Moving Beyond Business Process
Reengineering Toward a New
Employee-Employer Relationship

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MOVING BEYOND BUSINESS PROCESS REENGINEERING
TOWARD A NEW EMPLOYEE-EMPLOYER RELATIONSHIP

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ABSTRACT

With the advent and passing of business process reengineering (BPR) in the U.S., the most forward thinking organizations have learned that processes don't do work - people do. Too often, reengineering efforts nominalized the importance of people issues in the attempt to demonstrate bottom-line results. This paper begins by describing how BPR efforts in the U.S. and the current trend toward "virtual" organizations have ruptured the old employee-employer relationship where employers and employees implicitly agreed that if an employee worked hard, that they had a job for life. The paper focuses on the short and long-term problems that BPR efforts have caused for organizations and individuals, one of which is that the increased work load for employees that assume the jobs of colleagues who have been downsized, and the fear that they too will loose their jobs decreases productivity. But defining a new employee-employer relationship that leads to organizational and personal effectiveness presents unique challenges because the global competitiveness that helped cause BPR is here to stay. In response to these challenges, the paper outlines a new employee-employer relationship and suggests practical ways to link the mission and long-term viability of organizations to the mission and long-term viability of each individual in the organization.

THE ADVENT OF BPR AND THE END OF AN ERA

Not long ago, the "old employee-employer relationship" meant that if an employee worked hard and remained loyal to the company, they had a job for life. In fact, corporate policies, retirement programs, social activities, etc. were specially designed to encourage employees to stay with a company long-term. But the long term, symbiotic relationship that emerged from this corporate culture was shattered in the mid-1980s with the advent of BPR as companies began to lay-off employees. As Noer points out, while this long-term relationship was formerly considered an asset to both the organization and the individual, the company's inability to keep its part of the relationship transformed the job security of the old employee-employer relationship into a dysfunctional co-dependency where employees trust was violated and they felt betrayed by their organization (1).

Despite its devastating effects, BPR had a rather uneventful beginning. The creators of BPR believed it showed promise as an organizational tool because it connected three previously existing elements. The first element was that the value of technology (information technology) was not simply in doing work more efficiently, but in changing how work was organized and performed, so organizations could use information technology to link various processes that cut across functional boundaries. The second element was that "business processes" were a useful model for describing how work got done in organizations. This was a natural extension of the TQM programs that many organizations already had in place where work was characterized as processes. The third element was a "clean-sheet-of-paper" approach to organizational change programs. Using this approach, the existing organization was defined as organization "A" and a virtual new organization "B" was created on paper, based on clearly defined business processes. As new jobs were developed for organization "B", people in organization "A" reapplied for those jobs and their old jobs in organization "A" were abolished. Filipczak notes the demoralizing effect re-applying for a job has on employees (2). Those who are not hired into organization "B" are normally laid-off. The clean-sheet-of-paper approach was welcomed by many senior managers because companies had accumulated myriad polices-procedures and the jobs associated with them that were once useful, lost their usefulness, and then threatened to drag organizations into a bureaucratic black hole.

Davenport, one of the "creators" of BPR (with Hammer and Champy) argues that in the wake of the leveraged buy outs of the 1980s, companies like Ford, Hewlett-Packard, and Mutual Benefit Life developed big financial problems, so they hired "big bucks" consulting firms who promised big savings using BPR. The CEOs, consultants, and information technologists became concretized into what Davenport calls the "Reengineering Industrial Complex" - a 51 billion dollar industry in 1995. In the cost-cutting frenzy of the late 1980s and early 1990s, companies began to rewrite their corporate histories by taking activities that were performed under the auspices of other programs like TQM and quality improvement, and repackage them as BPR success stories (3). But most of the BPR efforts failed to produce the promised bottom-line results and consequently, executives were under tremendous pressure to demonstrate the financial benefits of BPR and justify the enormous sums of money paid to consulting firms. When savings failed to
materialize as a natural consequence of BPR activities, many corporate executives decided to demonstrate bottom-line savings the only other way they knew how - by reducing headcount.

