The High Performing Learning Organization

Raphael L. Vitalo, James. S. Byron, Patricia V. Bierley, and Christopher Holmberg
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Introduction

Two threads, high performance and learning, wind their way through the business literature of the past several decades. The authors canvassed this literature, traced the snaking of these threads, and observed how they cross and loop with each other to form a single fabric. That fabric is the high performing learning organization (HPLO). This report summarizes our findings. While these findings are rooted in the literature we reviewed, they provide a creative synthesis of its contents that simplifies the HPLO model to its fundamental ideas. Reduced to its basics, an HPLO has one essential component and is ruled by three principles alone. The essential component is people. The three principles talk about who these people are, what they focus on, and how they view what surrounds them. Together, they provide a refreshingly simple perspective with disturbingly dramatic implications. The simplicity clears the clutter from our minds and focuses our thinking. To gauge a firm’s capabilities to create its success—as opposed to being successful by virtue of industry or market conditions or macroeconomic forces—it directs us to evaluate ourselves, the people who embody it, give it life, and make it a reality. We are the determiners of its success because we are the originators and implementers of every action it undertakes. As well, we are the only responsible component of a firm that can extract learning from our conduct and use it to improve our performance.

The price of this simplicity, however, is the arduous, unyielding personal challenge it issues to us to "reprogram" our responses to ourselves and what surrounds us. With respect to ourselves, the HPLO model tells us that we are the place to start when we consider any initiative. With respect to what surrounds us, it tells us that what previously seemed so essential is, in fact, non-essential. It renders this challenge more disturbing by further asserting that, while the knowledge that drives an HPLO is utterly simple in its content, it is absolute in its application. It does not tolerate piece meal adoptions. Take it up and use it as whole cloth or leave it be. Occasional or selective use of its concepts yields no benefits.

We begin our review of this knowledge by defining the term HPLO then addressing the HPLO’s single component and the three principles that govern it. Next, we will explore the implications of these ideas and discuss how a company becomes an HPLO and measures its progress toward that end.

The High Performing Learning Organization (HPLO) Defined

Our review and synthesis of more than 50 definitions of HPLOs yielded the following.

An HPLO is a company that is governed by purpose and powered by teamed, capable people who use learning to achieve extraordinary results for all stakeholders (i.e., customers, employees, owners, suppliers, and the communities within which the company operates).

The operative phrases are: "governed by purpose", "powered by people," and "achieve extraordinary results for all stakeholders."

Governed by Purpose

In a high performing learning organization, purpose rules. The company is not governed by its leadership, structure, systems, or other elements. It is integrated in its performance by every worker’s consistent reference to its purpose. By purpose we mean the company’s business intent—its reason to exist (mission), its core values, and its vision of what it seeks to become. We do not mean its near term market or organizational strategy nor its yearly objectives. These latter items are known and factored into decisions when compatible with the company’s business intent or challenged and changed when not. The guiding light for an HPLO is always the long term. Its mission, core values, and vision form the “foundation knowledge” that every performer embraces personally and uses to guide her or his thinking about the business and relating with other performers and with all stakeholders. It is this personal and common anchoring in the company’s business intent that ensures integration across performers, teams, components, regions, and time.

Powered by People

People make the difference in every business. They are the root cause of effect in all enterprise. Indeed, they are the company. HPLOs recognize and embrace this fact. They acknowledge in all decision-making that it is the people who make its purpose real. It is their deeds that define in facts what the company is truly about, what values it will not violate, and what reality it is creating. It is people who measure its progress and steer its implementation. Finally, they acknowledge that it is the applied capabilities of its people, individually and collectively, that ultimately achieve its purpose.

Achieve Extraordinary Results for All Stakeholders

With regard to extraordinary results, HPLOs are used as benchmarks against which other companies compare themselves. They are said to be the vital few who account for most of the change that occurs in each industry, market, and region. These extraordinary results extend beyond customer service and shareholder gain. HPLOs are said to fulfill societal and industry ideals by becoming agents and models of constructive innovation and change and by being places where people can learn, achieve, grow, and prosper.

