

THE HPO FRAMEWORK



The Science of High Performance

“The HPO Research and Framework align all organisational efforts enabling the delivery of sustainable high performance”

WHAT IS A HIGH PERFORMANCE ORGANISATION (HPO)?

In the past few decades organisations all over the world have been searching for the elements that constitute continuous organisational success. Fuelled by bestsellers such as “In Search Of Excellence” and “Good to Great”, managers have been trying out many different improvement concepts, often with mixed results. None of the approaches presented in these and many other studies have resulted in a universal theory, model or framework that can be applied in different organisational settings. In 2002 Dr André de Waal set out to identify the factors that determine the continuous success of a High Performance Organisation (HPO) with the definition that;

“A High Performance Organisation is one that achieves both financial and non-financial results that are increasingly better than those of its peer group over a period of five years or more, by focusing in a disciplined way on what really matters to the organisation.”

The HPO Framework is the result of over a decade’s research into what really makes a difference to performance.

“Creating better companies, creating better lives...”

“The HPO Framework is not a project. It is the mindset of the organisation. It is the way how people think of and look at their work, their behaviour, their collaboration with others. It is an attitude that translates into a new way of working. And eventually it becomes the culture of the organisation. HPO thus becomes ‘business as usual’ as it is incorporated in the way everybody works in the company. It is not ‘on top of’ but an integral part of everyday working life. A mindset, attitude and way of working that deals successfully with anything and everything the organisation undertakes.”



DR ANDRÉ DE WAAL PH.D. MBA MSC

Dr de Waal is Academic Director of the HPO Centre. He was a partner with Arthur Andersen for 16 years and an Associate Professor of High Performance at the Maastricht School of Management for 13 years. In addition, he was visiting fellow and guest lecturer at Cranfield University, Free University Amsterdam, Erasmus University Rotterdam and University of Amsterdam.

André has published over 440 academic and managerial articles and 37 books. These include 'Power of Performance Management', 'Quest for Balance, the Human Element in Performance Management Systems', 'Strategic Performance Management', 'High Performance Managerial Leadership', 'Building the High-Performance Finance Function' and 'Futurize'. He has received multiple awards for his writings.



THE HPO FRAMEWORK

The HPO framework was developed during a two-phase research project to examine the factors that determine sustainable high performance. The first phase involved reviewing over 500 books and academic publications on high performance. For each of these studies, elements that the authors indicated as being important for becoming an HPO were identified and categorised. The outcome of this phase was a list of 189 potential HPO characteristics.

The second phase was an extensive testing process in profit, non-profit and government organisations in 50 different countries, during which these potential characteristics were refined down to just 35 characteristics, grouped into 5 distinct HPO factors.

- * Management quality
- * Openness and action orientation
- * Long term orientation
- * Continuous improvement and renewal
- * Employee quality

“27 of the 35 characteristics are about people and relationships!”

By focussing on these 5 factors and their corresponding characteristics, organisations are proven to achieve higher performance over a sustained period. To date, **over 350** organisations worldwide have used the HPO framework, and subsequent studies have shown a direct and positive relationship between the identified HPO factors and competitive performance.

In summary, the HPO framework is a scientifically validated approach which can be used for deciding what to do to improve organisational performance and make it sustainable. It isn't a set of instructions or a recipe which can be followed blindly. Rather it is a framework that has to be *translated* by managers to their current organisational situation. This is bad news for bad managers, as the HPO Framework does not provide a blueprint. It is, however, good news for good managers, as they can apply their own experience, expertise and creativity whilst transforming their organisations into HPOs.

APPLYING THE HPO FRAMEWORK;



- * Creates a focus for all initiatives so they are visibly and consciously aligned to improving organisation performance
- * Provides a measure of initiative success and impact
- * Gives a reason to complete existing initiatives before starting new ones
- * Reduces desire to constantly add initiatives
- * Passes ownership of the initiative from the senior management or an individual to the whole organisation
- * Stops initiative overlap and duplication
- * Creates increased happiness at work among the employees
- * Increases customer service and attention and thus customer satisfaction

BENEFITS OF BEING AN HPO

Since the first publication of the HPO framework in 2006, more than 350 organisations worldwide have applied the learnings, with many further studies being based on it. This has made it possible to evaluate both the financial and non-financial benefits that applying the framework can bring to organisations.

