



# The Human Condition

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We are social creatures who need love and attachment,  
and we are industrious creatures with needs for efficacy,  
able to enter a state of vital engagement with our work.

Jonathan Haidt  
The Happiness Hypothesis



H A R V A R D | B U S I N E S S | S C H O O L

TRUEPOINT

# High Commitment, High Performance:

How to Build a Resilient Organization for Sustained Advantage

Michael Beer

Chairman, TruePoint

Professor Emeritus, Harvard Business School



"In these economic times this book is more important than ever.  
A must read for the leaders of today and tomorrow."

DOUGLAS R. CONANT, President and Chief Executive Officer, Campbell Soup Company

# MICHAEL BEER

PROFESSOR, HARVARD BUSINESS SCHOOL AND CHAIRMAN, TRUEPOINT



# HIGH COMMITMENT

# HIGH PERFORMANCE

HOW TO BUILD A RESILIENT ORGANIZATION FOR SUSTAINED ADVANTAGE

**Book Website:**  
[www.hchp.truepoint.com](http://www.hchp.truepoint.com)



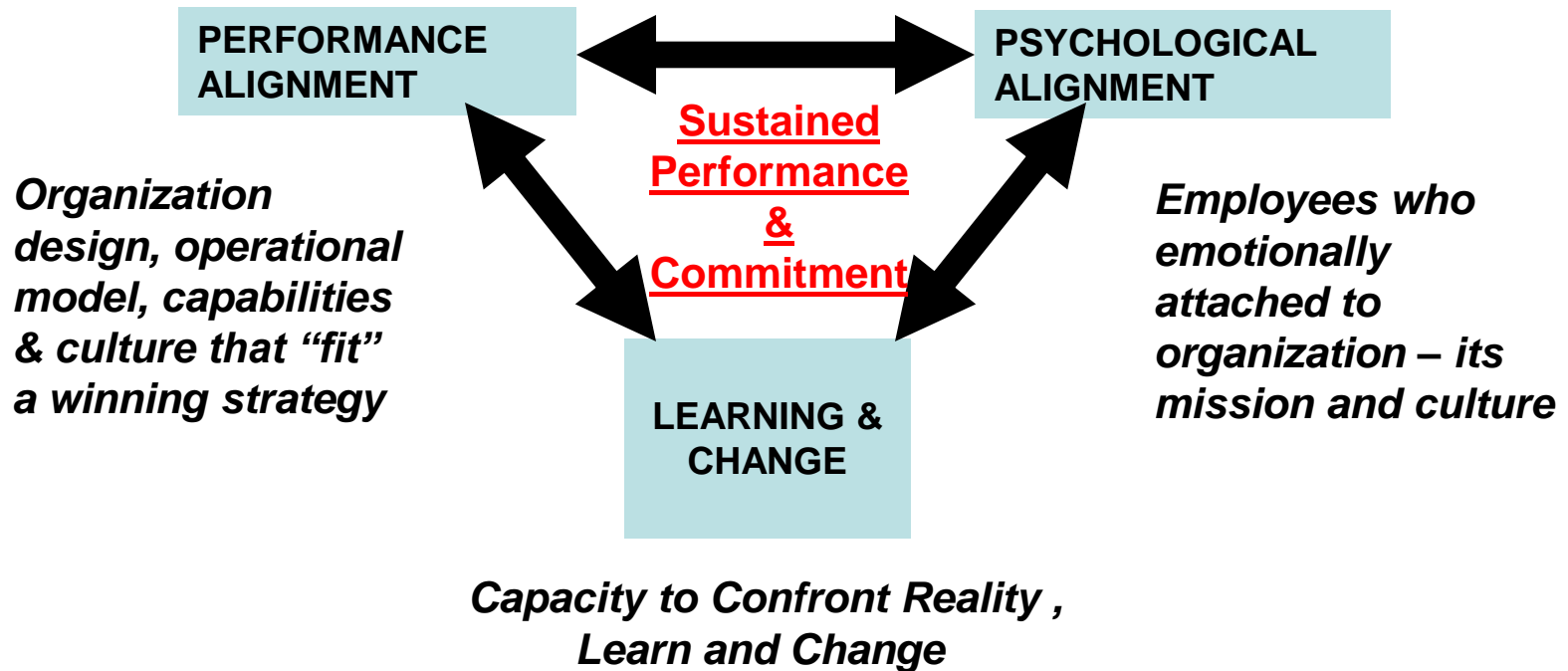
# Essential Elements in the Journey to Alignment Commitment and Sustained High Performance



