"The infamous American actress Mae West once said: "An ounce of performance is worth pounds of promises." Finally, a book that goes beyond "promises" but gives greater clarity about the essential contributing factors of high performance organizations. This pioneering work of Dr. de Waal is a must read for people interested in this subject."

Manfred F. R. Kets de Vries, Clinical Professor of Leadership and Organizational Change at INSEAD and The Raoul de Vitry d'Avaucourt Chaired Professor of Leadership Development, and one of the world most influential thinkers

"I met André in 2007 when I was engaged in a major turnaround. The HPO methodology provided a perfect means of benchmarking where we were, telling us what good looked like, the things that we really needed to focus on, a target to aim for and the means to measure our progress – excellent. On a personal basis I really enjoyed working with André, bright, perceptive and always challenging – always adding further polish to the HPO mirror!"

Huw T. Owen - President, BT Global Health

"As the oldest airline in the world, KLM has always invested in the continuous improvement of its performance. Through an ever innovative approach towards people, processes and technique, the company searches on a daily basis for ways to further strengthen the quality of its services and of it's financial results. Examples of such an approach to business can be found in abundance in the book What Makes A High Performance Organization. André de Waal has done a wonderful job in researching high performance scientifically and then turning his findings into tangible ideas that managers can use immediately."

Peter Hartman, KLM Royal Dutch Airlines President and CEO

"A recurring problem with many books in the field of high performance is that these describe theoretical models which have not been tested extensively in the real world, and are therefore of limited practical value to managers. The HPO Framework of André de Waal, described in this well-written book, is based on solid scientific and practical research and its working has been tested at actual organizations. This makes De Waal's framework the first one to actually help managers improve in a sustainable manner. André de Waal has delivered a strategic plan for us all that not only promises to succeed, but that has been

proven to do so. If his five factors are observed and practiced, your company is bound to reach optimum levels and stay there. This is a business book with value for one and all."

Henk W. Broeders, Corporate Vice President Capgemini S.A.

"Andre de Waal has delivered a strategic plan for us all that not only promises to succeed, but that has been proven to do so. Thanks to his extensive research, the road to achieving High Performance Organization status has been clearly marked. If his five factors are observed and practiced, your company is bound to reach optimum levels and stay there. This is a business book with value for one and all."

Suzanne Bates is CEO of Bates Communications, author of three books including the bestseller "Speak Like a CEO" and "Motivate Like a CEO" and an expert in business communications and leadership, appearing in hundreds of publications including the New York Times, Forbes Magazine and Business Week.

What Makes a High Performance Organization: Five Validated Factors of Competitive Advantage that Apply Worldwide

What Makes a High Performance Organization

Five Validated Factors of Competitive Advantage that Apply Worldwide

ANDRÉ DE WAAL

Warden Press

ISBN:

Paperback: 978-94-92004-77-2

E-book (Epub): 978-94-92004-78-9

E-book (Kindle): 978-94-92004-79-6

This book was previously published by Global Professional Publishing Ltd, Cranbrook, UK (2012).

This edition is published by Warden Press, Amsterdam.

wardenpress.com

Contents

Chapter 1

Introduction: *Starting the journey toward HPO*

A leader's journey toward high performance

"We felt we had stayed in our comfort zone for too long. Our organization had been doing quite well in recent years and would continue to do so – or, at least, that's what we thought. However, various changes in the environment started to hurt us more and more, making it painfully clear that we were losing our value to clients. We, as management, realized that it was not us but the employees who were the decisive factor for the results of the organization. Our people at the counters took a decision every six minutes, that is 80 decisions per day per person. And with 400 counter clerks that meant 32,000 decisions any given day! Such a number could never be regulated by protocols or instructions from 'above' so clerks had to take these decisions autonomously. And if they would simply follow a checklist provided to them by us, they would not be thinking about client needs while making decisions and we would never create added value for our clients. We became aware of the need to build an organization that would facilitate employees making good decisions and turn the work floor into the most important layer of the organization. We needed to become a high performance organization. But the sixty-four thousand dollar question was: how?