While HPLOs produce extraordinary results, this does not mean they have unbroken records of success. Indeed, many HPLOs are described as having set backs at different points in their history. Rather, HPLOs are valued for the sustained benefits they contribute to all participants over time and over changing market circumstances. It is the positive slope of their achievement and the average level of achievement over time and across good and bad market circumstances and harsh or enabling macroeconomic conditions that impresses others. This, indeed, is one reason why the concept of an HPLO has been of interest for so long. Becoming an HPLO is seen as a solution to the challenge of sustaining success because they are able to negotiate fast changing conditions and highly competitive marketplaces. This capability results from the common commitment of their people to leverage learning in order to achieve a single purpose together. This commitment maximizes
synergy and creativity across the organization because people share and think horizontally and create and implement work processes that integrate across business functions. An HPLO is, therefore, fast in everything it does so that it is able to get to the market faster with new ideas and respond quicker to new customer requirements or competitor initiatives. HPLOs are also said to sustain their performance with greater consistency than others across macroeconomic cycles because they emphasize learning and are willing to take risks and be innovative in response to difficult circumstances. This allows them to find “the seam in the zone” through which successful commercial performance can be sustained. As well, their emphasis on learning also allows them to transform failure into new insights and future success.

The Single Source of Business Success

The HPLO literature underscores people as the single source for achieving or not achieving these esteemed benefits. People are the heart, head, and sinew of every enterprise. It is from their substance that all other elements of an enterprise are created. Consequently, who they are determines whether an HPLO exists or fails to exist.

Now, some will challenge that this assertion is wrong pointing out that the literature touts knowledge, for example, as a critical and essential asset to success. They will also point out that HPLO authors discuss other business elements such as flat organizational structures, management strategies that emphasize involvement, lean work systems that are constantly improved, and autonomous work teams. These challenges are both correct and incorrect. They are correct in that many (although not all) of HPLO authors do describe such components and label them as critical. Indeed, we have created schema that fully represents these components and the key features each should possess. They are incorrect, however, in that not one of these elements comes into existence or generates any benefits except at the hands of the “right” people.

The right people create these elements, invest them with meaning, and leverage them to produce benefits by the decisions and actions they take. Others do the opposite. They strip them of meaning and, through non-use or misuse, produce only lost opportunities. Poets aside, knowledge has yet to “leap” into any person’s mind, touch that person’s soul, reorganize her or his thoughts, and command the person to act accordingly. Knowledge on its own never produces a novel design or an innovating work system, or any final product or service. People do! At least some people do. These are people who value achievement and appreciate knowledge and learning as its instrument. These people acquire knowledge initiatively, evaluate its utility, understand its significance, and apply it intelligently. It is these people who transform knowledge into a higher quality offering or use it to ensure a superior buying–benefiting experience for a customer. Such people seek out knowledge, apply it, and refine it continuously. And yes, their knowledge can be shared with others like themselves and through that sharing provide greater benefits to the business. But without such people, knowledge simply fills books or electronic databases.

2 Ghosal and Bartlett are one notable exception. See Ghosal and Bartlett, 1995.
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The root of all success and failure in enterprise, therefore, is people. The "right" people create and effectively apply the business components some HPLO authors tout as the sources of its success (e.g., strategy, structure, system, knowledge). Others neutralize the potential contribution of these components no matter how well designed they are. While the sustained presence of the components described by HPLO authors may indicate that a company has the "right" people, it is simply foolish to imagine that if you put these components in place that they will create the right people for you. HPLO authors who propose using "culture" to create high performance, for example, are misunderstanding the premises from which they are operating. If you have the people who can create and sustain such a culture, then for whom are you creating it? If you do not have such people, who will create this culture?

The enlightening yet disturbing implication of this reasoning is that you cannot change your company without changing its people. People without the "right stuff" do not conceive, implement, or maintain value-adding business systems. There is no escape from this implication. People make the difference. Their impact is easier to see in any industry or market segment characterized by high levels of competition and rapid change. The reason is that a business has no agent other than people sufficiently capable of learning and changing to meet the unexpected turns in the marketplace or the demands of truly competitive markets. Even in relatively stable markets and industries, enterprises have no other source for creating all the other elements that are the instruments of business. Nor do we have any other means for maintaining and overseeing the performance of these instruments. Only people transform resources into productive assets. HPLOs recognize this fact and accept the obvious that businesses are human enterprises—they exist to achieve human ends and they realize their ends through human performance.

Three Principles Govern HPLO Operations

The three principles that explain the emergence and performance of an HPLO describe the type of people who power an HPLO, clarify what these people focus on, and how they view the rest of what surrounds them.

Principle 1 asserts that people who are aligned, teamed, energized, capable, and pioneering create and sustain HPLOs. Others do not.

Principle 2 states that enterprise and learning are the only activities that people in a HPLO focus on and immerse themselves in. Their single imperative is maximize enterprise through learning.

Principle 3 declares that all elements other than people are optional. If they exist, it is on a "just-in-time" and "only-for-so-long-as-useful" basis.

