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Reengineering Management

By

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4 types of managers:

1. Self-Managers who really answer to themselves – sales people, customer service people, researchers, etc.
2. Process and People Managers – traditional, who answer for the work of others
3. Expertise managers – responsible for the care and development of a company's intelligence
4. Enterprise Managers – CEOs, division heads, senior management

“Every organization has to prepare for the abandonment of everything it does.”

Peter Drucker

Companies that operate “like a machine” foster a culture of bureaucracy that focuses on activity, not results.

As customers become more and more demanding, they always want to speak to the “person in charge.” But who IS in charge? The customer really does not want to speak to a person with a title, they want to speak to anyone who can resolve their immediate problem, concern or question. That is who is in charge. By giving someone the power to make a decision, you have just flattened the hierarchy and made branches on the org chart redundant. The concern has been internal on the functioning of the machine itself. It needs to become external concerned with the customer.

What needs to be abandoned is how we think about POWER. It can no longer belong in boxes, titles, ranks, etc. What counts for power, authority and responsibility is what you can do, you yourself, you with your own skills and personal qualities.

How often do we hear “My people can't work from home. I need them near me at all times... how can they possibly know what to do unless they talk to me.” Or, “What is going to happen if we aren't controlling things around here?”

Having to share power is probably the hardest thing any manager can be asked to do. It just goes against our internal grain.

There is no ONE solution to any problem. Therefore, we need to trust our people to make the right decisions which may or may not be the one you would have made.

Authority is no longer vested in a place on the org chart, but in the ability to do a job better for the customer.

Instead of More is Better, it is Better is Better.

The only way to gain control is to give up control. You are in control when you are out of control and out of control when you are in control

Things to think about:

- a mind perpetually ready to revolt against its own conclusions
- a mind prepared not for disbelief but for a constant, graceful skepticism
- a mind that's open to any possibility, including impossibility
- a mind that is open to other views
- a mind that is profoundly questioning, but buoyantly hopeful
- a mind willing and able to bring established processes, procedures and people to judgement
- a mind easy in the conviction that the verdict on any course of action is brought in not by science and debate, but by results.
- A mind that can bear the light of a new day.

Often we compare running a business to sailing a ship. The key thing that must be considered is that on either a sailing ship or a business, everyone must know what they are doing, where they are going and what they are suppose to do to get there and that the cargo on board is indeed marketable. Otherwise, you will end up on the rocks somewhere or umpteen fathoms below the water line.

The past is dead. Take a look back and learn from it, but move on. Give it up already.

Continuous change in the market place means continuous change inside your company.

Culture consists of deeply shared values and beliefs of its people, which show up in how the company and its people behave.

We must confront our current operational processes and our managerial processes. You cannot do one or the other, you must do both.

“At the end of every day of every year, two things remain unshakeable. Our constancy of purpose and our continuous discontent with the immediate present.” Roberto Guizueta, Chairman of Coca-Cola.

What if everyone had to reapply for their job? They had to be rehired based on the fact that they were the best person for the job? How secure would you feel?

Without a vision the people perish. (Did they fight for William Wallace or did they fight for the vision he created?)

Barnes & Noble determined they were not just a bookstore, they were a chain of theatres. People elected to come there and read and be among books and other people who also appreciate books, instead of staying home to watch tv, or go to a movie. Everything then had to change accordingly.

What capabilities will be specifically needed to operate in the future in your industry? What is your business for, who is it trying to serve, and how should it go about serving them?

It is not enough for a leader to have a vision. A leader needs to attract followers, men and women who can commit themselves to the new ideal of customer focus. But if the mobilization process is to succeed, those followers must become leaders, too, finding their own sense of purpose in the shared challenge and spreading the call and vision of change.

You cannot look at it as just changing your business; you are changing how you do business.

INTERNAL vs. EXTERNAL BELIEFS

- We value all our customers, both external and internal
- We must intolerant of mediocrity
- Teamwork is essential to our success
- We act with integrity in all we do
- We are determined to win and celebrate our victory

CORPORATE CULTURE

It is dictated by two factors: the hierarchical structure that corporations inherited and the modern myth of the organizational machine. The culture dictated by these factors was one of pure OBEDIENCE.