First we had to get out of our comfort zone, which required us to abandon the old traditional idea of wanting to achieve higher turnover and profit growth. We had to broaden our horizon and get used to thinking about new ways to deliver ever increasing quality and made-to-measure services to our clients, which would eventually translate into growth and profitability. This meant we had to work 'smarter', be more entrepreneurial, listen better to our clients, and develop a true service-minded attitude. As management, we had to move from giving top-down instructions and always wanting to be in control – creating uninspired employees and killing creativity – to being managers who could facilitate, coach and inspire people and by that increase our value to employees. Speaking about myself, I had some tough questions to answer: What did I need to do? How was I going to approach the upside-down pyramid? What would it mean for me personally? I felt that I had to confront my fears: Did I really want this? Was I capable of doing this? Where would we end up? At the same time I knew it would be a lonely journey, certainly at the beginning, as the organization wasn't really welcoming change. In addition, I realized that the course would be uncertain and that others could and probably would react negatively. As a leader you just have to accept these uncertainties and dare to tackle them. Only after I had faced up to this reality could I start my journey to make the organization a high performance organization."[1]

The above was compiled from interviews with Jonard Speijer, former chief executive officer of Dactylo. With 120 branches nationwide, Dactylo was one of the largest temporary employment agencies in the Netherlands. Dactylo specialized in deploying flex workers in administrative, industrial and technical positions in different types of industries. Dactylo is now part of the Randstad Group, the second largest temping agency in the world. Before Jonard Speijer decided to take on the journey toward a high performance organization (HPO), he and his fellow management team members had been endeavoring for quite some time to improve the temping agency's performance. And they had not been alone in this. At the HPO Center we frequently meet senior executives who feel the same pressure to make their organizations high performing, in the current business environment, which can be characterized by the following:[2]

- *The economic balance of power in the world is shifting.* While Western economies are still recovering from the recent financial and economic crises, upcoming economies are growing rapidly and gaining significance in the world economy. The Western business world changed in 2007-2008 when the credit crisis hit, eventually causing the most severe recession since the 1930s and creating continuous low growth rates. At the same time emerging economies like China, India and Brazil but also many countries in Africa are steadily growing causing them to become the economic motor of the world.
- *Economic globalization will continue*. As competition nowadays can be expected from every corner of the world, companies are forced to operate in many different countries and cultures. To deal with this, mergers are created resulting in large global corporations that are often more powerful than countries. Concurrently, regional economic blocs such as ASEAN and NAFTA form strong economic bases around the world.
- *The gap between the affluent and the deprived is widening*. National wealth continues to be distributed inequitably in both developing and developed countries. This causes tension between communities and increases the risk of conflicts.
- *Changes in the environment and demographics create uncertainty*. Global warming and environmental pollution are two of the major problems the world is facing today. They create economic and political tensions between countries over scarce resources such as water, yet a solution to these problems still doesn't seem to be near. Concurrently, the world population is increasing to an expected population of 9 billion people. The population in developed countries is rapidly ageing while birth rates are going down, causing a struggle for job openings to be filled adequately. In developing countries, on the other hand, the population is young and many jobs will need to be created for them in the near future. It is still unclear whether the economic growth in developing nations will create enough jobs for young people in their own countries and whether economic migration will decrease as a result of that.
- *The impact of technology on business and society continues.* The rate at which new technology is invented and put to use is still accelerating, creating new opportunities and at the same time, new unforeseen threats. Ultra modern

materials and manufacturing techniques, such as nano-technology have the potential to disrupt complete industries.

- *The demand for more transparency and information increases*. Analysts, banks, shareholders and society are monitoring more actively what an organization is doing and not doing. At the same time, the possibilities to generate data and the social media are causing increasing difficulties for governments worldwide to control the flows of information, and the same is valid for the top management of a company.

As managers are expected to realize the goals of the organization by achieving outstanding performance in their organizational unit, they are constantly under pressure to deal effectively with the current business environment. At the same time, they are always short on time because of the numerous demands on them and therefore they need a strong focus on what really matters to improve the performance of the organization. As a consequence, managers have become strongly interested in knowing the characteristics of high performance as these will help them in their quest for excellence.

1.1 Introducing the High Performance Organization Framework

To help managers find ways to improve their organizations, the HPO Center started a five-year research project into the factors of sustainable high performance. The result of this research, the High Performance Organization (HPO) Framework, is one of the subjects discussed in this book as are many real-life examples illustrating the workings of the HPO Framework at organizations worldwide. As opposed to many previous publications on organizational performance, this book describes not just a theory on high performance but also a vast number of case studies in which this theory was put into practice. Successively it goes into the search for the factors of sustainable high performance, the construction of the HPO Framework, and the positive effects of applying the HPO Framework at all types of organizations worldwide. Also, in contrast to previous studies into HPOs, longitudinal research was performed in which companies were followed and studied while they worked with the HPO Framework. This allowed establishing the benefits of applying the HPO Framework in terms of better financial and non-financial results, and consequently the HPO Framework currently is the only improvement methodology that has been scientifically validated to help organizations achieve better performance. Therefore managers can take the lessons learned by the case study organizations using the HPO

Framework and the best ideas of the HPO Leaders that are interviewed throughout the book, to heart in the knowledge that these can and will help them to turn their organizations into HPOs.