- Resilient High Commitment, High Performance (HCHP) Companies
- What Stands in the Way?
- Transformation



# Three Paradoxical Pillars of HCHP





# Companies Born “Right:” As High Commitment, High Performance Organizations

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Southwest Airline

SAS Institute

Hewlett Packard (until late 90s)

Cisco

McKinsey

Nestle

Goldman Sachs

Nucor

H&M

Johnson & Johnson

Marriott

IBM (until 1980s)

Costco

Harvard Business School

Toyota

IKEA

Airlines

Software

Technology

Telecommunication

Consulting

Food

Investment Banking

Steel

Retail

Pharmaceuticals

Hotels

Computers

Grocery

Education

Automobiles

Furniture



# Hewlett Packard

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I think many people assume, wrongly, that a company exists to make money. While this is an important result of a company's existence, we have to go deeper and find the real reason for our being. As we investigate this, we inevitably come to the conclusion that a group of people get together and exist as an institution that we call a company so they can accomplish something collectively that they could not accomplish separately – they make a contribution to society, a phrase which sounds trite but is fundamental... You can look around and still see people who are interested in money and nothing else, but the underlying drives come from a desire to do something else – to make a product – to give a service – generally to do something which is of value. So with that in mind, let us discuss why Hewlett-Packard Company exists... The real reason for existence is that we provide something which is unique [that makes a contribution].

David Packard, Founder and CEO



# Hewlett Packard

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The HP Way is a subtle way, and that is why we have such trouble describing it. It is basically a faith in people to use their discretion and to be sure along the way they make mistakes as well as make contributions..consistent with [the company's] basic underlying set of objectives.

HP Manager



The HP Way is difficult to explain because it is woven into the fabric of our organization. It's really about the inherent feeling that you just have to do the right thing for the company, the people and the customer. It can take the form of teamwork, respect, or even just a smile.

HP Manager



# Southwest Airlines

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You have to treat your employees like customers. When you treat them right, they will treat your outside customer right. That has been a powerful competitive weapon for us.

We've never had layoffs. We could have made more money if we furloughed people. But we don't do that. And we honor them constantly. Our people know that if they are sick, we will take care of them as people, not just cogs in a machine.

Herb Kelleher, CEO



# Southwest Airlines

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Working here is truly an unbelievable experience. They treat you with respect, pay you well, and empower you. They use your ideas to solve problems. They encourage you to be yourself. I love working here.

Employee at Southwest Airline



# Southwest Airlines

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At Southwest, the community is most important. People have to let go of their personal egos. Without the success of the community, you can't have personal success.....

Southwest Manager



## Companies Not Born “Right” Can be Transformed

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- Asda (UK)
- NUMMI
- General Electric
- IBM
- Becton Dickinson
- Campbell Soup
- Volvo Group (Sweden)
- Standard Charter (UK)
- NORDEA (Sweden)
- BUPA (UK)
- Grocery
- Automobile
- Conglomerate
- Information Technology
- Medical Technology
- Food
- Trucks
- Banking
- Banking
- Healthcare

