Reengineering: Who Really Benefits?

Recently we asked our readers whose organizations have been reengineered why it was done and what effects it has had on organizational structure, productivity and morale. Here's what they told us.

We did it to reduce costs. At my radio stations, the announcers have been essentially replaced by multimedia client/server setups. Music is stored in RAID arrays, and the DJs stay ahead of the system by cutting voice tracks rather than "doing a show" as such. The companies have saved lots of money on labor costs, and the morale of remaining staff is good. As a broadcast engineer, it's been great making the shift from screwdrivers and voltmeters to RAID, NetBEUI and inittab.

Jim Duncan
San Jose, CA

My company just hired a reengineering team, and my department was chosen as the pilot. I see many potential benefits to having an impartial third party review your processes, but it remains to be seen whether all the proposed changes are actually put in place and improve the bottom line. With participation from the entire company, there is the potential for wide acceptance of the "plan," and with mass acceptance, success is probable. For some departments, reengineering can improve a tarnished image. Input must come from the ground up before the best changes can come from the top down.

Joe De Angelo
Schaumburg, IL

One of my major customers has been reengineering its processes for several years now. The changes have been drastic: moving from paper input and output to online at the users' networked PCs. It has happened one application (functional area) at a time. Morale has been mixed—during some application migrations there has been general concern for the users and their needs and reactions. At other times it has been a we/they adversarial situation. Overall, these "reengineerings" have resulted in great gains in productivity and, after some pain, great satisfaction from the user community.

Donald Baird
St. Louis, MO

It's hard to tell why it was done; there is so much vindictive talk going on that even the rumors are worthless. Of course, there should have been better communication from the top—we did get some company-wide e-mails, but these used lots of industry buzzwords and let us all imagine the worst. As best I can tell, the why of it was cost-cutting (reducing payroll) and refocusing on somewhat different markets (this is where upper management was vague).

Product marketing has been moved out to the field offices. There have been no significant IS changes at my site. As for the results, the marketing change hasn't been felt yet, but I'm not too happy about it. I'm in engineering, and we were getting too little input from marketing already. Now it will be next to impossible. The bigger changes (the ones I can't talk about) have everybody more scared than I have ever seen. We just got a new CEO and this "first step" isn't giving me much confidence in his respect for employees.

Duane Voth
Austin, TX

In our case, reengineering was done because our customers were extremely unhappy. The customer focus was always missing from our IS efforts in the past. Matrix management organization was implemented. We added program managers who are responsible to the customer for performance, budget and schedule, and made the section managers (to whom the people report) responsible for people, process and technology. Initial confusion has resulted in some morale problems, but customers are happy to have a focal point for their frustrations.

Bill Austin
Phoenix, AZ

We were reengineered about two or three years ago, and I found it a trying experience but absolutely necessary for our company. It gave us the chance to refocus and retool (bad names for downsizing) our personnel and come back stronger than ever. Companies, cultures and businesses change, and employees have to change also.

Susan Morgan
Houston, TX

We reengineered because people in various units—MIS most conspicuously—had little or no understanding of how what they did had anything to do with the company and its goals. The MIS department was essentially laid off in its entirety, the applications they supported were replaced and an entirely new platform and application was brought in to replace them. Certain people in specific technical positions who reported through MIS were redeployed to the formerly client organizations; however, these individuals had long been outside the mainstream of MIS. The company went from one commercial mainframe and four scientific platforms to one AS/400 and about 150 personal computers for commercial use and 45 scientific workstations.

Will Morse
Houston, TX

Our company went through a reengineering effort last year. It did not deliver on its promise. However, it was an important experience, and the IT organization played a critical part. If the

reengineering team is put together with some of the best people in your organization, you will have a wonderful opportunity to learn more about the business and the roles of other departments and to interject IT into your company's business processes.

Our charter was to reengineer the order fulfillment process in the company. The team recognized that we needed to reengineer the sales forecasting process before even considering replacing the existing forecasting software system. A well-understood process is a prerequisite to determining the requirements for a new system. Occasionally, the team would start to head prematurely to identifying the features and functions of a new forecasting system before getting the reengineering process down. It is important that the IT person pull the team back to its main focus.

The final lesson was the role of executive support. In this context, it means being actively involved in the oversight of the reengineering team. It is also important that the executive staff empower the team and follow through on their recommendations whenever possible.

Mark Rowell
Fremont, CA

My department did a BPR this year; in fact, we're still doing it. The reason is that we are expecting a tenfold increase in work without any additional manpower. We took some time to reevaluate what we did and how we did it in order to delete the 90 percent of unnecessary effort. We have defined the fundamental reasons for the existence of the department and are now refusing to work on anything that is outside of its primary mission. There are some unhappy people, but the department and our customers are happy.

Eric Aker
Santa Clara, CA

The reengineering was done presumably to lower costs while improving internal customer service, but no precise statement of an organization-wide goal has ever emerged. Not all changes have been determined yet (this is only the second year of implementation), but those that have include the combination of

departments, the outsourcing of previously internal functions and the fragmentation of departments previously combined. The latter has been the most visible change within the IT function—plus the appearance of extra millions of budgetary dollars which were unavailable before. The new money has facilitated the purchase of a lot of new equipment, which has done much to move us closer to the state of the art in networking and IT.

Morale—especially in the IT area—is lower than I would have believed possible. This is due to the personality of the person hired as associate VP of IT to honcho our part of the change. [The VP] acts as a deterrent to many of the ideas normally embraced with reengineering efforts, such as teamwork and organizational flattening.

In summary, I see no actual benefit from the reengineering effort. All the benefits visible so far are a direct result of increased spending in one area and are, if anything, smaller than might have been seen from the same increase in spending under the previous organization.

R. Bruce Meikle
Dallas, TX

The University of Wyoming underwent limited reengineering in the last year, because budget shortfalls required cuts in programs and services. In the process, salary grades and ranges were lowered; no salary cuts were implemented, but future income growth was narrowed and positions were terminated. Continuing shortfalls are impacting the critically deferred maintenance of the university's infrastructure. As might be expected, morale is low, and the administration's (and state's) budgetary abilities are held in low esteem.

James Waldram
Laramie, WY

It was done to improve processes that would result in cycle time reduction and cost reduction. We starting moving IS into the business units 20 years ago. The main change was not organizational, but in attitudes—everyone was empowered to change their own processes. One major success was that our product cycle to get a new drug application submitted to the FDA was reduced from 48 to 22 months.

The process has actually affected morale and productivity favorably, because it has put the individual in a position where he or she can effect change, rather than wait for someone else to do it for them.

Thomas Wayne Alles
Abbott Park, IL

With the changing face of government funding of basic science research organizations, we found that reengineering was vital for us to remain competitive (and afloat) in the field of ocean science research. Severe changes have been made, including elimination of most centralized computer services and merging of financially oriented IS departments with technology oriented departments, which gave individual departments more direct control over their own IS needs.

Morale is at an all-time low. The restructuring and decentralizing of information services have been massively divisive and have caused petty political battles over information territory. Most fear that the worst is yet to come, and when people are in constant fear of losing their jobs, they can't be productive, efficient or even friendly members of a technological team.

Anonymous

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