An abstract, painterly background image featuring silhouettes of people in a meeting. The colors are muted, with shades of blue, green, and yellow. The figures are positioned in a way that suggests a collaborative discussion or a presentation. The overall style is modern and artistic.

people and process

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Minimizing the pain of business process change

When Mike Hammer and I published *Reengineering the Corporation* in 1992, we understood the impact that real business process change would have on people. I say “real” process change, because managers have used the term *reengineering* to describe any and all corporate change programs—even downsizings. One misguided executive told me that his company did not know how to do real reengineering; so it just downsized large departments and business units, and expected that the people who were left would figure out how to get their work done. Sadly, this is how some companies still practice process redesign—leaving people overworked and demoralized, while customers experience bad service and poor quality. I am reminded of poorly managed mergers and consolidations in the retail banking industry and what employees and customers have suffered.

I have also experienced the exhilaration of people when business process change is well managed. Members of process design teams have told me that they can never go back to thinking about or doing work in the old way. Their lives have changed. But this is countered by a challenge: transformed work often requires fewer but more highly skilled people, whose jobs are now more complex. Just think of the service representative whose changed job is to solve the customer problem, rather than pass the customer off to another person or push the hold button.

THE CONTEMPORARY CHALLENGE

These skills challenges are well recognized by process design practitioners. People are also likely to be displaced

people and process

and changes resisted and attacked with arguments that a company's culture is being torn apart.

Today, managing business process redesign is made even more difficult because it's not just how work is done that's changing, but issues of where work is done and by whom (outsourcing and offshoring) are also on the corporate agenda. These changes are driven and enabled by the "flat world," one in which work readily moves to the country or company where it can best be performed—and at the lowest cost. The redistribution of work means that people will be more physically dispersed, corporate cultures will become more fragile, and behaviors more difficult to observe. It also means that you must be concerned about both your people and those of your business partners—whether they are on- or offshore.

The reach of process change has also grown. Companies are redoing their enterprise-wide systems with the intent of dramatically improving productivity. There is a renewed appetite for standardization in both process and technologies in order to make things work. The change goes beyond corporate walls, affecting suppliers and customers. Suppliers, especially, must now adjust their work to accommodate increasing demands.

The result: Managing the people component of business process change requires more mastery than ever. Here are the rules that I would apply. They begin with what we have learned from the past and move to what the future requires.

An executive must be involved, not just supportive.

Remember that executives are people too, and their jobs must also change. Ten years ago, I was arguing that every process redesign required the support of a senior execu-

tive. Leadership from the top was, and still is, critical. But I no longer believe that merely having executive support is sufficient. Real executive involvement in the change process is required. At least one company executive must be informed and constantly present to make decisions.

Given the scale and scope of contemporary process work, there are too many questions to be answered. An ERP (enterprise resource planning) implementation, for example, can generate hundreds of process choices. Process teams will often propose adopting a standard solution, but people in the field will argue that their operations are unique and require customization. Debates between the camps of standardization and customization can go on for months. At some point, an executive must step in and resolve the debate, but this requires an informed executive who understands the impact of the decision. And the quicker these decisions are made, the better; otherwise, efforts get bogged down.

Put the best people on the process redesign teams and keep the teams small.

From the beginning of our reengineering work, Mike and I have argued that companies must commit their very best people to designing and managing process change. This is hard work, requiring great intellect, as well as good behavior skills. Yet companies still resist taking their best people out of their day-to-day jobs to do process work, because the best performers usually seem critical to keeping the business going.

Process work requires a certain state of mind: The strength of a company's human resources must be unleashed, and what's on the table is the company's future. Most companies have a lot more talent depth than is visible. Putting people in new jobs can leverage that talent. The "best people" will have to move at some point, and new, talented people will take their places. Process redesign is an opportunity for human resource renewal. By putting the best people on the work of process change, the company is in the best position to redesign its future.

A corollary to the rule of putting the best people on process work is to keep the design teams small. A large team can take on a life of its own and distract too many people from running the business. Small teams of highly knowledgeable people get the job done faster, achieving results with more limited resources.

Change the work as quickly as you can.

There has been a long-standing debate in behavioral circles about which to do first: change how people think or how they work. I have observed and participated in

many behavioral programs intended to change how people think about their work and company. These programs are launched to prepare people for process change. I now believe that little change occurs in how people think about their work until they experience the physicality of the change. Lectures and long walks in the woods just don't do it.

The more quickly you can change work, the more quickly people start to think differently about how work gets done. Of course, there will be some people who will never accept changes. They can be well-intentioned people who believe that the old way is the right way. They may even be last year's best performers. For these people, managers must make a painful choice.

Go further with the change than you are inclined, and leave no paper behind.

People can be negatively impacted by process changes when the work redesign does not go far enough. If you do not change all or most of people's jobs, they can be left doing the old work, as well as the new. I recently saw a group of nurses who bitterly complained that new administrative processes had simply been added on top of their old work. Nothing had gone away. The result was that they were spending more time in front of flat screens entering data, while at the same time filling out paper forms. And they were spending less time doing what had brought them to their profession: caring for patients.

