










REVITALIZING A MULTINATIONAL

The Power of High-Performance Frameworks

This Quick Insight unveils the transformative journey of a European multinational combating a potential hostile takeover. By synergizing Hanna's High-Performance Organization (HPO) Model with de Waal's HPO Framework, the company emphasized high-performance behaviors, operational clarity, and strategic transformation, thus avoiding the potential takeover. The article highlights management's role in fostering trust and resilience, with successes like enhanced communication and renewed investor trust. A valuable read for leaders and strategists, it underscores the holistic approach needed for sustainable, long-term performance and survival.

This Quick Insight is the management summary of: de Waal, A. and Hanna, D. (2016), "HPO Model + HPO Framework = Organizational Improvement for a European Multinational", Global Business and Organizational Excellence, July/August, pp. 303-43.

KEY TAKEAWAYS

-  **Importance of High-Performing Organization (HPO):** Facing challenges like hostile takeovers, transitioning into an HPO can significantly boost a company's performance and restore investor confidence. It is vital for managers to understand and emphasize high-performance behavior, operational clarity, cost-efficiency, and process simplification.
-  **Adoption of Effective Models:** The article showcases the use of Hanna's HPO Model and de Waal's HPO Framework. While Hanna's model offers a step-by-step guide, including theme identification and strategy assessment, de Waal's framework provides clear direction on prioritizing actions based on five essential factors.
-  **Organizational Status Assessment:** Using de Waal's HPO Framework, managers can evaluate their organization and pinpoint improvement areas.
-  **Communication and Training:** Transitioning to an HPO requires organization-wide involvement. Workshops and training sessions are essential for a successful transformation.
-  **Management's Role:** Managers should foster trust, act with integrity, show commitment, and ensure accountability within the organization.
-  **Sustaining Change Strategy:** Maintaining an HPO transformation demands a comprehensive approach, including steering platforms, change agent groups, and open communication.
-  **Early Results' Significance:** Initial improvements, like enhanced communication and regained investor trust, indicate a successful HPO transformation.



INTRODUCTION

Market saturation and increasing competition mean that businesses, including multinationals, often diversify their products, explore new markets, standardize to reduce costs, and enhance quality. To facilitate these changes, companies often adopt comprehensive models for improving organizational performance.

Following a spate of acquisitions, a European-based multinational manufacturer was caught off-guard by a potential hostile takeover. The threat surfaced due to investors' dissatisfaction with the company's recent performance. To regain control, management quickly decided to transform the company into a high-performing organization (HPO). The challenge was determining the best strategy for this transformation. The company is an industry leader with a portfolio worth over \$10 billion. A SWOT analysis highlighted its robust market position, extensive distribution network, and focus on continuous innovation as strengths. However, it also indicated an over-reliance on sales in developed markets, which could negatively

impact revenue due to low economic growth and changing consumer needs in these markets. To counter the challenges, the company decided to become an HPO. The plan included defining high-performance behaviours for employees, leveraging scale to cut costs, simplifying operational processes, improving employees' focus, and accelerating financial growth.



ADOPTING A HIGH PERFORMANCE MODEL

To guide its efforts, the multinational initially used a modified version of Hanna's high performance model (see Exhibit 1).

