

THE TRANSFORMATION TO HPO: PERSEVERANCE PAYS OFF!

The continuous process of achieving the High Performance Organization status

This Quick Insight demonstrates how Vesteda, a Dutch residential real estate investor and rental company, embarked on the journey towards becoming a High Performance Organization (HPO). The article discusses how Vesteda utilized the HPO framework to enhance operational efficiency, tenant satisfaction, and management practices. It highlights the steps the company took, such as implementing strategic realignments, fostering a positive work culture, and increasing sustainability and transparency. This case study provides valuable insights and practical tips for other organizations aiming for excellence and sustainable improvement.

This is the management summary of the article: de Waal, A., Schreurs, M., van der Baan, G., Vervoort, F., and Schlüter, A. (2024), 'Transforming to a High Performance Organization: A Ten-Year Longitudinal Study'.

KEY TAKEAWAYS



Transformation as a continuous process, not a project

Vesteda's journey to becoming a High-Performance Organization underscores that such transformations require continuous commitment rather than finite projects with clear endpoints.



Importance of steadfast management and organizational commitment

Vesteda's success heavily relied on the steadfastness of its management and the entire organization's commitment to adapt and embrace extensive changes. This demonstrates the necessity of leadership engagement in long-term strategic initiatives.



Initial and final states as bookends to transformation

The transformation began with Vesteda facing operational inefficiencies, suboptimal tenant satisfaction, and outdated management practices. By the end, the company achieved significant improvements across these areas, marked by superior financial returns, high tenant satisfaction, and a culturally aligned, committed workforce.



Reasons for extended duration

The extended duration of the transformation was necessary due to the complexity of the changes involving deep cultural shifts, the broad scale of the transformation affecting all levels of the organization, and the methodical approach required to ensure sustainable improvements.



Results are critical

The transformation resulted in enhanced tenant satisfaction, improved financial performance, and a strong, engaged workforce, positioning Vesteda as a leader in the real estate industry.

"Thanks to improvements made and people who see that these work, a flywheel effect has been created for improvement throughout the organization."



Management summary

Vesteda's transformation into a High-Performance Organization (HPO) represents a strategic dedication to continuous improvement and operational excellence. This journey was not a straightforward project with a defined end but a complex, ongoing process that fundamentally evolved the company's core operations and corporate culture. The transformation began in the face of significant operational challenges and intensified market competition, necessitating a comprehensive overhaul of processes, management practices, and organizational ethos.

Throughout the decade-long journey, Vesteda implemented the HPO framework, driving improvements in management quality, employee engagement, and strategic alignment. Continuous investments in professional development and strategic realignments aimed at boosting sustainability and enhancing tenant services and satisfaction.

By 2023, these efforts led to remarkable achievements:

- **Industry Leadership:** Vesteda emerged as a leader in the Dutch real estate market, particularly noted for its tenant satisfaction and sustainability efforts.
- **Superior Financial Performance:** The company achieved financial returns that favorably compared with the industry benchmark, highlighting its financial health and appeal as an investment.
- **High Employee Engagement:** The transformation cultivated a highly committed workforce, with employee satisfaction and retention rates significantly exceeding industry averages.

These outcomes not only demonstrate Vesteda's success in overcoming its initial challenges but also underscore the sustainable nature of its improvements. The transformation process, while challenging, has instilled a culture of resilience and adaptability within Vesteda. The management team's ongoing dedication to the HPO principles ensures that the company continues to innovate and lead in the real estate sector, making Vesteda a compelling example of strategic transformation in action.

"It keeps getting better here. People are happy in their role and perform continuously better. I really notice that."



Introduction

In a world where instant results are often expected, the journey of Vesteda, a Dutch residential real estate investor and rental company, to become a High-Performance Organization (HPO) stands as a powerful testament to the virtues of patience, persistence, and strategic foresight. Vesteda's transformation highlights the reality that true organizational change is not a quick fix but an ongoing process that demands unwavering commitment and dedication.

