







# IMPROVE THE PROCESS OF PROCESS IMPROVEMENT

*A Guide for Process Optimization*

*This Quick Insight explores the challenges and strategies for effective process improvement, emphasizing the role of High-Performance Organizations (HPOs) in achieving successful outcomes. The research identifies common pitfalls that can derail improvement initiatives, such as overconfidence and short-term thinking, and introduces the HPO Framework as a validated approach for organizational excellence. It also introduces the concept of the IPPI (Improve the Process of Process Improvement) factors, which are essential for preparing, executing, and supporting improvement initiatives. The research shows a clear correlation between an organization's HPO score and its effectiveness in process improvement. This is a valuable read for managers, executives, project leaders and organizational development professionals looking to enhance process improvement and cultivate a culture of continuous improvement.*

This Quick Insight is the management summary of: de Waal, A. and Goedegebuure, R. (2015), "Improve the process of process improvement", *Holland Management Review*, No. 159, pp. 25-31.

## KEY TAKEAWAYS

-  **Awareness of Pitfalls:** Many pitfalls hinder process improvement, including overconfidence, confirmation bias, and clinging to failing initiatives. Managers must recognize these pitfalls and anticipate them during process improvement projects.
-  **Implementation of the HPO Framework:** This validated framework emphasizes five factors for high performance. By using it, organizations can identify areas for improvement, which helps in identifying process improvement opportunities.
-  **Focus on IPPI Factors:** Process improvement requires attention to the IPPI (Improve the Process of Process Improvement) factors: Preparation, Execution, Behavior, and Support. Organizations must lay a solid foundation, be involved, promote a supportive culture, and provide the right training.
-  **Active Management Involvement:** Management plays a key role in improvement initiatives. They must be involved, monitor progress, be flexible, and communicate clearly.



## INTRODUCTION

One of the main focus areas for management is 'continuous improvement'. A steady improvement of products, services, and business processes is seen as the ultimate means for competitive advantage and organizational development. But the literature reports that about 60 to 80% of improvement initiatives fail. At the same time, high-performance organizations (HPOs) have a success rate of about 80% for their improvement projects, while risking 14 times less budget. What do these HPOs do differently? This article reports on the findings of a study into precisely this question.

## PITFALLS DURING PROCESS IMPROVEMENT

During our research into the characteristics of HPOs worldwide, the characteristics related to improving processes consistently scored low in all types of organizations. Process improvement – defined as the practice by which internal business processes are improved – scores for all organizations collected in the HPO database an average of 7.0 on a scale of 1 to 10; process simplification – defined as the practice by which internal business processes are made simpler – has a score of 5.6; and process alignment – defined as the practice by which internal business processes are coordinated with each other – a score of 4.8.

The declining scores can be explained by the fact that organizations generally have no shortage of ideas and often energetically pursue suggestions for improvement. Initiating improvement is thus no problem at all. But actually making process improvements permanent and successful is another matter, and evaluating whether they have led to simpler and more streamlined processes is even more challenging. The scores in the HPO database indicate that people can start process improvement very well, but are not so good at actually bringing it to a successful conclusion. Several reasons are mentioned for this:

- **Overconfidence:** Employees rely too much on their own judgments without thorough analysis.
- **Confirmation bias:** There is a natural tendency to seek information that confirms existing opinions, rather than objectively assessing the situation.
- **Sunk cost trap:** Organizations cling to failing initiatives because of previous investments.



- **Short-term thinking:** Employees focus only on immediate results without thinking about long-term effects.
- **Other pitfalls:** Unclear goals, lack of management support, lack of an improvement culture, lack of structure, insufficient knowledge, lack of involvement.

For managers, it is essential to recognize these pitfalls and anticipate them for successful process improvement.

## THE HPO FRAMEWORK

The HPO model is a research-validated framework that helps organizations assess their performance and discover where improvement is possible. This model stems from extensive literature studies on top performance and a global survey of over 3,200 participants.

**From this in-depth research, five crucial factors for high performance have emerged:**

- **Continuous Improvement and Renewal**

An HPO makes outdated strategies current and unique again. The organization is constantly engaged in improving, simplifying, and aligning its processes and innovating its products and services. This creates new competitive advantages to respond to market developments. An HPO also efficiently manages its core competencies and outsources non-core competencies.

