High performance organization model ****

**Summary:** The HIGH PERFORMANCE ORGANIZATION model (HPO) was created as a two-decade experience of authors of the model (John W. Pickering and Gerald S. Brokaw) in their work in Government agency the Federal Executive Institute (FEI) on educating high officials and their knowledge related to organization performance improvement. The essence of the program is a synthesis of theory and practice of organizational changes of great scope. The Program, focused on individual officials of private and public sector, rarely had results in significant changes towards the HPO in organizations. The greatest move forward is achieved when the Program is focused on entire organization and leadership in the organization. The development and educational goals should move from individual education towards the education of teams in an organization starting from the management team, best from the entire team.

**Keywords:** High performance organization, leadership, organizational culture

**Rezime:** Model ORGANIZACIJE VISOKIH PERFORMANSI (OVP) nastao je kao rezultat dvodecenijskog iskustva autora modela (John W. Pickering i Gerald S. Brokaw) u radu vladine agencije Federal Executive Institute (FEI) u obrazovanju visokih rukovodilaca i saznanja u odnosu na poboljšanje performansi organizacija. Suština programa je sinteza teorije i prakse organizacionih promena velikog obima. Program, koji je bio fokusiran primarno na individualne rukovodioce privatnog i javnog sektora, retko je imao rezultat u signifikantnim promenama ka OVP u organizacijama. Najveći pomak se postiže kada se program usredsredi na celokupnu organizaciju i liderstvo u organizaciji. Ciljevi razvoja i obrazovanja treba da se pomeraju od individualnog obrazovanja ka obrazovanju timova u organizaciji i to počevši od menadžment tima, najbolje celokupnog.

**Ključne reči:** Organizacija visokih performansi, liderstvo, organizaciona kultura

* The paper was accepted on 7 June 2005. and has been with autors for one revision
** MBA student - Lancaster University, Management School
*** Ekonomski institut, Beograd, e-mail: jlazic@ecinst.org.yu
**** This paper forms part of the results of research on Project 1324, “Improving the Organizational Structure as the Key Contingent Factor of the Enterprise”, financed by the Serbian Ministry of Science and Environmental Protection.
1. INTRADUCTION

The best approach (see [4], [5]) is in leading development of a team through organizational model of changes. The model is appropriate and has been implemented in a great number of various organizations: New York Stock Exchange, US Navy, GE – Fanuc, City of Norfolk, Virginia...

For the model to be implemented the teams of people are needed who are experts in their organizations and willing to be holders of changes and who need framework model of changes and analytic approach how to achieve an HPO, based on the so far progress of theory. The experience has shown that in case the organization does not have “good” leadership, there is no any possibility to apply the model “well”. To build such leadership it is necessary to reach consensus in the organization about clear and comprehensive common vision of all employees in an organization.

The feedback lies in the basis of the HIGH PERFORMANCE ORGANIZATION model. The model shows how strategy, structures and organization systems are is changed on the basis of leadership, vision and values. The leadership is based on philosophy, function and form, the vision is based on direction and alignment, while values are based on culture and behavior. In the model the success is reaching high performances, and they are in:
• quality of products and services,
• additional values for consumers, and
• financial performances.

The environment responds to the change in performances and sends signals in the organization for additionally necessary changes in it. The first to be affected by changes from the environment are the very leadership and leadership basis on which the model is based.

![Figure 2: The CCHPO High-Performance Organization Change Model](source [5])

Figure 1: Model of HIGH PERFORMANCE ORGANIZATION changes
2. “BUSINESS NATURE” EVOLUTION

The “business nature” evolution is a staring basis for the HPO. It clarifies types of organizations through history and offers explanations of how will organizations in the 21st century look like. These will be organizations based on democratic values.

At the beginning of the human era a man was a collector or hunter. He did not possess any knowledge and played a passive role with relation to the Nature. As agriculture and handicraft trades developed, men undertook more active role.

The Evolution of “THE NATURE OF WORK”

In this phase of work the entire organization lies on one man so that the work is holistic, namely united in one personality, so a man performs it independently without dividing work further. Every man thus possesses all competencies required for performing a job, and these are: leadership, managerial and technical competencies, knowledge and skills.

At the beginning of the past century the industrial phase commenced. Basic division of labor appeared, primarily the vertical one, because the owners and workers became members of two classes. In time the owners, having leadership function, left the sphere of management to a new class of people, managers. The managers managed on the basis of new sciences and disciplines on production and management based on industrial engineering in production and based on “scientific management” in managing an organization. The most
competent ones came before the working class but they did not have possibility to access the managerial class. The horizontal division also appeared in this phase of economic development. At each level the individuals were required to perform the entrusted role well – to be only a leader, only a manager or only a common performer. There was no mixing between classes and levels in an organization.

The Evolution of “THE NATURE OF WORK”

The changes in environment and the marketing orientation of an enterprise contributed to the fact that enterprises should be oriented in a different manner. In the industrial phase only a leader could communicate with environment and he was in charge of both the products and the services satisfying consumers’ needs and wishes. Soon it was proven to be insufficient. Growing competition conditioned a new approach to consumers – marketing development phase commenced. Marketing philosophy required the entire enterprise to be oriented to the consumers’ needs and wishes so that the so-far pyramid of managing enterprises was changed. Now the first line has the assignment to respond to the consumers’ needs and wishes, and it is mainly sales operative unit or services operative unit in an enterprise. They should have technical support by technical operative unit, which will provide them products and services which the consumers demand, and on the basis of recognized needs and explanations of the first line. Here, there is also general management support. A leader is the last. He is responsible for a vision and values of an enterprise. In this structure it is already obvious that for special or potential wishes of consumers the enterprise responds in the manner to form special teams within the enterprise which will deal with this niche as with their own micro-business.

The dynamic changes in environment, as already explained, inevitably demand from the organization to turn to democratic values and enterprise organizing, because this is the only way to survive by applying leadership approach in the
years to follow. Given that in democratic model all are equally important in an organization, all have the same tasks as well.

The model appropriate to the democratic organization is called network talent model because each individual is expected to use its talent and competencies for the benefit of progress and wellbeing of its organization. Along with leadership, managerial and technical competencies, a man in a democratic organization must have team skills as well.

The Evolution of “THE NATURE OF WORK”

In this model, man’s work and his role again becomes holistic, namely all organizational roles are summarized in each individual. A man is in the role of using all of his competencies, all the best he can offer, and that is:
1. Leadership competencies, skills and behavior,
2. Managerial competencies, skills and behavior,
3. Technical competencies, skills and behavior,
4. Team competencies, skills and behavior.