Vesteda's transformation into an HPO is particularly relevant and inspiring for leaders across industries facing similar challenges. The journey underscores the importance of continuous improvement, leadership development, and organizational agility in achieving sustained superior financial and non-financial results. Vesteda's initial challenges were significant, rooted deeply in operational inefficiencies and a competitive market that demanded more agility and responsiveness.



From the outset, it was clear that superficial changes would not suffice. Vesteda needed a fundamental rethinking of its operational ethos and strategic orientation. This comprehensive overhaul required reshaping not just processes but the very culture of the company, affecting every level of the organization.

As the transformation unfolded, the complexity of the task became evident. Deep cultural shifts, broad-scale changes, and the time needed for sustainable improvements highlighted the necessity for a methodical approach. Each phase of Vesteda's journey was marked by strategic realignments, significant investments in professional development, and cultural initiatives aimed at fostering a spirit of openness and innovation.

Through steadfast management and organizational commitment, Vesteda navigated these changes, gradually evolving into an organization where quality, sustainability, and employee engagement became the cornerstones of its business model. The results of this enduring process are evident in enhanced tenant satisfaction, superior financial returns, and a workplace that not only adapted to but thrives in the evolving real estate landscape. Vesteda's transformation journey offers valuable insights and inspiration for leaders aiming to drive long-term excellence in their own organizations.



Initial situation at Vesteda

As Vesteda embarked on its HPO Transformation journey, it confronted a range of significant challenges that spanned its operational model and the broader market environment at the time of the transformation start. Initially, the company faced operational inefficiencies; its processes were not optimized for maximum efficiency, which adversely affected both cost management and service delivery. This lack of optimization was evident in the suboptimal levels of tenant satisfaction, which did not meet the high standards expected of a leader in the competitive residential real estate market.

Compounding these operational issues were outdated management practices that hindered effective decision-making and strategic alignment. Moreover, market pressures were intensifying. Vesteda was facing increased competition from other players in the real estate sector, and market demands were rapidly evolving. This environment required Vesteda to become more agile and responsive—an organizational structure that could quickly adapt to changing market conditions and capitalize on emerging opportunities was necessary. These initial challenges set the stage for a comprehensive transformation strategy aimed at overhauling Vesteda's operations and positioning it for sustainable success in a dynamic industry landscape.

Transformation overview at Vesteda

Following the initial assessment of its operational challenges, Vesteda embarked on a transformative journey defined by substantial changes across the organization. This transformation was extensive, driven by a need to not only enhance processes but also fundamentally reform the company's culture and management practices.

Reasons for the extended transformation duration

The duration of the transformation was influenced by several factors:

- **Complexity of transformation:** The comprehensive nature of the reforms, targeting every aspect of the organizational structure—from processes to culture and management practices—demanded a nuanced and extended effort. This complexity necessitated a methodical approach to ensure that all changes were thoroughly implemented and would yield lasting benefits.



- **Scale of change:** The transformation impacted every level of the organization, requiring a careful and phased approach. This broad scale of change affected everything from ground-level operations to strategic leadership, which made it essential to proceed cautiously to ensure the sustainability of the changes.
- **Cultural shifts:** One of the more time-consuming aspects of the transformation was the need for significant cultural shifts within the company. Changing longstanding behaviors and attitudes is a gradual process that involves continuous engagement and reinforcement throughout the organization.

Main actions taken during the HPO Transformation

To navigate through these extensive changes, Vesteda took several decisive steps:

- **Implementation of the HPO Framework:** The company systematically implemented the HPO framework, which focuses on enhancing management quality, fostering continuous improvement, engaging employees deeply, and achieving strategic alignment across all departments.
- **Professional development and training:** Recognizing the importance of skills and leadership in driving transformation, Vesteda made significant investments in professional development and training programs. These initiatives were designed to uplift the skill levels of both management and staff, equipping them with the tools needed to thrive in a changing environment.
- **Strategic realignments:** In response to evolving market demands, Vesteda undertook several strategic realignments. These adjustments were aimed at positioning the company as a leader in sustainability and enhancing tenant services, which are critical components of competitive advantage in the real estate sector.
- **Cultural initiatives:** To support the desired cultural shifts, Vesteda launched numerous initiatives to promote an environment of openness, innovation, and continuous improvement. These initiatives were integral to fostering a corporate culture that embraces change and seeks ongoing enhancement in all aspects of operations. Examples include moving the various locations in Amsterdam and Maastricht into one building to enhance collaboration, granting more responsibility to regional managers to increase efficiency and accountability, organizing HPO



roadshows to keep the HPO principles alive, and implementing lean training courses to cultivate a mindset of continuous improvement.

As of 2023, Vesteda has made substantial progress toward achieving the status of an HPO, demonstrating remarkable excellence across various performance metrics. This progress has firmly established Vesteda as a leader in tenant satisfaction and sustainability within the Dutch real estate market. Moreover, the transformation has cultivated a culturally aligned and highly committed workforce, as evidenced by high employee satisfaction scores and a notably low turnover rate.

Still, the journey towards being an HPO is inherently ongoing. Vesteda is committed to relentless improvement and adaptation, ensuring that it continues to lead and innovate in the real estate sector while embodying the principles of a High-Performance Organization. Future initiatives will focus on further enhancing digital transformation,



sustainability practices, and employee empowerment to build on the existing foundations of success.

Detailed outcomes of Vesteda's Transformation into a High-Performance Organization

As Vesteda progressed through its transformation journey, the fifth diagnostic assessment in 2023 showcased remarkable strides in key operational areas since the first diagnosis in 2013. The company profoundly focused on improving quality and efficiency, employing lean methodologies that fostered an ethos of continuous improvement. This strategic focus was pivotal in refining processes and enhancing operational effectiveness throughout the organization. Strategic choices such as joining previous separate parts of Vesteda into one company, in one building, and stating that the tenant was the client and thus main stakeholder of the company had a profound impact.



Sustainability efforts ramped up significantly, with sustainability and transparency emerging as central themes. These efforts reflected Vesteda's deep commitment to environmental standards and ethical practices, aligning the company with broader global sustainability goals.

“There is a huge number of people from all departments who are involved in ongoing projects.”

The corporate culture at Vesteda underwent a substantial transformation, particularly in developing a positive work culture. This focus contributed to creating a psychologically safe working environment, where employees felt valued and supported.

Collaboration within Vesteda increased notably, not just among various departments but also between head office and regional offices. This improved collaboration facilitated a more cohesive approach to achieving the company's strategic objectives and effectively addressing operational challenges. Employees also expressed immense pride in their organization, which further strengthened their commitment and enthusiasm for continuous improvement and collaboration.

“There is much more rapprochement between the teams, we are increasingly seeking each other out. There's just a better atmosphere.”

There were also significant process improvements that enhanced both efficiency and effectiveness, streamlining operations and reducing wastage. Alongside these improvements, employee awareness and trust notably rose. Employees became more attuned to the organization's goals, and a greater trust was placed in them, evidenced by the increased autonomy granted to regional managers.

“The mandate is now greater in the regions, regional managers can now give their own approval. That has accelerated a lot with not more wrong decisions being made.”



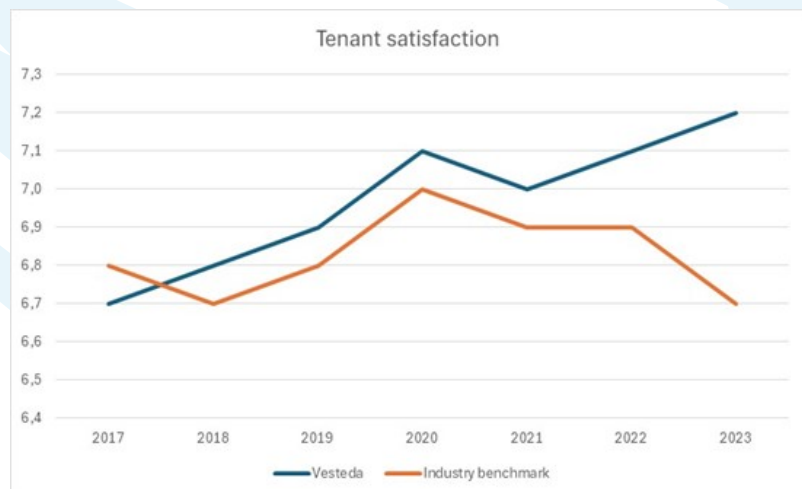
Benchmark comparisons and employee metrics