What is the HPO Framework?

The HPO Framework is a conceptual, scientifically validated structure which practitioners can use for deciding what to do to improve organizational 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 specific organizational situation in their current time, by designing a specific variant of the framework fit for their organization. This is bad news for bad managers, as the HPO Framework doesn't provide a blueprint. It is however good news for good managers, as they can put in their own experience, expertise and creativity while transforming their organizations into HPOs.

1.2 Defining the high performance organization

The HPO Center defines an HPO as follows:

> *A High Performance Organization is an organization that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of time of five years or more, by focusing in a disciplined way on that what really matters to the organization.*

This definition consists of several interesting parts worth discussing:

- High performance is relative. In other words, performance can only be denoted as 'high' when it is compared to a peer group. This peer group comprises competitors, in the case of profit companies, or comparable organizations, in the case of non-profit organizations or governmental agencies.

- Organizations which have done well for a period of only one, two or three years are not considered to be HPOs. High performance is characterized by sustainable good results over a prolonged period of time. So an HPO not just performs well because it was lucky but because it has been doing the right things right.[3] The limit of five years was chosen because the assumption was that most organizations have a strategic plan, with an average time horizon of three years, aimed at increasing performance and beating the peer group. After five years it can be evaluated in retrospect whether the organization has indeed achieved its aim of doing better than the peer group. Another reason for choosing five years was that the average life span of an organization is approximately 12 and a half years and is still going down. Thus, if an organization performs much better than its competitors for almost half of the expected life span of a 'normal' organization, it can rightfully be said to be an HPO.[4]
- Recent research shows that it is very difficult for organizations to achieve consistent growth, even at modest rates. The case studies in this book reveal that HPOs know what makes them prolonged successful. They have the discipline not to be distracted by the newest management fad but to stick to their knitting. This means that they continue to do what made them successful (processes, systems, behavior) and that their improvement efforts will always be aimed at making these continuously better. The main reason for HPOs to start something different is if they see an opportunity to strengthen their core capabilities and competences. HPOs also know that deviating from this path may mean getting into trouble and declining performance, so management is keen on keeping the discipline.[5]

1.3 Benefit of HPO and the HPO Framework

What is the benefit of being an HPO? Table 1.1 shows the financial returns of an HPO compared to its peer group. The figures are based on results of HPOs provided in the literature. The returns are given as ranges rather than single numbers because they differ per industry, as each industry has its own financial profile. For instance, a profitability margin of 4 percent in a supermarket would be very good, while in the banking industry (at least, in the old days) it would be substandard. Only those financial returns have been included in the range which have been reported in more than one HPO study. The estimation of the range is conservative, therefore overly large outcomes have not been included in the listing. On the basis of the comparison, an organization can theoretically expect the following improvements versus its competitor when it becomes an HPO: revenue growth will be 4 to 16 percent higher; profitability 14 to 44 percent better; ROA, ROE, ROI and ROS 1 to 26 percent higher; and TSR 4 to 42 percent higher.

Type of financial return	Return of HPO versus peer group (in %)
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 (TSR)	+ 4 to 42

Table 1.1: The returns of an HPO versus its peer group

It is somewhat difficult to compare the non-financial performances of HPOs against its peer groups because non-financial indicators tend to differ per industry. However, several HPO studies give clear indications that HPOs generally have higher customer satisfaction, higher customer loyalty, and higher employee satisfaction, higher quality, less complaints, more innovative products and services, and a better reputation than non-HPOs.

In Chapter 9 the benefits of applying the HPO Framework will be discussed, based on the numerous case studies. At this time it can already be said that the practical experience at case organizations in many different countries shows that applying the HPO Framework indeed helps an organization to achieve better financial and non-financial results. Not only does the framework help organizations pinpoint its current status and strong and weak points, but it also provides clear indications and suggestions for organizations which need to be addressed in order to become an HPO. The HPO Framework has been so extensively tested in sector comparative studies and in longitudinal research, that it can be safely stated that it pays to apply the framework to become an HPO!