# HCHP Leaders Make Principled Choice About:



- Purpose and guiding values – multiple stakeholder perspective
  - “We have a set of values—deeply held beliefs that guide us in meeting our objectives, in working with one another, and dealing with customers, shareholders, and others. Our corporate objectives are built upon these values.” --David Packard
- Strategy
  - Distinctive, focused, capability based, and animated by values
- Risk
  - Limit financial risk – debt load
  - Smart and carefully controlled growth
  - Careful acquisitions
- How to lead, motivate, organizing and manage people
  - Stretch high performance goals – winning matters – and values
  - Selection based on “fit”
  - Commitment based primarily on inspiration, delegation, involvement, challenging work and development opportunities, less on money
  - Control based on strong norms (culture) more than hierarchy and incentives - though
- Employee voice and participation
  - Honest conversations and constructive conflict



# Essential Elements in the Journey to Alignment Commitment and Sustained High Performance

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# Undiscussible Barriers to Sustained Commitment & Performance

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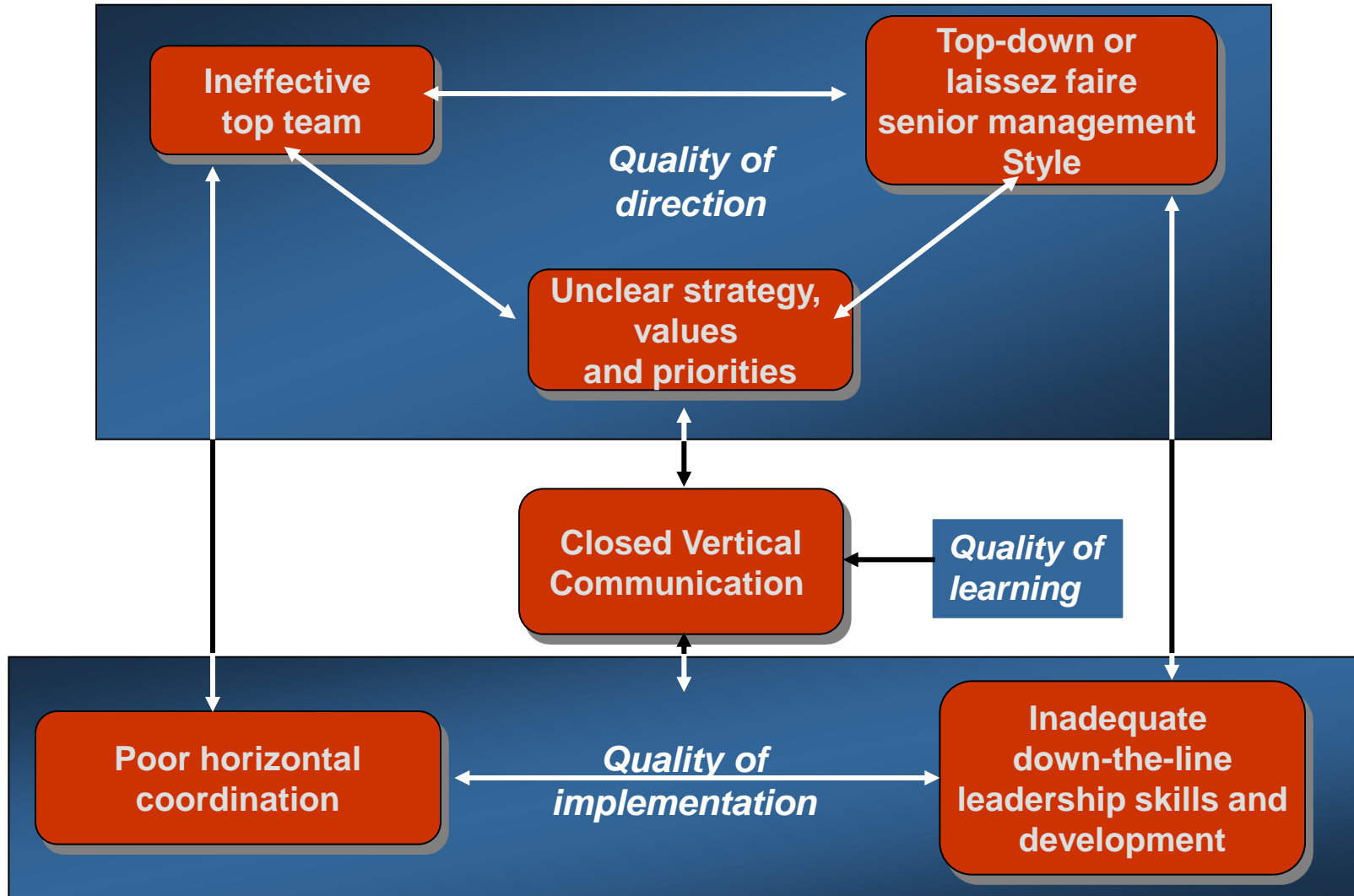


