







# RWANDA BANK

*A study in organizational transformation and performance*

***This Quick Insight provides an in-depth analysis of the organizational transformation and performance challenges of Rwanda Bank. It utilizes the HPO framework, a scientifically validated tool, to evaluate the bank's performance and identify areas for improvement. The article is relevant for professionals in the banking sector, management consultants, and academics interested in organizational change and performance enhancement. It highlights the unique challenges Rwanda Bank faced after transitioning from a cooperative to a commercial model and offers practical recommendations for achieving HPO status.***

This Quick Insight is the management summary of: Habyarimana, B. and de Waal, A. (2020), "Analyzing An Organizational Change Process Using the HPO Framework: the Case of A Rwandese Bank", International Journal of Management and Applied Research, Vol. 7, No. 2.

## KEY TAKEAWAYS

-  **HPO Framework as an Analytical Tool:** The HPO (High Performance Organization) Framework is a scientifically-validated instrument for assessing an organization's performance and potential areas for improvement.
-  **Rwanda Bank's Performance Challenges:** After its change from a cooperative to a commercial model, Rwanda Bank witnessed performance challenges, including financial losses, high staff turnover, and governance issues. Despite an initial period of profitability, the bank's performance and reputation suffered due to these challenges.
-  **Comparative HPO Analysis Reveals a Gap:** When benchmarked against the top three banks in Rwanda, Rwanda Bank's HPO scores lagged in all five HPO factors. This performance gap underscores the need for Rwanda Bank to strategically reassess its organizational practices and culture to align with high-performing organizations.
-  **Recommendations for Rwanda Bank's Transition:** For Rwanda Bank to achieve the HPO status and thus mitigate the performance challenges, several recommendations are offered: adopt strategic communication for better alignment of goals; understand and emphasize non-financial value drivers; evaluate the effectiveness of current strategies; prioritize critical HPO factors, ensure top management's involvement during the HPO transformation; establish HPO Coaches, and implement robust feedback mechanisms. Rather than a blanket approach to improvements, prioritizing crucial HPO factors and ensuring active participation from top management can catalyze the bank's transition to the high-performance status. This targeted approach, combined with an efficient feedback system, can set the bank on a path to sustainable success.



## RWANDA BANK'S TRANSFORMATION

The banking industry, especially in emerging markets, has transformed dramatically due to market liberalization, technological innovations, and various financial crises of the early 21st century. Amidst this dynamic landscape, Rwanda Bank undertook a major change. Initially a collective of saving and credit cooperatives, Rwanda Bank consolidated these entities to emerge as a comprehensive retail and commercial bank, overseen by Rwanda's Central Bank. This transition, amplified by strategic foreign investments, required the bank to adopt a fresh organizational culture centered around cross-cultural diversity and customer focus. However, while there were immediate financial gains, subsequent years saw challenges: financial losses, high employee turnover, and corporate governance issues that necessitated a revamp of its board and management.

## THE HPO FRAMEWORK ANALYSIS

To understand Rwanda Bank's performance hurdles post-transformation and to identify possible improvement opportunities, we employed the HPO Framework, a scientifically-proven evaluation tool. An HPO consistently outperforms its peers over a minimum of five years, emphasizing what truly benefits the organization. Recognized for its scientific validation, the HPO Framework correlates five key HPO factors with competitive performance: higher HPO scores link to superior results and vice versa.

### ***Key Factors of HPO:***

- **Management Quality:** HPO managers cultivate trust, demonstrate integrity, and act as role models. Their management style is decisive, results-driven, and aligned with organizational values. They focus on coaching, supporting, and holding employees accountable for outcomes.
- **Openness and Action Orientation:** An HPO promotes dialogue, values feedback, and emphasizes shared knowledge. It fosters a culture where calculated risks are embraced as learning opportunities, striking a balance between deep reflection and prompt action.
- **Long-Term Orientation:** The emphasis is on enduring contributions to stakeholders over short-term wins. The organization is client-centric, nurturing long-term relationships and value addition. Stability is ensured through internal management grooming and a psychologically secure workplace.



- **Continuous Improvement and Renewal:** HPOs are strategically unique and agile. They are dedicated to refining and renewing processes, products, and services. A commitment to achieving the best for clients and stakeholders is paramount.
- **Employee Quality:** An HPO champions a diverse workforce, focusing on hiring those with HPO traits and distinct skills. Employee development is continuous, and partnerships with clients and suppliers aim for high performance. An HPO fosters a culture where employees ask and welcome accountability.

### ***The HPO Diagnosis:***

This diagnostic process involves both management and employees completing the HPO Questionnaire, which is based on 35 HPO characteristics. Scores derived from this tool guide the organization in identifying areas for improvement. Subsequent action plans are then integrated into a broader HPO transformation strategy.