Toyota: an HPO in crisis

'On August 28th, 2009, Toyota, the world's largest and most profitable car manufacturer, stopped being an HPO'

On that day the first accident happened with a Toyota, which triggered a recall of more than 10 million vehicles in 2009 and 2010 and a loss of more than US$4 billion for fiscal year 2009. In San Diego, USA, the gas pedal of a Lexus got stuck under the floor mat causing the car to run out of control and of the road, killing its occupants. However, the accident did not set off a whole series of improvements at Toyota, as it once would have done in a manner which gained the company a reputation for its world-class processes.[6] But Toyota was no longer the robust company of the earlier days, the company which had risen from the brink of bankruptcy in the fifties and had achieved a stretch of 50 consecutive years of profitability – a record unheard of in manufacturing industries – to become the biggest car manufacturer in the world. A company known for its excellence in manufacturing processes and its continuous improvement culture, collectively known as the Toyota Way.[7] Toyota was in 2010 rapidly losing its reputation as HPO and everyone wondered: what happened?

The answer was given by Akio Toyoda, president of Toyota Motor Corporation:[8] "Toyota has, for the past few years, been expanding its business rapidly. Quite frankly, I fear the pace at which we have grown may have been too quick. I would like to point out here that Toyota's priority had traditionally been the following: first, safety; second, quality; and third, volume. These priorities have become confused and we were not able to stop, think, and make improvements as much as we were able to before, and our basic stance to listen to customers' voices to make better products has weakened somewhat. We pursued growth over the speed at which we were able to develop our people and our organization, and we should sincerely be mindful of that." Subsequent analysis by both Toyota and outside researchers revealed weaknesses in the once so strong company. Because of the rapid growth and the tendency that had developed among Toyota's management to put quantity above quality in order to achieve the top spot in car manufacturing, the company had lost its intense focus on understanding customers concerns, taking these seriously and addressing them as quickly and best as possible. In addition, the company had become bureaucratic with outdated lines of communication, decision and accountability, and a tendency towards smugness so it took too long to respond to issues. And to make matters worse, several business practices which had served the company well for so many years were no longer applied, such as only building what was sold so no inventory would build up, and only expanding when there was enough trained personnel to do so in a quality controlled manner. In conclusion, the company no longer practiced what it had preached and what had made it so successful: the relentless focus on quality. Management no longer had the discipline to withstand the economic pressures of selling more at the expense of quality.

Will Toyota become an HPO again? It lost its position to General Motors as the world's largest car manufacturer, it has not returned to its former profitability yet, and severe damage was done to its reputation and brand. However, it seems that the company has seized the crisis to go back to its old ways and culture and that it is doing now more of what it had been doing right in all those decades before the recall crisis began. This is a promising sign and hopefully the company will become 'the poster boy' of HPOs once again.

1.4 Setup of this book

What Makes a High Performance Organization: Five Validated Factors That Apply Worldwide is meant for anyone interested in improving organizations, using a scientifically validated framework instead of depending on the latest management fad. The book consists of nine chapters. After introducing in Chapter 1 the HPO and the HPO Framework and their accompanying benefits, Chapter 2 concentrates on the research done by the HPO Center to develop the HPO Framework for practitioners to improve organizational performance. Five factors of high performance – the HPO factors – are introduced as well as several factors that during the research turned out to be of lesser importance than always thought for becoming an HPO. In this chapter the question is also raised, and answered, whether the five HPO factors will remain the same through time and thus whether they will still be relevant for managers in the future. Chapter 2 concludes with the practical application of the framework by introducing the HPO Diagnosis. The working of the diagnosis is illustrated by the experiences at two case companies. Chapters 3 through 7 go in more detail into the five HPO factors. They describe the underlying characteristics of high performance, and ideas to get started – originating from the HPO research and other recent organizational studies – with improving the characteristics. Chapter 8 gives the steps which need to be taken to make the transition to an HPO. Finally, in Chapter 9 the added value of the HPO Framework is discussed, based on the experiences of organizations and researchers while working with the framework.