## The Silent Killers

- Unclear strategy, values, and conflicting priorities
- Leadership style – top down or laissez faire
- An ineffective top team
- Poor coordination across businesses or functions
- Closed vertical communication
- Inadequate leadership/management skills and development in organization



# The Dynamics of a Low Commitment and Performance Organization





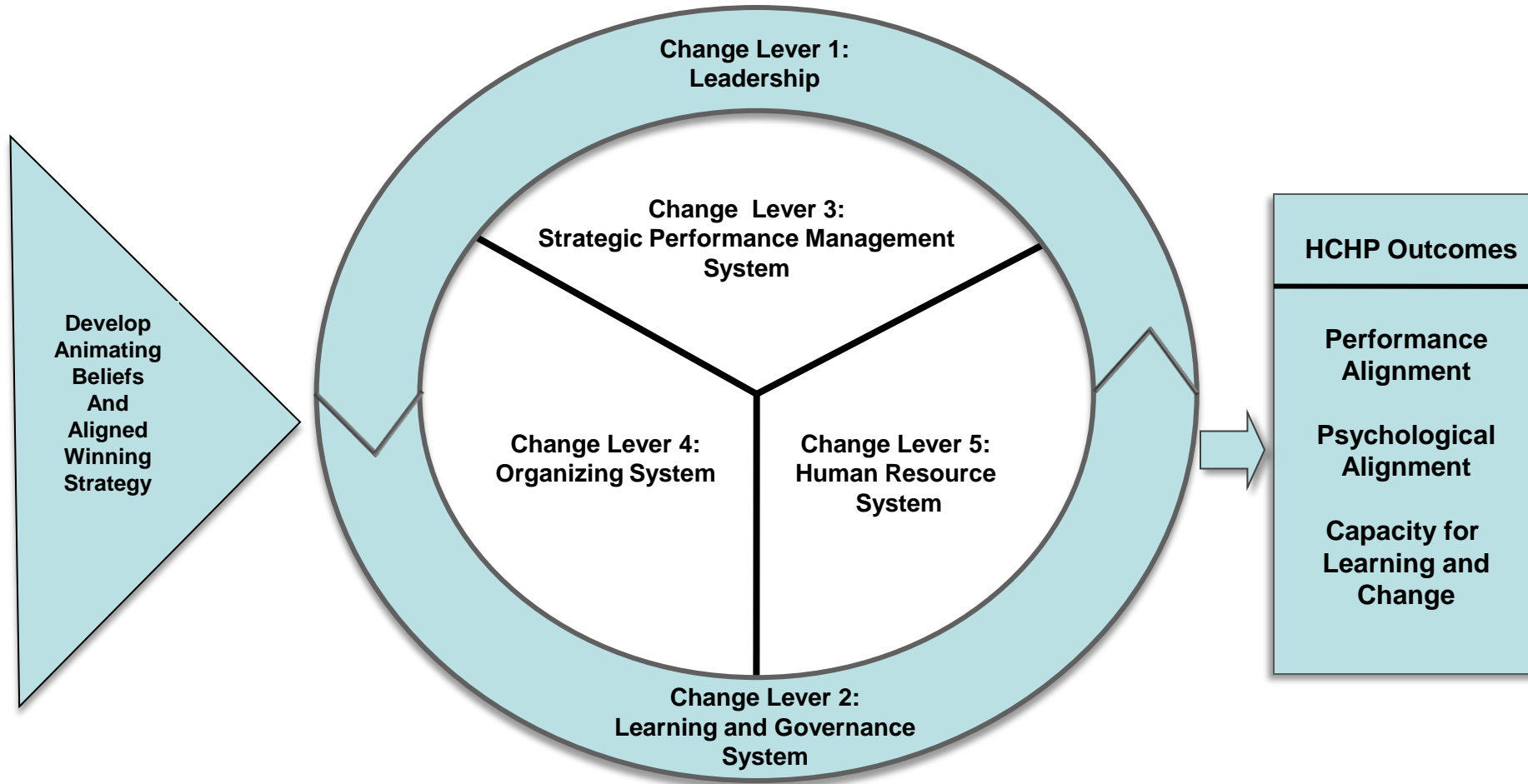
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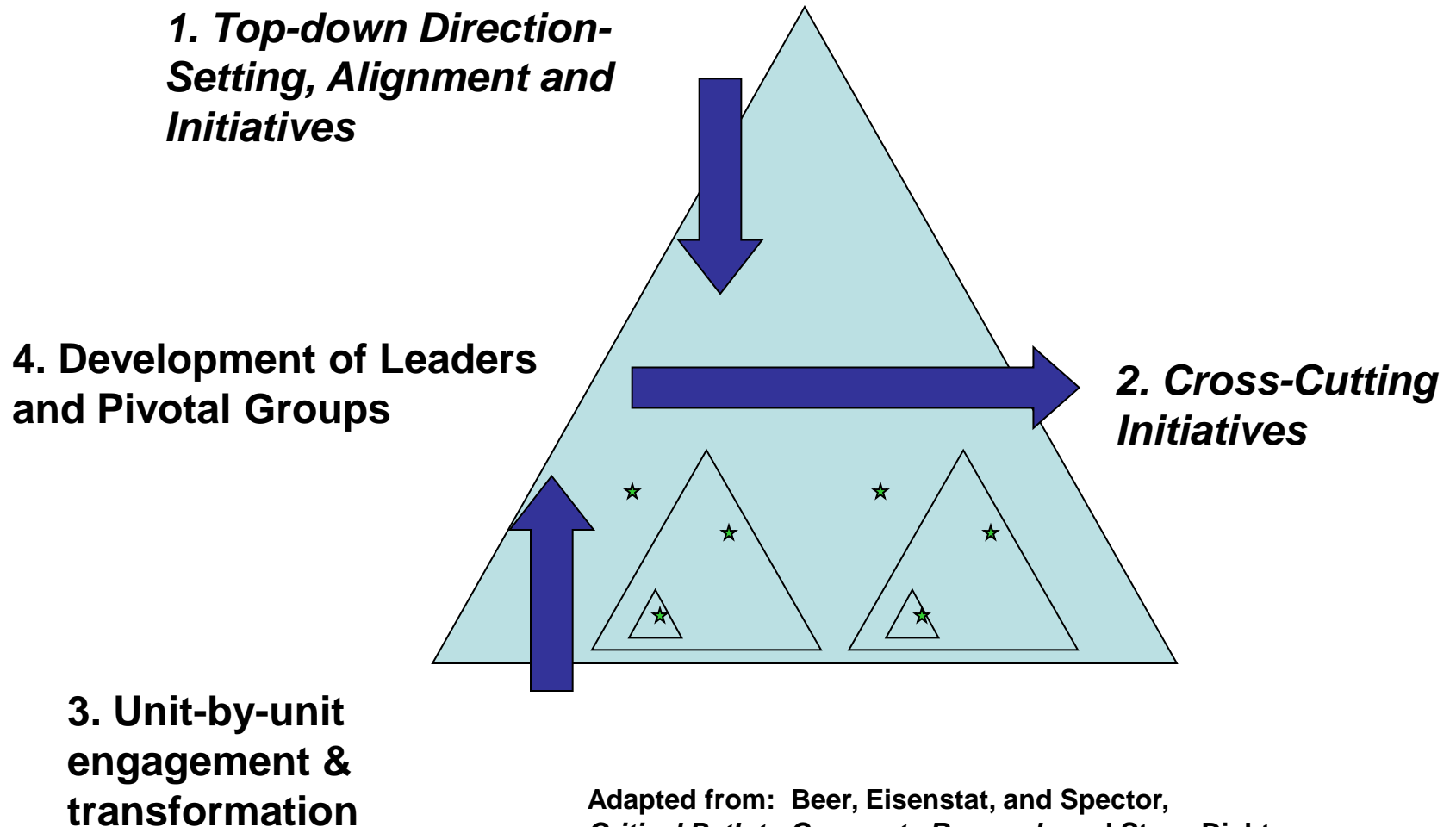