Principle 1: The "Right" People

HPLOs are distinguished by people having a unique set of qualities. They are aligned to a business intent that commits to commerce through excellence and to producing benefits for all stakeholders.
inclusively. They are *teamed* within each business that constitutes the company as well as across the company globally. They are *energized* by the personal and organizational success they see possible. And, they are *capable*. Each performer is knowledgeable of and proficient in executing the core responsibilities that every role implements as well as their unique specialty areas. Finally, they are *pioneering*, internally driven to achieve the previously unachievable, to probe the undiscovered territory of new opportunity, and to create new benchmarks of accomplishment at personal, company, and industry levels worldwide.

Aligned. The people who power an HPLO uphold two core values with regard to conducting business. These values are commerce through excellence and inclusiveness of benefits. They align with these values because they understand that only in businesses that embrace these values can they grow to the fullest measure of their capabilities. Indeed, since such companies create economic environments of continuous growth and, therefore, continuous challenge, the only avenue of sustained success for these companies is through enabling their performers to grow in competence continuously to the full measure of their capabilities.

Commerce through excellence means winning at business by excelling in the ability to conceive, develop, and complete commercial transactions that benefit customers. The people who power HPLOs embrace competitive marketplaces; they do not attempt to constrain them through fabricating barriers to the entry of competitors or transfer by customers to other suppliers or by manipulating markets or leveraging political influence to advance their personal ends. They affirmatively seek open, free marketplaces because they offer the greatest stimulation for new learning and new levels of achievement and they appreciate that new learning and achievement are the essential ingredients for ones personal growth.

Inclusiveness of benefits means accomplishing commerce in a way that enables the growth and success of all stakeholders. Yes, providing value as defined by the customer is the primary imperative, but success means that solving for that imperative must also benefit employees, owners, suppliers, and the communities within which the business operates. As Collins and Porras point out, they do not succumb to "the tyranny of the or"; these people embrace the "the genius of the and" (1994, p. 43). And so, the people who power HPLOs do not lurch their companies from customer focus (quality of product, service, and price), to shareholder focus (cost efficiency, revenue enhancement), to employee focus (involvement, morale). They define and pursue an integrated focus that

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3 Excelling may be understood as progressing from above average, to best in class, to world class in every aspect of conducting enterprise.
satisfies the primary imperative (deliver value to customers as defined by them) while benefiting all other stakeholders.

The conviction of these people requires that any business intent they align with must incorporate these two core values. Consequently, the business intents of all HPLOs espouse commerce through excellence and inclusiveness of benefits in their own unique ways.

**Teamed.** The people who power an HPLO see themselves as members of a collective endeavor in which each person owns responsibility for the ultimate outcome and not simply for the local tasks that s/he performs. They think horizontally, from the perspective of the firm’s business intent and with awareness of all the other performers with whom they are teaming. Consequently, they reflect on their tasks from the perspective of their significance to the goals of the business and relate their discoveries to others across roles, teams, components, and regions. Each performer assumes a dual responsibly as leader and member. As leaders, employees look to the larger implications of what they are doing and try to envision better ways to do it or ways to eliminate it being done at all. As members, they get the job done and share their information and learning with team-mates business wide.4 They never get trapped into parochial thinking. They never imagine themselves as solo performers. And so, they always generate local solutions that have global value.

**Energized.** The people who power an HPLO are up, active, and initiating in the performance of their work. They apply themselves with intensity to all they do. They draw energy from new opportunity. They are stimulated by challenges because learning enlivens them. Their excitement and optimism is founded, in part, on confidence in their ability to learn. This ability to learn means that they can, over time, turn any experience into benefit and any current performance into a better performance. Consequently, any failure is a moment in their passage to the next success. Their energy joined with their experience of teaming spurs rapid, unified movement. They are in the chase continuously—ever reaching for the next level of achievement in the pursuit of their purpose, ever sharing their ideas with others and seeking their ideas in return. These people display exuberance in the everyday because everyday offers the opportunity for new discovery. They have confidence in that reality because it is the product of their intent, energy, and commitment to learn elevated by those like-minded people with whom they team.

**Capable.** Capable refers to the degree of mastery performers have in the fundamental competencies needed for high performance. By competencies we mean the knowledge, skills, abilities, and other personal characteristics needed to successfully execute the five core responsibilities of every performer (see Exhibit 1, next page). The areas in which competence is required include: goal setting, action planning, problem solving, communication, measuring performance, self management, learning, teaching, teaming, and leadership. As well, one must be competent in her or his discipline or area of specialization. The people who power an HPLO have these competencies at proficiency levels sufficient to implement the five basic responsibilities of their common role. With

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4 In a multiactivity company, each worker anchors in the business s/he implements and teams across that business and each other business in the company’s portfolio.
the performance of these responsibilities, workers elevate continuously themselves, their teammates, and the business they collectively power.