## **RWANDA BANK: A STUDY IN ORGANIZATIONAL TRANSFORMATION AND PERFORMANCE**

Rwanda Bank began as a cooperative banking system in the 1970s, comprising various independent credit cooperatives, with limited banking authorization. By the early 21st century, it merged with another bank, becoming the retail and commercial Rwanda Bank with a comprehensive banking license, supervised by the Rwandan Central Bank. A foreign bank later invested in Rwanda Bank, acquiring one-third of its shares, becoming its strategic partner. The bank aspired to be Rwanda's leading retail bank, offering comprehensive financial services. However, with the entry of new competitors and the shift from a cooperative to a commercial model, the bank faced performance challenges. While initially profitable, it soon suffered financial losses, high staff turnover, and negative press due to leaked internal information. Additionally, governance issues led to an overhaul of both executive and non-executive boards.

This case explores the bank's transformative journey, its shift in business orientation for enhanced competitive advantage, and the resultant performance challenges. Our research aimed to identify the primary factors influencing Rwanda Bank's organizational performance following its shift.



**Research Methodology:**

- **Data Collection via HPO Questionnaire:** Targeting managers with a minimum of two years at Rwanda Bank, spanning from Chief Officers to Team Leaders.
- **Semi-structured Interviews:** Personal discussions with the bank's top management, namely the CEO, Head of Human Resources, and Head of Shareholder Affairs, aimed to interpret scores from the HPO Questionnaire and understand the deeper narrative.

Given the HPO's relative performance metric, we sought to compare Rwanda Bank's performance to its peers. Lacking independent evaluations of Rwandan financial institutions, we examined annual financial reports to discern a top three peer list: Bank of Kigali (BK), Banque Commercial du Rwanda (BCR), and ECOBANK Transnational Inc (ECOBANK). Managers from these banks also participated in the HPO Questionnaire.

**RESEARCH RESULTS AND ANALYSIS: RWANDA BANK VS. TOP 3 BANKS**

**Comparative Analysis:**

Exhibit 1 provides a comparative snapshot of the HPO scores and end-year net profit of Rwanda Bank with the top three banks in Rwanda. Exhibit 2 visually represents the HPO scores of these banks.

HPO Factors	Rwanda Bank	BK	Top 3 BCR	ECOBANK	Top 3 average
Average HPO score	5,5	8,0	6,6	6,8	7,1
End year Net profit (in the year of the research) (in millions Rwf)	1,222	6,178	2,782	1,360	3,440

*Exhibit 1: HPO scores and financial results for Rwanda Bank and the Top 3 banks*