By 1994, BPR had taken its toll on U.S. workers (especially mid-level managers) with massive layoffs totaling in the millions of people (4). For example, since 1984, AT&T has reduced head count by 212,000 people, with the most recent increment being a reduction in force of 40,000 workers (5). Also, companies like Capital Holding's Direct Response Group, who were viewed as models of BPR, began abandoning their BPR efforts. Other companies who were viewed as BPR models, like Mutual Benefits Life, almost went out of business. Where did BPR go wrong? Davenport claims that the 1994 CSC Index State of Reengineering Report had the answers; 50% of the companies that participated in the study reported that the most difficult part of BPR is dealing with the fear and anxiety of the people in their organizations; 73% of the companies said that they were using BPR to eliminate, on average, 21% of the jobs; and of the 99 completed BPR initiatives, 67% were judged as producing mediocre, marginal, or failed results (6) and 72% claimed that survivors believed the restructured organization was not a better place to work (7). Davenport's assessment of the fundamental problem with BPR is that it treated people as if they were interchangeable parts. To put it another way, whenever you separate the person from the function (we need your function, but we don't know if we need you doing it), the result is demoralizing.

But the determined BPR advocate might respond, "Look, this is just reality. It's a brave new world out there. There is no more job certainty - just get over it!" Although this view seems "un-feeling" to some people, there is mounting evidence that organizations are moving in this direction. A study by the American Management Association (AMA) showed that between 21-26% of companies were downsized between 1990-1996. In 1996, 60% claim they will use work force reductions as a business strategy (8). As Loomis points out about AT&T, "Though nobody likes the human toll in this loss of 212,000 jobs, no respecter of the way business should work enjoys the message those numbers send about the fat, over staffed conditions in which the old AT&T trundled along." (9). In the not too distant future, we will be living in a world of virtual organizations where almost all functions will be outsourced. It will be a kind of permanent job insecurity, a return to the notion of the "day-worker." These trends are continuing in the U.S. despite the fact that people become dysfunctional under the pressure of excessive change.

There is an "atmosphere" that develops in organizations that undergo BPR. As the process begins and people are waiting to see if they will be terminated, a heaviness in "psychological space" develops to the point where you can "cut the air with a knife." This is characterized by a sense of panic, anger, and depression but these emotions are hidden underneath a veneer of civility. Noer characterizes these underlying emotions as grouped in four feeling clusters: 1) fear, insecurity, and uncertainty, 2) frustration, resentment, and anger, 3) sadness, depression, and guilt, 4) unfairness, betrayal, and distrust (10). The veneer of civility hides these feelings and people are more or less pleasant with each other because they are afraid that if they really speak their minds they will lose their jobs. The result is a kind of bifurcation where an observer can tune into emotions at the civility or feeling cluster level. It is not unlike the confusion and annoyance of being tuned into two different radio stations at the same time. The effect this atmosphere has on people can also be described using the metaphor of a musical resonance. If you strike a tuning fork for the pitch 440 A and place a guitar nearby, the A string of the guitar will begin to resonate at that frequency. In much the same way, if the organizational frequency is bifurcated with veneered civility on one frequency and panic, fear, anger, and depression on the other, people in the organization will experience these feelings and either 1) not know why they are feeling them, or 2) assume that it is entirely their problem! Once the BPR process moves to the point where people are notified that they will be terminated, anger begins to emerge and the civility normally disappears.

The most disturbing result of this phenomena is how it is galvanizing into a new paradigm, e.g. a new set of values, beliefs, and assumptions for viewing and acting in the work world. The paradigm is characterized by a one-way loyalty where organizations hold the power; where people are viewed as throw-away employees; things that are one more variable in the production equation; just-in-time employees (11) Prokesch calls it a ruthless style of management that puts corporate survival above all else (12). The combination of the events described above led to the rupture of the old employee-employer relationship; to the end of an era. It has also led to an impasse in the relationship between individuals and the organizations they work in - an impasse that manifests itself in decreased individual and organizational productivity.