Exhibit 1. Basic Responsibilities of Every Performer in an HPLO
Every performer in an HPLO has the same core set of responsibilities. These responsibilities are:

1. Add value as defined by customers in a manner that benefits all stakeholders.
2. Measure your impact on value.
3. Improve your performance continuously.
4. Leverage your learning by sharing it with others.
5. Team with others within your business, across your company’s other businesses, and around the world to accomplish your common purpose.

Pioneering. The performers who create and sustain HPLOs thrive on pushing the envelop of achievement. They need no carrots or sticks to "bust bureaucracy" or challenge the current paradigm; they glory in it. Indeed, they react with disdain to efforts to manipulate them with external reinforcers because of the insult it implies. They demonstrate no "rubber band" qualities, stretching when pressure is applied by others then rebounding to their "comfort" zone once the pressure is removed. They are forward leaning forever. That is their nature.

The "Right" People Replicate Themselves. The fact is that all people replicate themselves because we attract others who are like us and we tend to form alliances with them. With the people who power HPLOs, these two "facts of life" power two wonderfully positive corollaries. The first is that high performers create and sustain cultures of growth that attract new high performers and enrich all who participate in them. The second is that high performers create alliances only with others who uphold the same core values as they do. As a result of the second corollary, they avoid the most common pitfall of business alliances of which over 50% fail (Geringer & Hebert, 1991). That pitfall is incompatible business intents. By both attracting other high performers and by allying with firms having similar core values, they replicate themselves, populate their enterprise, and create a network of partners with the essential resource needed to achieve and sustain success—the right people.

Principle 2: The "Right" Focus
The second principle of the HPLO model asserts that people in a HPLO focus on enterprise and use learning to realize its ends. They immerse themselves in this pursuit. Their single imperative is maximize enterprise through learning.

Enterprise means industrious, systematic activity, directed toward conceiving, developing, and completing commercial transactions that deliver value as defined by customers in ways that benefit all stakeholders. Each instance of enterprise is an instance of the creation and completion of a
commercial transaction—the exchange of resources between producer and customer that benefits both and all others who participate in it. By focusing on enterprise we mean that the people who power an HPLO approach all they do from this perspective. They constantly ask this question, "How does this task, this decision, this issue add value to our effort to conceive, develop, and complete commercial transactions that deliver value as defined by customers and benefit all stakeholders?" They think as owners, as entrepreneurs. Indeed, the entire company is a teaming of entrepreneurs whose efforts are integrated, as we have said, by their common purpose and recognition of each other as team members. Literally, from the mailroom to the board room every performer thinks as a CEO. HPLOs enable this happening by selecting the right people and providing them the information and opportunity to exercise ownership responsibilities through orientation programs, business education and training experiences, cross training, open-book information sharing, and high-level involvement approaches to defining and accomplishing business goals.

Learning from personal performance involves describing one's last performance, uncovering the sources of its success or failure, extracting ideas that reinforce the factors that contributed to success and remove those that limited it, and using that knowledge to improve one's next performance. It requires the use of personal and shared data, information, and knowledge and the application of methods that accomplish its operations. It results in improvements that are usually incremental but sometimes are transformational. Incremental learning gradually improves one's next performance. Transformational learning creates a new set point for performance. Its paradigm-breaking insights translate into step-change advancements in the results one produces. The people who power HPLOs engage in learning from personal performance reflexively and continuously. This is the source of the excitement they experience. It is this personal disposition that transforms each workstation into a laboratory, renders each task an experiment, and each performer an applied scientist. As well, they pursue transformational learning with regular activities targeted to open thinking, stimulate creative talent, and explore non-traditional arenas for ideas and perspectives. They augment learning from personal performance with learning from others through study and the regular exchange of ideas. What knits these efforts together is their singular relationship to enterprise. The focus of all learning in an HPLO is to refine, extend, elevate, and transform how it does business so that it accomplishes its current business intent and is positioned to conceive its next intent.

Principle 3: The "Right" Perspective

The third principle is that all elements other than high performing people are optional. If they exist, it is on a "just-in-time" and "only-for-so-long-as-useful" basis. Yes, all other elements are simply paraphernalia. Nothing is off limits! There are no products we could ever "not produce" or delivery methods we could ever "not use." There are no disciplines we will always maintain or functions that must, of necessity, be present. Likewise, there are no roles, structures, divisions of responsibilities that are givens. This is the beauty of the HPLO concept. The "right" people immersed in enterprise and learning and riveted on realizing a business intent sums up all its requirements. This is not to say that these people will not create structure, strategy, or systems. And, of course, they will always
have a product or service to offer in commerce. It is to say that these items will always be seen as instrumental, never as ends in themselves. That is what paraphernalia means — "articles used in a particular activity"; "things needed for a task, journey, or other purpose."5 When the journey is over and the task complete, these items are set aside.