Introducing the HPO leaders

In the past years the HPO Center undertook many case studies to study the workings of an HPO, the experiences of organizations with the HPO Diagnosis, and how organizations go about the transition to HPO. Many of these case studies can be found scattered in between the chapters. In preparation for this book the HPO Center also conducted interviews with 11 HPO Leaders, managers who were either working at an HPO or who were turning their organizations into HPOs. They were willing to share their experiences and ideas with us. Each chapter contains quotes from the interviewees to illustrate the subject matter treated in the chapter. We interviewed the following managers:

- *Air France – KLM Royal Dutch Airlines, France/the Netherlands: Arend de Jong, senior vice president Internal Audit & Internal Control* – KLM Royal Dutch Airlines is the airline of the Netherlands and is part of the Air France-KLM group. KLM operates worldwide scheduled passenger and cargo services to more than 90 destinations. Its hub and spoke system is based at Amsterdam Airport Schiphol and its core business is the transfer of passengers from origins to destinations both inside and outside of the Netherlands. KLM is the oldest airline in the world still operating under its original name and has approximately 30,000 employees. In May 2004 the merger of KLM with Air France created Air France-KLM. Arend de Jong started as assistant controller and later became corporate controller of KLM. Currently he is senior vice president internal audit and internal control of the Air France – KLM group.

- *HP, United Kingdom: Huw Owen, former CEO of HP Defense & Security* – HP (formerly Hewlett-Packard) is one of world's largest technology services providers, delivering flexible technology, applied innovation, collaborative expertise and service excellence to organizations. As part of HP, HP Defense & Security has provided technology to UK forces which allows NATO-compatible information sharing at the frontline, ensuring that soldiers, sailors and airmen can do their jobs. HP Defense & Security partners with the UK Ministry of Defense through the ATLAS Consortium to help transform business administration processes within the British Armed Forces. HP Defense & Security is leading this consortium charged with delivering the new Defense Information Infrastructure. Hugh Owen led the ATLAS Consortium and at the time of the interview was the chief executive officer of HP Defense & Security. At both organizations he was working with the HPO Framework.

- *Microsoft, USA: Rik van der Kooi, Corporate VP, Advertiser and Publisher Solutions* – The story of Microsoft is well-known. Established in 1975 by Bill Gates and Paul Allen in Albuquerque New Mexico, the company has grown to the largest and one of the most profitable and well-known IT providers in the world, now under the leadership of Steve Ballmer. The company has succeeded in consistently being at the forefront of developments in the industry while being a first choice employer for graduates and being very profitable. Rik van der Kooi is based at Microsoft's headquarters in Redmond, Washington, where he joined in 2005 as chief financial officer of the Online Services Division. Currently he is Corporate Vice President of Advertiser and Publisher Solutions, in charge of Microsoft's digital advertising business.

- *Microsoft, the Netherlands: Theo Rinsema, general manager Microsoft the Netherlands* – Microsoft Netherlands is the pioneer of the New Way of Working concept, which aims at achieving time and location independent working. This means that it does not matter when or where Microsoft employees work, they have almost complete freedom in this as long as they achieve the agreed upon targets. Because of the flexibility this provides it is easier for employees to combine work and private life, which works as a big morale booster. This New Way of Working requires a new way of managing as people do not keep regular office hours and are not that often in the building anyway, so the factor trust has become increasingly important in the relation between manager and employee. Physically the New Way of Working takes shape in the building of Microsoft Netherlands which does no longer have offices or cubicles but consists of open spaces, concentration rooms and a sophisticated coffee bar. Theo Rinsema is the person who introduced the New Way of Working concept at Microsoft.

- *SABMiller, Europe: Alan Clark, managing director* – SABMiller plc is one of the world's largest brewers, with brewing interests and distribution agreements across six continents. The group's wide portfolio of brands includes premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch, as well as leading local brands such as Aguila, Castle, Miller Lite, Snow and Tyskie. SABMiller is also one of the world's largest bottlers of Coca-Cola products. SABMiller Europe's brewing operations cover 10 countries, and in the majority of these countries the company is the number one or two brewer by market share. The company also exports significant volumes to a further eight European markets of which the largest are the United Kingdom and Germany.

- *Schuberg Philis, the Netherlands: Pim Berger, founder/managing director & Ilja Heitlager, information officer* – Schuberg Philis is an IT outsourcing company which offers the highest service quality for mission critical applications of organizations, fully committing to a 100 percent uptime. This means that the customer is guaranteed that its IT systems which are critical for its operations will function 24/7 365 days per year, without exception. After fully analyzing the risks with customers, Schuberg Philis takes full responsibility for the systems. In case of issues, Schuberg Philis will suffer financial penalties which are taken without discussion. Schuberg Philis has the best reputation in the industry, has the most active promoters among its customers, is seen by the most customers as a strategic partner, and thus achieves the best financial results in the industry.

