First of all, a very warm welcome to you. You are known as the originator of business reengineering. This discipline has gained something of a negative reputation over the years because many projects have often resulted in a number of layoffs. What would be your response to the critics?

Dr. Michael Hammer:

The association of reengineering with layoffs is a persistent myth. Most real reengineering projects do not lead to layoffs, and to the extent that they do, those layoffs were inevitable with or without reengineering. The essence of reengineering is to eliminate unnecessary work, not jobs. By doing so, a company's operations become faster, less complex, and less labour-intensive. Companies want growth, and freeing people of unnecessary work allows them to do more productive work for customers that will help to grow the business. The term “reengineering” became very popular in the 1990s, and some companies used it to describe projects that were nothing more than downsizing. As a result, the term acquired some negative baggage. I suggest to those who persist in equating reengineering with layoffs to look at the real experiences of companies who have done true reengineering, rather than base their opinions on second-hand reports.

According to an article on fastcompany.com, your first book, Reengineering the Corporation: A Manifesto for Business Revolution, has been “widely interpreted as getting rid of human beings”. What is your response to this?

Dr. Michael Hammer:

My response is that I would urge whoever made this assertion to read my books and other writings; I am hard-pressed to imagine on what they base this statement.

Reengineering the Corporation was written over a decade ago. Have your ideas changed in this time?

Dr. Michael Hammer:

On the one hand, there is almost nothing in Reengineering the Corporation that I would now reject. The principles, ideas, and techniques in that book are as relevant today as they were then. On the other, there is much that I have learned since that book was published. Perhaps most importantly, I have learned that reengineering (or business process redesign, as it is often called now) is just part of an even larger undertaking: orienting and managing an enterprise around its end-to-end business processes. This entails creating a process-centred management structure, familiarizing all
personnel with processes and inculcating them in process thinking, measuring processes on an ongoing basis, and taking appropriate interventions (of which reengineering is only one) to ensure that these processes continue to perform well. The reorientation of enterprises around their processes is in many ways a reversal of the Industrial Revolution, or at least of the principles that underlay it, and so will take decades to play out.

Your website states that the centrepiece of your work is the concept of business process. Can you explain more about this, and how it can help companies to improve their operating performance?

Dr. Michael Hammer:

Process simply means end-to-end work, as opposed to piecemeal, activity-level work. Focusing on processes, as opposed to tasks, is a fundamental change in how we regard work. Improving the productivity of individual tasks is of course a useful thing to do, but no longer represents a major opportunity for organizations seeking to improve performance. The real problems in contemporary operations are not found in individual tasks themselves but in how tasks are combined together to create whole processes.

“Companies that concentrate on their processes by designing them, measuring them, managing them, and constantly improving them are able to achieve sustained high levels of operating performance.”

Conventional processes are rife with the non-value-adding work that is an artefact of poorly integrated tasks; this non-value-adding work is the root cause of the high costs, slow cycle times, errors, complexity, and inflexibility that bedevil modern organizations. This non-value-adding work can not be simply eliminated nor is it addressed through conventional productivity improvement. Rather the process as a whole must be reconsidered and new ways of combining its tasks together must be found. This entails rethinking who does the work, in what order it is done, where it is done, and the like. Companies that concentrate on their processes by designing them, measuring them, managing them, and constantly improving them are able to achieve sustained high levels of operating performance.

In your opinion, what is the best way to implement operational innovations?

Dr. Michael Hammer:

There are two answers to this question: first, from the top; second, in terms of processes. That is, operational innovation will not succeed unless it is backed by senior most management. Operational innovation is highly disruptive, changing not just patterns of work but power structures within the company, and so it will inevitably founder on the shoals of inertia and resistance unless driven from the top. Business processes are the right units for operational innovation: rethinking smaller-grained activities is unlikely to have much effect, and coarser-grained units are too abstract.

You have recently been quoted as saying that “Reengineering was just a warm-up act for the collaborative economy.” Can you elaborate on this?

Dr. Michael Hammer:

Until now, most process redesign has taken place within the four walls of an enterprise. Accelerating product development, improving the accuracy of order fulfilment, lowering the cost of procurement: these are all instances of enterprise process redesigns. The new wave of process redesign focuses on processes that cross enterprise as well as functional boundaries; that is, the “end-to-end” of these processes extends across different companies. Supply chain, for instance, is a process that runs from the customer's customer to the supplier's supplier; collaborative product development is a process through which a company and its suppliers work together to develop new products. Rethinking these inter-enterprise processes entails unprecedented inter-enterprise collaboration and can deliver extraordinary benefits. In the long run, doing so will force us to rethink the meaning of enterprise boundaries and what defines and comprises a company.

In your most recent book, The Agenda, you claim that “just as a generation of investors was permanently scarred by the Great Depression, a generation of managers has been transformed by the collapse of the bubble of the late 1990s. They have become fearful of their environment and uncertain about their futures.” What do you mean by this and how will your book help these managers?
Dr. Michael Hammer:

For a time in the 1990s, there was a widespread attitude that succeeding at business was actually quite easy: all it took was a good idea and the gumption to implement it. The dot-com crash dispensed with this fiction and reintroduced a healthy reality into how businesspeople thought. Most of the managers with whom I speak no longer take success for granted nor as a natural right. They are constantly peering over their shoulders; they recall how some of the most highly regarded companies of recent years have been brought nearly to the point of extinction. Even the most successful executives now recognize that they are at the mercy of customers with unprecedented power, of determined competitors, of constant technological change, and so they are resolved not to rest on their laurels. This is very healthy for them, their companies, and their economies. My work offers managers like these tools for ensuring that their companies constantly raise the level of their performance and so do not fall victim to the relentless challenges of today's business environment.

In *The Agenda* you also state that “the challenges of management are eternal and extraordinarily difficult”. In your opinion what are the biggest challenges facing managers today?

Dr. Michael Hammer:

Today's executives face innumerable challenges, but the most fundamental one is that power has moved, and continues to move, from the makers and providers of goods and services to their customers. For the first time in economic history, we are living in a customer-driven world. The rise of India and China, globalization, rapid technological change, the Internet, commoditization, and a host of other phenomena are all aspects of, or contributors to, this fundamental change. Most companies have not yet come to terms with the implications of this shift, and doing so will require deep and extensive change in how they are organized, operated, and managed.

On a different note, what interests you outside of your professional life?

Dr. Michael Hammer:

My personal interests are rather eclectic: film, literature, politics, art, ancient history, and others. My primary non-professional interest, however, is my family.

And finally, who has had the most profound effect on your professional outlook, and why?

Dr. Michael Hammer:

I suspect that the biggest influence on my thinking has come from my teachers at MIT, who instilled in all of us undergraduates the imperative to think things through from first principles and never to accept the conventional wisdom. I have applied these lessons in all the fields in which I have worked, and found them to be universally applicable and valuable.