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Reengineering: Not for everyone

by David Lee

"Let's reengineer the company!"

These words continue to emerge from boardrooms. Reengineering has become a corporate buzzword of the 1990s. This article addresses why companies decide to reengineer and explores the risks, as well as the benefits.

Quality

The trend during the 1980s and early 1990s was "quality." Many companies have implemented a "quality process" with a fair amount of success.

Preventing mistakes, zero defects, doing things right the first time, and providing improvements that are easily measured are the emphases of the process. Most employees in an organization can get excited about quality, because it is a bottom-up process (the people closest to the day-to-day work are empowered to make the process improvements). Therefore, management's role becomes that of teaching, mentoring, and coaching.

While a quality process has improved the working conditions and profitability of many organizations, some executives believe the incremental improvements don't go far enough. The bottom-up approach makes it impossible to ensure that people are improving the right processes. Therefore, reengineering has appeared on the scene as companies search for quantum improvements in the ways they do business.

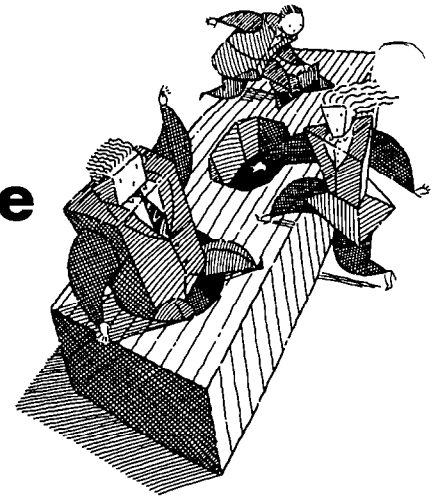
Reengineering

While the basis for quality lies in "doing the processes right," reengineering can be described as "making sure you do the right processes right." Since active leadership from senior management is an important requirement for success, reengineering

becomes a top-down strategic approach. It eliminates the traditional functional view of work, replacing this by considering a major work process across an entire organization. A good example is the product development process, which is very complex and crosses nearly every functional area of a company. Reengineering looks at how the process should be done in the future, how the company should be organized to accomplish this, and what technology should be in place.

In their book, *Reengineering the Corporation: A Manifesto for Business Revolution* (Harper, 1994), Michael Hammer and James Champy write, "Our unscientific estimate is that as many as 50-70% of the organizations that undertake a reengineering effort do not achieve the dramatic results they intended. ...People need some reason to perform well within the reengineered processes. It isn't enough simply to put new processes in place; managers must motivate employees to rise to the challenge of these processes by supporting the new values and beliefs the processes demand. In other words, management must pay attention to what goes on in people's heads as well as what happens on their desks."

This suggests that one of the reasons for so many reengineering failures and limited successes is that management did not adequately consider the impact a reengineering project might have on people. Many employees equate reengineering with change, reorganization, stress, layoffs, downsizing, and a significantly increased workload for survivors. People see their jobs changing, often with greater demands. They see friends and associates of many years lose their



jobs as positions are eliminated. The morale of the survivors may be severely affected; this is not the best business culture for pursuit of excellence.

Avoiding these morale problems is difficult, since many employees will naturally resist a new program that involves change, job restructuring, and layoffs. For the best results, management must be willing to communicate to all employees honestly and openly the need for reengineering, management's future vision, and the fact that jobs may be lost as new processes are formed to achieve this vision. Employees should also be involved, whenever possible, in providing input on how the new processes should be built. These steps will help employees feel a sense of ownership of the reengineered processes.

The decision whether to reengineer can be a high-risk/high-reward decision. Many companies pursue this strategy without adequately considering the risk side of the equation. Therefore, companies should carefully develop a plan to manage the human aspects of a reengineering effort. Otherwise, some organizations may realize too late they have severely, and perhaps irreparably, damaged the morale and effectiveness of their most important asset — their people.

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