The HPLO literature does indicate that when strategy and structure are established, they tend to have certain qualities. Specifically, if strategy exists explicitly then it leverages people and knowledge to achieve the previously unachievable. This means that an HPLO’s market strategies, whatever their specific content, leverage the quality of its people and their capabilities to provide offerings that maximally satisfy customer values. They will encourage free, informed, rational decision-making by customers by promoting full disclosure of information about an offering’s features and functionality. They will advocate for the removal of all barriers to competition and their sales efforts will educate customers, not manipulate them through persuasive communications.

Similarly, with regard to organizational strategy, HPLOs emphasize empowering people and promoting, facilitating, and leveraging learning. They do not focus on rote repetition of defined methods or the preservation of role hierarchies and organizational turf.6 HPLOs go to the heart of the matter, not its periphery. They emphasize leveraging knowledge by investing in the infrastructure that enables the rapid sharing and updating of ideas and dissemination of new learning. High performers build high speed highways that allow them to connect, communicate, and benefit from association with each no matter where any of them are. And these highways extend to their customers, suppliers, and communities as well. Organizational structure is not the product of trying to find places for people or attempting to avoid contact with people by layering others between you and them. It is designed to focus energies on commerce and to support each performer’s experience of ownership by rationalizing the company into fully integrated constituent businesses that provide each performer a line-of-sight to the marketplace and their customers. It cross links these "businesses" to maximize synergy, leverage learning, and ensure the collective pursuit of a single corporate intent. All its human resource enabling systems (selection, development, appraisal, promotion, pay, awards, and incentive systems) are designed to find, get, keep, develop, and leverage the right people. Pay, recognition, and rewards celebrate contribution to enterprise and do so equitably. Their are no separate benefits or rewards packages geared to reflect a person’s role and status as defined by hierarchies of power. Training and development activities build people’s capabilities to contribute and help them realize the full measure of their potential. And, all elements of these enabling systems are aligned and implement with full transparency.


6 HPLOs do have work standards and expect that performance is aligned with them. But the value of the standard is as a reference point for improvement and the purpose of adherence is to be able to extract usable learning that can improve the standard.
Transforming to a High Performing Learning Organization (HPLO)

Grasping the idea that people are the single source of an HPLO's success is paramount to understanding how to become an HPLO. Capture it. Reflect on it. Its singular, dramatic implication is straightforward—there is no escape from the rule that the capabilities and limitations of its people determine the success of any enterprise. Yet, as mentioned earlier, if there is one strange oversight in the literature, it is in grasping fully this implication. Let me be clear, there is not one author we encountered who disagrees that people are the core of the HPLO. And most identify the same or similar critical features as we have in defining the "right" people. However, as we pointed out earlier, some authors consider it possible to build an HPLO by establishing its paraphernalia. It is as though they imagine that if you build the artifacts then the artifact builders will appear. In essence, these authors propose to use external conditions to "shape" the "right" people into being. This is self-contradictory. The "right" people, as described in the literature, are intrinsically motivated—not externally driven. Further, there is no evidence that values can be embedded in people—at least in adults. Adults acquire values by embracing them and working hard to own them in their decisions and actions. We can assist each other in the process of developing the "right" stuff but we cannot command it. We may model values and otherwise encourage their incorporation. We can teach people skills that enable them to act effectively on their values. But, ultimately, they are a matter of personal choice. Some people will experience the qualities that describe the people who power an HPLO as meaningful to them, as worth their investment and sacrifice; others will not. And that is their right! Included in the latter group will be some who will leave a company seeking to transform itself into an HPLO and others who will attempt to blend in by being compliant to the expectations of the people driving the transformation. Their compliance will sustain only as long as the people driving the transformation remain dominant in the business. However, these "compliant" individuals never contribute. At best they are passive participants. They remain observers who are moved to action only when prompted. In the end they consume rather than generate value as defined in an HPLO.

