

BUILDING A NORTH AMERICAN HIGH-PERFORMANCE ORGANIZATION







The Evidence-Based Approach of Swagelok Transformers

This Quick Insight delves into the transformative journey of Swagelok Transformers (USA) in becoming a High-Performance Organization (HPO) through an evidence-based approach. The article offers a comprehensive look at the HPO Framework and its application in enhancing long-term organizational success. It emphasizes the importance of commitment, time, and a shift in mindset for achieving high performance. The article also discusses the role of effective communication, employee involvement, and quality implementation in driving the HPO transformation. Key lessons learned from Swagelok Transformers' experience are shared, making this an invaluable read for business leaders, managers, and organizational development professionals interested in implementing the HPO Framework for sustainable success.

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KEY TAKEAWAYS

-  **Embrace the HPO Framework:** The HPO Framework offers a comprehensive approach to driving long-term success. By focusing on the five core factors of management quality, openness and action orientation, long-term orientation, continuous improvement and renewal, and employee quality, managers can enhance organizational performance significantly.
-  **Commitment and Time:** Becoming an HPO is a long-term commitment that requires time and effort. It is important for managers to understand that sustainable high performance cannot be achieved overnight. Consistent dedication and reinforcement of HPO efforts are crucial for success.
-  **Embed HPO as a Mindset:** Treat HPO as an ongoing process rather than a one-time project. Make it a part of the organization's daily habits and activities. Communicate to all employees that HPO is here to stay and integrate it into the organizational culture and people's attitudes.
-  **Involve Everyone:** HPO should not be limited to managers; it should involve every member of the organization. Foster employee involvement, ownership, and pride in the HPO journey. Create representation and engagement opportunities for employees at all levels.
-  **Effective Communication and Dialogue:** Communication and dialogue are key to driving HPO. Foster open and frequent dialogue between management and employees. Strive for meaningful conversations, understand employee perspectives, and ensure confidentiality during interactions. Regularly update employees on HPO progress to maintain focus and build trust.
-  **Ensure a Quality Implementation:** Assign responsibility for improvement initiatives to individuals within the organization. HPO Coaches play a critical role in overseeing the quality of these initiatives. Strive for consistency, simplicity, and small group engagement to keep the transformation manageable. Celebrate successes and balance the learning process with enjoyment.



INTRODUCTION

Ever since the 1960s, the corporate world has been intrigued by what drives business success. This pursuit gained momentum with popular literature like Peters and Waterman's "In Search of Excellence" (1982) and Collin's "Good to Great" (2001). These works introduced the concept of High Performance Organizations (HPOs), defined as businesses that significantly outperform their competitors in financial and non-financial results, consistently over five years or more, by strategically focusing on their core strengths.

Numerous publications have since explored high performance, suggesting various techniques to boost corporate results. However, rigorous, evidence-based validation of these techniques - specifically in North American companies from which much of the HPO literature originates - tracking their impacts over time to prove sustainable value and relevance for management, appears largely absent. One method to assess the efficacy of these techniques, by measuring their impact on long-term performance, is through a longitudinal study. In simple terms, a longitudinal study collects data over multiple time periods, providing insights into performance changes and their causes. This article evaluates the effectiveness of the HPO Framework in enhancing organizational performance in North American organizations over time, asking: Can the HPO Framework be used to analyze and sustainably improve the performance of North American organizations?

THE HPO FRAMEWORK EXPLAINED IN BRIEF

The HPO Framework offers a comprehensive approach to identify the key factors driving long-term success in organizations. It consists of 35 characteristics distilled from 290 high performance studies, categorized into the following five core factors:

- **Management Quality:** Trustworthy managers who value loyalty, fairness, and integrity while coaching employees for better results.
- **Openness and Action Orientation:** Encouraging dialogue, employee involvement, experimentation, and continuous learning for improvement.



THE 5 STRANDS OF SUCCESS



- **Long-Term Orientation:** Prioritizing sustainability and fostering strong relationships with stakeholders while promoting a safe work environment.
- **Continuous Improvement and Renewal:** Developing unique strategies, optimizing processes, and continuously enhancing products and services.
- **Employee Quality:** Cultivating a diverse, flexible, and resilient workforce accountable for achieving exceptional results.

To assess organizational performance the organization can conduct an HPO Diagnosis using the HPO Questionnaire. Managers and employees rate their organization on the 35 characteristics, leading to improvements in areas of lower performance and progressing towards becoming an organization that achieves excellent results.

