EDITORIAL

Operational re-engineering?

It was inevitable, hot on the heels of managed change, TQM and JIT, that the idea of 're-engineering' should emerge as the next popularist route to improved organisation performance. As with these other approaches, business re-engineering is about challenging existing approaches to business operations as part of a programme designed to bring about substantial improvements in performance. The ultimate aim is to obtain sustainable improvements in profitability, efficiency, service and quality while maximising the potential of individual employees and teams. Typical areas of improvement include reductions in the length of product development cycles, administration costs, lead times and failure rates or increases in sales force productivity and on-time deliveries etc. Changes can involve significant reconfiguration of administrative systems, often exploiting developments in information technology. For example, time consuming bureaucratic reporting and control procedures in a branch network can be replaced by centralised databases and telecoms networks which provide the benefits of scale and co-ordination while allowing geographically dispersed branches to respond rapidly and flexibly to local requirements.

The scope for re-engineering appears to be greatest where organisations with long established administrative arrangements must meet the performance levels of new, leaner competitors. In such situations there may be a need to recognise and breakaway from outdated procedures and ingrained beliefs about how things should be done. This implies careful scrutiny of existing operations to clarify what each process is really trying to accomplish. The aim is not so much incremental improvements to current processes, but new, more effective and efficient ways to achieve results.

In a business re-engineering initiative, operations company wide are reviewed in a single, co-ordinated programme seeking improvements in processes which link or interact with a number of functions. The scale of this 'big bang' approach requires substantial effort with top management commitment, a clear sense of strategic direction and priorities, and a general willingness to fundamentally change the way things are done. Often this means changing the corporate culture and substantial investment in training.

A business re-engineering initiative, if successful, can have the effect of leap-frogging attempts to improve performance by increasing the efficiency of existing practices - still the *modus operandi* of many OR groups. But although the potential rewards of business re-engineering are great, the scale of such initiatives risks massive disruption for limited benefits. An obvious alternative is re-engineering directed at individual business processes in an ad hoc fashion - so called 'Business Process Re-engineering'. This is surely the province of the OR practitioner, who might be expected to question the basic purpose and configuration of an organisational process before considering how to improve its efficiency.

How is it, then, that managers concerned with achieving substantial improvements in performance and competitiveness are talking about Business Process Re-engineering and not Operational Re-engineering? It may not have much to do with managerial uncertainty about what OR means, since it appears there is at least as much uncertainty in many managers minds about what re-engineering involves. Could it be that the term **Operational Research** does not describe the **end result** of OR interventions in the way that re-engineering (or TQM and JIT) does? Perhaps we should talk about **Operational Re-engineering** instead? This might be one way to exploit the current interest in re-engineering. On the other hand it might raise managerial expectations about what OR practitioners can actually deliver. So, perhaps not. After all, what's in a name??

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For the interested reader

Hammer M (1990) 'Re-engineering work: don't automate, obliterate', *Harvard Business Review*, July-August, pp 104-112.

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