



TenStep Supplemental Paper

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Re-Engineering – A Boon Says Michael Hammer

Re-engineering: a smart way to do business – not a complete make over.

Re-engineering has gained wide popularity in recent years. Contrasting opinions still exist, and few are convinced of its effectiveness. The quality guru Michael Hammer though considers re-engineering the key to operational excellence.

Michael Hammer

Hammer is one of the worlds highly sought after lecturers and foremost business thinkers. A proponent of both reengineering and process-centering, he authored several best sellers like the *Reengineering the Corporation: A Manifesto for Business Revolution*, *The Reengineering Revolution: A Handbook*, co-authored with colleague Steven Stanton; and *Beyond Reengineering: How the Process-Centered Organization Is Changing Our Work and Our Lives*.

In 1996 *Time* magazine called him one of America's twenty-five most influential people.

Hammer's message

According to Hammer, re-engineering is effective because it allows organizations to think outside the box, ideas that are "off the cuff". Re-engineering looks beyond conventional strategies. However the biggest problem with re-engineering is that organizations find it a tedious exercise.

Re-engineering – the definition

"Business reengineering is the process of fundamentally changing the way work is performed in order to achieve radical performance improvements in speed, cost, quality, market share, and return on investment."

The key to re-engineering is - ignore existing functional boxes and re-envision processes with as few hand-offs and as little waste as possible.

The customer rules!

Hammer believed that sales and design/engineering must be combined to align the voice of the customer with the organization's goals. This improves customer interaction and involvement in product development. He considered it a smart strategy to enhance customer satisfaction.

Some principles for successful re-engineering:

- Think differently, not conventionally.

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- Map quality, innovation and service with cost, growth and control.
- Plan, engineer and re-engineer depending on outcomes and not tasks.
- Collate information from successful projects. Use them to re-engineer efficiently.
- Optimize resources utilization. Few resources may be de-centralized or difficult to access. In such cases devise special strategies.
- Always link parallel activities. It improves operational efficiency.
- Finalize critical work points. Ensure decision-making involves the critical work points.

Hammer's love for re-engineering

According to Hammer, re-engineering is not a trend that came and went! Re-engineering is here to stay and organizations need to recognize its benefits. Re-engineering is not a box of popcorn that can be completed. Like quality, re-engineering is never ending. It is a round the year process.

Hammer believed that re-engineering is the exact opposite of management. Management is more about manipulating. However, he liked the quality analogy, which is never ending.

Consider Total Quality Management (TQM); it seeks full organizational participation to initiate incremental improvements/micro-changes. Re-engineering on the other hand, aims at exponential macro-changes. Simply put, TQM is a gradual change, while re-engineering is a radical change.

Apply re-engineering

Products/services are an assimilation of many interconnected processes. Accordingly the success or failure of a product/service depends on process management.

The problem - Typically, the order-taker takes the order. The order is then sent to the finance department for an estimate. Accordingly, project overheads, workforce, time and resources for the order, are determined. Once an estimate is made the order is sent to the engineering department. Finally, the order is sent to a third party for delivery/shipment. Concerned personnel monitor this process from start to finish.

Typically, such workflow systems in organizations do not understand their processes. They follow the procedures not because they are logical but because they "should".

The alternative – There is nothing wrong with this process. Except that it is slow, highly prone to defects, uneconomical and above all consists of too many handoffs (passing work or the control from one person to another).

Re-engineering – the inside story!

According to Michael Hammer a re-engineered organization must have clarity of thought. He proposed the following as attributes for a re-engineered or process organization.



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Clarity - Processes must be based on customer requirements. They must take into account customer satisfaction levels, end product quality, workforce efficiency and operational costs. In short, the process objectives must be defined clearly.

Awareness - In most organizations, employees do not understand why they are doing a certain process/operation. This often leads to defects and rework. Hence, there is a need to improve awareness amongst employees.

Everyone must be aware of the aim of the process, workforce and the time involved in the process, what operations it leads to and the role of each and every employee.

Measurement - All processes must be measured if improvement is desired.

Improvement - Must be initiated based on measurement and process performance, improvements.

Management – In a process centered organization, people must be managed effectively unlike, managing a business by managing its processes.

The above argument raises two questions – How does one work in a process centered organization? How is managing different in a process centered organization?

Re-engineering – the working cliché

The answer to the first question is - if you are happy trying to slot task A in here and task B in there then re-engineering is not for you. Re-engineering is fulfilling yet more demanding than your conventional *I come at 9 and go at 6* kind of job! It is a quantum leap towards commitment and application. You have to do a lot more than what you did before. Your job responsibilities are no longer limited and you can no longer sit in the “comfy zone” expecting work to come your way!

It emphasizes on commitment, it demands your heart and soul.

“Not my job” – does not work with re-engineering!

Typically, organizations have very defined workflow patterns. Such working atmospheres foster the *not my job* kind of attitude amongst employees. In re-engineering if required, you have to look beyond your job responsibilities.

“Re-engineering opposes the conventional idea of throw my work over the wall and then I am not bothered.”

Hammer cites a very interesting example of an engineer working for Federal Mogul – a Detroit based automobile company and how it achieved phenomenal success through process re-engineering.

Earlier

Engineers were responsible for creating designs and assembling parts. They used to collect the requirement from the sales team; spare parts from the tooling team and then develop the final product step by step.



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The process was well defined on paper. Pragmatically, it was slow and often experienced re-work. Further sales team involvement in engineering was minimal. Changes in orders poured in thus rendering manufacturing inefficient. The entire process was unrewarding and unsatisfactory as customer satisfaction reached an all time low.

Now

In the new re-engineered/process-centered system the entire process was given to a single team. The team has personnel from all departments, engineering, sales, design and marketing. So the entire team is responsible for the success or failure of a product. Further the operations are coordinated. This ensures better communication, lesser rework and increased customer satisfaction.

Prepared?

In process-centered organizations, work place demands are more complex. In short, diversity is the key. For instance, engineers too might have to get involved in sales work and vice versa. Conventionally, the focus was on approval of business deals and inspection. However, re-engineering focuses on operations (both direct and cross-functional) that add value to the customer.

Michael Hammer's views on a process-centered organization may not be all that popular. He stressed on rigorous measurement, clear accountability and compensation by results. He also believed that "people who do well, will do phenomenally well; people who come up short may be dropped from the rolls".

Hammer also stressed on teamwork and organizational success based on the success of teams. Knock down the unwanted traditional walls that cause nothing but uncertainty in workflow and get ready to help even other team members.

Conclusion - No management glue required

According to Hammer in conventional business processes, operations are often disjointed. For instance, the engineer does not know the problems the sales teams encounter and vice versa. Simply put there is no coordination amongst departments. For an organization to stick together departments should work in tandem and not as individual business units. This is where management comes in. Hammer calls it "management glue". He believes that in conventional set ups; management glue is the only binding force.

However, in re-engineering, teams are not classified based on their tasks. Instead, classification is based on the target customer. Teams are cross-functional and hence a team comprises of everyone from the sales to the quality check team. Thus teams are self-motivated and this obviates the need for management glue. Teams self manage their work as they are well aware of their responsibilities and deadlines. The management's responsibility is thus restricted to fetching orders.