



## Michael Hammer

**Reengineering the Corporation**  
**ISBN13: 9780060559533**

**You've written that customers have gained the upper hand in their relationship with sellers because of easier access to data: Has the Internet (and its endlessly updated information) hijacked the traditional customer-seller relationship in a sense?**

The Internet has turbocharged the shifting of power from sellers to customers. Not so long ago, it was simply too much trouble for a buyer to track down all possible suppliers and compare their offerings; through the Internet, this is now the work of a moment. The economist's fantasy — a world of perfect information fostering true competition — has become reality. It is great for customers and a living hell for sellers. They lose pricing power, they must compete with companies they never thought about before, and they need to meet a continually rising bar of customer expectations.

**You mention start-up companies as competitive threats to traditional businesses. What are some of the key strategies of start-ups that you think traditional corporations might want to**

**adopt?**

Smaller companies are known for being fast, flexible, and customer-focused. What makes them so is their lack of compartmentalization. In a small company, people have the big picture. They know who customers are, they know how the company operates as a whole, and they understand where their own work fits and how they contribute to achieving larger goals. All this is easily lost as a company grows. Larger enterprises need to recapture these capabilities by focusing on their cross-organization processes and by educating everyone about the business.

**The reengineered corporation you envision puts more power in the hands of employees and flattens the traditional corporate hierarchy. What are some of the benefits and drawbacks of this workplace transformation?**

The benefits are legion: Decisions get made faster because they do not have to climb up and then down the organizational ladder; costs are lower because the company doesn't need as many supervisors and managers; front-line people feel empowered and connected. The drawbacks are ones of adjustment. For instance, not all front-line people are at first comfortable with making their own decisions and being accountable for results, and career paths that are based on promotion need to be updated. But these can be overcome with patience and diligence.

**You've written that questioning, or annihilating, assumptions is a technique that can lead to more streamlined reengineering. Do you think this attitude has applications in areas beyond reengineering?**

Assumption breaking is indeed a very powerful tool for improving operations, but it has endless other applications as well. In strategy development, for instance, companies need to uncover and question the assumptions they have been making about markets, customers, competitors, technology, and so on. Assumption breaking shows up in surprising places. The book *Moneyball* shows how the Oakland A's, a small market team with a small payroll, consistently make the playoffs by breaking assumptions about what makes a good baseball player and what it takes to win baseball games.

**You've described redesign as one of the most imaginative aspects of the reengineering process. Why do you think corporations poised to reengineer themselves might find this stage especially daunting?**

Redesign requires imagination, creativity, and the willingness to consider off-the-wall ideas, as well as a tolerance for risk. None of this is considered normal behavior in most large companies, which valorize continuity, predictability, and control. It requires serious air cover from senior leadership for people to feel comfortable engaging in such untraditional activities.

**You've estimated that as many as 50 to 70 percent of the organizations that undertake a reengineering effort do not achieve their intended results. What is the most significant reason for their failure, do you think?**

That's easy: a lack of strong executive leadership. The techniques and tools for doing reengineering are available; what is in short supply is the will to do it. Senior leaders need to commit themselves and their organizations to a program of deep and extensive change. Many executives don't want to face this challenge, and their companies' efforts at process redesign are inevitably doomed to failure.

**You've identified three kinds of companies that undertake reengineering. In your experience, which type tends to be most successful in its efforts?**

Companies that undertake reengineering from a position of strength almost always succeed, for the simple reason that an orientation toward change is baked into their cultures — otherwise they wouldn't be embarking on change when things seem to be going well. Indeed, in industry after industry, it is the perennial winners who are using reengineering to make themselves even stronger.