Vesteda's performance was rigorously evaluated against both national and international benchmarks, revealing impressive results:

- The company's focus on **tenant satisfaction** yielded outcomes that not only met but often surpassed Dutch industry benchmarks.
- In terms of **financial performance**, Vesteda achieved returns that favorably compared with the MSCI benchmark, underscoring the financial health and investment appeal of the company.
- Vesteda stood out in the **sustainability** arena, achieving the highest scores among its global peers, as recorded in the GRESB database.

Employee satisfaction and engagement metrics further underscored the transformation's success:

- Vesteda recorded a **participant score** of 4.2 out of 5, well above the target of 4.0, reflecting the positive impact of transparency, financial performance, and high-quality service.
- The Employee **Net Promoter Score (eNPS)** stood at 67, far outstripping the Dutch average of 15 and indicating a high level of employee enthusiasm about the organization.
- Additionally, only **8 percent of Vesteda's employees** were considering leaving within a year, a figure considerably lower than the broader Dutch average, pointing to a loyal and committed workforce.



Final status and ongoing commitment

The journey towards being an HPO is inherently ongoing, highlighting that continuous improvement is a perpetual process. Vesteda remains dedicated to further enhancing its operational, cultural, and strategic frameworks to not only maintain but also build on the achievements realized. The organization is committed to evolving and adapting, ensuring that it continues to lead and innovate in the real estate sector. By embodying the principles of a High-Performance Organization, Vesteda aims to sustain its leadership position and continue delivering superior performance well into the future.

Lessons learned from Vesteda's HPO Transformation

Reflecting on Vesteda's HPO journey over the past ten years, the management team learned several key lessons:

1. HPO transformation process

This process will create uncertainty and therefore requires 'trial and error' time. Management can struggle with the issue of how to start the actual transformation after the HPO diagnosis results are known. The HPO can be appealing but also daunting, creating a feeling of "how are we ever going to get there, and where are the consultants to help us?" It takes time to realize that the essence of HPO thinking is doing the transformation yourself as an organization, developing the high-performance mindset in people. HPO Coaches will also struggle initially with forming an image of the organization as an HPO and understanding their role in the transformation. They need to encourage colleagues without being seen as solely responsible for a successful HPO transformation.

2. Communication and HPO mindset

To make HPO tangible and understandable, quickly formulate and implement concrete improvement actions and projects involving employees. This helps people quickly notice what HPO entails in practice and how it links back to the organizational strategy and performance. Target managers first so they are on board before approaching employees with the HPO transformation efforts. Managers should regularly communicate about HPO and the transformation to keep it alive in the group.



3. Significant lead time

In the beginning, many people think HPO is something separate from regular work. It may take several years before it becomes clear that HPO is a new way of working, not a separate project. As a management team member remarked: "For a long time we thought that HPO was something separate. It has become increasingly clear that it is a way of working instead of a project on the sidelines. It is a culture change, because it cannot be a matter of 'here is HPO and from tomorrow we will work differently.'" HPO must be slowly integrated into daily business. Additionally, changing the organization with the same people who created the current state requires major (personal) changes in those people. It helps when new, open-minded, and enthusiastic people join during the transformation. The transformation often leads to fundamental choices about the future, design/structure, processes, and behavior, which are not implemented overnight. Results also take time to show, so the value of HPO may take a while to sink in with people.