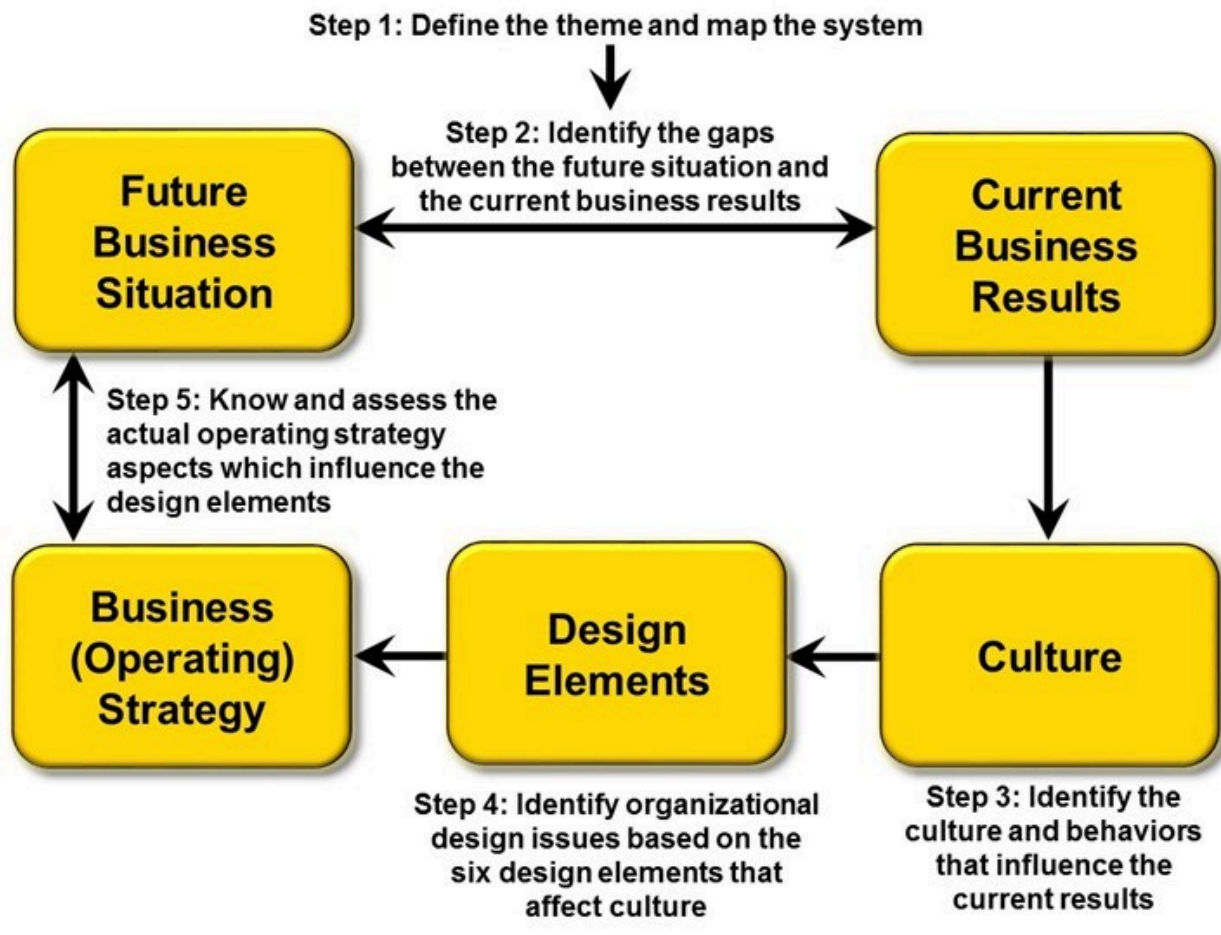


Exhibit 1: Hanna's HPO model

- **Step 1** - Defining the Theme and Mapping the System: This step involves identifying the main theme the organisation is focusing on, defining the scope of the problem/change, and understanding the different elements that could influence the results.
- **Step 2** - Identifying Gaps Between Current and Desired Situations: This includes envisioning the company's future, highlighting areas to improve and maintain, and creating a sense of urgency to tackle weaknesses.
- **Step 3** - Identifying Culture and Behaviors: This involves understanding how the company's culture and behaviors affect current results. This includes distinguishing between what people claim they do versus what they actually do, identifying positive



behaviors to promote, and prioritizing critical cultural aspects.

- **Step 4** - Identifying Organizational Design Issues: This step involves understanding how the current organizational structure impacts culture and behaviors. The goal is to build consensus among management to address identified design issues.
- **Step 5** - Assessing Operating Strategies: This final step involves understanding how the current operating strategy influences the organizational design and whether it can support the company's future growth.