# The High Commitment, High Performance System



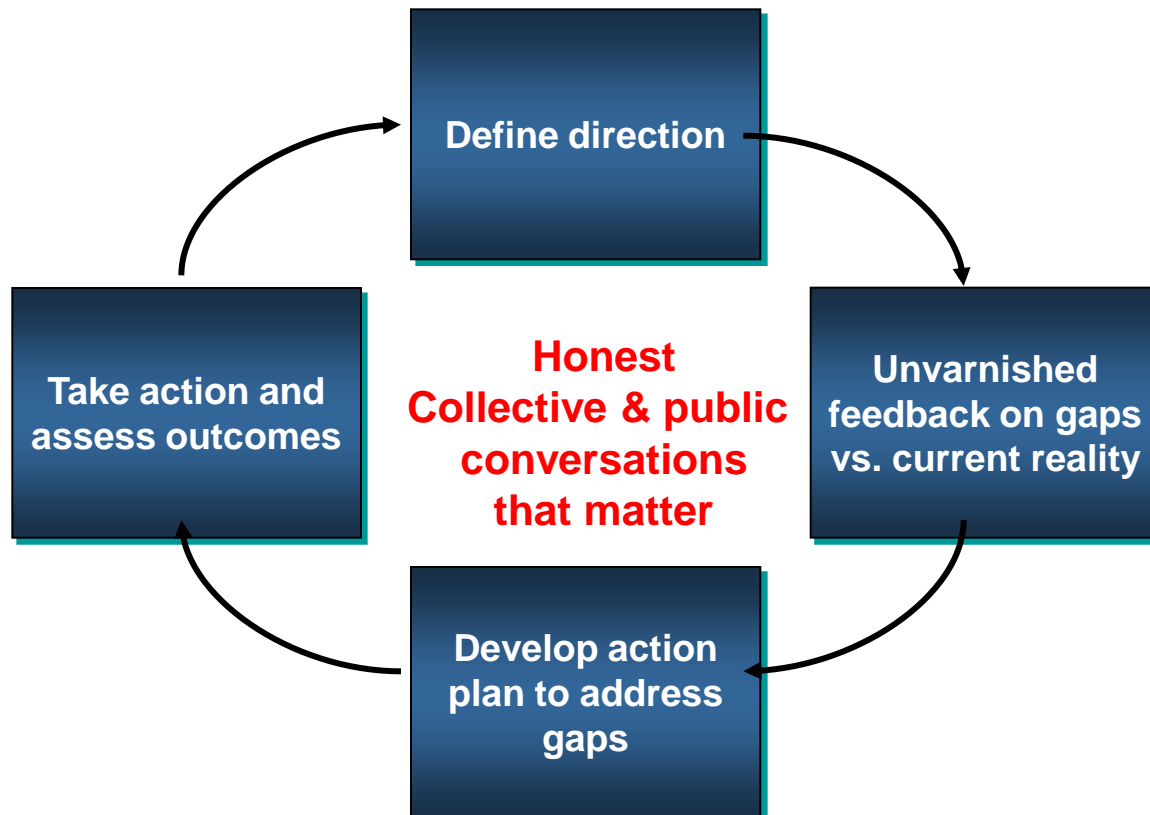


# Four Dimensions of Transformation



Adapted from: Beer, Eisenstat, and Spector, *Critical Path to Corporate Renewal*, and Steve Dichter