THE SWAGELOK TRANSFORMERS STORY

Swagelok is a privately-owned, global enterprise specializing in manufacturing and servicing components for vital gas and liquid applications. Inaugurated in 1947 by Fred Lennon and Cullen Crawford, the company spread its wings to Canada in the 1950s and then globally in the 1970s and 1980s. Today, Swagelok caters to various industries such as petrochemicals, power generation, oil and gas production, alternative fuels, chemical processing, biopharmaceuticals, and semiconductors. The company's product suite includes tube fittings, valves, filters, regulators, and hoses.

But Swagelok is more than just a manufacturing entity. The company extends services to assist its clientele in curtailing energy and production expenses, which often stem from leakages, improper installation, poor design, or product misuse. Swagelok's contribution is so diverse that its products have seen usage in almost every space mission and deep-sea submersibles.

In North America, a collective of Swagelok Sales and Service centers - Swagelok Denver, Edmonton, San Diego, Calgary, Central Canada, Central Ontario, Northern California, and Northwest - have united under the banner "Swagelok Transformers". This alliance is designed to facilitate knowledge and information sharing about all things Swagelok, including their processes, to harness the best practices from each organization and thereby enhance their collective performance. The Transformers group conducts regular meetings



to discuss value-adding topics. One such topic of interest was the HPO Framework. After an online meeting with the author in 2013, the group decided to undertake an HPO Diagnosis and embark on their journey towards becoming an HPO.

THE INITIAL HPO ASSESSMENT

The HPO Questionnaire, as part of the HPO Diagnosis, was shared with all staff at Swagelok's Sales and Service centers, accompanied by a message from the centers' CEOs explaining the rationale behind the diagnosis. The average HPO scores for the centers together have been encapsulated in Figure 1. The Swagelok locations average an HPO score of 8.3, nearly reaching the threshold where high performance commences (which is 8.5). Compared to the average HPO score of all U.S. organizations or manufacturing companies globally, as compiled in the author-maintained HPO database, the Swagelok locations already outperform.