The team roles and significance of teams in an organization, which established on the basis of the theory of niche, represent the very qualitative difference in competencies, skills and behavior between the workers in the 21st century and workers in the phase of handcraft trades. Team competencies, skills and behavior may be divided as follows:
1. PROCEDURAL; types of meetings, chairing meetings, procedural rules at meetings, procedural roles, presentation skills.
2. PROBLEM SOLVING: understanding, techniques, values, and models.
3. BEHAVIORAL (BEHAVIOR): at personal, interpersonal and team levels.

Industrial model is:
• stable,
• studied,
• based on activities,
• people support technology,
• based on numbers,
• focused on products,
• standardized, and
• rigid.

Network talent model is:
• flexible,
• in learning,
• based on performances,
• technology supports people,
• based on communication,
• focused on consumers,
• non-standardized, and
• virtual.

However, does the talent model presume that all of them have the same function in an organization? No, because a function and role depend on the level in the organization. All of them should have leadership, managerial and technical knowledge, competencies and skills, but which knowledge should be given priority depends on the level of contacts with consumers. The first line should lay stress upon his technical competencies, while other knowledge and skills should not be set aside. By developing organizational structure a greater role is given to the managerial competencies, skills and behavior while on the top position the greatest stress is to be laid on leadership competencies.

The eminent organizations of today were established in the past century, in the industrial phase, and therefore the system and working processes which then produced results today does not produce them any longer, because the worn out organization is not able to lead us to future. The solution is in an organization based on the network talent model, the organization based on leadership and democracy. Such is the HPO organization.

3. DIAGNOSIS OF ORGANIZATIONS AND GETTING FAMILIAR WITH THE HPO MODEL

The HPO model is not:
reducing the number of employees,
how to work longer or shorter every day,
techniques, or
recipes.
The HPO model is focused on performances, actually on high performances. The generic definition of high performances is: *simultaneous* production of quality products and services, of exquisite values for consumers and envious financial performances. Under quality we understand purposeful “design and characteristics” of quality and excellent quality of “performance”. In this Chapter we will discuss questions asked at the beginning, and then we will move through diagnosis of organizations and introduction of the model of changes towards higher performances. In the focus of the HPO material is not only an individual, as already emphasized, but also the team and micro-business, which has emerged on the basis of the philosophy of niche, as well as the entire organization. A leader in the HPO model has a circle of control over him, circle of influences on the team and micro-business, and finally, a circle of interests spreading over the entire organization:

**FOCUS OF THE HPO MATERIAL**

![Diagram of the HPO model focuses and circles](image)

There are seven basic diagnostic questions in the model for organizations and they are the following:

1. WHAT ARE THE HIGH PERFORMANCES FOR US?
2. HOW SHALL WE KNOW THAT WE HAVE ACHIEVED THEM?
3. IN RELATION TO WHOM THE PERFORMANCE ARE HIGH?
4. WHY HAVE THE HIGH PERFORMANCES?
5. ARE WE DOING THE RIGHT THING?
6. HOW WELL ARE WE IN IT?
7. HOW WE BEHAVE TOWARDS EACH OTHER AND TOWARDS THE CONSUMERS?

The most important thing with the model is that it is a model which should be implemented in each organization individually, so the answer to the first
question, what the high performances are for us, should be specific for each organization. The answer must be firmly linked with the mission and desired position of the organization in the future, in the selected market niche.

How could we know that we have achieved the high performances when high performances do not include compromise? It is a well know fact that many industries in the past did not behave simultaneously in a unique manner towards the speed and price of manufacturing, so that more rapid manufacturing was often possible only at higher prices. The high performances require the work to be done well, rapidly and at low cost, namely to work better, faster and at lower cost than earlier. This is a 3+ approach explaining that it is necessary to increase all outputs with relation to the preceding state. Until 1900 there was only one approach “choose 1” – price, quality or speed. In the 20th century until around 1975, the year taken as the end of industrial society, the approach was “choose 2” – the price depended on either quality (higher) or speed of production (lower). Faster production meant lower product quality. Until the end of the past century the approach was “choose 3” – the standard quality was delivered along with standard production and prevailing price. The 21st century and dynamic marketing environment require each economic entity to adopt approach “choose 3+” – namely better, faster and lower-cost products and services are offered to consumers in every further iteration.

The third question is environment-oriented, actually micro-environment-oriented, as Kotler defined. Let’s us recall that the actors are in the direct environment of a company and it is composed of: a company, suppliers, market intermediaries, competitors and the public. The answer to the third question is a test of adopting marketing orientation of a company. Organizations are requested to improve their relationship with all actors in their environment. The two-way communication is essential for establishing effective relation with the environment.

The fourth question is also environment-oriented but compared to the previous one the stress is here laid upon the macro-environment, and according to Kotler these are: demographic, economic, natural, technological, political and cultural powers. An organization should expand its focus from the narrow profit to broader interests, such as:

- higher moral interests,
- pride, and
- existence.

The fifth question, whether we are doing the right thing, is focused on consumers. The answer to this question should provide information on whether the quality of a design and product characteristic conform to wishes and needs of consumers. The answer to this question should also show whether we use right materials for the desired product, as well as whether the labor force is appropriate in number and level of training to the output quality and price. The quality of designs and characteristics may range on the scale from complex to
modest, and the right one is the one requested, wanted and expected by our consumers.

The sixth question, how much we are good in producing right things, is focused on the process of production. The answer to this question should furnish us information on whether the quality of performance conforms to consumers’ wishes and needs. The process should be the “right one”, namely the costs of the designed technological process should be minimized, and it should also be carried out well, by which the costs of non-performing operation (machine idling, standstill in production, and alike) are minimized. The quality of performance on the scale may range from excellent to poor, and the right is the one expected by our consumers.

**DEFINING QUALITY**

**DESIGN AND FEATURES QUALITY VERSUS EXECUTION QUALITY**

5. Right “What?”

FOCUS ON THE CUSTOMER (Outcomes)
- Right stuff?
- Right people?

EFFICIENT

6. How Good?

FOCUS ON PROCESSES
- Right processes?
- Done right?

$ = Higher Cost

Figure 6: Quality in the HPO model

The fifth and sixth question is best explained by way of a plastic example. Hence, a design and characteristics should be directed towards a determined target group and should be of high performance for that target group. Let’s take the YUGO and Mercedes cars; of course, everybody would like to drive Mercedes, but cannot afford it. The observed organization should find its appropriate place on the scale, and it is often somewhere in the middle, or upper half. Let’s say that this cross section is Skoda and that we have positioned there our designed quality in the design and characteristics of vehicles. Quality of performance represents the process performances because Skoda may be manufactured in Czech Republic or Germany for some ten thousand EUR, and it may be manufactured in Kragujevac for some twenty thousand EUR. The HPO
will produce the right thing in the right way, namely with the lowest process costs. As it may be concluded the first axis, the one defining quality of design and characteristics is an axis of effectiveness, while the other one, the axis defining the performance quality is an axis of efficiency.