- **Openness and Action Orientation**

An HPO is characterized by an open culture, where employees' opinions are valued, and they are involved in important organizational processes. Making mistakes is allowed and is seen as a learning moment. Employees spend a lot of time on dialogue, knowledge exchange, and learning, stimulating new ideas to increase their performance and that of the organization. Managers are personally involved in experimenting and thus encourage a change-minded environment within the organization.



- **Quality of Management**

In an HPO, belief and trust in others are encouraged, and fair treatment is pursued. Managers are reliable, have integrity, show commitment, enthusiasm, and respect, and are characterized by a decisive, action-oriented decision-making style. Management holds people accountable for their results by clearly defining responsibilities for performance. The values and strategy are communicated throughout the organization, so everyone knows and embraces them.

- **Quality of Employees**

An HPO brings together a diverse and complementary management team and staff with a high degree of resilience and flexibility. Employees are encouraged to develop their skills to achieve extraordinary results and are held accountable for their performance, enhancing creativity and ultimately the results.

- **Long-term Orientation**

An HPO grows by forming partnerships with suppliers and customers, thereby realizing a long-term commitment with all stakeholders. Internal candidates with high potential are first considered for filling vacancies, and people are encouraged to become leaders. An HPO provides a safe and secure working environment (both physically and mentally) and sees the dismissal of employees only as a last resort.

Our research shows a clear positive correlation between these five factors and the excellent performance of organizations. To determine where an organization stands in terms of these HPO characteristics, we conduct an HPO diagnosis involving both executives and employees. This evaluation highlights where the organization excels and where there is still work to be done to reach the level of a high-performance organization.

## **DO HPOs APPROACH PROCESS IMPROVEMENT DIFFERENTLY?**

We were curious whether HPOs approach their improvement projects differently than less successful organizations. Are HPOs masters in process improvement? To find out, we looked at organizations that have recently undergone an HPO diagnosis. In the HPO diagnosis, managers and employees within an organization fill out an online questionnaire that measures how well they meet the characteristics of a high-performing organization. Based on their scores, these organizations can be divided into three categories: high (HPO score > 7.5), medium (HPO score between 6.5 and 7.5), and low (HPO score < 6.5).



We then presented these organizations with a questionnaire of sixty improvement approaches, derived from recent scientific literature on the successful execution of improvement initiatives. The eight characteristics of the HPO factor "Continuous Improvement and Renewal" were also added. Our analysis revealed 39 significant and important improvement approaches, divided into four main categories, which we call "IPPI factors" (see figure 1: Improve the Process of Process Improvement). Our research suggests that if organizations focus on these four factors, their improvement initiatives will be more successful. This will result in the HPO factor "Continuous Improvement" scoring higher, which in turn contributes to better overall performance of the organization.

Figure 1 shows this relationship clearly. It reveals that three of the IPPI factors - namely 'Preparation', 'Execution', and 'Culture' - have a direct positive impact on an organization's continuous improvement ability. Interestingly, 'Culture' has the greatest impact. The fourth factor, 'Support', plays an indirect role by strengthening the other three factors.