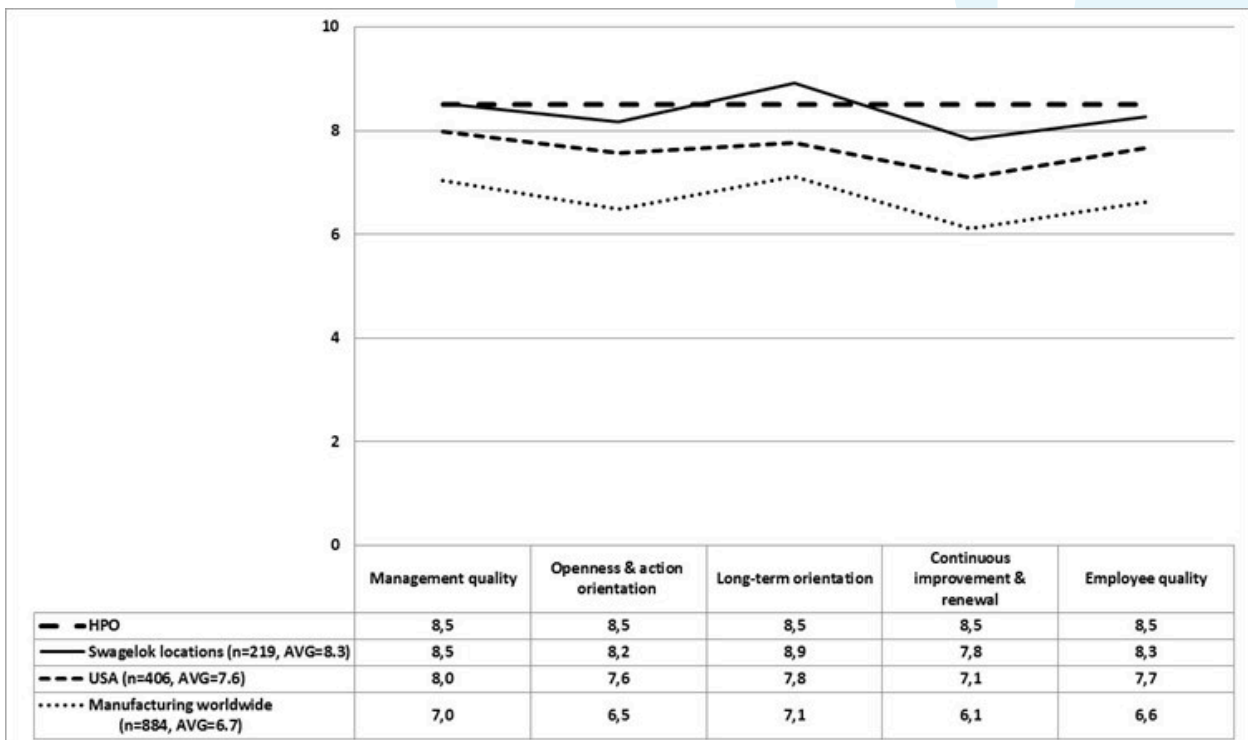


Figure 1: HPO-scores first HPO Diagnosis at the Swagelok Transformers

Subsequently, a workshop was orchestrated in Los Angeles, attended by CEOs and key team members. During the workshop, groups divided by location worked on addressing areas of improvement for their organization. The discussions revolved around topics like the causes behind the HPO scores, strategies for score improvement to and beyond the HPO benchmark, resources required for the improvement (time, resources, knowledge), the



priority of improvement initiatives, involving the associates (as employees are referred to at Swagelok), and existing practices at various locations that can be applied elsewhere. The shared strengths across all centers emerged during these discussions: solid management, an intense customer and stakeholder focus, a high innovation rate, and a robust change and performance drive. Also, per HPO factor, the 'best ideas' already in practice at a location were gathered.

Management Quality

Encourage managerial development by: offering situational leadership training to all managers; sponsoring continuous education for high-potential associates; frequently seeking feedback from associates and peer managers; promoting individual growth within the organization while allowing room for learning from mistakes; and implementing a mentorship program pairing high performers with underperformers to guide them towards performance improvement. Enhance communication skills by: promoting non-aggressive communication, reinforcing arguments with facts, addressing issues in a non-confrontational manner, and always referring back to processes and vision/mission/values rather than individuals when problem-solving. Emphasize managerial skills by: setting clear expectations, encouraging decision-making, recognizing good work and exceptional efforts. Handle underperformance better by: setting clear metrics to define underperformance and its consequences, addressing these metrics in weekly meetings with all associates; communicating effectively with the team when poor performance has been addressed and corrective measures taken; identifying underperformers and challenging them to discover what they like to do, while holding them accountable for their results. Lastly, develop personal skills by: never compromising on values; ensuring integrity is a core value and incorporated in the business's vision and mission statements; and setting an example through philanthropic work.

Employee Quality

Foster employee growth by: creating an environment that promotes learning and leadership at all levels; setting up a performance-based peer group to inspire extraordinary results; expanding associates' perspectives through experiential learning; matching learning opportunities to the skill gaps of individual associates; understanding where associates require more knowledge and seeking appropriate internal and external training.



Continuous Improvement & Renewal

Streamline processes by allocating resources and accountability only to the highest priority and critical projects; assessing available capacity before allocating resources; assigning line managers the responsibility for process improvement. Increase awareness and understanding of the company's results by implementing quarterly shop talks discussing financial goals and progress against key objectives; visibly displaying quality system metrics on boards; having more dialogue on key performance indicators, explaining what they are and how they should be used. Conduct general continuous improvement efforts by: conducting customer satisfaction surveys for input into continuous improvement efforts; incorporating continuous improvement discussions in meetings; appointing a 'continuous improvement manager'; benchmarking with non-Swagelok companies; creating an internship where associates spend a week with a customer's team to gain insights in their operations and needs and wishes.

Openness & Action Orientation

Promote an environment where mistakes are allowed, discussed, and learned from; foster communication and dialogue between management and associates; encourage an open attitude towards change; actively involve associates in the organization's affairs.

Long-Term Orientation

Make customers the heart of everything the company does by: creating a vision that "our company is the customer's favorite story"; being highly responsive to customers; ensuring all associates are highly knowledgeable about the products and their applications; segmenting customers according to strategic importance and tailoring service levels accordingly; celebrating heroic acts and recoveries in customer satisfaction; becoming the trusted advisor of the customer; incorporating customer satisfaction into internal reward metrics. Strengthen collaboration with customers by segmenting the customers to establish high performance partnerships; and create an environment that encourages associates to stay with the organization for a long time through offering new challenges and opportunities.

The Swagelok location as an HPO

To engage all associates and spark enthusiasm for the HPO transformation, workshop participants articulated their vision for their location once it has fully achieved its HPO status.



Two of these visions are presented below, encapsulating the collective sentiment of the participants regarding the HPO concept:

"We envision ourselves as a company that has wholly embraced the HPO identity, viewing it not as a fleeting trend or a standalone project, but as the foundation of our business operations. We foresee significant advancements in continuous improvement, open and ongoing dialogue, clear identification and consensus on our core competencies, distinct definitions for processes and tasks/activities, transparent sharing of both financial and non-financial information with our associates, and continued decisive action and accountability for underperformers."