This model, as may be concluded from the above example, requires the work of both a leader and a manager in an organization, so that the organization may be both effective and efficient simultaneously. The mechanism of changes must be built at each organization level in order to reach high performance organization, that much necessary in the dynamic environment of the 21st century.

The first six questions were the questions to which answers were based on a vision. It was highlighted that in the past a vision was often a vision of only one man – owner. The dynamic environment of today makes this almost impossible, but the possibility still exists. However, as the changes require the use of knowledge, competencies and skills of all in an organization, the last 7th question is thus related to the values of organization, and it may also be put in the following way: is the organization’s business culture based on democratic values? Only democracy and democratic values ensure the work to be based on maximum utilization of each individual’s potential for the purpose of successful adjusting to changes in the environment and long-running effectiveness of an organization.

Finally, all seven questions will be incorporated in a model:

Figure 20: HPO model and diagnostic questions in the model

Source [4]
We notice that the diagram of a vision and values is spiral. It represents the relation from general to particular. The vision and values should be general in their essence, however, they should lead to particular and for an organization unique implementation, which will ensure competitive recognizability, marketing positioning, short-running efficiency and long-running effectiveness.

4. SPHERES OF WORK IN AN HPO

The focus will be further put on an organization as a whole and what sphere of work is required for achieving changes at each level in an organization will be shown:

- The first one, a line level must be exposed to fast learning of the basis of business and management, in order to adapt “culture of leadership”.
- Middle level – network of working units and department must work on improvement of work process of the entire organization and improvement of system of support to work process.
- At the top level the leader’s and manager’s team should be built which will ensure the process of changes to be implemented at all levels of work in an organization.

The model is based on an presumption that an organization may change itself from industrial into the talent model network, into a democratic organization composed of high talented individuals at all work levels, who, as leaders in their micro-business teams, effectively perform their assignments providing to the consumers the quality products and services, delivering superior values for consumers and realizing envious financial performances.

A line unit is closest to consumers. This is actually a result of an organization based on marketing logics according to which those in direct contact with the consumers are interested most in effectiveness and efficiency of micro-business, which is each individually positioned in a separate market niche. The technical support provides to the line unit the necessary technical and specialized products and services. The general support provides to all parts of organization the resources and information, such as: new labor force, financial services and budgeting, and alike. The top level is responsible for creating organizational architecture and running processes supporting such structure.

The primary need of each organization is to create efficient and effective first line, which is in the first contact with consumers. To succeed in this, it is necessary to be based on two work spheres at this level. The first work sphere J1 is a change of behavioral culture model from the industrial into network model, establishing a culture based on team work and participative approach. Individuals should understand that their work is holistic, that the organization demands from them a contribution from their other competencies and not only from technical skills they posses: leadership, manager’s and team competencies. This is achieved by training and learning. The first level should
also crystallize its vision and value. Then, it should make a long-term strategic plan, which will be transposed in specific tactics and operational plans, all together making a plan and budget of this level of organization. It is suggested to establish a team in the following:

- HPO,
- Covey’s (See [2]) 7 habits of highly effective people:
  - Team building,
  - Strategic planning,
  - Trainer’s approach.

**WHERE WORK NEEDS TO BE DONE IN ORGANIZATIONS**

![Reverse pyramid of the HPO model](source [4])

The second work sphere 2 at this level is ensuring that the line team members have knowledge on business and management bases, and that they should be trained in:

- Basic financing,
- Project management,
- Managing work and processes,
- Performances and their measuring
- Benchmarking tests,
- Forecasting standards for labor force.

The first work sphere - J1, behavioral culture model change, derives from organization’s leadership, vision and values, while second sphere – J2, business and management bases, from organization’s strategy, structure and system.
The next sphere of the demanded work P1 is in an organization includes key work processes. These are processes taken over by the first line work in order to satisfy consumers’ needs and desires. In many organizations the key jobs are not controlled by organizational level of a business unit, but it is rather partnership network of various units and departments. In this case, leaders and management of all organizations in a partnership network must ensure that mechanism of changes are created, leading to work process improvement. It should be taken into consideration that such approach is fundamentally opposite to hierarchic approach, not focused on the level and participation in the power, but on processes.

Here, it is necessary to be based on experiences based on knowledge on:
- engineering,
- designing processes,
- costs control and management bookkeeping,
- continual process improvement, etc.

The fourth work sphere P2 are key support processes, such as technical support (engineering, laboratory, garage…) and general support (finance, information, employment, law…) The key process may not also be an obligation of one unit or department, so the leaders and managers have to ensure that mechanism of changes is created leading to support process improvement.

Here, it is necessary to be based on experiences based on knowledge on:
- engineering,
- process analysis,
- costs control and cost/benefit analysis,
- designing, and alike.

The last two work spheres T1 and T2 are related to building leader’s and manager’s team in an organization and are located at the very top level. As may be presumed, building effective leadership team, trained to lead on the basis of vision, form and values of an organization, depends on philosophy, form and leadership function, while an effective manager’s team, trained for daily assignments, works in the right way, depends on strategies, structures and systems, based on values and on vision of an organization.

The leader’s teams are suggested to be trained in the following fields:
- HPO,
- Covey’s 7 habits of highly effective people,
- Team building,
- Team skills,
- Strategic planning,
- Trainer’s approach,
- Getting familiar with 360º feedback.

The manager’s teams are suggested to be trained in the following fields:
- Basic financing
- Project management
• Managing work and processes,
• Performances and their measuring
• Benchmarking tests,
• Forecasting standards for labor force
• Managing and measuring direct and indirect activities and functions.

It is critical for the top team to be initiator of changes in an organization. It is of great importance come to awareness of changes at this level, in order to convey this awareness to other levels in an organization, up to departments and further to work units in the first line. The top team should also be a support in overcoming resistance to changes and getting into changes as well as a support to collaborators in their work and high performances building, again at all levels, upside down. The trainer’s approach is an approach suggested as a successful one in leaders’ work with their collaborators in an organization. Similar development in leadership and management should be achieved at all levels. An open and frequent communication in organization is necessary. A consensus between the workers and organizational levels related to vision and organization’s values is also necessary.

In some organizations this high performance building process, which sometimes requires more than a year of work, appears to be unachievable, just like an “elephant eating” process. Although the elephant analogy is good related to the problem complexity, the real question should not be “whether we should eat an elephant?” but “which bite would be the first?” in these complex problems.