APPLYING DE WAAL'S HPO FRAMEWORK FOR IMPROVEMENT

By using Hanna's HPO model, the multinational company aimed to identify areas for enhancement, critical aspects regarding culture, organizational design and behavior causing current outcomes, and strategies for improving the six design elements. Despite Hanna's model outlining the steps and their order, it did not specify which critical areas should be prioritized. This lack of direction raised the risk of management wasting resources on ineffective improvements. In search of a more precise tool, the company's consultants found de Waal's HPO framework, a scientifically validated model with a successful track record in a multinational setting. This framework provided the company with a clear method to identify critical issues and possible improvements, as well as determining their priority.

The HPO framework was developed after reviewing 290 academic and practitioner publications on high performance and surveying 3,200 respondents worldwide. According to this framework, an HPO 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 concentrating on what truly matters to the organization. The framework includes five HPO factors and 35 underlying characteristics:

- 1. Management Quality (MQ):** In an HPO, management promotes trust and fairness. They are reliable, live with integrity, demonstrate commitment, enthusiasm, and respect, and make decisions in a decisive, action-oriented style. Management holds people accountable for their performance by ensuring clear accountability for results.



- 2. Openness and Action-Orientation (OAO):** HPOs have an open culture where management values employee opinions and involves them in key organizational processes. Mistakes are seen as learning opportunities. There's a strong focus on dialogue, knowledge exchange, and learning to generate new performance-enhancing ideas.
- 3. Long-Term Orientation (LTO):** An HPO focuses on long-term commitment to all stakeholders, including suppliers and customers. It prioritizes internal candidates for vacancies, encouraging employees to become leaders, and offers a secure workplace.
- 4. Continuous Improvement and Renewal (CI):** An HPO constantly refreshes its strategies, improves, simplifies, and aligns its processes. It also innovates its products and services, creating a competitive edge.
- 5. Employee Quality (EQ):** An HPO comprises a diverse management team and workforce with flexible work practices. Employees are trained to be resilient and flexible, held accountable for their performance, and encouraged to develop their skills.

The research indicates a strong positive relationship between these five HPO factors and competitive performance. Higher scores on the HPO factors correlate with better organizational results, while lower scores indicate lower competitive performance. The organization can evaluate its HPO status by having managers and employees rate the 35 HPO characteristics from 1 (very poor) to 10 (excellent), and then calculating an average for each factor. These scores will identify areas needing improvement.

CLARIFYING THE RELATIONSHIP BETWEEN HANNA'S HPO MODEL AND DE WAAL'S HPO FRAMEWORK

For the multinational company to avoid confusion and move ahead effectively, it was essential for management to clarify the relation between Hanna's HPO model and de Waal's HPO framework, and to illustrate where and when the results from de Waal's HPO questionnaire should be employed in conjunction with Hanna's model. In Exhibit 2, the connection between Hanna's model and de Waal's framework and their complementary role in executing an HPO diagnosis is clearly established.



