

# Beyond re-engineering: developing sustainable success

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## BEYOND RE-ENGINEERING: DEVELOPING SUSTAINABLE SUCCESS

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Many organisations across the world have reported dramatic performance breakthroughs as a result of re-engineering. All too often, however, the results of re-engineering or restructuring are disappointing or short-lived. This is the story of our organisational journey – a journey that began with a re-engineering project. It is a journey marked by extraordinary, and to some degree, unexpected successes, although there were some rocky stretches along the way. The formation of a strategic alliance with a library vendor played a significant role in achieving performance objectives. However, it was the deliberate change of culture and injection of "human spirit" that made the success sustainable.

Griffith University is situated in Brisbane, Queensland. It is a multi-campus institution serving over 19,000 students. Four campuses are located in Brisbane, one at the Gold Coast and another has just completed construction at Logan, south of Brisbane. Technical Services functions are centralized at the Nathan campus. The library clientele consists of undergraduate and graduate students, academic staff and small number of associate borrowers.

### **The Re-Engineering**

*The optimist says "That the glass is half full..." The pessimist says, "That glass is half empty..." The re-engineer says, " You only need half that glass!"*

Prior to 1995, the Technical Services section operated in a fairly traditional way with separate acquisitions and cataloguing departments. In 1995, a committee comprising the manager, elected staff and an adviser reviewed the operation. After intensive investigation and consultation with all staff, the project team recommended that the section be re-structured into five faculty based teams. Each of the teams was to incorporate the full range of acquisitions and cataloguing functions.

After twelve months, an external consultant reviewed the results of this re-structure. There were obvious improvements. The clerical staff in particular had had become multiskilled and all staff had a greater appreciation of the total acquisition and cataloguing process. Because the teams were subject and faculty based, the section had become much more client focussed. However, it was disappointing to learn that the expected productivity gains were not being realised. We had assumed, as others

had before us, that "simply changing strategy or restructuring roles (was) going to do the trick. Everything we try is quickly absorbed by the very cultural patterns and practices we want to change." [1]

Rather than work at incremental improvement, the library decided to embark on a radical re-engineering project with the assistance of an outside consultant. Unlike the first review, this project group was to be very small (4 members only), the timeframe short (eight months from start to final blueprint), and the input from staff fairly limited. The goals of this project were very ambitious – a 50% improvement in productivity. The painful reality was that 50% of the staff currently working in the section would not be re-employed within the unit upon implementation of the plan.

This was a tense and stressful time for all staff, and the project team acknowledged the need for frequent, open and honest communication. At the time, staff were critical that they did not play a greater role in the re-design project. However, the consultant believed it was too difficult for staff to be involved in a project that would design themselves or their colleagues out of a job, and in retrospect, this was clearly the best decision. Re-engineering can be a very threatening experience for both middle managers and their staff alike.

The project team put in a concerted effort to confront outdated assumptions about how to organise, manage and perform work. They conducted literature searches, talked with libraries, library vendors, system vendors and designed the system as if creating it the very first time. Simplicity was the key. Technological solutions were employed wherever possible to eliminate or reduce boring and repetitious work. Some functions were outsourced, but only where it was more efficient or cost effective to do so.

## **The Partnership**

*"Partnerships of all kinds will be the thrust of the Nineties and beyond"*

Reuben Clark, CEO Colgate Palmolive

A key ingredient in the redesign was the decision to put most of our eggs, that is our acquisitions dollars, into one basket only - and watch that basket very carefully. Our aim was to select a single supplier who could service the majority of our needs and with whom we could develop a long-term partnership arrangement. But how is it that forming a partnership or a strategic alliance can improve an organisation's bottom line? What is a partnership anyway, how does it differ from normal "good" relations with suppliers?

A partnership is intended to foster a close working relationship where both parties invest time and energy to create and maintain best possible practice. It is founded on mutual trust, open and candid communication, cooperation, collaboration and joint problem solving. Both organisations benefit. Both can achieve far greater returns working together than either could achieve independently.

This all sounds good in theory! But, we all know that the main reason for a vendor's existence is to make money. As the early industrialist Adam Smith wrote, "It is not

from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard for their own interest." The library's need though, is to acquire resources at least cost. These appear to be conflicting interests and it is difficult at first glance to see how two parties with opposing stances can work together to achieve mutual benefit.

