

Managerial Re-engineering of the Organization

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Abstract

The managerial redesign is the most important manner of reversing in the field of management. Its operationalizing inside the Romanian organizations, following a rigorous methodology, is not only necessary, but also convenient, due to the remarkable impact that it has upon the managerial and economic performances.

Key words: *managerial re-engineering, management processes, managerial instruments, decisional system, informational system*

Starting from Peter Drucker and Richard Farmer's statement that there are not efficient or inefficient companies, but only well-led or bad-led companies, the managerial changing becomes the ground of strategic and tactical measures, initiated and performed at company level for reaching a high level of performances in a complex and unstable environment.

In consequence, the managerial changing is not only a "fashion" of the period that we are passing, but a necessity for ensuring superior quality parameters of the management microeconomic systems.

The re-engineering concept was first introduced by M. Hammer and J. Champy in 1993, in the book "Re-engineering the Corporation".

In their vision, the re-engineering represents the fundamental rethinking and radical re-engineering of the business processes, in order to obtain spectacular improvements of the indicators considered as critical now in performances evaluation, such as cost, quality, service and speed.

Re-engineering aims at re-engineering the processes, current activities that contribute to the creation of value and represent a major modality of flexibility and social and micro-economic modernization by fundamental re-conception and radical re-engineering.

The re-engineering concept is based on four keywords: fundamental, radical, spectacular, processes.

As in the "processes" category there are included the execution processes (that have as finality the obtaining of economic goods, products, services) as well as management processes (fundamenting, taking and applying managerial decisions) the re-engineering considers them both.

As far as the management re-engineering is concerned, three *aspects* become fundamental in conception, running and finalizing it:

- the elements that make necessary such a complex initiative, of strategic nature;
- the methodological scenario recommended to be reengineered;
- the implications of the new management system to the managerial and economical performances of the organization.

The Necessity and Opportunity of Managerial Re-Engineering

The elements that impose the essential *managerial changes*, that can be realized only through managerial re-engineering, are, mainly, forms of manifestation of numerous disfunctionalities of the managements and its components. In this category, the most significant are:

- insufficient or unexistent exertion of the planning function;
- lack of an objectives system at company level layed out by processual and structural components; this shortcoming is manifested on the context of non-existence of a realistic strategy and politics, focused on marketing studies, diagnosis studies and forecast studies;
- the insufficient delimitation and dimensioning of some processual components (functions, activities, competences and tasks), extremely important in realization of the objectives. At the same time, the structural-organizatoric components (job, functions, competences and taks) are ambiguously defined, situation that generates parallelisms in pursuing the competences and tasks, dilution of responsibility and other shortcomings in organizatoric structure functioning;
- existance of an organizatoric structure insufficiently flexible, dynamical and efficient, that would permit and incite an “aggressive” behavior of the company toward the national and international environment;
- using the basis organizatorical documents of the company – the organization and functioning statute, flowchart, job files – with priority as administrative and bureaucratic instruments;
- insufficient structuring of the authority and responsibility on hierarchical levels of the organization;
- running of the decisional processes in a predominantly empirical manner, on one side, as a reason of not taking in consideration the multiple information that characterize a specific decisional issue and, on the other side, as a reason of adopting decisions based on the experience, intuition, manager’s skills, neglecting the decisional tools recommended by science, the decisions quality suffering from this point of view;
- the predominantly current character of the activities of top level managers, generated by multiple pressures at which they are faced at present time; this way, they involve in solving problems with routine character, due to scarce economic relationships between the companies, existent economical-financial blocking. Unfortunately, there are rather frequent the situations in which not only the economic manager but also the general manager “runs” for money, consume important parts of their time budget for encashing the countervalue of the sold economic goods and, in this way, for saving the existance and functionality of the company they are leading. Thus, there are neglected strategic problems, of high importance, with major impact on the functionality and long term effectiveness of the company.
- lack of a clear concept, of a systematic vision concerning the conception and functionality of the informational system;

- visible non-correlations between the volume and the structure of information on the vertical of the management system and the hierarchical position of their beneficiaries – managers and executers – situation which often creates a “suffocation” of managers, especially of top level managers, with useless information, with a low degree of aggregation;
- still reduced number of methods and management techniques used – meeting, delegation, dashboard or elements of project management and budgets management diagnosis;
- insufficiency of methodological elements, absolutely binding, in using these managerial methods and techniques, situation which fuels and amplifies the empirism in running the management processes;
- multiplication of the influences exercised by the national and international environment;
- multiplication and diversification of the problems that companies are facing with and that require a performant management, generator of competitive advantages on the market.

The changes appeared in the action environment of the companies and, under their impact, inside the companies, have always constituted a constant of the economic activity evolution of the business world.

The actual changes, more complex, frequent and rapid, are a natural continuity of the old changes, an amplification of the old changes in line with the new realities of the nowadays world.

Concluding, the managerial modernization is not only a “fashion” of the period that we are passing, but a necessity for ensuring superior quality parameters to the management microeconomic systems. The ample strategic initiative that answers to such a necessity is represented by the re-engineering of company’s management.

The principle on which it is based is performing profound changes, in which to be involved all the management system’s components.

The Methodology of Performing the Managerial Re-Engineering

Any complex managerial initiative must be based on an adequate methodology, structured in steps and stages of whose rigorous follow-up can ensure quality and functionality to the new management system.

We present below the methodology of company’s management system re-engineering, as an important solution of amplifying the potential of economic and managerial viability of the company. (3, 4).

