



How Leaders Can Build Organizations for Effectiveness, Commitment, and Long-Term Performance

Q&A with Expert Author **Michael Beer** of *High Commitment, High Performance*

Why this book? Why now?

The recent economic breakdown has demonstrated the failure of too many senior leaders to manage their organizations both responsibly and effectively. As a result, Americans are increasingly skeptical of corporate leaders' ability to affect change. Corporate America needs a new beginning – one that returns companies to the fundamentals of leadership and management from which they have strayed. In the face of these new business realities, my book, *High Commitment, High Performance*, provides a vision of how managers at all levels can transform, manage and lead sustained, high performing firms. Drawing on my more than 40 years of experience advising companies like ASDA, Becton Dickinson, Comcast, Hewlett Packard, Merck and Whitbread PLC, I provide insight into the policies and practices leaders must adopt to realign their organization as a total system. I show leaders how to lead honest, collective and public conversations and institutionalize learning and governance processes that enable truth to speak to power.

Your book is centered on the concept of building high commitment, high performance (HCHP) companies. How would you define HCHP?

HCHP companies are built, designed and led to achieve sustained high commitment from all stakeholders (e.g. employees, customers, investors and community), while also realizing long-term excellence and success. These companies are found in myriad industries and sell a variety of products, but all employ common principles and values. They are able to achieve what I call three paradoxical outcomes: performance alignment, psychological alignment and the capacity for learning and change.

Can you tell me about a few companies that have successfully evolved into HCHP organizations and how they achieved this success?

In *High Commitment, High Performance*, I note two types of HCHP organizations – firms that were “born right” and those that transformed from bureaucratic patterns of management into HCHP companies. Companies such as Hewlett Packard, Southwest Airlines, and Johnson & Johnson were “born right.” They were shaped by the vision and values of their founders.

On the other hand, companies such as ASDA, Becton Dickinson, IBM, General Electric and Campbell Soup successfully transformed, even though they didn't come from HCHP upbringings. They achieved this success by breaking down organizational and managerial barriers and through the guidance of leaders who made the conscious choice to choose a high commitment approach to management.

What are the defining principles and values that differentiate or set apart HCHP companies?

There are four distinct values and principles established by leaders which set HCHP companies apart and define their character. At their core, all HCHP organizations have a purpose that defines the goals of the firm and the contributions it will make to its customers, employees, investors and society.

These firms hold a distinctive and focused winning strategy everyone in the organization can adhere to through good times and bad, allowing them not to be tempted by attractive opportunities outside of their field. Rather, they grow by using their distinctive capabilities to move into adjacent markets, products or services and geographies.

HCHP firms also reduce financial and cultural risk by making unconventional choices about debt, growth rates and acquisitions.

Lastly, HCHP firms motivate and manage the organization through teamwork, honesty, employee and company development, as well as open vertical communication.

Can you tell me more about the “hidden barriers” and “silent killers” you discuss in your book, and how companies can overcome them to achieve long-term performance?

Organizational and managerial barriers can stand in the way of developing HCHP organizations and leadership practices. These barriers, which are known throughout an organization, but not discussed publicly with senior management, are difficult to examine and change into strengths. However, without confronting these barriers, leaders succeed in changing only the technical system and not the social and human system that is central to HCHP organizations. Contrary to conventional wisdom, most people in most firms are good people. The primary barriers to effectiveness, commitment and performance are the system and the management process that prop it up. Once these barriers are lifted, honest, collective and public organization-wide conversations will follow, and the organization can start building a community of purpose.

What types of leaders or leadership team are needed to develop and lead high performing companies?

HCHP leaders must uphold the HCHP vision and values, which include empowerment, collaboration, learning, humility, a non-heroic approach, and ability to maintain the company's

identity, while also being able to confront conflict. They must see their job as stewards of the institution and strive to leave a legacy of strength and organization.

Importantly, these leaders must see their role as much larger than achieving quarterly profits. It is essential they navigate the paradox posed by short-term demands from capital markets on one hand, and the imperative of organizational and cultural development on the other. By embracing this paradox, they are able to develop the organization, enable people to exercise their unique gifts, and inspire. And, in spite of the challenges of sustaining a high performing firm, they are able to stay true to their values and principles. Indeed it is their principled leadership approach that allows them to stay the course and build an enduring firm.

What key strategies do you recommend leaders employ to transform an underperforming company and realign it as a total system?

Transformative leaders employ a collective learning process. It is not about aligning the company with the leader's ideas, but enabling leaders and their people to learn together the truth about problems the organization faces and the actions they as leaders must take.

Leaders who have the courage to confront painful truths establish their legitimacy and credibility as leaders and secure corporate commitment that will enable performance improvements. Once this is accomplished, they must address five levers of change to align their firm as a total system. These levers include:

1. Strengthening the leadership team
2. Institutionalizing a learning and governance process that engages people in regular honest conversations about strengths and barriers to commitment and performance
3. Implementing a strategic performance management process
4. Organizing for performance and commitment
5. Developing human resource (HR) management policies and practices that enable the recruitment, selection, development, motivation and promotion of the next generation of leaders – leaders who share the values underlying the transformation and who will carry on the journey to HCHP

Once a company transforms into an HCHP organization, how can they sustain this commitment and performance, especially with ever-changing circumstances?

Companies that have successfully developed the three organizational pillars (performance alignment, psychological alignment, and the capacity for learning and change) and can implement them simultaneously are poised for sustained success. Together, these three pillars create the resilience essential for a company to weather inevitable inflections in the business and social environment as the firm grows. With a disciplined and institutionalized learning and governance process that enables truth to speak to power, HCHP firms enable transparency and adaptability that failed banks and automobile companies in 2008, for example, did not possess. It is the paucity of firms, the relative minority of HCHP companies excluded, that underlies the inability of firms to achieve sustained high commitment and performance.