THE EMPLOYEE COMPONENT OF THE NEW RELATIONSHIP

I want to suggest four elements of the employee side of the new employee-employer relationship. First, employees need to have structure and predictability in their personal lives and relieve the fear that their lifestyles will be dismantled at a moment's notice when they are terminated and cannot find a job paying an equal salary. I am convinced that it is ridiculous to think you can reengineer corporate America, and not have to reengineer your lifestyle! It is foolish to think that employees can maintain a cradle-to-grave view of a big mortgage, solid retirement, and overall stability of lifestyle, in a world that is moving as quickly as ours is toward virtual organizations with all functions outsourced. The key is to narrow the gap between the cradle-to-grave paradigm and the emerging reality of outsourced virtual
Second, employees need to have a sense of structure and stability in their professional lives by maintaining internal and external perspective at all costs. Internal perspective means developing the ability to deal with the bifurcated culture described previously. Most of all, employees should not take these organizational changes personally. In other words, employees should not allow themselves to resonate to the neurotic organizational frequency so that they view what is happening in the organization as their personal problem. This is extremely difficult because while the causes of BPR initiatives are not related to individual people, the effects are very personal because they threaten to dismantle the employee's lifestyle. But internal perspective is not enough. External perspective comes from a well developed professional and personal network that allows the employee to stay in touch with what is going on in the world outside their organization. If the entire industry is being effected, the employee must continue to widen the circle until they find a point of reference beyond the industries that directly effect their work. As Steven Covey has stated, an employee's security is not in their job, it is in their ability to produce wealth, e.g. to use their network of professional relationships to find other work.

Third, employees need to have a well-defined sense of what their core competencies are so they know what they can contribute to their present organization, or a future organization. As a kind of thought experiment, the employee should try viewing themselves as a vendor of products and services even though they may have a full-time job in a single company. They should think about who their customers are, what they want, how they get feedback from customers on their performance, what kinds of products and services they provide to their company when they come to work everyday. The fourth element is for employees to develop a set of personal core-values to provide direction for their professional and personal lives. Often people codify this as a personal mission statement. I have found Covey's The 7 Habits of Highly Effective People a simple yet profound model for overall personal effectiveness (14). While the 7 Habits are common sense organized, they rest upon a number of deep and profound principles embodied in the thought of writers like Victor Frankel, Rollo May, Eric Fromm, Carl Rogers, Carl Jung, and others. Seriously implementing the four elements I have defined above beginning with a thorough reengineering of the personal lifestyle will bring a new sense of freedom and prepare employees to more confidently face the trauma of BPR and the world of virtual organizations. It will help employees avoid being trapped between the organizational pressure to constantly re-invent organizations, and the personal pressure of their need for stable, meaningful work.

THE EMPLOYER COMPONENT OF THE NEW RELATIONSHIP

But how does the employee component of the relationship described above help the employer's organization be more effective? It clearly helps the employee, but are such practices really in the best interest of the employer? Arguably the most important advantage of employees severing organizational co-dependency is that it reduces their level of stress, fatigue, depression, fear, and other negative emotions that result from BPR driven reductions in head count. These emotions become collective - they infect the minds and spirits of large cross-sections of the company. This can radically curtail employee performance as people try to reduce their anxiety by continually discussing their fears with co-workers - to no avail because the more they collectively resonate, the more anxious they become. This translates to bottom line business results. So how do employers design an organization for high-performance given the fact that stress, fatigue, decreased motivation, sadness, depression, fear, and insecurity do not go away after downsizing is completed? More seriously, evidence from some studies shows that not only do these symptoms continue to dominate the culture of reengineered organizations five years later, the symptoms actually evolve and intensify over time (15).

Let me begin by articulating the claim that organizations are composed of individuals and they are changed one person at a time. Consequently, the most fundamental question is how can the four elements of employee effectiveness be linked to the goals and purposes of the employer? To begin with, the effective organization will be honest about the fact that they cannot offer permanent job security to employees and then work with them to break the vicious symbiotic cycle of co-dependency. On this view, employers link to the first element of employee effectiveness by openly admitting that they cannot promise employees permanent employment and then encouraging them to reengineer their lifestyles so that they can be independent of the company. The employer links to the second element by helping employees maintain an external perspective through professional and personal networks and the internal perspective needed to deal with other employees who have become dysfunctional due to stress, fear, etc. The effective employer can link to the third element by fostering the model of vendor-mindedness and by helping employees clearly define their core competencies, products-services, and other contributions they make to the organization. Finally, an employer can link to the fourth element by encouraging employees to develop a set of core values that provides direction for their professional and personal lives with the goal of helping them find meaning and contribution in their work. The only
way for an employer to win back the loyalty of employees is to transform the one-way loyalty created by BPR into a new two-way loyalty, e.g. a new employee-employer relationship. For example, an employer might articulate this new relationship by saying, "I know I cannot promise you permanent employment, but I want your loyalty while you are working for my company. So in exchange for your loyalty now, I will help you build marketable skills that you can take to your next job." In other words, the effective employer will try to win back the loyalty of employees by helping the employees to manage their careers and freeing them of dependency on the company. This approach links and aligns the long-term viability and mission of the employee with the long-term viability and mission of the employer.

