning
Managing change approach	Combination of planned and emergent approaches	Mostly combination of planned and emergent approaches

Table 1: Comparison between the theoretical and empirical approaches for an HPO change initiative


It is clear from Table 1 that the theoretical developed change approach for an HPO change initiative has for the most part been validated at the case company. As predicted, the rate of occurrence of change during an HPO transformation is continuous and the way to manage an HPO change initiative should be a combination of the planned and emergent approaches. For this particular case company the scale of the change turned out to be fine-tuning.





ARE YOU READY TO TRANSFORM YOUR ORGANIZATION INTO AN HPO?

It all starts with insight, obtained through an **HPO diagnosis**. This diagnosis shows you how your organization—or even just a specific department—scores on the success factors of High Performance Organizations. You will receive development points/improvement themes that can be tackled by managers and employees together. The HPO diagnosis acts as a mirror, in which you honestly look at your organization (or part of it) and yourself: how far are we on the path to becoming an HPO? It helps you identify the 'hard nuts to crack': the focus areas that need to be addressed to realize your strategy and become an HPO. You determine your current level (the starting point) and use this as a basis to measure the effectiveness of the HPO transition. It also strengthens the 'sense of unity' within your organization: by identifying and addressing shared, supported improvement themes.

Achieving or maintaining the status of an HPO comes with a range of financial and strategic benefits for everyone involved: the organization, the customers, and the employees.

 **Customer Focus:** An HPO is invaluable to its customers. The primary goal is to boost customer value and satisfaction.

 **Employee Engagement:** Aiming for high performance re-energizes your team. It leads to increased job satisfaction as HPOs concentrate on what genuinely drives organizational success. It's not a new project; it's a new mindset and approach to work.

 **Adaptability:** An HPO is designed to evolve. It thrives in our ever-changing, competitive world, making your organization more resilient and future-proof. This is achieved through ongoing adjustments, learning, and improvements.

Our Offer

- ✓ Customized **HPO Diagnoses**
- ✓ Interactive **Lectures and Workshops** on the HPO Framework
- ✓ Comprehensive Interviews, **Articles**, **Books**, and Networking Opportunities
- ✓ Guidance in Implementation Led by our **HPO Experts**



Why choose the HPO Center?



Experience & Credibility

With over 15 years of practical experience combined with rigorous scientific research, the HPO Center is at the global forefront of organizational improvement advice.



Global Knowledge Center

Based in the Netherlands, the HPO Center collaborates with partners, including in emerging markets, with the aim of fulfilling its mission to improve organizations worldwide.



Unmatched Expertise

HPO doesn't stop at diagnosing organizations. We also explore, investigate, and delve deeply into related topics such as High Performance Leadership, Silo-busting, Futurizing, Social Value Creation, and High Performance Business Ecosystems—evidence of our commitment to continually expand the HPO universe.



More than Just an Organization

With a passion for inspiring, stimulating, and networking, the HPO Center is not just an organization; it's a movement. Through scientific and professional publications (all freely available at hpocenter.com and www.hpocenter.nl), books, seminars, and roundtables, we continually disseminate the knowledge of the HPO Framework and unite professionals interested in continuous improvement and excellence.

Considering an HPO transformation?

The HPO Center is ready to support and guide you on your journey toward high performance. Contact us today for an inspiring conversation or to experience an HPO workshop. Together, we'll redefine your performance.



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