“Nowadays doing nothing is not an option.”

FINANCIAL BENEFITS

The HPO research shows that there is a direct and positive correlation between the five HPO Factors and organisational results, regardless of sector, industry or country, as shown in the table below. Literature shows that organisations that are high performing outperform their peer groups by;

- * Revenue growth + 4 to 16%
- * Profitability +14 to 44%
- * Return On Assets (ROA) +1 to 12%
- * Return On Equity (ROE) + 9 to 25%
- * Return On Investment (ROI) + 15 to 26%
- * Return On Sales (ROS) + 2 to 18%
- * Total Shareholder Return + 4 to 42%

EFFICIENCY SAVINGS

The HPO Research has revealed many areas of efficiencies and cost savings that can benefit organisations by application of the HPO Framework, for example; reduction in staff attrition and increased happiness at work. People stay at HPOs. They are dynamic, challenging, growing and fun places to work. Consider the cost in time and money to replace a member of staff? What is your organisational attrition rate?

“Using the HPO framework helps organisations to pinpoint their current status, strengths and weaknesses and provides clear indications and suggestions for areas that need to be addressed in order to become an HPO.”

NON-FINANCIAL BENEFITS



HPO case studies give clear indications that the following outcomes are achieved by applying the HPO Framework.

- * Greatly improved customer satisfaction and loyalty
- * Increased employee engagement and satisfaction
- * Greater innovation
- * Improved reputation
- * Improved staff recruitment and retention
- * Positive mentality and renewed 'spirit'
- * Greater openness and trust both within the organisation and with partners
- * More efficiency through improved focus and discipline

THE FIVE HPO FACTORS ARE:

1. Management Quality

Belief and trust in others and fair treatment are encouraged in an HPO. Managers are trustworthy, live with integrity, show commitment, enthusiasm, and respect, and have a decisive, action-focused decision-making style. Management holds people accountable for their results by maintaining clear accountability for performance. Values and strategy are communicated throughout the organisation, so everyone knows and embraces these.

2. Openness and Action-Oriented

An HPO has an open culture, which means that management values the opinions of employees and involves them in important organisational processes. Making mistakes is allowed and is regarded as an opportunity to learn. Employees spend a lot of time on dialogue, knowledge exchange, and learning, to develop new ideas aimed at increasing their performance and making the organisation performance-driven. Managers are personally involved in experimenting, thereby fostering an environment of change within the organisation.

3. Long-term Orientation

An HPO grows through partnerships with suppliers and customers, so long-term commitment is extended to all stakeholders. Vacancies are filled by high-potential internal candidates first, and people are encouraged to become leaders. An HPO creates a safe and secure workplace (both physical and mental), and dismisses employees only as a last resort.

4. Continuous Improvement and Renewal

An HPO adopts a unique strategy. The organisation continuously improves, simplifies and aligns its processes and innovates its products and services, creating new sources of competitive advantage to respond to market developments. Furthermore, the HPO manages its core competence efficiently, and out sources non-core competencies.

5. Employee Quality

An HPO assembles and recruits a diverse and complementary management team and workforce. The workforce is trained to be resilient and flexible. They are encouraged to develop their skills to accomplish extraordinary results and are held responsible for their performance, as a result of which creativity is increased, leading to better results.



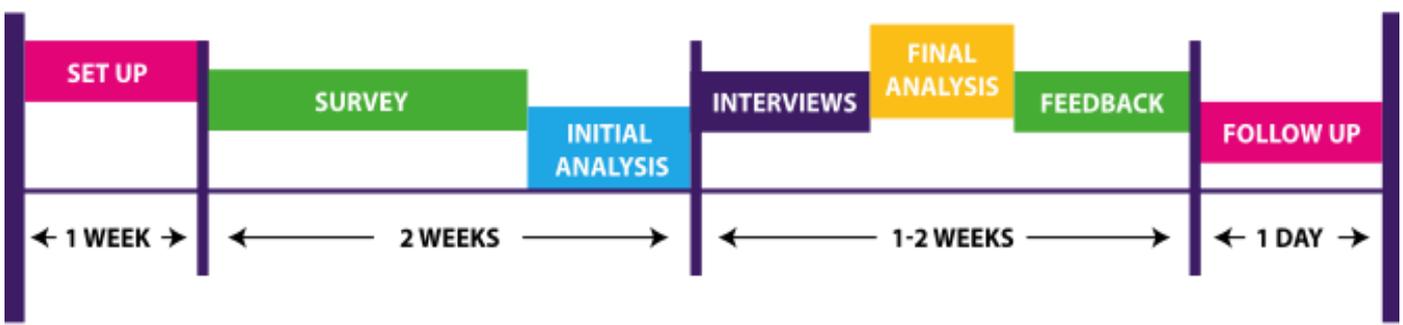
HOW DOES THE HPO PROCESS WORK?