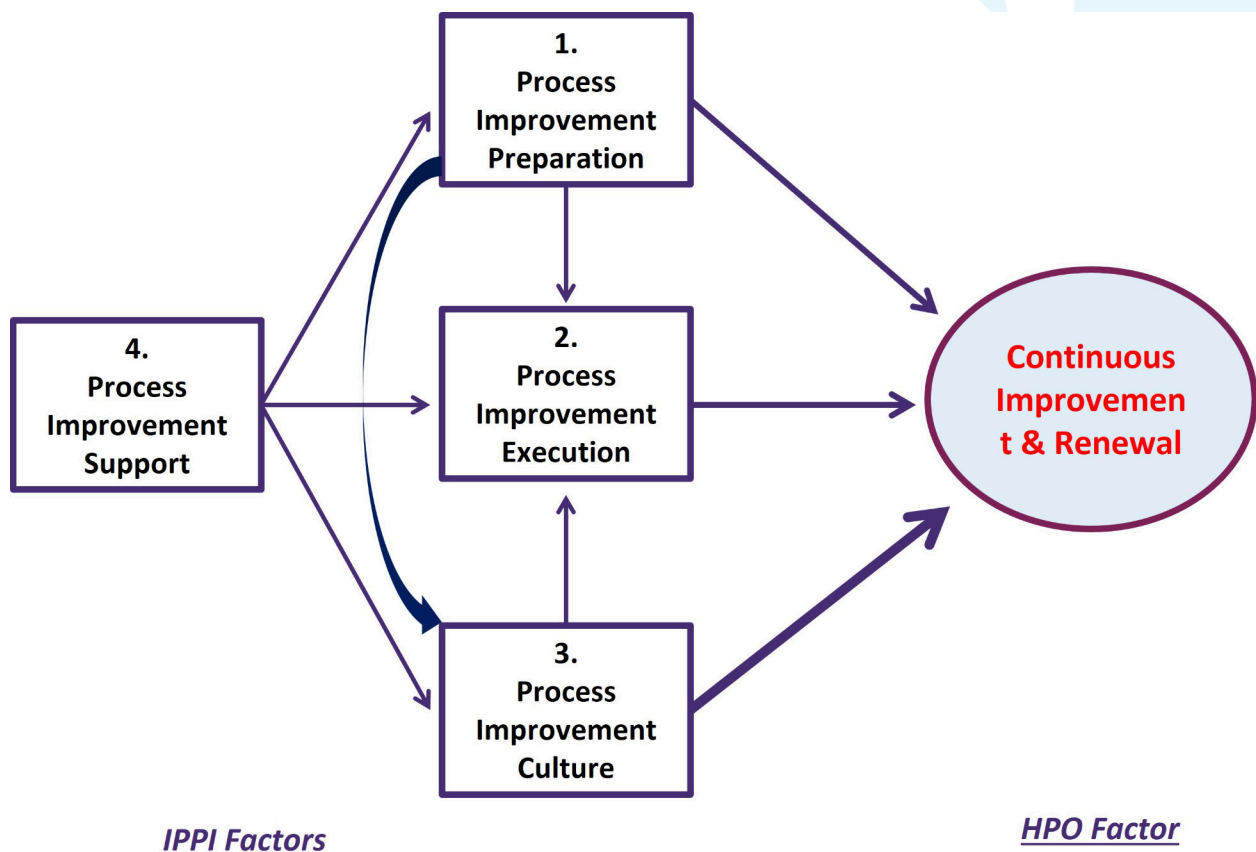


Figure 1: Improve the Process of Process Improvement (IPPI) factors



## THE ESSENCE OF IPPI FACTORS

In today's dynamic organizational environment, continuous improvement of business processes is an essential factor for lasting success. However, improvements can only be effectively implemented if there is a solid framework underlying them. This framework is formed by the IPPI factors. These four factors form the backbone of any sustainable improvement initiative. Below is an explanation of the four essential factors.

- 1. Preparation of Improvement Preparation:** This revolves around thorough preparation for the approach to improvements. Improvement ideas are collected and structured, assessed on various criteria such as their feasibility, relevance to the organization's strategy, and available capacity for execution. It is crucial that a balance is maintained between different types of initiatives. Each selected initiative is provided with a clear plan, and resources are carefully distributed. Before a new initiative starts, the previous one must be completed, and its importance clearly communicated to the organization.
- 2. Execution of Improvement Execution:** This factor concerns the actual execution. Management plays a crucial role through active involvement, with a management team member as a sponsor for each initiative. It is essential that progress is monitored and measured. Any delays must be properly addressed by anticipating them, identifying the causes, and keeping communication clear. In addition, flexibility in the approach must be built in to respond to changing circumstances.
- 3. Process Improvement Culture:** A successful improvement initiative requires a supportive culture within the organization. This means active participation from both management and employees. There must be room for autonomy so that decisions can be made on the spot. A continuous focus on improvement is essential, with everyone encouraged to embrace continuous improvement as a core principle. Mistakes must be seen as learning moments and not punished.



**4. Support for Improvement Support:** For successful execution, it is necessary that everyone has the right skills. Training in the latest techniques and methods is crucial. Managers must be specifically trained in leading these initiatives. Rewards can be linked to successful implementation to underline the importance of continuous improvement. External stakeholders, such as customers and suppliers, must also be involved to provide valuable input into the improvement process.