The Dilemma

These reflections are specifically relevant to the question of how a company transitions into being an HPLO. In general, today's companies remain hierarchical in structure with the performers in the higher-level roles holding the greater responsibility and authority—indeed, the authority to create all artifacts and to hire or fire all other performers. These performers commonly establish compensation and reward systems that provide them differential pay and benefits. Their roles accrue special status to them in other ways as well. This status is conveyed by high sounding titles such as "President," "Chief Executive Officer," "Vice President," "Senior Manager," among others. It is communicated by office location, size, and decor. It may also be communicated by special places to meet, eat, and recreate. Typically, this package of artifacts and material benefits played a significant role in attracting and retaining the holders of these roles. Such performers are, in general, externally motivated. They seek the reinforcements offered by the environment in which they work. In
essence, the people who make it to the top of such firms were best at meeting the requirements of those people who selected them and conferred on them the same benefits that they themselves enjoyed. In other words, people like themselves. This judgment is reinforced by the recognition that most leaders make selection decisions based on the perceived contribution of the person being selected. Unfortunately, “perceived contribution” has a consistently low relationship to objective measures of the results actually produced by a performer (Heneman, 1986). Contribution, when judged this way, is a euphemism for something else—perhaps how well the person has supported the selector’s decisions and actions or simply the degree of comfort the selector feels with the person.

This background paints the basic dilemma of any traditional company that wishes to transition to an HPLO. How do people who have striven for the status and rewards they hold and who have earned them by working within the boundaries defined by those who last held them, change the rules of the game and, in that act, place all that they have worked for in jeopardy? Let us look at a generic model for transitioning to an HPLO and see how companies attempt to address this dilemma.

The Common Path to Becoming an HPLO

The assumed setting for transitioning is an existing company that has conducted itself in a traditional manner. It is facing a new business environment that is characterized by increasing competition, escalating customer requirements, and rapid change. It seeks to succeed in such an environment and it chooses to do this through excellence in performance, not the manipulation of customers or the political, social, or economic levers of power. Commonly, this means that it seeks to excel in providing value to customers by more deeply understanding their needs and wants; fashioning offerings that best serve those ends; and being flexible, speedy, responsive, and innovative in its actions. Essentially, it seeks to be nimble and creative, yet globally consistent in maximizing value to customers. These are qualities an HPLO exhibits. The path to establishing an HPLO follows the dictates of its model. It begins with people, moves to establishing the right focus for enterprise, removes artifacts that hinder and builds tools that enable its pursuit, and immerses itself in maximizing enterprise through learning. The path may be represented as having three milestones.

1. Create a core leadership team.
2. Focus the transformation.
3. Changeover to an HPLO.

Milestone 1: Create a Core Leadership Team. The common answer to the question posed at the end of the last section is that people who have striven for the status and rewards they hold and who have earned them by compliance with those who last held them do not change the

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7 These correlation coefficients are approximately .27 on average. This means that the word of mouth judgment of others accounts for less than 8% of their true variance in the results people produce as measured by objective methods (Heneman, 1986).
rules of the game and place all that they have worked for in jeopardy. Thus, a company requires a single paramount leader who is different in kind with respect to her or his source of satisfaction and who embraces personally, substantively, and passionately the fundamental principles of a high performing learning organization. This single leader\(^8\) becomes solidified in her or his commitment to the foundation knowledge of an HPLO and prepares to sponsor change by mastering the competencies required of every performer in such an enterprise (Exhibit 2). By this deed, s/he becomes a model and agent for the acquiring the "right" people. Next, the leader gathers a team of like-minded individuals. These people may come from the outside the company or from anywhere in the current organization. They may be front-line workers or people in the current CEO succession plan. Their official roles are irrelevant. From wherever they are drawn, they all must exhibit the qualities of striving for excellence in whatever they do and being teamed, energized, capable, and pioneering. They become the embryonic new enterprise with whom the leader teams as s/he moves to transition the company.

With the leader’s personal preparation and the assembly of this core transition support team, the first two steps of becoming an HPLO are accomplished. The leader’s attention turns to assessing her/his current business leadership team to determine who will choose to embrace the new requirements and perform in the new business context. These assessments are made in the context of alignment and training sessions and through special assignments. All leaders are provided the education, feedback, and assistance they need to ensure that they fully understand the HPLO model and what the company needs of them to become one. They are provided assistance to develop the "right" stuff and supported in their initial use of these capabilities. However, the change leader never compromises the basic principles of an HPLO or the insights they generate. Fundamentally, what this assessment activity provides is an opportunity for all leaders to determine the match between the future and themselves. Those who find that match exciting remain; those who find it unexciting move on. The bottom line is that the person leading a traditional company to becoming an HPLO must de-select leadership unwilling or unable to develop the necessary commitment and capabilities whether or not they de-select themselves. This is the consensus of the literature. And this is why there is likely to be many more simulated conversions to the gospel of HPLOs and selective adoption of its artifacts than actual conversions. The true conversion requires a toughness from which most will shrink.