There are three distinct stages in the HPO process:

1. HPO DIAGNOSTIC
2. HPO ACTION PLAN
3. DELIVERY

“...by focusing in a disciplined way on what really matters to an organisation.”

STAGE 1 HPO DIAGNOSTIC



A full HPO diagnosis takes approximately 4 - 6 weeks to complete depending on the size of organisation. The HPO Diagnostic gives a comprehensive analysis of the organisation's performance within the HPO Framework, identifying specific areas where performance improvement initiatives will most benefit the organisation as a whole.

THE STAGES

SET UP – In conjunction with the client, diagnostic segments are agreed and an HPO Awareness workshop delivered.

SURVEY – Every member of staff complete a 10 minute, online, confidential questionnaire asking for their perception of where their organisation is relative to the 35 HPO Characteristics.

INITIAL ANALYSIS – Survey results are used to draft targeted questions for 1-2-1 interviews to validate survey findings.

INTERVIEWS – The HPO Diagnostic team will carry out a number of 60 minute confidential interviews with a preselected cross section of staff in order to discover the “story behind the HPO figures”.

FINAL ANALYSIS AND FEEDBACK WORKSHOP –

The HPO Diagnostic team collates and finalises the analysis, then facilitate a feedback workshop to the senior leadership team with a recommended framework for focused activity.

FOLLOW UP – After a short period, a follow up visit to discuss next steps is offered.



STAGE 2 HPO ACTION PLAN

Shortly after the HPO Feedback Workshop, a follow up workshop is scheduled to assist in the creation of the HPO Action Plan.

Having a clear and defined plan is crucial for a successful HPO journey. The HPO Action Plan is an all-encompassing one that will touch every facet of the organisation. It is not an onerous addition to “business as usual”, it is the framework that all activity sits under. The mapping of all existing “initiatives” forms part of the HPO Action Plan.

This plan should include the appointment of an HPO Lead, identification and empowerment of HPO Champions and specification of any training needs.

STAGE 3 DELIVERY - DISCIPLINED FOCUS

Experience has shown that successful delivery of the HPO Action Plan depends on a “disciplined focus” being applied in the following areas:

Senior Sponsorship – it is vital that the Senior Leadership Team authentically and visibly buy-in to the principals of the HPO Framework and actively enable its adoption through their sponsorship and leadership.

HPO Lead – a member of the Senior Leadership Team needs to be assigned as the HPO Lead for the organisation. This role is to ensure full leadership support for the HPO journey and to provide the “enabling” support, resources and guidance for its sustained implementation.

HPO Champions – An HPO Action Plan is developed and a team of people is assembled who will act as pioneers for its delivery. These are the HPO Champions; a team of volunteers from all levels and functions of an organisation who collectively “own” the HPO culture. Their role is to educate, enthuse, advise and monitor the whole organisational activity to ensure alignment and engagement with the HPO Framework.

HPO Interactions – when specific and visible HPO interactions become part of the normal way of working, these drive a cultural focus on high performance.

HPO DIAGNOSTIC #2, #3...

After an agreed period the organisation repeats the HPO Diagnostic to assess its new HPO status and the areas for further improvement. The second HPO diagnosis is normally carried out between 18-24 months after the previous HPO diagnosis. However, if there are many causes for concern revealed from the first HPO diagnosis, then our recommendation is the #2 is undertaken at 12 months.

THE REPEAT HPO DIAGNOSTIC SURVEYS PROVIDE;

- ✳ A measure on improvement directly correlating to financial and non-financial performance
- ✳ A baseline for all activity to re-align focus and intent – what to start, stop and what to improve upon
- ✳ A reminder of the visionary intent for the organisation
- ✳ A reason to celebrate

“Becoming an HPO is a journey that requires discipline & focus, a journey of achievement, alignment & enjoyment.”