Having discussed the process of linking and aligning the goals and purposes of employees and employers, I will now present five elements that are crucial to developing a high-performance organization. The first element is organizational alignment. In high-performance organizations, business results, customer needs, cultural norms, mission, vision, strategy, and organizational structures and systems are aligned for the purpose of serving customers and obtaining business results. Because organizations are made of individuals, aligning individual core competencies, goals, and purposes with the organization mission is crucial because as Stephen Covey states, "Every organization is perfectly aligned to get the results it's getting." In mis-aligned organizations, employees' missions, goals core-competencies are heading off in many different (and often conflicting) directions. If one were to add up these vectors, they would get an overall direction for the organization. If this is the direction the organization wants to go, then there is no problem. But if the organization wants to change direction, these misalignments begin to manifest themselves as powerful, covert, recalcitrant barriers to organizational change. Such mis-alignments may be: 1) between the professional mission of the individual and the organizational mission, 2) between who the individual perceives their customers to be (or their priority) and the actual customers of the organization, or 3) between the core competencies of the individual and those needed to do their job. The goal should be to link and align the core competencies and performance goals of every employee in the organization to the company's business lines using quantifiable measures. This establishes the value-added of each employee in the organization. Forward thinking organizations have shown that the deeper the strategic goals are deployed into the organization, the higher measured employee satisfaction is. People need to find meaning and contribution in their work and to the degree that they understand their role in the organization and how they contribute to the mission, to that same degree, barriers that inhibit employee satisfaction are removed. There is a causal relationship between the alignment of customer needs, cultural norms, mission, vision, strategy, and organizational structures and systems and improved business results.

The second element of organizational effectiveness is to develop a feedback system that gathers the information needed to be a high-performing organization and obtain desired business results. Much like the physical sense of sight, sound, touch, and hearing form a composite system of detection and feedback, effective organizations need a composite of different types of information and feedback, what some have called a "balanced scorecard" (16). Using a composite of various types of information helps control for the tendency for financial accounting to dominate the concerns of senior managers. Consider five types of feedback. Financial accounting is a crucial indicator of business results and most methods for obtaining this type of information are well-developed. Employee satisfaction and morale is another kind of feedback because these internal customers are the foundation upon which the company rests. Processes and measures must be developed for identifying and measuring employee satisfaction and morale. A third form of feedback identifies if the organization's business results and performance measures are linked to and aligned with all people in the organization, then these data become a crucial form of information and feedback that reaches down into the deepest parts of the organizational structure and up into the organization's strategic direction. Another kind of feedback comes from benchmarking, including: 1) internal benchmarks (base-lining processes within the organization), 2) competitive benchmarks (with organizations that are in the same type of business), 3) best-in-class benchmarks (with any organization that has similar functions). The final and most important kind of feedback comes from external customers. Studies have shown that 70% of all process improvements come from customer suggestions. The properties of organizational boundaries must be permeable, so that suppliers can be enrolled into the organization because they have a crucial role in succeeding and obtaining business results. Customers should be enrolled into the organization in the sense that they provide input for the organization's information feedback system. The objective is to learn from your successes and failures; your competitors; your customers; and your colleagues and peers.