A simple rule is to get rid of all paper as you redesign processes. Many companies are nervous about not having a paper back-up or a paper trail. If your processes are elegantly designed and complete, however, you don't need paper. This, of course, also requires good IT systems.

Tell everything that you know.

Every person who will be affected by a process change wants to know what the change will mean. The challenge for managers is that, at the beginning of a redesign, no one knows the full impact on people—certainly not on a person-by-person basis—but it's important to tell everyone what you expect will happen, even if the news is troubling. In the absence of information, people make up stuff. Sometimes it can be surprisingly accurate, but the more you can reduce speculative chatter, the better. Too much energy can get consumed if process work becomes internally—or personally—focused.

Empathize.

At the same time that you are being forthright with people, it's important to know what they are going

through. Jobs will change, and some jobs will go away. People will be concerned with their ability to do the new work. Always be empathetic and supportive of personal transitions. Avoid corporate excesses (such as big bonuses for the executives), particularly if jobs will be moving or going away. Process change must be led from the top, but it's executed across the enterprise. You can lose the power of leadership if managers show a lack of empathy or display corporate excess.

Know the corporate values that you want to preserve.

The most common expression of concern about process change is that "the company will not be what it used to be." People begin to express a sense of loss even before anything happens.

Behind this concern is fear that what people value will go away. These are values such as quality, excellence, service, growth, meritocracy, and "respect for the individual"—an old IBM phrase. As much as you argue that corporate values are important and will be preserved, people experience a change. The change, however, is often more in managerial style than values. Process change brings about an emphasis on performance—both corporate and individual. As explicit performance measures are put in place, managers are seen as having a harder edge.

It's also true that you may not want the company to be "what it used to be." The future may have to be different for the company to survive and prosper, but that doesn't mean that the company's values have to change. In fact, values can be strengthened if you are clear about what they are. Process change should improve quality, operational excellence, and service, and well-designed processes should improve the work lives of people.

Know the corporate values of your business partners.

Process change will increasingly cross corporate boundaries. These changes will reach customers, suppliers, and across oceans, as more collaborative business models are implemented and more business processes—such as supply-chain management—become integrated. Business is now conducted over a global network. Companies no longer do everything themselves.

When work is being outsourced or off-shored, it's important to know something about the people and values of your business partners. Work needs to move seamlessly across corporate boundaries, and for that to happen, I suggest a simple principle: People in different organizations must know, like, and respect each other. You need to know that the people of your business partners will do the right thing at the moment of truth—

people and process

when a process breaks down, when an ethics issue arises, or when a customer is in need. It's the values of your partners and their people that determine what happens.

Regularly inspect the workplaces of your global operations.

Recently, I drove by the old, mammoth Ford Motor Company plant outside of Detroit. It reminded me of the days of *verticalization*, when a company believed it needed to own and do everything. The size of a company's physical facilities was a symbol of its success. Now the operative managerial words in the automotive industry are *horizontal* and *lean*. That means people will be more dispersed or part of another company. Even if you trust the values of your company and your partners, you must still walk the "factory floor," no matter where it is in the world.

Maintaining common beliefs across multiple cultures is one of the challenges of globalization in the flat world. A constant, personal articulation of the company's values is critical. Trust is an important element of a lot of process redesign, but that doesn't obviate the need for inspection. Just ask Nike about the cost of not knowing what's going on in the factory.

Anticipate the new worker.

There is no question that the world of work is changing dramatically, more so than in the early days of reengineering. People must now operate with digitized processes in a paperless world. Decisions are increasingly data driven. Connectivity and collaboration are critical to the success of an enterprise.

Can people adapt to all this, while at the same time learning new skills? I have always believed in the human

potential. Education will be critical, especially in the early stages of learning and development. Our children are comfortable with digitized processes, but while we are waiting for them to enter the work force, the current worker must become the new worker. There is no choice. Our challenge is to manage the transition. Every process redesign effort must chart the course for changing skills and human sensibilities.

Recognize that process change never ends.

Once a company experiences the benefits of real process change, it generally develops an appetite for continuous process change. The work is never done, but scope and pacing are important. You can wear people out if your company is always in state of corporate upheaval or if you poorly execute change. I have had executives tell me that they got real business benefits from their reengineering efforts, but they would never do reengineering again. The experience was too breathless.

Process change requires getting the pacing right. When design debates occur, you must listen to all the arguments. When all arguments have been heard, however, decisions must be made and change quickly implemented. Knowing when to end the debate and move to action is an art form.

A second art is to know how much study and preparation (mostly planning and training) are required before you execute an operational change. At some point, you will learn no more by study and analysis. There will always be errors in execution, but what's required is a quick response to breakdowns, not endless planning. Again, the faster people experience physical change in work, the faster they will learn and adapt. Q

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