"Our projection is to be recognized and admired as an HPO for our business practices. We strive to be unerringly customer-focused and closely aligned with our strategic partners. We aim to operate with speed, efficiency, and precision. We aspire to act with unwavering integrity, achieve substantial profitability, and transcend dependence on any single individual. We plan to foster a culture that not only attracts top-tier associates but also encourages and motivates them to achieve extraordinary results. They are envisioned as curious individuals open to self-discovery, regularly participating in significant dialogues, and excelling at executing their plans."

THE FOLLOW-UP HPO DIAGNOSIS

The culmination of the workshop led to the establishment of HPO Coaches across the locations. These coaches, drawn from various organizational levels, were mandated to foster an HPO culture and support management's efforts in transforming the location into an HPO. They served as the focal point for the communication between their department and other departments, coordinating and reporting the progress of HPO initiatives and identified improvement points, sharing effective ideas between locations, synchronizing activities with HPO Coaches at other locations to exchange enhancement ideas, and planning and executing subsequent HPO Diagnoses. These HPO Coaches underwent training to deepen their understanding of the HPO Framework, its practical application, the outcomes of the HPO diagnosis, and strategies to address the identified focal points.

Two years after the first diagnosis, a second HPO Diagnosis was carried out, closely mirroring the approach of the first one. Figure 2 presents the HPO scores from both diagnoses, for all locations together.