Figure 22: Achieving changes at every level in an HPO

Source [4]
5. FROM VISIONS TO PERFORMANCES

A vision and values offer an answer to the question what kind of strategy, structure and business culture in the HPO model is needed.

The adopted values represent a business culture pattern. Based on:
- leadership philosophy,
- individual values of a person, and
- system values, community values,
the behavioral pattern in an organization is defined. Behavior may be positive and negative, and a leader's job is to stimulate the first one. Based on decisiveness to of all in an organization to go towards the HPO, as well on feedback research, the potential positive behavior will contribute to the business culture development which is critical for creating the HPO.

We will further discuss the road from vision to performance. Based on vision and strategic reasoning, the following is developed:
1. Strategic plans,
2. Tactical/operational/project plans
3. Monitoring and corrective actions.

Figure 10: Visions and values in the HPO model

Source [4]
To understand “common vision” in the model, answers to the following questions are to be defined:
1. What is higher moral purpose, ultimate value – final performances, desired situation in the future?
2. Why do we need the HPO, who will miss us if we become the HPO?
3. What are high performances for us and how shall we know that we have them?
4. Why should we have high performances and why now?

We have to be convinced that a common vision is the right vision, that it is appropriate in terms of place and in terms of time. In order to know that our performances are high in each sphere, the following process is recommended:
1. Return always to a common vision.
2. Decompose a vision into “elements”.
3. Develop measuring of performances of:
   a. results,
   b. effects.

Measuring performances of results demonstrates to us, after some time, whether our cause/effect model is satisfactory or not in rejecting anticipated results. Measuring performance of effects shows to us whether we have or have not reached higher moral purpose we have aspired to.

Second key element of this spiral represents a strategic reasoning. That is a product of business theory and mission / niche.

The business theory is the basis for us to establish strategy, structure and system. It represents employees' viewpoints on market position of organization, as well as belief on a position where the future should be. It comprises beliefs on environment, mission and competitive advantage. The business theory is oriented on the “performance quality” and in its focus is efficiency:

The business theory is a basis for answers to the following question:
1. What do we have to do (which strategies, structures and systems to use) to realize our vision?
2. Are we doing things in the right way (right process and well performed)?
3. Are we efficient?
4. High performance indicators:
   a. performance quality
   b. financial performances
5. Strategy – do we have a right business cause/effect model?
   a. redesigning /reinventing business process
   b. reengineering of costs based on activities
6. Structure – are we correctly structured?
   a. reductionist approach (business centers, and alike)
   b. integralist approach (matrix structure, project management, and alike)
7. System – do we have system, which is uniform and supportive?
a. right business process (total quality management)
b. right management and monitoring process
c. right systems of support (information, technological, financial, legal, and technical ones)

**DEFINITION: “EXECUTION QUALITY”**

6. How Good?

FOCUS ON PROCESSES
- Right processes?
- Done right?

EFFICIENT

* $ = Higher Cost

Figure 11: Business theory in strategic reasoning

Compared to the business theory, which in its focus has efficiency, the mission and niche analysis has effectiveness in its focus. It is based on the following analyses:

- BENCHMARKING,
- SWOT,
- GAP.

The mission and niche analysis is based on “quality of design and characteristics”, while its basis lies in interaction of the following answers:

- Do we have necessary products and services required by the final consumers?
- Do we know what is the strategic value for consumers?
The mission and niche analysis is the basis for answers to the following question:
1. What is our niche?
2. What for we (our organization unit) undertake responsibility and what other units are our partners?
3. Are we doing right things for right consumers?
4. Are we effective?
5. The high performance indicators:
   a. quality of design and characteristics
   b. consumer’s “values”
6. Analysis of key services and products:
   a. have we correctly identified the products and services to be delivered
7. Strategic values for consumers:
   a. have we correctly identified who are our consumers now and who should be our consumers both now and in the future
   b. are we in partnership relations with our consumers in order to determine their desires and needs now and in the future
8. Environmental protection
9. Market analysis
10. Feasibility studies of trends.

By synthesizing business theory and mission/ niche analysis we synthesize all elements necessary for good strategic reasoning, thus we may synthesize fundamental elements necessary in this process:
• Buyers,
• Products and services,
• Business strategies,
- Organizational structures,
- Work processes,
- Processes of support
- Equipment and plants,
- Technology,
- Information,
- People,
  - competent enough,
  - in development process
  - feedback/training (360°)
  - process of decisiveness (change of performances).

Based on leadership values in a dynamic marketing environment, the HPO must repeatedly return to determining values and visions, and base efficiency and effectiveness on results of strategic reasoning. If the obtained result of strategic reasoning is an effective strategic plan, out of which we get efficient operative plans, then our business planes, which are the result of previous ones, and the results emerging from the business plans will be outputs of the highest possible performances.

To ensure long running of the concept, the feedback concept in the HPO model should be shown. The feedback in the HPO model is longer that classic feedback in an organization:

In most of common organizations the feedback is shorter than in high performance organizations. Namely, the HPO feedback includes also the impact on the change of leadership, visions and values, and not only operative and strategic plans. This is the feedback that may ensure fundamental changes. It should be mentioned that the feedback including the change of only tactic plans is even shorter and may be even less favorable for an organization because it contains changes in strategy, structure and system, as well as changes in mission niche in which it is present.

The common characteristics of high performance organizations (See [1]) markedly successful on the market for a long time are:
- structure with less organizational levels and less hierarchic levels,
- larger unit autonomy,
- orientation on products and services with higher added value,
- quality control,
- services control,
- reliability,
- speed of innovation,
- flexibility,
- highly trained workers using both the brain and the hands
- leaders at all levels rather than managers.
6. LEADING CHANGE

For the changes to be successful, leading changes should have a leadership approach. Given that the HPO model does not provide enough information on the very change-leading process, it is necessary to clarify this sphere as well and give one change-leading model to have a rounded action plan. The book on leading changes by John P. Kotter (see [3]), guru of leadership, was written on the basis of articles published in the HBR. It was sold in 1,500,000 copies and was the first book, as professor Kotter stated in the preface, written without any footnote, because it is based only on his knowledge and experience. It is an excellent guidepost for action plan of leading changes.

