REENGINEERING . . . RHETORIC OR REALITY? YES!

We first addressed business process reengineering in Chapter 2 of *Strategy Implementation Insights* in, believe it or not, 1993.

We recently retired our early chapters of *Insights* because we were concerned about their value in the context of today's global challenges in implementing strategic initiatives. However, we believe that reengineering is pivotal in many successful strategy implementation initiatives, and is one of our topics that deserves an updated review.

In our enthusiasm in 1993, we predicted that "business process reengineering will soon be as commonplace as annual business and financial planning." Indeed, a large consulting discipline grew up to support BPR implementation.

However, reengineering quickly fell out of favor. The promised results were not realized, or not deemed sufficient for the investment of time or effort.

What went wrong? In too many instances we observed clients implementing only pieces of the process, or not completely working through the full phases of the process. But that was only part of the problem.

The real key to reengineering success depends on people – executive and project leaders with vision and uncompromising focus on project and change management.

- Senior management should guide reengineering with vision, tenacity, optimism, creativity and caution. Reengineering is extremely complex, particularly in situations where technology and information management transformation are critical… and, they are in most reengineering initiatives.

- Senior management commitment is key – it is simpler to develop a reengineering design than to implement and sustain a reengineered process, which meets or exceeds the pre-design quantitative performance goals.

- Your project leader (a valued manager, not a consultant!) should have a clear, yet adaptable vision of the business following reengineering. The person must be, or learn to be, a skilled change manager.

There are tools, technologies, and philosophies which need to be woven into the most effective approach for the management team involved, . . . then implemented, measured, and refined.

Before initiating reengineering, establish unequivocal and easily measured quantitative goals in terms of performance.
For example:

- revenue
- costs
- margins
- matket share
- time-to-market for new products,
- response time for customer services,
- response time for internal decisions,
- defective product returns,
- employee turnover,
- inventory levels,
- cost-of-sales, and
- margins.

Reengineering Roadmap for Change

We urge the following four phased approach as a guide to designing and implementing successful business process reengineering.

Phase 1 – Initial diagnostic, action plan, and metrics

Start with the end goal in mind, in the context of quantitative measures to be accomplished within a specific time frame. Define and understand business issues, strategy, and performance metrics. Assign a skilled, accountable change manager (not a consultant) to implement the plan.

Phase 2 – Design change model, then continually refine it to achieve the targeted performance goals

Identify root causes . . . are you solving the right problem to attain sustainable, scalable change? Identify change obstacles and mitigating change enablers and prerequisites. The design should encompass two key areas:

▶ **Management Restructuring and Enhancement, including:**
Business Process; Change Management; Management Process and Reward Systems; Talent, Competence, Organization Structure, and Culture

▶ **Technology and Information Restructuring and Enhancement, including:**
IT Infrastructure and the Internet; Information, Data, and Knowledge Management; Instant Prototyping; Modeling, Simulation, and Artificial Intelligence

## *Phase 3 – Cautiously phase-in implementation, and manage change*

Begin to measure post-change performance metrics then refocus and continually redirect change initiatives to achieve or exceed goals.

Phase 4 – Ongoing . . . Refine and reengineer

Fine tune post-change implementation with rigorous management against targeted performance metrics. Avoid casting reengineering as a one-time project or event . . . with threatening overtones.

Reengineering is part of continuous improving, refining, and growing.

Four Interdependent and Interlocked Reengineering Phases:

Phase 1 – Initial diagnostic, action plan, and metrics

Phase 2 – Design change model, then continually refine it to achieve the targeted performance goals

Phase 3 – Cautiously phase-in implementation, and manage change

Phase 4 – Ongoing . . . Refine and reengineer

Phase 1   Phase 2   Phase 3   Phase 4
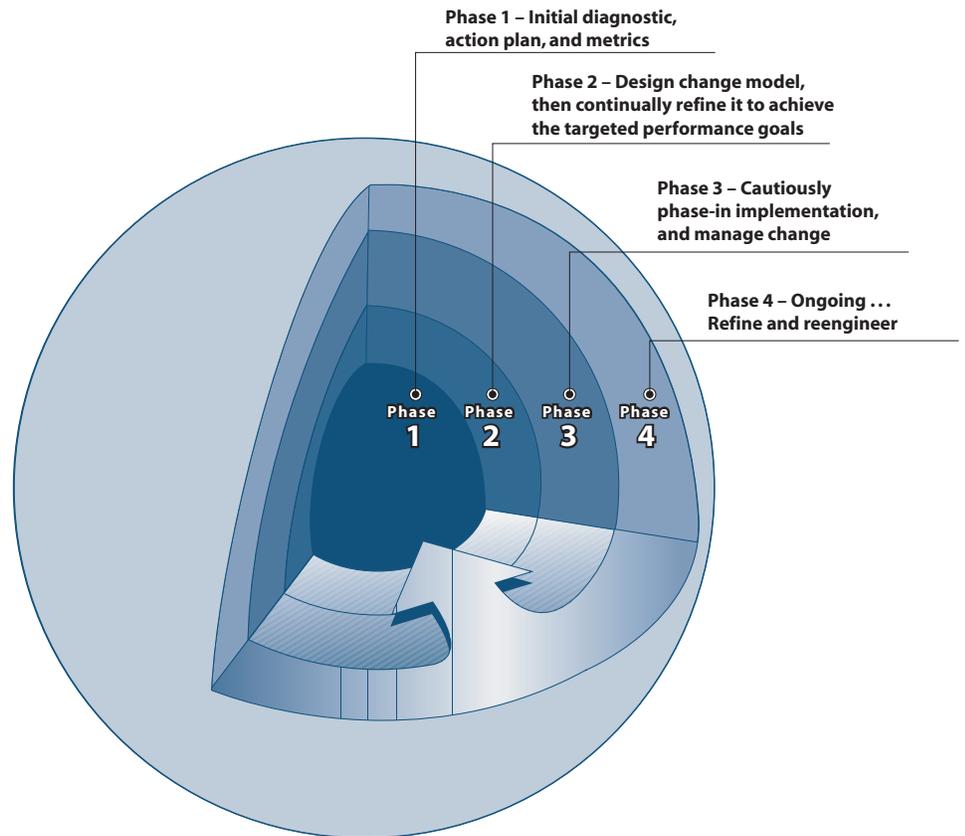
Summary