YOU MUST HAVE a culture that encourages qualities like relentless pursuit, bottomless resources of imagination and both smooth teamwork and individual autonomy. You cannot have a culture of obedience to chains of command and the job slot.

This does not mean the abolishment of hierarchy and job descriptions. Someone must be accountable to someone. Someone must still have responsibility and authority. And if you remove the hierarchy, you have nowhere to climb in the corporate ladder. Where would "UP" be?

Rearranging the hierarchy goes beyond rearranging the furniture. “Our faces toward the CEO and our asses toward the customer” days are over. We must rearrange the quality of our people’s attachments to their work and to each other. These are cultural matters and they define the second great “living question” for managers today: How to change our business culture and in what way?

The future belongs to those managers who can frequently reorganize high morale teams around the needs of changing processes. With that in mind, VALUES then become the most important structural element in the enterprise. Values are the LINK between emotion and behavior, the connection between what we feel and what we do. Values instruct our feelings so that we don’t always have to pause and think before we act on them.

WITH EVERYTHING CHANGING AROUND US WE NEED SOMETHING UNCHANGING TO HANG ON TO, TO FIND OUR BEARINGS WITH AND TO STEADY OUR NERVES. Values are our moral navigational devices. They cannot change.

We need to know that our people “out there” will do the right thing during the moment of truth. And the people out in the field need to know that the people in HQ can be counted upon to do the same.

What Kind of Values Do We Want & What Kind of Culture?

A Culture of Willingness - Willing to:

- perform up to the highest measure of competence OK is good enough
- take initiatives and risks Failure is not an option
- adapt to change We do it the way we always have
- make decisions I make decisions. You carry them out
- work cooperatively as a team Yeah, right.
- be open Loose lips sink careers
- trust and be trustworthy Only the paranoid survive
- respect one another and oneself For what?
- answer for our actions and accept responsibility It’s never my fault
- judge and be judged, reward and rewarded on the basis of merit and performance
- disagree To get along, go along

It isn’t what you accomplish but how busy you look that matters.

The first five represent work values. The second five are human virtues.

Take a Cultural Audit of Your Company: a deep sounding of a company’s actual as opposed to professed values; INTERNAL VS EXTERNAL RULES. Determine if your company has a culture of suspicion, cliquishness and second rate standards of performance or one that fosters and promotes a willingness to:

Does your company measure against the values? Internal vs. external. What behavior gets rewarded determine which culture gets enacted. We must communicate the culture we want through our acts, not via lip service.

Do NOT pit one group against the other with a “come out fighting and may the best man win” philosophy. It is detrimental. Departments become deceitful, undercutting of one another and cooperative production goes in the toilet.

There is a cultural law that bad values drive out good ones. Cultures that squash disagreement are easy to launch. “Go ahead, disagree with me and you’ll suffer the consequences.” The loser here is the enterprise.

Managers have to get out in the open and open themselves to the possibility of being wrong. Surrendering the attitude of command and no longer worrying about loss of control are essential first steps in this openness.

What can good values bring a company?

- quality service for your customers
- a rewarding work environment for your people
- adequate return for your stakeholders

STORY.

During an annual Xerox shareholders meeting in 1981, then CEO David Kearns opened the meeting up for questions. Xerox had recently halted production on their notoriously unreliable 3300 copier which was suppose to be the low cost answer to their Japanese competitors. A Xerox assembly worker, Frank Enos walked up to the microphone and said before God and everyone, “We all knew the 3300 was a piece of junk. We could have told you. Why didn’t you ask us?” Kearns set about to find the answer and changed the culture as a result. In 1989, when the US Dept. of Commerce awarded Xerox the Malcolm Baldrige Award, Kearns invited Frank Enos to the ceremony in Washington.

In establishing your company’s culture:

1. Determine what values are deeply shared by people in the company. Base it upon how your people actually behave
2. Assess what bad behavior may have driven out the good
3. Articulate what values and behaviors you must move toward.
4. Examine your management processes. Do they support the values you want instilled?
5. Start teaching, doing and living the values you want to define your culture.