According to all objectives measuring, the important, often traumatic changes in organizations have lately tremendously increased. Unfortunately, in many cases, the changes have failed due to mistakes, and the most often ones are:

1. A LOT OF SELF-SATISFACTION: the greatest mistake is the attempt to change organization without a high level of need for changes with collaborators.
2. FAILURE IN CREATING ENOUGH POWERFUL LEADING COALITION: great changes are impossible if a top leader of an organization does not accept them. However, if he accepts them, an individual alone, regardless of his competencies or charisma, has never enough power to overcome tradition and inertia, except in very small organizations.
3. UNDERMINING THE SIGNIFICANCE OF THE VISION: a vision is crucial in realizing necessary changes, in the manner that it helps in inspiring people and directs their actions.
4. **POENTIAL COMMUNICATION WITH FACTORS 10, 100 OR EVEN 1000:** a great change is impossible unless majority of employees does not want to assist, often along with short-running self-denial. Without credible communication the visions of a leading coalition will not capture hearts and souls of employees.

5. **ALLOWING BARRIERS WHICH BLOCK NEW VISION:** sometimes this is organizational structure, sometimes influential and well positioned person who may block all efforts of changes.

6. **FAILURE IN CREATING SHORT-RUNNING VICTORIES:** the true transformations are complex and require a lot of time. Many people will not be a part of changes unless they see or celebrate long-running victories.

7. **ANNOUNCING VICTORY PREMATURLY:** while the celebration of the short-term goals is good, any suggestion that the work is almost completed is an awful mistake. Until the changes do not get deep in the company, which usually lasts 3 to 10 years, new approaches are sensitive and breakable as glass.

8. **FAILURE OF THE CHANGES TO BECOME A PART OF CORPORATIVE CULTURE:** changes bring about great moves forward only if they become “this is our way of working”. Until new behaviour does not become rooted in common values and social standards of an organization, they may always be a subject to degradation. These mistakes are not inevitable. With due attention and skill they may be avoided. The key lies in understanding why an organization resists changes and what kind of leadership is required to achieve a success in the process of changes.

Implementing successful changes is a process having 8 phases. It is very important that all 8 phases are carried out in the following sequence. The first 4 phases are in unfreezing status quo. The phases 5 to 7 introduce a new practice while the last phase is in rooting changes in corporative practice. A common mistake is in jumping over the first 4 phases. Sequential running of phases is of crucial importance, each phase must be 100% completed in order to move on to the next one. The second mistake is in that many manage changes while changes are not the job of a manager or a leader. The successful transformations are 70-90% leadership, and only 10-30% management.

**Establishing a sense of urgency is the first phase** of the process and is crucial for establishing necessary cooperativeness. With a dose of satisfaction with the present state the transformation leads to nowhere, because people are not interested in changing problems. A success in this phase is when the majority of employees, at least 75% of them as well as the whole managers’ team believe that a change is absolutely necessary. To raise the urgency level it is necessary to:

- Create crisis in such way to allow financial loss.
- Eliminate obvious elements of previous success (luxurious cars and restaurants, etc.)
- Set aims too high so that they could not be realized in a usual manner of performing job.
Separate as much people as possible from functional performances and include them in business performances.

Send as many as possible data on financial performances and (dis)satisfaction of consumers with employees, particularly those showing weaknesses in an organization.

Insist on people speaking regularly with dissatisfied customers, partners and shareholders.

Engage consultants who will provide even more relevant data and conduct discussions honestly at meetings of executives.

Publish as many honest discussions on company’s problems as possible in company’s newsletters as well as speeches delivered by the executives.

Bombard people with information on future chances and on miraculous awards for capitalizing these chances.

**Forming a powerful guiding coalition is the second phase.** The CEO alone, even if having royal prerogatives, will not succeed in carrying out a change. A weak committee, of low credibility, will be even worse. The first coalition must have:

- **POWER OF THE POSITION:** sufficient number of key executives.
- **EXPERTISE:** the people of necessary professions.
- **CREDIBILITY:** people with good reputation in the firm.
- **LEDERSHIP:** sufficient proven leaders to lead the process.

The coalition must be based on effective team work, must have enough confidence and common goals. Confidence will be built through many talks and activities as well as through carefully planned events not related directly to the job. The goal must be pleasant for ear and fascinating for soul.

**Creating a vision is the third phase.** Often, even incredibly often, in the opinion of John P. Kotter, people try to transform organizations by authoritative decree and micro-management methods. Let’s imagine three groups of people sitting in a park on the grass. In the first group one of them got up and said: “Get up and follow me.” Since not all of them followed him he turned back and said: “I said immediately!” In the second group one of them said: “We should move aside, we will get up one by one and move left. At bench we will count ourselves to see whether we’re all here. Don’t leave anything on the grass. Therefore, take all of your things and go to the bench...” In the third group one of them said: “It seems it’s going to rain. We’d better take shelter in a little tavern over there, and it’d be lovely to have a cup of coffee”. Isn’t it obvious that the third approach is the best one? This approach is based on a vision, an essential component of great leadership. Leaders create effective visions, attractive images of future and strategy, logical roads of realizing visions. Managers based on leader’s creations create plans, specific steps aiming at implementing strategy and budget, plans converted in financial expressions, and aims. A good vision has three purposes:

- Enlightening roads of changes.
- Motivating people to take action in a desired direction.
• Helping in coordinating action of various people, sometimes thousand and thousand of them, very quickly and efficiently.

**Communicating the vision is the fourth phase.** Failure in the first three phases of changes often creates problems in this phase. When urgency is not high the people will not listen about a new vision. When a leading coalition is not the right group of people they will have problem in creation and sending certain messages. If the very vision is not initiating, if it is too detailed or too general, in short, if a vision is bad, it will not be “sold” easily. However, if the first three phases have been greatly done, the leaders often “fall” in this phase. Communicating vision of changes is incredibly demanding job. The key elements of effective vision communicating are:

• Simplicity of speech.
• Using metaphors, analogies and examples.
• Abundance of forms: big gatherings and small meetings, formal and informal encounters, newspapers and speeches of executives.
• Repeating, repeating, and repeating.
• Leadership by example: behaviour of top people must be consistent with new vision.
• Explaining visible deficiencies (new mahogany furniture is not necessary).
• Two-way communication.

**Empowering others to act on the vision is the fifth phase** of this process. The barriers in training workers, the process in which they get chance and possibility to free their work, are:

• STRUCTURES: formal structures of organization make them unable to act.
• SKILLS: a lack of necessary skills mines actions.
• SYSTEMS: information systems and systems of labor relations make the process of changes impossible.
• SUPERVISION: the executives discourage actions directed towards their implementation.

In the above cases the employees understand visions and want to make them real, but they are in a “closed box”. To avoid this, leaders should:

• Communicate sensible vision with employees.
• Make structures compatible with a vision.
• Enable training necessary for the employees.
• Adjust information and personal system with visions.
• Confront with executives undermining necessary changes.