The third element of organizational effectiveness (mental models) zeros in on why some of the best ideas fail to get implemented. Groups of people who are in full agreement about the need for increased organizational effectiveness often fail to implement the changes they all agree they need. For example, a team of senior managers goes off-site for a retreat, experiences a deep sense of team spirit and resolve to do business differently, only to return to business-asusual on Monday. Having trained over 500 people in Covey's The 7 Habits of Highly Effective People, I have seen hundreds of people be moved deeply as they reflect on their personal lives and professional and family goals. They commit to implement changes only to slip back into old ineffective and dysfunctional ways of living. Because organizations are composed of individuals and are changed one person at a time, it is important to understand that the root causes of failed organizational change is often a failure of individual change at various levels in the organization. The mental models of individuals become concretized into values, beliefs, and assumptions that are almost never questioned because they are just below the surface of consciousness - they are pre-conscious. When viewed collectively, the mental models of individuals produce an organizational culture. This is one of the most important
reasons why most TQM initiatives fail - the initiatives never penetrate deep enough into the mental models that people carry around in their heads; the mental models that underlie (and are causal to) organizational and personal behaviors. Peter Senge claims (correctly) that "...new insights fail to get put into practice because they conflict with deeply held internal images of how the world works, images that limit us to familiar ways of thinking and acting." (17). While the task of exploring these mental models presents unique challenges, it promises some of the greatest gains in organizational and personal effectiveness. I have addressed these issues in more detail in a paper entitled, "A Thought Experiment on Personal and Organizational Effectiveness" (18).

The mental models people have about other people or organizations may not be conscious to them and might even cause them embarrassment if admitted publicly. For example, if we observe a coworker gossiping or being duplicitous about another colleague, a mental model may emerge that this person cannot be trusted and we will tend to interpret all our future interactions with that person based on that belief. If we observe this person betraying a trust by telling us something that they say was told to them in confidence, this becomes another point of supporting data that validates the reliability of our mental model about the person. This mental model will powerfully affect how we interact with that individual in the workplace. For example, if we are part of a team with this person and we both attend a retreat to do some "team building" and build trust, we may go through the motions at the retreat and even appear to open up, but the mental model will tend to drive the behavior of the team members in ways that are almost impossible to detect. When the team returns to the office, the employer will wonder why the organization still has interpersonal problems and why employees still don't "trust" each other. Dysfunctional mental models can cripple an organization. If you want to ensure that your organization never becomes effective, continue to manage conflicts at the behavioral level and ignore the real causes, dysfunctional mental models.

The fourth element of organizational effectiveness is to create a deep sense of organizational meaning for the employees who work there. We have already discussed how employees need a sense of meaning and contribution in their work, but employers can amplify this by defining a sense of overall organizational meaning and contribution that the employee contributes to, even if they are only employed by the organization as a temporary or outsourced worker. This may sound like a lofty, almost philosophical goal, but even companies that provide pedestrian services like hotel accommodations can provide a sense of meaning for their employees, e.g. Ritz Carlton inspires its workers with meaning by espousing the core value, "We are ladies and gentlemen, serving ladies and gentlemen." In a high-performance organization, every employee must understand their contribution to the organization. Since long-term employment cannot be promised, organizations must develop new metaphors - examples of short term employment that link to on-going meaning and contribution long after an employee is gone. For example, I know civil engineers who can ride down a highway and say with pride, "I built that bridge, or I designed that building." I have sensed this kind of on-going contribution through the positive effect I have had on students who went on to make a difference in their world.

The fifth element of organizational effectiveness is stability! Organizations must recognize how fatigued people are by change and keep as many things stable as possible. Even though organizations must constantly re-invent themselves, even though we may have outsourced workers coming and leaving weekly, organizations must keep some things stable and resist the temptation toward the flavor of the month, e.g. constantly changing from one "approach" to another even before implementation has begun in a substantive way. A student in one of my classes expressed this poignantly when in desperation he said, "I wish this organization would just stay with something for two years, even if it's wrong!" My own experience is that the flavor of the month mind-set is driven by the believe that real change is not possible because the organizational structures and systems are so robust, or a vested interest in stonewalling change.

CONCLUSIONS

In this paper I described how BPR efforts in the U.S. have ruptured the old employee-employer relationship and I focused on the short and long-term problems that BPR efforts have caused for employers and employees. I also described the unique challenges of defining a new employee-employer relationship given the fact that the global competitiveness that caused BPR is here to stay. In response to these challenges, I outlined a new employee-employer relationship and suggested four elements of employee effectiveness and five elements of employer effectiveness. Most importantly, the effective employer will try to win-back the loyalty of employees by helping them to manage their careers and freeing them from dependency on the company. This approach links and aligns the long-term viability and mission of the employee with the long-term viability and mission of the employer.

FOOTNOTES


**BIBLIOGRAPHY**