Successful, ongoing business process reengineering is demanding and time consuming. Nevertheless we believe it is an essential ingredient in sustainable competitive superiority.

Reengineering – well understood, planned, lead, and resourced – can continually infuse energy and renewed effectiveness into any significant process, including:

- customer inquiry processing and resolution,
- customer order processing and product delivery,
- global business and financial planning.
- human resources acquisition, development, and optimization, and
- inventory and distribution channel optimization,
- just-in-time purchasing, product manufacturing, shipping, and cash management,
- product or service development and time-to-market,

We look forward to sharing our lessons learned in more detail.

We welcome your suggestions, thoughts, agreement, or disagreement. Please contact our *Insights* editor, Sharon Carrigan, at 203.801.5000, or *sec@implementstrategy.com*

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Reengineering

INSIGHTS

We publish *Strategy Implementation Insights* periodically to encourage dialogue on strategy implementation effectiveness.

We invest in developing and publishing *Insights* chapters to share the lessons we learn during consulting engagements, supplemented by our ongoing research.

Our readers are encouraged to pass this *Insights* chapter along to others, or contact us for additional copies.

Please visit our Web site at www.implementstrategy.com for other chapters of *Strategy Implementation Insights,* and the sites for our sister firms: www.bepartners.com and www.ciogroup.net.

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Our Firms

McCreight & Company, Inc. partners with clients worldwide, helping to ensure their competitive superiority, designing and guiding the implementation of sound and sustainable strategy. Our unique consulting and operating experience evolved while partnering with many of the world's most respected leaders and most dynamic organizations. Our capabilities are further enhanced by our sister firms – Board Effectiveness Partners and the CIO Group.
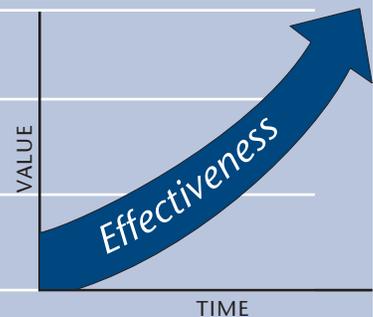
How We Add Value

Analyze and refine strategy

Define implementation initiatives with timelines and milestones

Define implementation roles, accountability, and resources

Monitor implementation progress and identify and help mitigate roadblocks

VALUE

Effectiveness

TIME

Our Goal

Our goal is to ensure strategy is sound, sustainable, scalable, and successfully implemented, on-time, on-target, and on-budget. We partner with clients in designing and implementing strategic change, including: global growth, leadership transitions, board and director effectiveness, business restructurings, new business launches, mergers, acquisitions, joint ventures, and alliance partnerships.

Industry Competencies

• Aerospace
• Communications
• Defense
• Foundations
• Information & Technology
• Intelligence
• Life Sciences & Health Care
• Media
• Professional Services

Our Chairman

JOHN MCCREIGHT has devoted over 35 years to consulting and partnering with CEOs, senior management, boards, and investors, defining and implementing large-scale strategic change. Mr. McCreight leads every engagement and is professionally involved on site.

Alliance Partners

Each strategy implementation engagement is unique in terms of our client's needs, our response, and the consulting competencies and professionals involved. McCreight & Company nurtures relationships with over 100 alliance partners worldwide. They strengthen our capacity to ensure our clients' success. Our alliance partners exemplify preeminence in their fields and complement our core competencies.

Research & Operations Center (ROC)

Our ROC professionals are linked globally to our clients, alliance partners, industry experts, and the academic community. We focus daily on monitoring facts, opinions, successes, disappointments, lessons learned, and emerging best practices in many areas, including board and director effectiveness, information and technology, and the issues and challenges that impact strategy development and implementation.