**Planning for and creating short-terms wins is the sixth phase.** The impact of short-terms wins, and victory based on them, on business transformation is great, which many examples taken from the practice show. The transformation is not a process exclusively relaying on leadership but a good management is also crucial. It is necessary to balance of these activities, while the realization of short-running goals is a measurement of a good management success. The short-running goals give the necessary feeling of security to people that the
results of changes come, that they are planned in a long-term process of changes. The role of short-terms wins would be:

- Providing proofs that sacrificing is useful.
- Awarding agents of changes with intensified credibility.
- Fine adjusting of visions and strategies.
- Undercutting cynics and those resisting changes.
- Uniting leader’s teams because there are evidences that the transformation is on a good road.
- Creating momentum: the neutral ones become supporters, while the supporters become active bearers of changes.

**Consolidating improvements and producing still more change is the seventh phase.** Irrational and political resistance to changes never completely ceases. Whenever the job is given up before completely done, the critical momentum is lost and followed by the regression. This is directly linked with increased interdependence of all parts of an organization creating dynamic environment changes. This interdependence makes it difficult to change anything if all is not changed. And this is a crucial truth: the changes of interdependent systems are extremely difficult, because they require almost all to be changed. The effect in practice means that more changes will take place than it could be imagined at the beginning. This phase will be successful and the great changes will take place along with the following moves:

- More changes and not less changes: the leading coalition, based on the achieved credibility on the basis of short-running victories, will take over additional and greater projects of changes.
- More assistance: promote active bearers of changes, bring additional people if you need their expert knowledge.
- Top level leadership: a top level is focused on visions; it communicates visions and explains them. It maintains the level of urgency constantly high.
- Project management and lower level leadership: a lower level in hierarchy ensures leadership for specific projects and manages these projects.
- Reducing necessary interdependence: makes changes easier, the managers discover the unnecessary interdependence and eliminate it.

**Institutionalizing new approach in the culture is the eighth and the last phase** of this process. The culture comprises behavioural standards and common values of a group of people. The behavioural standards are the usual manner of acting adopted by a group and they are resistant because the members of the group try to behave in a way they are used to and try to teach new members of the group these standards, awarding those adopting them and punishing those who don’t. The common values are important interests and goals of most of the people in the group and they tend to be constant in time even when the group members change. The cultural changes come last, while anchoring changes in the culture has a powerful effect, because the culture is powerful out of the following reasons:

- Because the individuals are chosen and indoctrinated so easily, and effectively,
Because the culture runs through actions of hundreds and thousands of people.
Because all this happens without much awareness on what is going on and therefore it is difficult to resist this, sometimes even to discuss.

The changes will be a part of culture if they:
• COME THE LAST NOT THE FIRST: this is the end of transformational process.
• DEPEND ON RESULTS: new approach will be a part of culture only if it is crystal clear that they are superior with relation to old methods.
• REQUIRE A LOT OF TALKING: without verbal instruction and support, people often refuse to accept new practice.
• MAY REQUIRE A TURNAROUND: sometimes the only way of changing culture is in changing the key people.
• NEW DECISIONS ARE MADE CONSECUTIVELY: if the process of promotion within the organization is not changed in order to be compatible with new culture, the old culture will survive.

A research (see [7]) analyzed 377 of the Fortune 500 companies that underwent dynamic fall of activities because of external factors such as recession and instability of economic branches.

The author of this research, Darell Rigby, explains that every cycle has three phases but also, which is more important, two approaches, the conventional approach and the new one, the so-called counter approach, the approach appropriate to the leadership philosophy and high performance organization behavior in network talent model:

<table>
<thead>
<tr>
<th>PHASE</th>
<th>CONVENTIONAL APPROACH</th>
<th>COUNTER APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>STORM CLOUDS ON HORIZON</td>
<td>False conviction that a company/industry is safe from changes. *</td>
<td>Building culture which is ready for all surprises. *</td>
</tr>
<tr>
<td></td>
<td>Diversifying in hope that the gains in other activities will cover major activities.</td>
<td>By focusing on major activity, we play on victory, there where we're the strongest.</td>
</tr>
<tr>
<td>AMID STORM</td>
<td>Reducing expenses as if tomorrow does not exists. *</td>
<td>Treating partners as a friendly army stuck in the same trench together with us. *</td>
</tr>
<tr>
<td></td>
<td>In the budge for acquisition written is 0$.</td>
<td>&quot;Loose a valet&quot; if that helps major activity.</td>
</tr>
<tr>
<td>THE SUN RISES ON THE HORIZON</td>
<td>Quickly forget that the times have been bad and urgently return to the old way of living</td>
<td>Don't start all engines: start slowly and prepare yourself for higher growth rate</td>
</tr>
</tbody>
</table>

Figure 27: Two approaches to changes in an environment

The picture of the organization of the future is (according to [3]):
1. Consistent sense of urgency.
2. Team work on the top-level.
3. People creating and communicating visions.
4. Broad training.
5. Delegating management for short-term performances.
6. Without unnecessary interdependencies.
7. Adaptable corporate cultures.

The best for all of us is to start to learn how to cope with changes, develop all leader’s potential we have and assist our organization to start the transformation process. The sooner we do that the better it will be. The leaders who want to develop themselves, learn, be bearers of changes – these people are led by the sense that what they do is good for themselves, their family and their organization. The people who make changes to “catch” the future are much happier than the people caught by shadow of the past. We need as much as possible the people of changes. They are leaders of the 21st century.

7. FOREIGN EXEMPLES OF SUCCESSFUL HPO MODEL IMPLEMENTATION

7.1. Johnsonville Sausage

In 1980 the long-standing successful family firm JOHNSONVILLE SAUSAGE made a turnaround towards an HPO (see [9]). Till then the firm grew 20% yearly, the profit was above average for the industry, sales were excellent, and quality was high. They were a respected firm and they made a lot of money. However the owner felt nausea, because of competition and environment. The firm was too big to be a local manufacturer, and too small to be a national one. The most important was that the owner Ralph Stayer felt gap between the potential and performances. Until then he had opinion that the workers could not be dedicated to the firm as he was, given that he was the owner. And indeed they weren’t.

Then the changes began to take place, starting from the Owner. He asked himself what the objectives of the company actually were and understood that he alone could not give an answer to than question. When he imagined a company selling the most expensive sausages in the industry and having the greatest share on market, he did not see the company in which where he alone made decisions, but an organization where all workers undertook the responsibility for their work, products and for the company as a whole. He saw the organization as a flying flock of geese.