Once the core leadership is in place, they focus on deepening their own preparation so that they can act as models and agents for the new organization. Much of the literature emphasizes that a period of credibility building follows during which performers at all levels experience the new leadership

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\(^8\) “Single” because it is more likely. However, a team of like minded leaders is a better starting point.
and their commitment and become convinced of its genuineness. During this period, the new leadership demonstrates their conviction by involving all employees in assessing the company’s readiness to become an HPLO and developing ways to improve that readiness by eliminating barriers to success and leveraging opportunities to accelerate transformation. This process is assisted by the core transition support team. In our experience, it works best when integrated with training that educates all employees about the HPLO model and provides them the basic skills (e.g., working with others and problem solving) needed to participate in making it a reality. In essence, the transition has begun as employees build understanding and act on it by working together to eliminate the company artifacts that constitute barriers to becoming a high performing learning organization. The fallout of this effort is credibility of the initiative, ownership of it by employees, learning, progress toward the goal, and the information needed to devise a sure path forward to success. The typical barriers that people uncover are an existing business intent that is unaligned with the principles of an HPLO; market strategies or practices that are inconsistent with competing through excellence; silo-like organizational structures that are process-focused, not business centric; missing, incomplete, or outdated understanding of customer values or no means by which this information is used in business decision-making; a history of missed opportunities for learning or the leveraging of learning across the business; restricted information sharing; uneven involvement of performers in business decisions; and traditional human resource enabling systems that reinforce roles, status, and privilege (e.g., differential reward and incentive systems; subjective, often politically-motivated appraisal and promotion decision-making).

**Milestone 2: Focus the Transformation.** With leadership in place, employees engaged, ownership and involvement elevated, and assessment information gathered—it is time to decide how to rollout the transformation across the company and structure the transformation process (Exhibit 3).

The roll out decision is especially critical in single activity, multi-site businesses and in multiactivity companies. The former implement one business but at two or more geographically dispersed sites. The latter implement multiple businesses. Three strategies are discussed in the literature:

- greenfields,
- "smart retrofit," and
- opportunistic.

The greenfields strategy proceeds by integrating the HPLO principles into the design of a new business. It incorporates the HPLO qualities from its start. When the new business is part of a multiactivity company then this initial greenfields rollout may be followed by a smart retrofit rollout.\(^9\) This depends on whether the parent company seeks to keep the other businesses or shed them. If it chooses to keep them, it

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\(^9\) A greenfields approach is possible in a single activity, multi-site business in which each site wholly replicates the business including all its functions. This is not uncommon in a business that operates in many geopolitical areas. In such a case, the greenfields site would be a
uses the initial greenfields site as a development environment from which it transfers people and learning to the other existing businesses for use in transforming them.

The “smart retrofit” strategy integrates HPLO principles into a component of a company where there are people eager to adopt the new ideas and acquire and use the competencies their new performance requires. The best candidates for smart retrofit meet the following criteria.

1. The component is a whole business, not a business process. This means it is responsible for a defined product or service offering targeted to satisfy the needs of a customer. It also means that it incorporates under one leader or one leadership team the full value chain needed to implement the business.

2. The leader is excited by the HPLO idea, sees its business potential, and is ready to acquire and apply the knowledge and skills needed to make it work.

3. The leader has a good relationship and reputation with the employees of the business.

4. The leader has demonstrated in the current organization a commitment to measurement, experimentation, and learning that places results over comfort and tradition.

In single activity but multi-site companies, use only criteria 2 through 4 to decide which site to start with. To apply this criteria in a multiactivity company, the company must have removed a common barrier to transformation. This barrier relates to how the company structures itself and its accounting systems. Most companies do not structure themselves along business lines. Small companies frequently organize themselves by locations and large companies around functions (e.g., production, maintenance, human resource management, finance, marketing, and sales). In large multiactivity companies, each function serves a number of businesses. We have found that even companies that create “business units” do not encompass a whole business within each unit. Rather, each so-called business unit is simply the marketing and sales organization for one or more “whole businesses” and may not be connected to the rest of the components that actually make each business happen. Since companies are not organized by the businesses they implement, you need to understand the different businesses that exist within your company in order to apply the above criteria.