4. Continuous attention

HPO transformation needs continuous attention, which is the 'discipline' part of the HPO definition. The HPO discipline must be guarded, or things will eventually slip. An organization needs to stick to the tools and techniques that helped it become HPO. At Vesteda, after ten years, a group of former HPO Coaches kept an eye on all things HPO, especially the execution of the HPO action plan. Other interventions that kept HPO alive included the onboarding process for new people, where HPO had a prominent place; the CEO visiting all locations annually to discuss the business plan and related goals and connection with HPO; and the HPO Diagnosis conducted every two years.



Conclusion

Vesteda's journey towards becoming an HPO compellingly illustrates that such a transformation is an ongoing processes, not a finite project with a predefined (and often unrealistic) endpoint. The decade-long transformation process highlights that true sustainable change requires time, patience, and steadfast commitment from both management and the entire organization.

The initial situation at Vesteda was marked by operational inefficiencies, suboptimal tenant satisfaction, and outdated management practices in a rapidly evolving competitive market. This set the stage for a fundamental overhaul, not just of processes, but of the entire organizational ethos and strategic alignment.

The extended duration of the transformation was influenced by the complexity and breadth of the changes required, involving deep-seated cultural shifts that take time to embed. Strategic realignments focused on enhancing management quality, fostering continuous improvement, deeply engaging employees, and achieving strategic alignment across all departments.

The results of this transformative journey have been profound. Vesteda achieved remarkable strides in quality and improvement, sustainability and transparency, creating a positive work culture, and enhancing collaboration across the organization. These improvements were quantifiably demonstrated in enhanced tenant satisfaction, superior financial returns, and a highly engaged workforce, positioning Vesteda as a leader in the real estate industry.

One of the key factors in sustaining this transformation has been the unwavering support and commitment of Vesteda's management team. Even now, the management stands firmly behind the HPO transformation, recognizing its critical role in driving long-term excellence. The management team's qualities—such as resilience, vision, and the ability to foster a culture of continuous improvement—have been instrumental in maintaining the transformation momentum.

Furthermore, the scientifically proven HPO framework has been pivotal in Vesteda's success. Its structured approach provided a clear roadmap for the organization, encouraging employees to take ownership of the transformation process rather than relying on external



consultants. This self-driven methodology not only fostered greater engagement but also ensured that the changes were deeply rooted within the organization's culture.

In conclusion, Vesteda's experience underscores that the HPO transformation is not a quick fix but a strategic choice for sustained excellence. The ongoing dedication and discipline required to maintain the gains achieved and to continue evolving as an organization are evident. This case distinctly shows that with the right approach, a steadfast management team, and a committed organization, enduring change is not just possible but can set a foundation for sustained high performance and industry leadership. Vesteda remains committed to evolving and adapting, ensuring that it continues to lead and innovate in the real estate sector while embodying the principles of a High-Performance Organization well into the future.


“Striving to be the best version of yourself within an organization with people who share that ambition, with the goal of achieving better performance every day for all our stakeholders. That is what HPO means to us.”


Astrid Schlüter - CEO Vesteda




ARE YOU READY TO TRANSFORM YOUR ORGANIZATION INTO AN HPO?

Then insight is essential. Our **HPO diagnosis** (short validated questionnaire and in-depth interviews) provides you with this insight. You will get a clear picture of the current situation within your organization or department and receive practical improvement themes that managers and employees can tackle together. The HPO diagnosis is not just a mirror; it is a compass that guides you in taking crucial steps to achieve your strategic goals and become an HPO. Do you want to elevate your organization to a higher level? The HPO Center can support you in this. We combine over fifteen years of practical experience with hundreds of organizations worldwide with scientific research to provide you with the knowledge and focus that result in demonstrably better performance. HPO is not a project, but a mentality that makes your organization more resilient, flexible, and future-proof. It helps you identify the 'hard nuts' and provides a basis for measuring the effectiveness of the HPO transition. It also strengthens the solidarity within your organization (or part of it) by identifying and addressing shared, supported improvement themes.

 **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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