

Lost Lessons of Business Reengineering #1: *Technology's Role* **Bob Morison – September 2012**

Business reengineering involves radical process redesign to yield dramatic, often order-of-magnitude, performance improvement. Companies are sometimes forced to reengineer to catch up with competitors, and sometimes they reengineer proactively and creatively – breaking new ground in capability and performance, raising the competitive bar, and providing new value to customers.

The reengineering wave of the early 1990s was a business revolution; Peter Drucker called it “a new and systematic approach to structuring and managing work.” Its popularity waned as an initial round of reengineering was completed in many companies, and as the term was perverted to cover arbitrary downsizing and outsourcing. However, reengineering continues today, as a natural and necessary complement to continuous and incremental process improvement methods. You regularly want to adjust a business process in place, but sometimes you need to blow it up and rebuild.

While the basic premise and practice of reengineering endure, some of the key concepts and ambitions have fallen from view. Recalling and applying them can help raise the ambition and value of your current reengineering initiatives – and help you thrive amid a new wave of reengineering that’s on the horizon.

Lost Lesson #1: Technology's Role

I gnash my teeth a bit whenever I hear people parrot received wisdom like, “First redesign the process, then bring in technology,” and “Reengineering isn’t about technology – it’s about the business.” In fact, from day one, reengineering was about business and technology together. The research project most seminal in the origins of reengineering was on competitive and cross-functional information systems.

The essence of reengineering is to redesign processes to take advantage of the capabilities of contemporary technology. One of our early catchphrases was “design as if computers exist.” Sounds silly today, but many of the business process designs of two decades ago predated computers. The first generations of business computing automated the processes already in place, processes that dated from the 1950s and tacitly assumed that the tools of the trade were paper, pencil, hand calculator, telephone, and the U.S. Mail. Information systems mimicked those old process designs, automating the movement of the file folder from desk to desk and department to department. The systems sped things up a bit, improved the accuracy of calculations, and provided better audit trails. But they also poured concrete around many pre-computer-age business processes.

That’s why reengineering was such a powerful wake-up call. As Michael Hammer’s original *Harvard Business Review* article put it, “Don’t Automate, Obliterate.” If the

title had been longer (and less catchy), it might have continued, “and rebuild making use of today’s information technology.”

Reengineering broke the tyranny of the file folder. With the help of computing, database, and telecommunications technology, the folder could be in multiple places, and people could work on it in parallel, sharing up-to-the-minute information and communicating instantaneously. What was obliterated? All the unnecessary steps, checks, handoffs, and duplication of effort in a basically manual process. We were finally embedding IT in process designs. Finally using technology creatively. Finally putting computers to work. The results were extraordinary improvements in time and resources consumed. In a classic case, the cycle time for underwriting an insurance policy went from three weeks to three days, and three hours in simple cases (to sense how far we’ve come, consider that some types of policies are now underwritten online in about three seconds).

In short, reengineered process designs must be cognizant of and creative with technology. The creative question is, “What does the technology enable us to do differently – or stop doing altogether?”

This lesson is very important today because, as Jim Champy points out, we are due (perhaps overdue) to reengineer our business processes again with the help of the technologies of mobility, collaboration, and analytics. Most of today’s process designs predate the proliferation of these technologies, and both in-house systems and commercial software packages tend to treat the new capabilities as bolt-ons. But progressive companies are starting to reengineer processes to embed new capabilities. Several have told us how they’re endeavoring to “design for mobile” and in the process finding dramatic opportunities for performance improvement, innovation, and process simplification. If you want to be a leader in process performance, get ready to reengineer again – and to make the most of the technology available.