The opportunistic strategy integrates selected HPLO artifacts into an existing workplace (e.g., 360° evaluations, employee involvement, autonomous work teams, quality circles or the use of workout teams) where circumstances permit. Authors of articles about HPLOs do not recommend the opportunistic approach because, by their reporting and our experience, incremental efforts have never culminated in large scale change (see, for example, Neal, Tromley, Lopez & Russell, 1995). These changes are tactical, not strategic. They remain compartmentalized and sustain for only as long as the near-term goal driving them is a priority concern and their champion remains in place. Once
either changes, the instituted changes are swallowed up by the remaining environment which rein-
stitutes the status quo ante.¹⁰

Building the transformation plan requires documenting the initiative’s direction. This document specifies the goal for the transformation, its general approach to accomplishing it, criteria that will be used to gauge its progress and achievement, and the roles and implementing structure that will be put in place to guide the changeover. In addition to the direction statement, there should be a statement describing how every employee will participate in making the changeover happen and how the business will deal with the issue of job reduction, should it occur. Using these resources a more detailed implementation plan is generated with schedules for execution. Resources are assembled to oversee that changeover and the transformation moves to its next milestone.

Milestone 3: Changeover to an HPLO.
The implementation of each changeover will vary based the business’s initial state at the startup of the transformation and the roll out strategy it selects. However, there is a set of implementing tasks that every transformation will accomplish (Exhibit 4). Every changeover must begin with preparing the business setting. This means removing all barriers to transformation and leveraging its accelerators. Typical tasks include:

- realigning the business’s intent (purpose, values, and vision) and its market strategies to be consistent with the HPLO model,¹¹
- correcting human resource enabling systems (selection, development, appraisal, promotion, pay, awards, and incentive systems) to ensure equity in sharing the benefits accrued from becoming an HPLO across contributors and the alignment of systems to finding, getting, keeping, developing, and leveraging the right people,
- introducing information-based, rather than "gut check," "seat of the pants," or "us too" decision-making,

¹⁰ Consider your own company’s experience with various new initiatives. How many have been integrated into the company over the long term and had significant impact on other aspects of how it operates? How many have just passed away with new leadership?

¹¹ In a multiactivity company, realignment also occurs at the parent entity level; otherwise, the transformed business is not consistent with its parent’s direction and approach to commerce.
acquiring insight into customer values and a means for deepening that insight and maintaining it as current,

creating mechanisms to incorporate customer values in all business decision-making,

defining work process standards and establishing measurement and feedback loops that gauge value creation and allow individuals, teams, process owners, function heads, and the business as a whole to appreciate its achievement and unique contribution, and

establishing a yearly planning and renewal process that integrates vertically and horizontally the learning and ideas generated from all business activities.

In the context of making these improvements, employees are prepared for their expanded participant roles and empowered to implement them. They use their skills, for example, to carry out the tasks of documenting work processes and establishing and implementing measurement and feedback systems. These feedback loops supply employees with the information needed to apply their problem solving skills to uncover opportunities for improvement, generate improvement ideas, select best alternatives, implement them, measure their impact, extract learning, and share that learning across the business. This "measure, improve, learn, and leverage" cycle is the main source for maximizing enterprise through learning. It is enabled by the commitment and skills of all employees and their empowerment to use those skills to advance business success. It is enabled by a work setting that promotes, facilitates, and leverages learning better ways for accomplishing every business activity. It is also enabled by working in cross-functional teams. These contexts build-in a sensitivity to the cross-linked nature of all operations, improve the effectiveness of solutions, and facilitate the transfer of learning business wide. This transfer of learning may also be facilitated by establishing knowledge centers in core disciplines that cross cut the business (or multiactivity company) and assume responsibility for organizing, integrating, and disseminating learning and innovation related to their disciplines.

As the transformation unfolds, its progress and results are monitored, learning is extracted, and its implementation enhanced. As it succeeds, it builds into the business the capabilities needed for it to sustain itself as an HPLO. Most critically, these are the "right" people whose expanded and deepened involvement in the business enables them to participate in decision-making and meaningfully contribute their perspectives to improving the business continuously. The yearly planning and renewal cycle and policy deployment apparatus, fueled by employee participation at every level, guide the business forward and transformation roles and implementing structures progressively disappear.

**Summing Up: How It All Works**

The beginning and end of an HPLO is people—people with the "right" stuff. These aligned, teemed, energized, capable, and pioneering individuals work collectively to conceive a business intent consistent with their personal core values and cognizant of the dynamics that drives the industry,
regions, and markets within which they seek to do commerce. From this base, they construct an enterprise and focus themselves singularly on maximizing its success through learning. Together, they learn, achieve, and periodically renew their concept, design, and execution of commerce and hone their enterprise into providing their customers extraordinary value as defined by the customers and extraordinary benefits to all their stakeholders. As a result of their efforts, they change markets, impact industries, and transform how commerce is done. Their impact becomes the benchmark others turn to for new ideas and new sources of success.
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