Firstly, a survey on workers’ viewpoints towards related to their jobs and the company. The results were average. The Owner began to look for excuses, but he soon realized that the methodology was not to be blamed for the fact that the workers did not feel anything towards the company. He understood that the organization is like a herd of buffaloes following blindly their leader, namely
Owner. He summoned the manager’s team and said: “As of today you will make decisions by yourselves.” After two years of such work the Owner understood that his managers could not meet new requirements. He sacked them all. Afterwards he understood that he himself did not want them to make decisions by themselves but the decisions he would like them to make. Also, in these two years while making a new organization they started from a detailed plans and procedures, which should show in detail who was responsible for what. The plans were logical, but simply did not give any effects. Briefly, a catastrophe.

The Owner understood that he had to be an instructor, to learn the art of training, which essentially means communicating visions and training people to understand own behavior, own frustrations and own problems. Training is, according to the definition, a process of posing effective and provocative questions which enable the trained to identify and analyze the key problems and issues and to find out new alternative approaches and questions for himself. The question should not be an accusing question but a question enabling learning: open, sensitive, reflective, researching, analytic … He asked the workers: “What is your greatest problem?” and got an answer: “We don’t like to work on weekends!” Then he told them: “Let’s make a chance out of the problem, it is not important when but how much you work.” And they did it, they alone. The machine idling of 40% was by better organization of workers reduced to 10%. They did not work on weekends by the results were better. The people began to self-manage, but the Owner still managed the system and structure. This would be the next to change.

Firstly, the quality control system was introduced, the key system of business success and competitive advantage. The people were not encouraged to produce high performance sausages, because the quality was the responsibility of a separate division and high executives. The owner learned the following: the first strategic decision he had to make was who should make decisions. The first line of workers was told: “Since now you are responsible for sausage quality and you alone are to make the quality system control you want to have.” They did it and the results were surprisingly good. The team collected information, identified problems, worked with suppliers and other line workers on developing and implementing solutions, even visited retail facilities to learn what problems or remarks the salesmen and consumers had. The percentage of sausages of unsatisfactory quality in the process of production fell from 5% to 0.5%. The workers’ teams began every morning to carry out product organoleptic testing and search for solutions for possible improvement. They asked for information on expenditures and on opinions of consumers, so the information system was redesigned to allow such data. In time, the people asked for more and more obligations. They asked information on labor costs, efficiency and income. They were furnished with the information and were solving them. Every morning they made ever greater progress and found deeper and more complex problems. Soon they undertook obligation to manage all performances, including also managing of performances of each individual worker separately. The results were a dramatic change for better. They said that selecting and training workers caused bad performances. They took over selecting – employing and dismissing
– and training for themselves. The next change was in the system of wages. The old system rewarded continuity in the company, the new rewarded performances. The fixed profit percentage was additionally established and called “share based on performances”, which was divided amongst the workers by themselves every six months. The Owner stopped eating sausages at morning meetings and visually they all knew that they alone were responsible for all related to them.

**LEADERSHIP FUNCTIONS**

**JOHNSONVILLE SAUSAGE’S MISSION STATEMENT**

We, here at Johnsonville, have a moral responsibility to become the best sausage company ever established. We will accomplish this as each one of us becomes better than anyone else at serving the best interest of all those who see us as a means to an end. We will accomplish our mission by setting near-term objectives and long-term goals that will require superlative performance by each of us. We will change any objectives or goals that no longer meet these requirements to ones that do. We understand that this a never-ending process. This is The Johnsonville Way, and we are committed to it.

Source [4]

Figure 15: Company’s Mission

The change in structure was almost automatic. The teams undertook the jobs of the right-line managers and then of top-level managers. The teams made decisions on budget, capital investments, sequence of obligations, standards, tasks, performances... The traditional Personnel Department was replaced with a Training and Personnel Development Team. Today, 65% of people in Johnsonville are included in some kind of formal education. Everything is learnt – from accounting, engineering and marketing to Italian cooking and kite gliding. Learning is a change, should be unceasing, the continuity in learning is necessary. The life is an inspiration. Helping people to free all their potentials is morally a very good thing, and great for business. The Owner said to leaders’ team; “Talk to me as to consultant and call me whenever you need me”. One morning the Owner found a message by a leaders’ team on his table:”I need you at 8:15 hrs”. At first he was angry... and then he was aware that he succeeded.

The “pay off” (see [10]) came in five years, when Johnsonville was offered a big contract for which the Owner did not believe the company could fulfill. In the old system he would refuse it immediately, but in the new system he presented it to all workers. All teams started to communicate mutually and in two-week time the
workers decided – the contract was accepted. They decided to employ and train new workers, raise efficiency and effectiveness and work seven days a week.

The sale, quality and profit were far greater that one could expect in 1980. The people were aware that their greatest enemy was the success in the past and learned that a change is the right deal of any effective business because the change related to today and the future was not related to the past. No end for changes.

7.2. Charleston Naval Shipyard

The American Naval Shipyard in Charleston (see [6]) existed already 100 years when in March 1991 Captain Tom Porter (now Admiral) took over command. In the work until that moment the orientation towards the Shipyard’s buyers was choose two. Choose two meant that the Shipyard could deliver a quality product by either faster delivery or lower costs, but not all three simultaneously. In 1991 the Navy decided to implement in all three shipyards the business strategy more oriented to buyers: project management (PM), and simultaneously the advanced industrial management (AIM). Porter was assigned to do the following:

1. Reduce number of workers from 8,000 to 6,500.
2. Implement PM/AIM.

Porter restructured his assignment through three processes of changes by:

1. Creating high performance organization.
2. Implementing the PM/AIM.
3. Improving relationship between workers and managers.

VISION

Our vision is to be the shipyard of choice for our customers. In achieving this, we want a shipyard of which we are proud and committed. Where we have an opportunity to contribute, learn, grow, and advance based on merit. Where we are respected, treated fairly, listened to, and involved. Above all, we want personal satisfaction from team accomplishments and friendships, balanced personal and professional lives, and to enjoy our endeavors.

Source [6]

Figure 16: Company’s vision
In January 1992 a three-day HPO seminar and five-day workshop for improving team skills commenced. The first training commenced with the top team of the organization. Leader’s teams were also formed at all levels and the training commenced. In April the education and leadership development began. Also, the new PM/AIM approach was implemented. The core of this approach was that the team members building vessels were responsible for all aspects: quality, delivery speed, relations with buyers, and budget. The first two PM/AIM teams, which created the HPO, were responsible for building two nuclear submarines. The first one that was built was completed with 35% lower costs than standard of other shipyards and they saved 9 million dollars to Navy. The total of 22 other vessels/projects were built when the Shipyard was awarded the price of the Ministry for their exceptional contribution to the growth of national defence at high money savings of taxpayers. Immediately after his arrival, Porter, first alone and then along with the assistance of other managers, initiated intensive talks with trade unions. In May 1992, the tension that appeared at the beginning of the process because of redundancy totally disappeared, and all groups agreed that they had built consensus on future relationship and actions.

