

Session 4

New Age Approaches to Change

Reengineering, TQM, The Virtual Organization,
The learning Organization

Change Management

Reengineering

Reengineering is the fundamental analysis and redesign of everything business process flows, job descriptions, planning and control processes, organizational structures, etc.

Reengineering is *not* another idea imported from Japan like Quality Circles, TPS, or Quality Function Deployment, neither is it about delayering or flattening the organization.

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Reengineering

Reengineering is not a single product. It is more like a multi-symptom cold medication for cough, nasal congestion, fever, and headache. Components of Reengineering have a long history.

- 4 Process Design & Scientific Study of Work F. Taylor, 1865-1915
- 4 Theories of Organizational Structure H. Fayol, A.P. Sloan
- 4 Information & Measurement Systems G. Siemens, 1839-1901
- 4 Organizational Values H. Munsterberg, 1863-1916
- 4 Cultural Focus on Customers R.E. Wood, 1879-1969

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Reengineering: A Definition

Reengineering is the *fundamental* rethinking and *radical* redesign of business *processes* to achieve *dramatic* improvements in critical contemporary measures of performance such as cost, quality, service, and speed.

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Reengineering

- 4 ***Fundamental***..because it asks the most basic questions such as: why do we do what we do?
- 4 ***Radical***..because it does not seek to fix or automate processes as a way of making improvements. It seeks to revolutionize the way business is conducted.
- 4 ***Dramatic***..because the objectives of reengineering seek quantum leaps in performance on the order of 100X improvements in process measures of performance, and a 6 Sigma quality target.
- 4 ***Process***..means that efforts must be made around things that companies do best to meet customer expectations.

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Michael Hammer poses the following question:

If I were creating this company today (from scratch) knowing what I know about current technology, what would it look like?

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Reengineering: An Eight Step Approach

- 4 **Step 1: Start from the top**
- 4 **Step 2: Get the strategy straight**
- 4 **Step 3: Identify core business processes**
- 4 **Step 4: Develop a deep process knowledge**
- 4 **Step 5: Identify opportunities for improvement**
- 4 **Step 6: Identify world class best of breed and customer requirements**
- 4 **Step 7: Create new process design**
- 4 **Step 8: Implement new process**

Note: The process of change must be managed from end to end

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Step 1: Start from the top

- 4 ***Reengineering is cross-functional. Serving the customer is horizontal***
- 4 ***Only top management can ensure the cooperation and resources necessary to properly reengineer business processes***

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Step 2: Get the strategy straight

- 4 *Reengineering should follow strategy, not the other way around*
- 4 *Identify vision, mission, and strategy*
- 4 *What are the critical success factors?*

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Step 3: Identify core business processes

- 4 *Determine your core business processes what are core business processes*
- 4 *Use the value chain look at your suppliers, your customers, and your customer s customer*
- 4 *Think about customer benefits*

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Step 4: Develop deep process knowledge

- 4 *Establish current performance*
- 4 *Use process mapping to understand: All low level processes, relationships, information requirements, interfaces to customers and suppliers*

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Step 5: Identify opportunities for improvement

- 4 *Identify reasons for poor performance*
- 4 *Use entitlement*
- 4 *Use creativity techniques think outside the box*
- 4 *Use Hammer s Seven Principles*

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Step 5: Creativity Techniques

- 4 *Use inquiring questions methodology..who what where, when, why, how*
- 4 *Use forced analogy technique*
- 4 *Use intrinsic value technique*

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Step 5: Use Hammer's Seven Principles

- 4 *Automate around outcomes not tasks let one person do all the steps ..cohesion*
- 4 *Have those who use the output of a process perform the process*
- 4 *Subsume information processing work into the real work that produces the information*
- 4 *Treat geographically dispersed resources as if they were centralized*
- 4 *Link parallel activities instead of integrating their results*
- 4 *Put the decision point where the work is performed, and build control into the process*
- 4 *Capture information once, at the source*

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Step 6: Identify world class and customer requirements

- 4 *Use Benchmarking*
- 4 *Use Quality Function Deployment Methodology..surveys, etc*

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Step 7: Create new process design

- 4 *Emphasize end to end solutions*
- 4 *Ensure control at the source*
- 4 *Restructure reward and incentive system*
- 4 *Let customers drive performance standards*
- 4 *Incorporate only value added processes*

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Step 8: Implement the new process (manage the change process)

- 4 *Understand the people who will be affected by the change..their feeling, emotions .*
- 4 *Change should not, can not be forced on people .*
- 4 *Effective communication is a must. People must be informed in advance*
- 4 *People affected by the change must be involved in the decision making process*
- 4 *It takes a long time for changes to be accepted*
- 4 *Reengineering should be done before it is necessary*
- 4 *Create a culture conducive to generative change*

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Guidelines for Managing Transformations

- 4 **Make only essential changes**
- 4 **Involve individuals in planning for change**
- 4 **Provide accurate and complete information about the change**
- 4 **Give everyone a chance to air objections**
- 4 **Always take group norms and habits into account**
- 4 **Develop a trusting work environment and climate**
- 4 **Learn to use a problem solving approach (i.e., the open organization approach)**