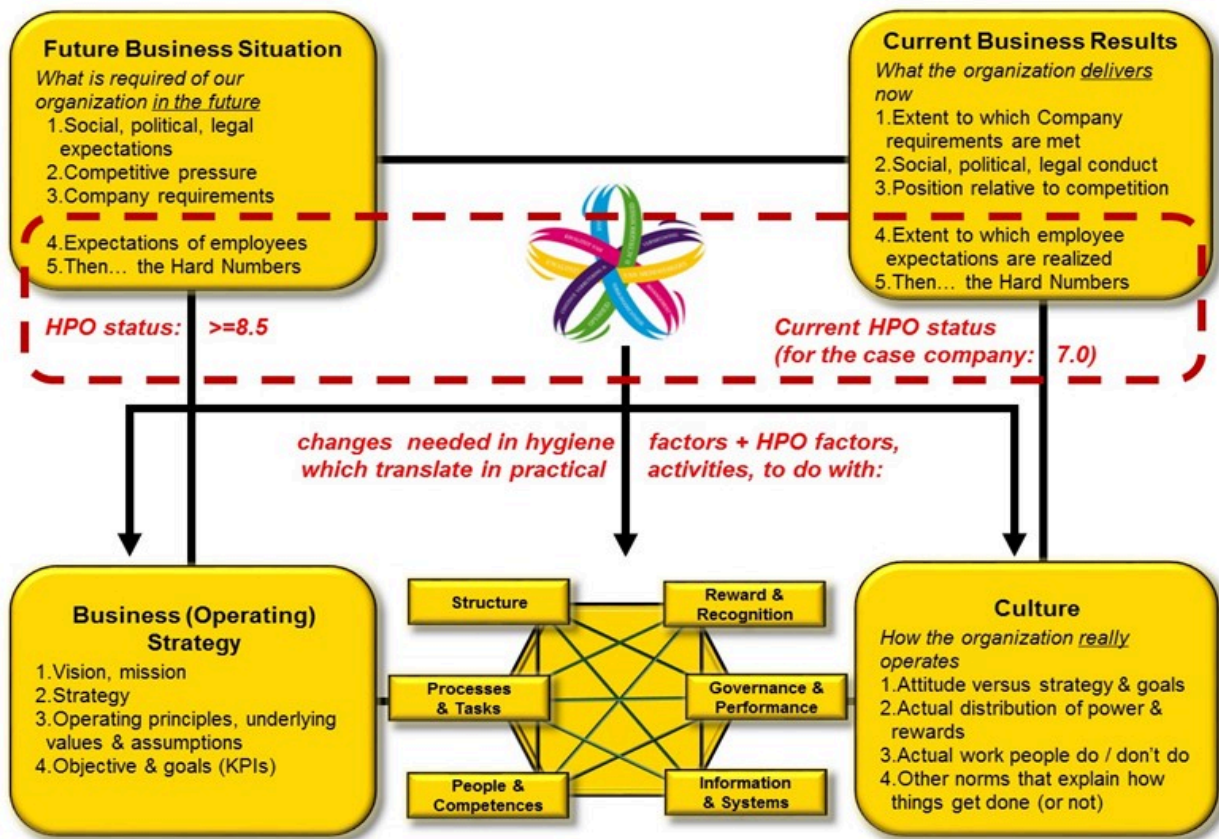


Exhibit 2: The Relationship Between Hanna's Model and de Waal's HPO Framework

Implementing de Waal's HPO framework alongside Hanna's model enabled the organization to quantify the company's current HPO status, determine its desired future business status, cultivate the requisite HPO mindset, identify necessary changes in hygiene factors and HPO factors, and translate these changes into practical, prioritized actions. In essence, de Waal's framework provides guidance on what actions are needed, while Hanna's model offers a pathway on how to implement these changes to transform the organisation into an HPO.

WORKSHOPS COMMUNICATE THE HPO INITIATIVE

To circulate information about the HPO initiative and Hanna's model among employees, teams of internal consultants carried out workshops across the organization. Employees received manuals explaining the HPO model, HPO framework and the steps each operational unit would take to transform into an HPO. During the rollout, it was recognized that additional steps were required to make the model more tangible for employees and to streamline their improvement efforts. This led to the actual integration of de Waal's HPO framework with Hanna's HPO model, starting with the introduction at company headquarters via a **HPO diagnosis** (see Exhibit 3).