**VALUES**

**LEADERSHIP** is the responsibility of everyone at the Charleston Naval Shipyard, from clerks and mechanics to the highest level of management. Leadership must be exercised by each person in ensuring that we live and work by our shipyard’s basic core values: **TRUST**, based on mutual respect and truth, commitment to the success of others, personal accountability, and a recognition that we all share responsibility for guiding the organization, solving problems, and responding to change. We achieve success through teamwork and mutual support.

**HUMAN DIGNITY and FAIRNESS** in the treatment of our diverse workforce, such that the opportunity to contribute, learn, grow, and advance is based on merit. We recognize achievement and celebrate success, never missing a chance to commend an individual for a job well done.

**UNQUESTIONABLE ETHICAL STANDARDS** governing our day-to-day actions as we conduct the important business of this shipyard. Personal integrity is our most important asset.

**OPENNESS** marked by clear communication of the corporation’s goals and how individual performance must support those goals; and where differing points of view are actively encouraged and recognized.

**EXCELLENCE**, where we all work together to create an environment that encourages initiative and creativity and that empowers the dedicated, hardworking people closest to our customers and products to deliver quality products and services.

**COMMITMENT** to the needs and successes of our customers and to enhancing the value of our products through industrial automation, technology, reliability, and world-class services.

Figure 17: Company’s values

The HPO model applied in the Shipyard, explained in preceding Chapter, emerged on the basic postulate of the author of the model according to which the most important for managers is a clear and concise concept of the model
synthesizing comprehensive theoretical knowledge on building high performance organization, with diagnostic tools which may have a practical application in understanding their own organizations. The HPO model has contributed to the shipyard to realize 3+ approach:

- Superior products and/or services,
- Focus on delivering high values for consumers, and
- Good financial performances.

In April 1996 the Shipyard was closed. The reason for closing was the change in national navy strategy – reducing building of new vessels from 600 to 340 vessels yearly. Which of the shipyards were going to be closed was not decided on the basis of their performances and results but on the basis of territorial distribution defined according to the changed global strategy.

The lessons to be learnt from this case are:
1. The first and most important lesson is that establishing an HPO does not grant automatic survival.
2. The second lesson is that training is only a tool in the process of changes, it neither causes them nor may be their substitute.
3. The third lesson is that a mechanism of changes is in leaders’ teams created on the basis of the job nature. The team success in achieving an HPO was in the ability of a leader to base his work in, for us already known, K2 leadership square. The contribution of external consultants was also important.
4. The fourth lesson is that improvement of relationships between workers and managers is of crucial importance.
5. The fifth lesson is the importance of awarding system change.
6. The sixth and final lesson: experience from Charleston confirmed that the program of changes focused on organizational strategies, structures and system, and without previously defined high performances, leadership approach and articulation vision and values have marginal value.

### 7.3. Local Government HPO

The local community political and administrative logic must be taken into consideration in the HPO of local authorities. All actors of public services based on democratic principle of power should choose the set of their jobs on the following political values:

1. REPRESENTATION. The elected body is a chosen representative of citizens. Therefore, the citizens’ will must be represented through the actions of the body.
2. EFFECTIVENESS. The citizens expect to be governed wisely and reasonably. Such relation must be felt through the results of public services and companies’ work – their work and outputs must be highly effective.
3. INDIVIDUAL RIGHTS. A citizen must strongly feel that the authorities in communication with him, or through decision-making, are not violating his constitutional rights and freedoms.
4. SOCIAL EQUALITY. The citizens are often addressed to as a certain social group, and not as an individual. All groups of citizens must have equal treatment by local authorities.

A vision of local authorities of high performance must be tightly linked with the communal strategies. If the leadership philosophy is adopted at all levels in an organization, as well as at the level of teams and each individual separately, we come to the model of the local authorities or local government HPO. I would like to emphasize that it is crucial for the model to be funded on democratic values.

![Local government High performance organization](image)

**Figure 18: Local government High performance organization**

The duality of power at local levels is usual in all democratic countries: legislative (or political) and executive power. It is also the case in our system, along with all changes in legislation. More stable and effective democracies strengthen the executive power and leave it to professionals. The art of dealing with public services at this level has been since long ago studied as profession at foreign universities. However, it this case there is a gap in knowledge and, most likely, in skills between the professional and political power, namely appointed and elected power in our political system of local self-governance, shown in figure 19:
For the elected body to be a high performance body it should necessarily move from its political convictions (politics) towards the guidelines of acting (policy). The elected body needs assistance from professionals to be able to accept long-running visions. Without that, this form of rule is vulnerable. When the final picture of desired state is shaped, by maintaining constant creative tension between the momentary reality and desired goal, all will be on the road of accomplishing high performance. This leadership concept “all hands together” is realized in three phases:

1. Forming strong working linkage.
2. Building collective image of the community future.
3. Developing principles moving visions.
5. Including citizens in the process.

The work process is to commence as soon as the “dust settles” after the elections. The focus should be on a vision, on the desired future status. The democratic values are the base. The difference in motives should be understood, the politicians are interested in being elected again, and the professionals in keeping their jobs. “Building” politicians along with unselfish participation of all the appointed persons and professionals, the full participation in work will be achieved because all of them will work in the same goal, fully sustaining their motives. Firstly, a link between the work and assignments is to be established, respecting the fact that the development strategy framework is a job of politicians, and after that the citizens have to be included. It is important to make visions acceptable by the citizens. Obviously, the well-known thesis on necessity of both leader’s and the manager’s work is repeated here. The
leadership concept “all hands together” allows stable and positive development of the community in the future.

The local authorities and every power have since long ago been called public services. Unless the holders of power do not accept their role in the power only as a common job, but make use of it to serve high ideals of democracy, freedom and equality in the same way as they would serve interests of their co-citizens, acquaintances and friends, their mission will be remembered as a good and successful one.

8. CONCLUSION

Some leaders and managers, because of the situation in an economic branch and because of environment, while leading their firms incline to the non-democratic styles of rule. In their case this may be justified because it is temporary due to momentary situation in the branch, and latest until the company becomes endangered due to the changes in the environment. However, in the policy of a democratic country, although some researches would show that all leaders do not have democratic type of rule, particularly in traditional societies, it could be said that this might never be justified. The democracy is the best existing type of rule and it must be practiced at all levels of power, at the local level as well. Its effectiveness has been proven so far.

Just like the HPO model of an economic organization, the HPO of a leadership is also based on values and visions, but in this case the values are given beforehand – and these are democratic values.

Literature

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