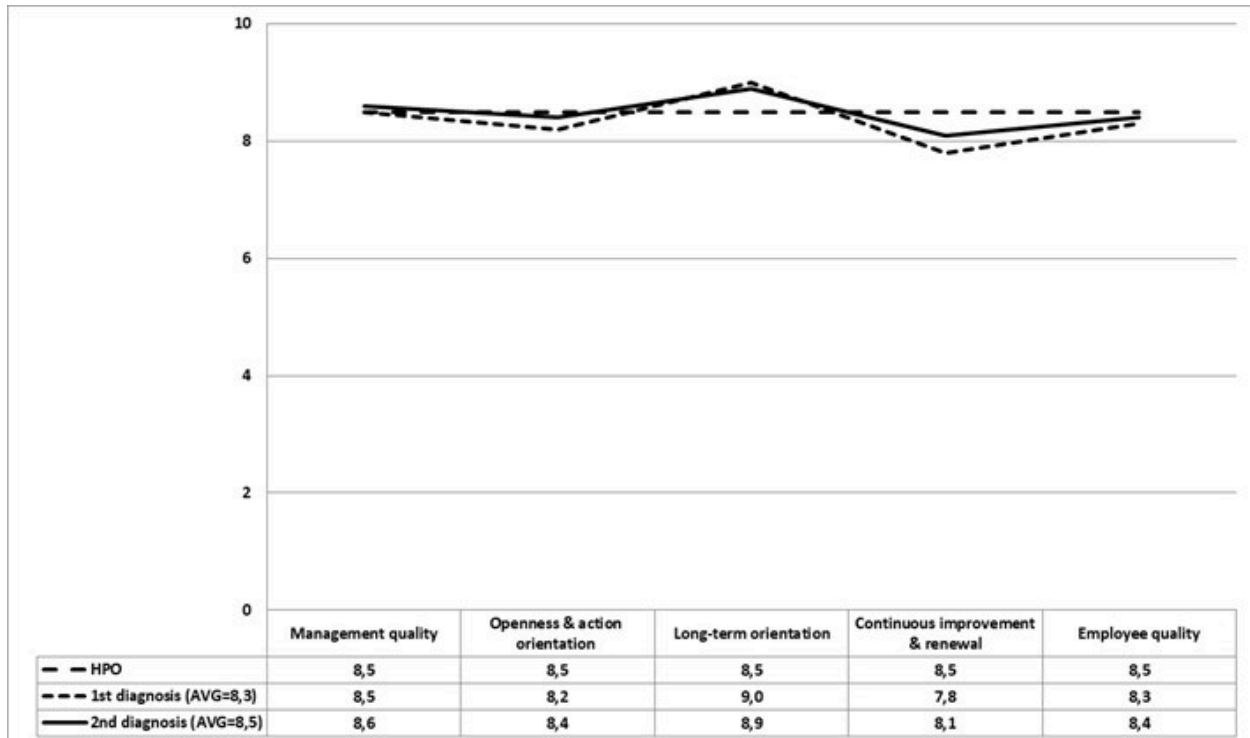


Figure 2: HPO-scores first and second HPO Diagnoses at the Swagelok Transformers

EXAMINATION OF THE FOLLOW-UP DIAGNOSIS RESULTS

A meeting was organized in San Diego, where the CEOs and HPO Coaches of each location convened to dissect and evaluate the HPO results. Every location prepared and presented a report on its situation, HPO scores, interventions executed over the past 18 months, and achieved organizational results. All locations reported enhancements in operational performance, streamlined and consequently more efficient and cost-effective operational processes, heightened associate involvement and engagement, improved relationships among associates and among departments, better alignment between individual and departmental efforts and the strategic plan, and superior customer service. The shared perspective among the locations was that the challenging economic climate was partially mitigated by the HPO behavior exhibited by the associates. As one CEO expressed, "Without HPO, many of us could have faced financial losses; it could have been significantly worse." CEOs and HPO Coaches noted that the HPO Framework's focus on the long term aided the organization in staying on course and maintaining discipline, irrespective of external challenges. They also pointed out that the enhancements in communication and collaboration that transpired as a result of the HPO transition contributed to their locations' agility in weathering a sluggish economy.



Lessons learned

The HPO Coaches compiled the insights they and their peers gained while focusing on the HPO's points of concern. These include:

1. **Understand that an HPO transformation is a long-term commitment.** It takes considerable time for management and HPO Coaches to generate momentum in the HPO journey within the organization. Without a magic formula for success (which does not exist!), achieving HPO status requires consistent, disciplined hard work. Because of the time needed, regular reinforcement of HPO efforts and accomplishments is crucial.
2. **Reinforce the permanence of HPO.** Treat HPO as a continuous process, not a temporary project. Make it clear to the organization that HPO is a permanent feature, reflecting a shift in mindset and attitude, not just a passing initiative. Stay consistent and integrate HPO into everyday tasks and activities. Allocate sufficient time and energy towards HPO undertakings.
3. **Encourage participation across the organization in the HPO journey.** Introduce and propagate HPO throughout the entire organization, not just among managers. Broad involvement encourages a sense of ownership, pride, and support for HPO. Establish HPO representation across the company by appointing HPO Coaches from all levels. Feedback from associates is essential for fostering support and collaboration, so involve them in the critical discussions necessary for the desired cultural shift.
4. **Recognize the importance of dialogue.** Maintain open, frequent communication, promoting meaningful dialogue. As management, understand the associates' needs before diving in. Thoughtful questions can elicit insightful dialogues. Ensure confidentiality during individual consultations and provide regular updates on HPO progress to maintain focus. Build trust by engaging associates in discussions and delivering on promises. Also, provide regular opportunities for associates to interact directly with the CEO.
5. **Hire and train new associates that are compatible with the HPO culture.** New hires should align with the HPO culture, emphasizing the need to invest time in hiring suitable associates, knowing that not everyone will favor HPO or is able to



work in an HPO. Following recruitment, comprehensive onboarding with a focus on HPO is essential.

- 6. Embody as management the HPO culture.** Managers should lead by example, demonstrating patience and openness. If necessary, be willing to make changes at the executive level when managers do not meet HPO standards. Don't settle for mediocrity; only hire and promote top performers as new managers.
- 7. Adopt a strategic and systemic approach to HPO.** Link HPO directly to the strategic plan by incorporating HPO factors into the strategy and making explicit connections between HPO initiatives and implementation results. Assess even minor organizational changes for HPO implications. Highlight HPO as an organizational strength during customer interactions.
- 8. Safeguard the quality of the HPO transformation.** Entrust improvement initiatives to the associates. HPO Coaches should regularly remind themselves that their role is not to solve problems, but to oversee the solving of these problems and execution of HPO initiatives. In this regard, consistency, small group interactions, and simplicity are key. Balance the learning process with enjoyment during the HPO transformation and celebrate successes. Focus on one HPO attention point at a time. Annually take time out to refresh and reassess HPO objectives, and routinely review for the organization key characteristics, even if the organization is performing well. Welcome new members to the HPO Coaches team for fresh perspectives and novel ideas.

IN CONCLUSION


The HPO Framework provides a holistic approach to identifying the key factors that drive long-term success in organizations. Through the implementation of the HPO Framework, Swagelok demonstrated improvements in various areas, including operational performance, employee engagement, customer service, and alignment with strategic goals. The lessons learned from the HPO journey include the importance of time and commitment, treating HPO as a continuous process, involving all members of the organization, fostering open dialogue, hiring and training individuals with attitudes and behaviors aligned with the HPO culture, leading by example, taking a strategic approach, ensuring the quality of HPO implementation, and assessing and celebrating progress. By embracing these principles, organizations can work towards becoming HPOs and achieving sustained success.





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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