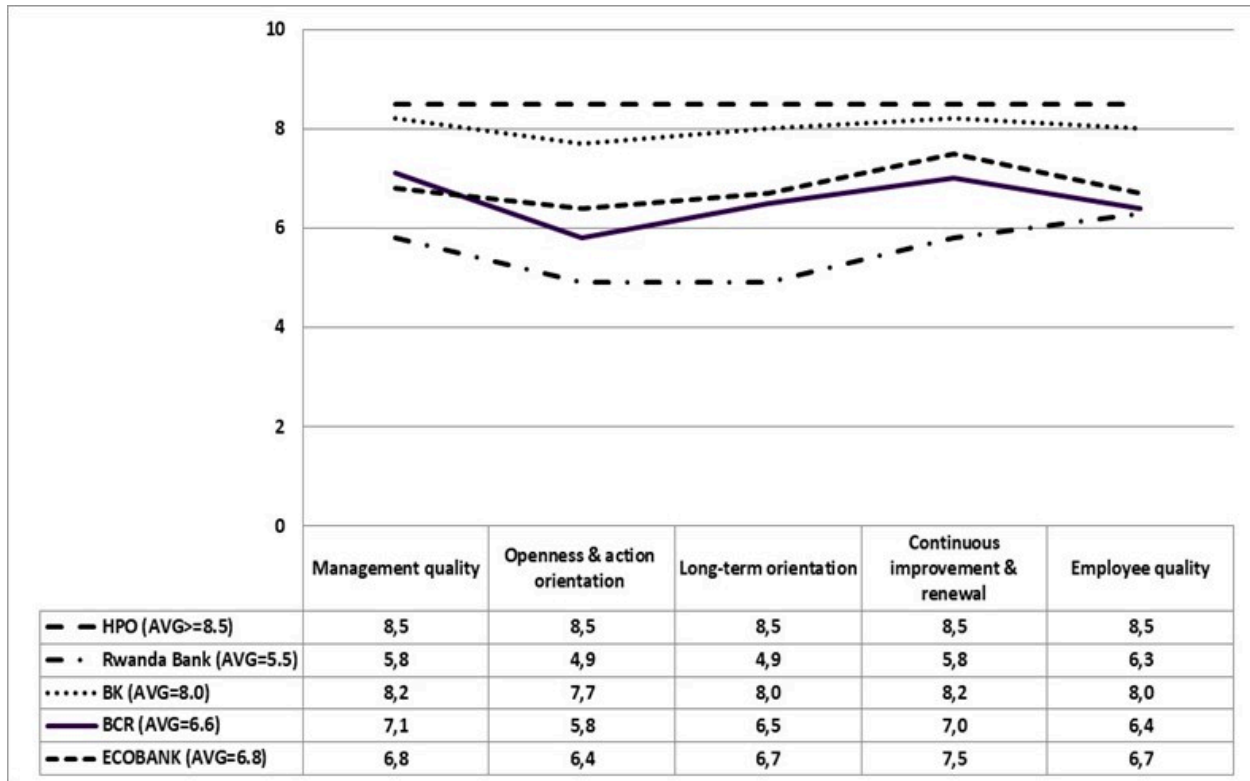


Exhibit 2: HPO scores for Rwanda Bank and the Top 3 banks

**Key Observations:**

- Rwanda Bank's HPO scores and financial results lag behind each of the top three banks across all five HPO factors.
- While the top three banks share similar HPO profiles, Rwanda Bank's profile deviates notably.

**In-depth Analysis Based on the HPO Factors:**

• **Management Quality:**

The governance disruptions, stemming from the previous board and executive management replacements, seem to persist. The current management is yet to get the full commitment from middle and lower tiers.

Recommendation: Managers need to develop a transparent leadership style that emphasizes integrity and performance-driven values to rebuild trust.



- **Openness and Action Orientation:**

There's a gap in knowledge exchange and overall involvement, as employees do not feel sufficiently involved in and integrated into important processes. Employee opinions are not valued, and mistakes are not seen as learning opportunities but rather penalized.

Recommendation: Encourage dialogue, embrace employee ideas, and differentiate between honest mistakes and negligence.

- **Long-Term Commitment:**

The bank's focus on bringing in new employees over attention for the existing workforce has hindered the restructuring process and attention for the clients. High managerial turnover has deterred internal promotions, causing instability.

Recommendation: Strengthen partnerships with customers, emphasize employee business knowledge, and resume internal promotions.

- **Continuous Improvement and Renewal:**

Rwanda Bank's distinct strategy has not resonated with employees nor clients, and performance metrics are not well-documented.

Recommendation: Clarify strategic objectives, involve all organizational levels in strategy formulation, and implement a robust performance management system.

- **Employee Quality:**

While Rwanda Bank's workforce is diverse, there's no clear path for career progression or retention.

Recommendation: Increase focus on employee engagement, develop internal promotion policies, and encourage multifaceted skills development of employees.

The bank's focus should be on revising strategies to improve HPO scores and consequently financial performance.



## RECOMMENDATIONS TO ACHIEVE THE HPO STATUS

### 1. Strategic Communication & Goal Setting:

Management should actively engage with employees, emphasizing the urgency to transform into an HPO. Given the intense global and local competitive landscapes, the performance standards of the Top 3 banks should be seen as the baseline, not the aspirational goal. This would set the tone for proactive organizational growth and performance enhancement.

### 2. Understanding Non-Financial Value Drivers:

It is crucial for the management to identify and internalize the non-financial factors and value drivers that characterize an HPO. These might include factors such as organizational culture, employee satisfaction, and innovation capabilities. Recognizing and leveraging these intangible assets can propel the bank's journey towards becoming an HPO.

### 3. Pilot Approach for Implementation:

Given Rwanda Bank's regional presence, it would be prudent to adopt a phased approach to achieving the HPO status. Start by implementing HPO strategies in one or two departments or branches. By testing in a contained environment, the bank can gauge the effectiveness of the HPO efforts, learn from the outcomes, and then scale the successful strategies across the organization.

### 4. Prioritization and Top Management Involvement:

Instead of aiming to improve every HPO aspect simultaneously, management should focus on the most crucial HPO factors. Deliberate analysis will help pinpoint the immediate areas that need attention. Furthermore, it is imperative for the top management to be at the forefront of these change initiatives. Their visible involvement and commitment will serve as a motivating factor for the employees.

### 5. Establish HPO Coaches and Feedback Mechanisms:

To embed the HPO mentality, management must identify and appoint change agents or 'HPO-Coaches'. These individuals ensure that the bank's transformation to HPO status goes smoothly by supporting employees in their HPO efforts. Alongside, there should be an efficient feedback mechanism. This ensures that non-financial performance metrics are captured accurately, providing insights for further refinements and interventions.








# 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.



#### **HPO Center**

Oude Enghweg 2  
1217 JC Hilversum  
The Netherlands

Telefoon: +31 (0)35 603 7007

Email: [schreurs@hpocenter.com](mailto:schreurs@hpocenter.com)

Website: [www.hpocenter.com](http://www.hpocenter.com)

Contact: Marco Schreurs

