

Corporate 're-engineering': Euphemism or solution?

Reengineering the Corporation: A Manifesto for Business Revolution.

By Michael Hammer and James Champy.
HarperBusiness. \$25. 223 pp.

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Top-down rebuilding from the ground up is a painful process, but now there's a friendly word for it: re-engineering.

The heroes of this new management religion include high-profile executives such as Jack Welch and John Sculley. Its bible is *Reengineering The Corporation: A Manifesto for Business Revolution* by Michael Hammer and James Champy. The book has been on U.S. best-seller lists for weeks. More than 200,000 English-language copies are in print and the rights for foreign sales are in hot demand.

Business re-engineering involves throwing the baby out with the bath water. Followers attack a system that goes back to Adam Smith, Alfred Sloan and every management theorist who says a smoothly running bureaucracy is vital to a capitalist institution.

But its successes are impressive:

- ▶ IBM Credit re-engineered a credit-approval process, cutting approval cycle time 90% and improving productivity enough to eliminate several layers of staff.

- ▶ Ford Motor re-engineered accounts payable, eliminating parts invoices and cutting employees from 500 to 125.

- ▶ Kodak re-engineered new-product development, using computers to halve the time to develop a disposable 35mm camera.

These are examples of re-engineering cited by Hammer, a former professor at the Massachusetts Institute of Technology, and Champy, a re-engineering pioneer whose clients include Hallmark Cards and Bell Atlantic. To their credit, the authors admit re-engineering frequently fails, especially when expectations are too high.

Radical re-engineering requires high tolerance for risk, individualism and a propensity for change — characteristics common in business innovators. But large companies tend to have managers who focus solely on their function within the organization. Re-engineers attempt to eliminate functions that impede an organization's purpose; that mission exposes them to messy office politics.

Unfortunately, *Reengineering The Corporation* just skims the surface. Several other authors have written books about radical process change, including *Breakpoints* by Paul Strelbel and *Rethinking the Corporation* by Robert Tomasko. By comparison, *Reengineering The Corporation* is a strident pamphlet with a narrow focus.

No one can deny the delicious danger of what Hammer and Champy propose. Dismantling a corporation function is akin to a shade-tree mechanic taking apart a carburetor, hoping secretly to find its design is flawed. Unfortunately for employees, the typical result is lost jobs.

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