- *Svenska Handelsbanken, Sweden: Mikael Sørensen, general manager the Netherlands* – Svenska Handelsbanken is a Swedish bank with branches in Sweden, the United Kingdom, Western and Eastern Europe, Russia, Asia and USA, and approximately 10,000 employees. The bank has for more than 40 years consistently outperformed other European banks on performance indicators such as return on equity, total shareholder return, earnings per share, cost-income ratio and customer satisfaction. The bank is successfully obtaining its goal year after year, which is to have a higher profitability than the average for its competitors. In the process, Svenska Handelsbanken has been the first bank of choice for graduates for years and has the lowest turnover in the industry; it has the highest customer satisfaction, the least complaints, the lowest credit losses in the industry, and the best financial results in the industry.

- *Tata Steel, the Netherlands: Jan Maas, Director Change Supply Chain Transformation* – In 1999 Koninklijke Hoogovens N.V., based in the Netherlands, merged with British Steel Plc to form Corus, which was subsequently taken over in 2007 by Tata Steel. Tata Steel Group manufactures, processes and distributes steel products and services to customers worldwide. The company is now Europe's second largest steel producer with annual revenues of around £12 billion and a crude steel production of over 20 million tons. Jan Maas was, at the time of the interview, director services at Tata Steel in IJmuiden, the Netherlands, in charge of IT, logistics, security, maintenance, buildings, and third party vendors.

- *Umpqua Bank, USA: Lani Hayward, executive vice-president Creative Strategies* – Umpqua Bank is one of North America's most successful banks. Established in 1953 in Oregon as the National Bank of Oregon, it transformed from a small, solid but rather inconspicuous bank with five branches in Oregon into a company with US$7 billion of assets, 120 branches in several states, high profitability and large market share, extremely loyal employees who are hardly ever ill and almost never leave, and a product portfolio formula which has won several prices. The bank also did not suffer too much during the credit crisis because it had been focusing not only on its shareholders but on its stakeholders as well, thus taking decisions which were in the long-term interest of all parties involved. Lani Hayward is executive vice-president in charge of developing and executing creative strategies.

- *Unilever, Europe Middle East Asia: Lennard Boogaard, vice president Human Resources, Unilever Turkey, Israel, Iran & Central Asia* – One of the best-known companies in the world is Unilever, the British-Dutch organization that owns many of the world's consumer product brands in foods, beverages, ice cream, cleaning agents and personal care products (for example: Ben & Jerry's, Dove, Colman's, Slim-Fast, Lipton and Vaseline). Unilever has operating companies in more than 100 countries, owns more than 400 brands, achieves a turnover of US$40 billion, and has some 200,000 employees. The company focuses its marketing efforts mainly on its billion-dollar brands, a limited number of brands that achieve annual sales in excess of US$1 billion. Well-known brands include Blue Band, Dove, Flora/Becel, Knorr, Axe/Lynx and Hellmann's. From its origin Unilever always put much emphasis on creating a social working environment. Lennard Boogaard is in charge of the human resources of Unilever's operations in Turkey, Israel, Iran and Central Asia.

- *Ziggo, the Netherlands: Martine Ferment, former vice president Ziggo Customer Relations* – Ziggo is a Dutch media and communications services provider, serving approximately 3.1 million households, 1.5 million broadband Internet customers, 1.8 million digital television customers and 1.2 million telephone subscribers. In addition, business-to-business clients use services as data-communication, telephony, internet and television. The enterprise owns a next-generation-network through which it can supply bandwidth for all future services expected at present. Martine Ferment was interim vice president of Ziggo Customer Relations, the unit that deals with servicing customers. She has used the HPO Framework to transform Ziggo Customer Relations into an HPO.

KEY POINTS CHAPTER 1

- **In the modern highly complex business world, managers feel a great pressure to make their organizations high performing. This is why there is a strong interest among managers in knowing the characteristics of high performance organizations. These characteristics can serve as a guideline for improving the organization and achieving sustained high performance.**
- **A High Performance Organization (HPO) is defined as:** ***an organization that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of time of five years or more, by focusing in a disciplined way on that what really matters to the organization.***
- **In 2003 the HPO Center started a research project to examine the determinant factors of sustainable high performance. In five years time, people from 1,470 organizations in 50 different countries spread across five continents participated in this project. It resulted in the HPO Framework, a conceptual, scientifically validated structure which practitioners can use for deciding what to do to improve organizational performance and make it sustainable.**
- **Since 2007, the HPO Framework has been applied in many different industries in different countries. The case studies described in this book show that organizations which use the framework actually start to perform better than they did before.**