## RELATIONSHIP BETWEEN HPO AND IPPI

When analyzing the average scores of the IPPI (Improve the Process of Process Improvement) factors among the participating organizations, it becomes clear that organizations perform averagely in the field of process improvement. More specifically, Process Improvement Preparation scores 6.2, Process Improvement Execution 6.1, Process Improvement Culture 6.6, and Process Improvement Support 5.7. This leads to an overall average of 6.1. The central question then is whether organizations that are designated as HPOs actually perform better in process improvement. The average IPPI scores were compared for three different HPO groups: organizations with high, medium, and low HPO scores. These results are shown in Figure 2.

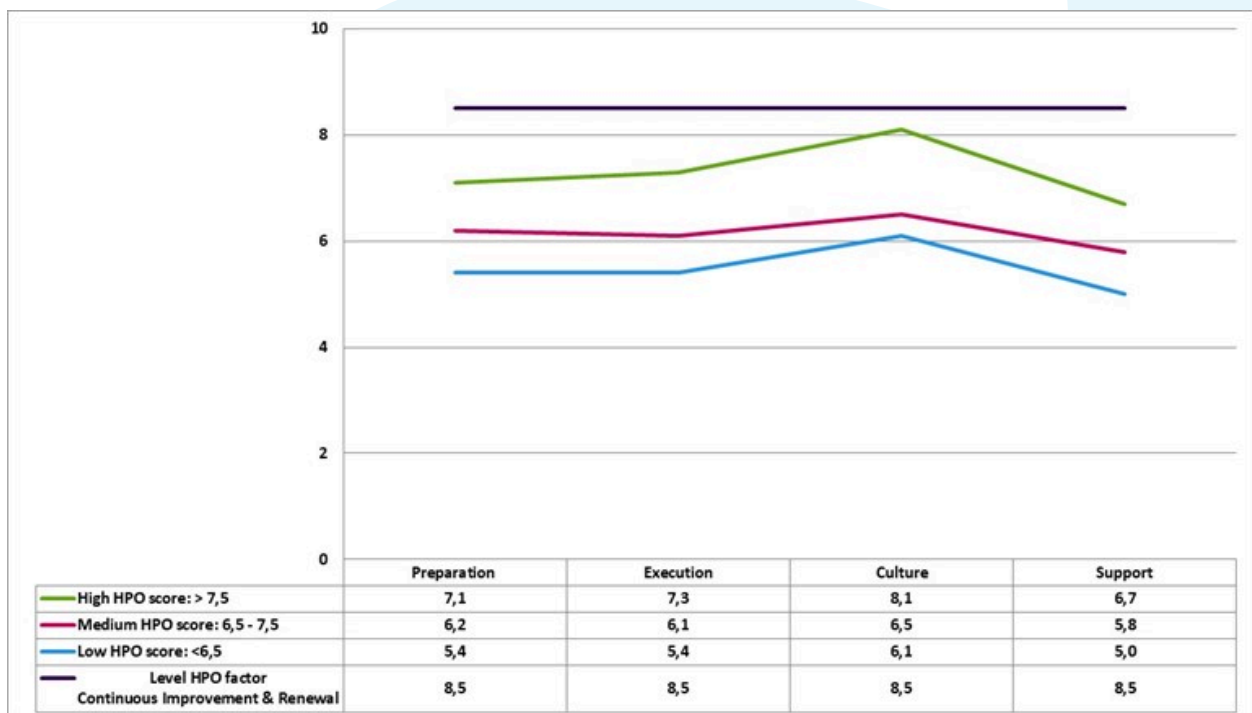


Figure 2: Comparison of the IPPI scores for three categories of organizations





As Figure 2 shows, organizations with a higher HPO score indeed perform better on the IPPI factors. What further stands out in Figure 2 is that the trend lines for all three groups are similar. This suggests that regardless of the HPO status organizations encounter similar pitfalls (such as lower scores on support), and that the high-scoring HPO organizations tackle these pitfalls more effectively.



## PRACTICAL CONSIDERATIONS AND CONCLUSION


Our IPPI research offers organizations the opportunity to thoroughly evaluate their performance in the field of improvement. By completing the IPPI survey, they gain immediate insight into their areas for improvement concerning process optimization. These results enable organizations to take targeted actions in areas that need attention and assess their current and future improvement projects based on IPPI characteristics. This allows the approach and execution to be adjusted as needed, increasing the likelihood of 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](http://hpocenter.com) and [www.hpocenter.nl](http://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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