Realization of the strategy, in its broad acceptance of substantiation, elaboration and implementation, is assimilated to the concept and practice of strategic management.

This evolved study of company management, in which the management processes refound in the five functions – planning, organizing, coordinating, training and controlling-evaluating – are getting new dimensions: project and realize the change in its multiple hypostasis: global or partial, technical, technological, economical, managerial and so on.

The managerial re-engineering is, at the same time, a condition of efficiently and effectiveness appliance of the strategy and a consequence of its implementation. An organization strategy can be very well fundamented and excellently elaborated (by meaning of respecting exactly the methodological scenario recommended by the management science), but without being operational at its true dimension because of the applicative environment, less prepared to accept the change.

That is why the necessity of ensuring of material, financial, human, cultural and managerial favorable conditions. The managerial re-engineering, comes thus to meet these requirements, giving them satisfaction.

Here is how an overall change, foreseen by the global strategy, initiates a global change in the field of management, ensured by its re-engineering.

In the economy of the methodological initiative that is involved by the managerial re-engineering, it is very important the succeeding order (we admit that the term is slightly forced, because some “steps” are run in parallel) of the components (subsystems) of management. Although the corresponding literature* in which the author of these lines has published, “pleaded” for a specific succession of the re-engineering of the four managerial subsystems – starting with the methodological subsystem, continuing with the decisional and informational subsystems and ending with the organizatoric subsystem – the pragmatic experience gained during the managerial re-engineering of various Romanian companies more or less in economic and managerial difficulty, has determined a reconsideration of the scenario.

As *management* means, in principle, the practice of management processes, by managerial re-engineering, there is accomplished practically, a radical rebuilding of these processes, from the perspective of making them more efficient, obtaining notable performances, managerial and social-economical.

Exerting the management processes means an non-interrupted chain of decisions, on whose fundamentation are involved managers and executors, on whose adopting are involved only managers, and on whose application are involved partially the managers and always the executors. In consequence, in management can be permanently invoked prevision, organization, coordination, training, controlling and evaluation decisions. For ensuring performant decisions it is necessary a re-conception of running the five managerial functions and, implicitly of the constructive and functional characteristics of the management system in the “perimeter” where these management processes “happen”.

We are trying to present this new concept of managerial re-engineering, without claiming that our approach is the most appropriate one.

Step 1 – Strategy realization

Running this step involves fundamentation (stipulating of premises and ensuring the informational support needed for the elaboration, given by the diagnosis studies, marketing studies, ecological studies and the national strategy), elaboration (defining the company vision and mission, establishing the strategic objectives, dimensioning the resources, fixing the terms and mentioning the modalities of obtaining the competitive advantage) and application (implementation) of the strategy.

Step 2 – Organization management re-engineering

This step is extremely complex because, in the end, it has to offer sufficient conditions for realization of the strategic objectives.

The approach of the four managerial components is based on an elementary logic, that starts from the role and place of each of the components in the company management.

* See the following works: Nicolescu, O. and Verboncu, I. (*Managerial Methodologies* – Economic Review Publishing House, Bucharest, 2001; *Organization Management*, Olimp Publishing House, Bucharest 2004), Verboncu, I. (*Managers and Management*, Economica Publishing House, Bucharest 2000; *Firm Diagnose*, Technical Publishing House, Bucharest 2001)

In this way, the debut belongs to the methodological-managerial component and involves, on one side, promotion of modern and performant managerial tools (profit centers management, project management, dashboard, delegation) and, on the other side, the use of adequate methodologies for managerial re-engineering or operationalization of the management methods and techniques which are chosen.

It follows, naturally, the process re-engineering, concretized in delimitation and dimensioning of process components-functions, activities, competences and tasks involved .

The decisional re-engineering ensures, at its turn, the proper “ground” for the decisional manifestation of the managers in the way of stipulating the mechanisms of fundamentation and adopting the decisions, of the quality conditions imposed to them (scientific fundamentation, the opportunity, the comprehensibility), as well as the recommended tools for obtaining effective and quality decisions.

By informational re-engineering there are ensured the required conditions both for fundamenting and adopting decisions, and for fundamenting and initiating of corresponding actions required by their application.

In consequence, there are expected interventions at the level of information, circuits and informational fluxes, informational procedures and means of treating the information which would allow a superior functioning of the informational system, positioned at the interface between the decisional and organizatoric components of management.

At last, by structural-organizatoric re-engineering, there are created the organizatoric and human conditions needed for the accomplishment of objectives, of structural components (jobs, functions, compartments, hierarchical levels, hierarchical shares, organizatoric relations) being oriented to making more easy the efficient and effective practice of the labor processes.

The end of this step is represented by a new management system, whose constructive and functional parameters facilitate the obtaining of performances.

Step 3 – Operationalization of the new management system

It is realized by adequate decisions and actions, that follow the overpassing of barriers, change-resistance phenomenons and implementation of new coordinates and mechanisms of managerial functioning.

Step 4 – Evaluation of efficiency and effectiveness of the reengineered management system

It represents the step where are noted the managerial and economical performances recorded at company level, consequence of the new management system promotion.

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Reproiectarea managementului organizației

Rezumat

Reproiectarea managerială reprezintă cea mai importantă manieră de reconsiderare în domeniul managementului. Operaționalizarea sa în cadrul întreprinderilor românești, aplicată pe baza unei metodologii riguroase, nu este numai necesară, dar și eficientă, datorită impactului remarcabil pe care îl are asupra performanțelor manageriale și economice.