2 Day Employee Program about the company’s culture, vision and values entitled A Passport to Excellence

It is an opportunity for employees to examine who they are, to compare their goals with our company mission, and to explore what will make them successful within the company. The metaphor used for Passport to Excellence is a train trip. The first thing they have to do is unpack the old cultural baggage they're carrying around – this involves exploring where they came from, what was good about it and what wasn't. Dealing with old baggage and discarding what we don't need creates room for the new. Then everyone boards the train and the journey begins. Each stop along the way is an outpost of our corporate culture – teamwork, sense of urgency, delighting customers, and continuous improvement. They get off and involve themselves in a class room experience. Then they fill out postcards about what they've learned and send them home – they actually end up on the classroom bulletin board. As the journey progresses, they get involved in simulation: Something is killing quality. They have to work in teams to solve it. At each stop there is a game. We do a lot of reward and recognition.

At the end of the journey they talk about the souvenirs they picked up along the way. WE go back to packing and unpacking exercise, and people talk about what they discovered and how it compared to what they hoped for and expected. They find they have experienced the key elements of our culture, what we believe in, what the environment is like and have interacted with each other within that new framework.

Zap & Heroz! Get departments talking to one another. Have a sales rep address a meeting of the accounting department or operations to fill them in on how what they do affects him and his customers.

The Gap Attack: Analyze where we want to be and then find areas where there is a critical gap between that goal and where you are at present. The gap attack starts by putting together a game plan on how to close the gap, and then assign a team of people to carry out the plan.

Don't expect people to change how they behave unless you change what they do; that is, their work must be designed to allow them to act differently.

If you can identify those key operational processes, reassemble the work that goes into them in line with the core mission of the business, the impact on the bottom line will be quick and dramatic. This is what re-engineering was all about. You have to focus on your core operational processes. Look at the major processes. Don't mess with the minor ones first. Reengineering is the way to redesign work for those people remaining in the company.

We don't need a shift in power; we need a shift in authority and accountability.

The only way that trust can be maintained over time is to have a culture that purposefully assures that people will behave the way the business needs them to behave.

Measurement

Measurement has been to help keep the accountancy focused on what really matters for the business. Traditionally, most of it has been left to finance. Measures come from balance sheets, monthly profit and loss statements, and ROI's. They tell us nothing about what we do today or tomorrow. And so often our desks are cluttered with needless reports that no one even looks at.

We were suppose to send someone within 30 minutes vs. we satisfied the customer within 30 minutes. Measurement means evaluation; judgements must be made.

Today, it is not only what you know that counts, but what kind of person you are.

Your ability to communicate. Your interpersonal savvy. Can you trust and respect people of different backgrounds. Your self confidence. Can you make decisions. Your resourcefulness and adaptability. Your leadership qualities. Can you listen, hear and understand.

Notes from Top Management Strategy

We need to put the destiny of the organization squarely where it belongs: to take the destiny of your company out of the hands of the gods and put in the hands and heads of the key executives who guide it.

Strategy should provide a picture of the organization as it wants to look in the future. Strategy is vision directed at what the organization should be, and not how the organization will get there. Strategy is the framework which guides those choices that determine the nature and direction of the organization.

Take control of your own destiny before it is developed implicitly, haphazardly or by others inside or outside the organization.

If an organization is headed in the wrong direction, the last thing it needs is to get there more efficiently. And if an organization is headed in the right direction, it surely does not need to have that direction unwittingly changed by operational action taken in a strategic void.

Strategy and long range planning must be separated. Letting long range planning set your strategy is like choosing an excellent course of action to treat an incorrectly diagnosed problem.

Strategy is not a panacea. It cannot guarantee success, nor can it promise deliverance from all the risks inherent in managing a business in an age of uncertainty.

Get the right people involved.

Have a process. A process is a necessary sequence of steps by which information and judgments are organized so that a conclusion can be reached. When we say that a

process is rational we meant that it follows a logical, step by step approach. Information is organized and analyzed in a particular order or sequence, leading progressively to some overall conclusion. The second attribute is that the process is selective. A process for setting strategy must include a set of questions that uncovers the relevant information necessary to complete each step in the process and to zone off the irrelevant. The third attribute is its universality. A process is independent of the particular content to which it is applied. You must know your end result.



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