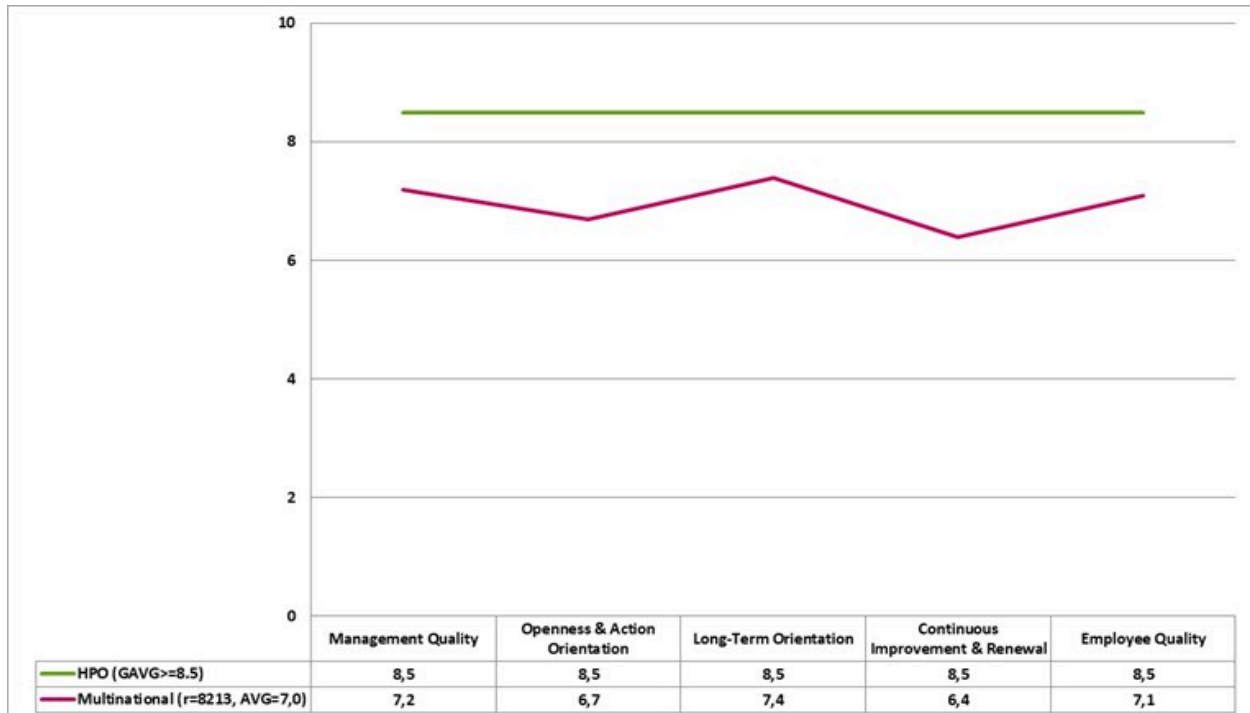


Exhibit 3: HPO Scores for the Multinational

The CEO held a town hall meeting emphasizing the importance of the company's transformation and offered his unconditional support during the transformation process. Subsequent workshops were conducted by managers in their departments to discuss strategies for addressing the high-priority attention points. Throughout these workshops, the Hanna model's elements were closely monitored to ensure alignment when tackling the HPO attention points.

GUIDANCE FROM MANAGEMENT FOSTERS THE HPO TRANSITION

Sustaining any change initiative poses significant challenges. To address this, the multinational adopted a three-pronged approach. Firstly, a Steering Platform was established, including the CEO and directors of Strategy, Control, and Human Resources. Their responsibilities involved overseeing the HPO transformation, guiding its strategic direction, and adjusting actions based on feedback from different organizational levels. Secondly, an HPO Change Agents Group was created, comprising a representative from each organizational unit, responsible for communicating feedback from the ground to management and coaching units to address HPO Attention Points. Thirdly, priority was given to fostering openness within the organization. Frequent town hall-style meetings were organized, and CEO visits to various locations were planned to facilitate dialogue on site about the HPO transformation and motivate employees.



Within half a year of conducting its HPO diagnosis, the company noticed marked behavioural improvements. An improved communication channel between the floor and management was established, leading to enthusiastic participation from all departments, breaking down functional silos and facilitating open discussions about the transformation. Early signs indicated that investors' trust in the multinational has been rekindled, offering their support to help the company maintain its independence. The threat of hostile takeover had effectively been repelled.

CONCLUSION


The transformation of this European multinational to an HPO demonstrates the potency of combining theoretical models with practical frameworks. By integrating Hanna's HPO model and de Waal's HPO framework, the company identified areas of improvement, made key cultural and structural changes, and initiated actionable steps towards betterment. The positive changes observed so far, such as enhanced communication and active departmental participation, have restored investors' trust. It has to be noted however that becoming an HPO is a continuous process, not a one-time event. It is about instilling a culture of openness, continuous learning, and quality management, beyond simply improving operational efficiency or financial performance. This holistic approach will lead to improved sustainability and long-term performance, serving as a useful blueprint for other organizations facing similar challenges.





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.



HPO Center

Oude Enghweg 2
1217 JC Hilversum
The Netherlands

Telefoon: +31 (0)35 603 7007

Email: schreurs@hpocenter.com

Website: www.hpocenter.com

Contact: Marco Schreurs