# Sustained Commitment and Performance Requires Regular Honest Collective and Public Conversations

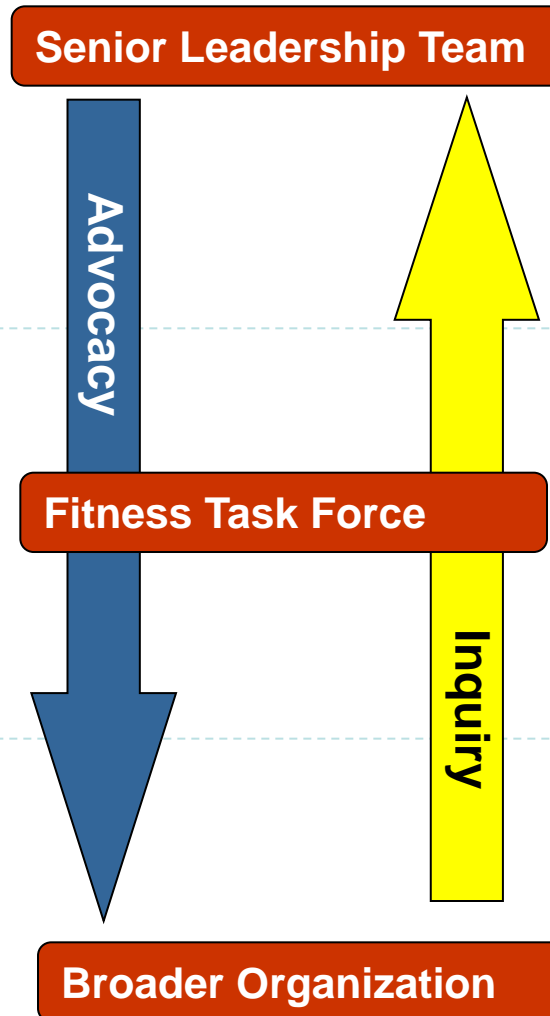


## Levels

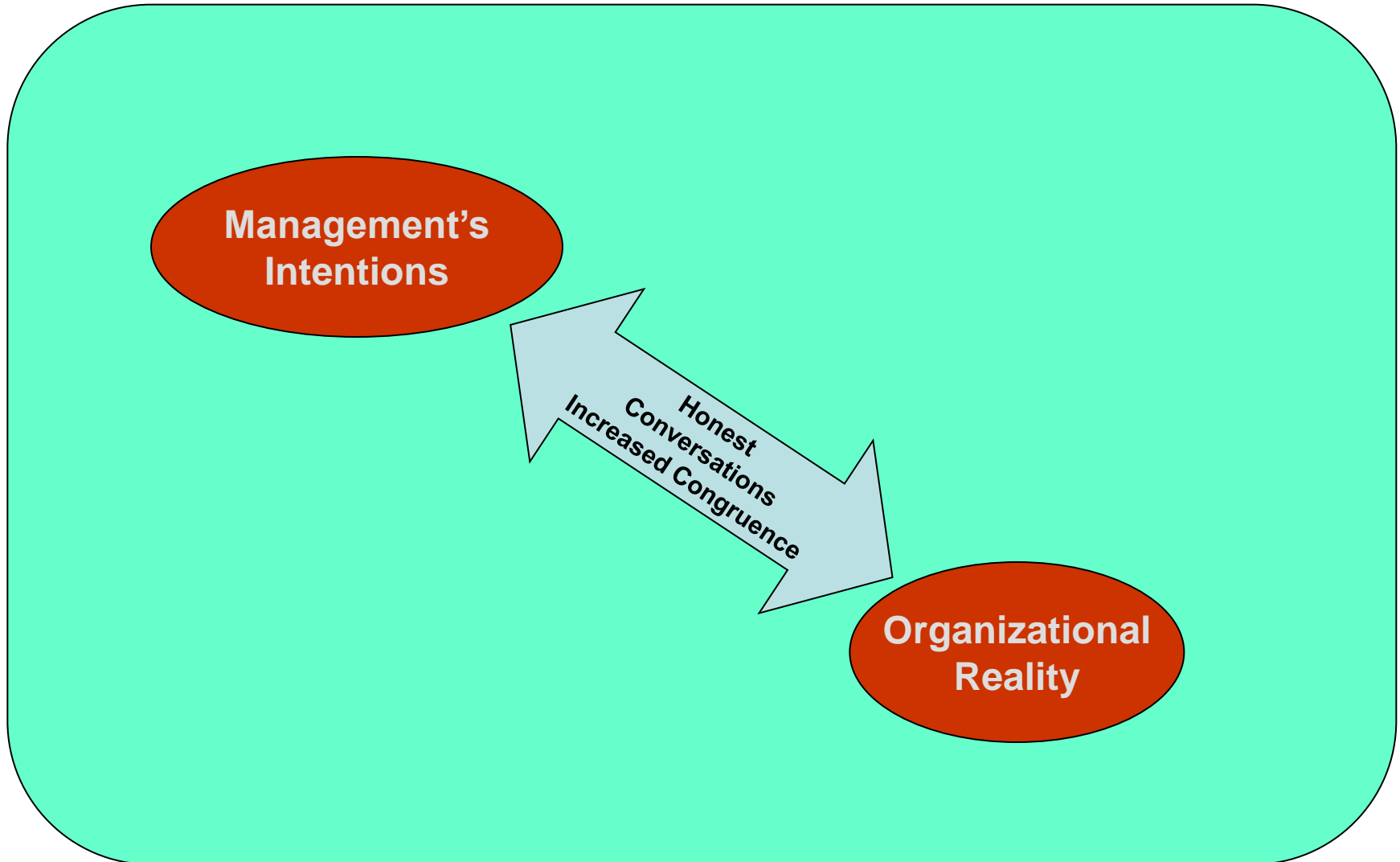
- Corporation
- Business unit
- Process
- Function
- Operating Unit
- Team



# The Strategic Fitness Process: A Disciplined Learning and Governance Process



# Honest Conversations Align Management's Intentions with Living Breathing Reality





# What High Commitment, High Performance Leaders Must Do, Be and Know



## Do

- Connect authentically
- Advocate a direction
- Inquire into the quality of the direction and barriers to implementing that direction
- Help the organization confront and resolve tensions
- Design an aligned organization
- Develop a partnership with employees
- Lead learning and learn to improve leadership



## Be/Know

- Requires self awareness, capacity to be self revealing
- Requires deep beliefs and will to lead
- Requires will to receive feedback and learn
- Requires readiness to engage in conflict and have “the conversations that matter”
- Requires systems perspective and design skills
- Requires going beyond “heroic” model of leadership
- Requires courage to be vulnerable and learn



## New Research

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- What HCHP leaders say and do
- Swedish collaborators: Professors Norrgren and Fredberg, Chalmers
- Method
  - Interviews with CEOs in over 40 companies
  - In Europe, US and India
  - CEO conferences
- Preliminary Findings
  - Consistent values and behaviors across industries and national cultures
  - HBR 2008 – “The Uncompromising Leader”
- Book forthcoming in autumn 2010
- TruePoint Center for High Commitment and Performance
  - The personal challenge HCHP leadership
  - Innovation in HCHP firms
  - Developing next generation leadership