Traditionally, managers have felt that competition between many suppliers leads to not only better security but also ensures better prices. For many organisations, the aim of the "purchasing" department is to make each and every purchase as cheap as possible - hard nosed bargaining, shopping around, playing one supplier off against another. The trouble is that in purchasing, indirect costs are higher than direct costs. While we focus on doing good business deals with vendors, monitoring their prices, services, and turnaround times, we tend to be surprisingly tolerant of our own foibles - our internal costs, our internal turnaround time. Focusing on price alone ignores the costs of processing, or the indirect costs. It is time to take a more holistic view.

Reduced overall costs are not the only benefits. Reducing the number of suppliers gives the organisation better potential for working closely with the remaining ones. The administrative work becomes far more efficient - there is less paper flow, less handling. Negotiation is easier and there is less detailed correspondence.

With a sole or small number of suppliers it is easier to create opportunities for automation of tedious and repetitive work. Only a minimum of interfaces need to be created and maintained. In addition, the monitoring of reliability and quality is easier. Indeed it is preferable to eliminate vast quantities of checking and monitor the quality control procedures of the supplier instead! At Griffith, individual checking of over 30,000 items has been abandoned in favour of checking the quality control procedures of our vendor and regular spot checks.

Time spent inspecting work costs. Time spent correcting errors costs. But a root cause approach to problem solving means that ultimately less time can be spent on inspecting work. Rather than an attitude of blaming or fault finding, time is invested to locate the origin of the error and correct the cause. This type of commitment to problem-solving leads to increased efficiencies for both organisations. With a concentration of effort we can aim for zero defects.

Yet another benefit is the potential that this arrangement provides for close technological collaboration and development. The supplier becomes an extension of the acquisitions department. Both parties need to make it their business to understand the other's business, to share knowledge and education, to propose radical and innovative solutions that in turn help other clients and ultimately the vendor's business. Partnerships create an enabling environment for encouraging innovation and a culture of continuous improvement.

Obviously the selection of a suitable partner/partners is very important. Before we can be sure that we are providing quality service to our clients, we need to be sure that we are dealing with quality suppliers ourselves. The selection of a suitable partner needs to be based on a range of criteria including technical expertise and willingness to be wholeheartedly involved in a partnership. But as there is no perfect marriage partner, there is no perfect supplier AND there is no perfect customer. Both organisations need

to be willing to work together, to create synergistic solutions, to adopt a continuous improvement culture.

Newman admitted "Just a decade ago a trend towards single sourcing would have been considered an invitation to disaster." [2] However it appears from published information that partnering has so far been highly successful. Lendrum [3] quotes a study by Schreiner in 1991 in which 18 partnered projects were studied over 3 years. Productivity increases of 16% to 17% or better were reported in all cases. Our experience at Griffith has also been positive. That does not mean that it has always been without misunderstanding, frustration or disappointment at times, but those problems are worked through and resolved in a mutually satisfying way.

Forming healthy partnerships with one or a few key suppliers is one tool that we can use to achieve a significant improvement in costs, quality, cycle times, and technology with little or no added expense. Partnerships, like all healthy relationships, take time and commitment, communication and trust to succeed.

### **The Culture Change**

*"Whatever else high performance and excellence may be based on, they would seem to have something to do with quality of spirit, human spirit, our Spirit, the Spirit of the organisation." [4]*

So far so good! Yet the statistics show that more than 70% of re-engineering efforts fail. Without a significant shift in culture, the law of entropy prevails. In order to sustain the success that had already been achieved, the culture had to change. Our vision was to create a high performance organisation where excellence was celebrated, an organisation where people were actively and enthusiastically involved, took ownership and responsibility for their own work and were committed to continuous improvement. And not least importantly, we wanted people to enjoy work and gain a sense of satisfaction. We wanted to create a place where people could "shine"!

Once again the statistics are sobering. According to Owen "each year billions of dollars are wasted on ambitious efforts to alter patterns of behaviour. Most start with a bang, quickly begin to splutter, and end with things very much the same as they were." [4] Nevertheless we had read about organisations that had managed to beat the odds and we were determined to join their ranks. It was a matter of drawing on lessons learned from quite diverse organisations worldwide – what worked, what didn't. Our research indicated a few key principles common to successful organisations: trust; communication; participation along with responsibility; opportunities for growth and development; reward and recognition; communication; and strong teamwork. These were to become the foundations of our culture.

The section was organised into two teams – serials and monographs. Team leaders were appointed; although the ultimate goal was that the teams would become self managed. The leaders selected their staff, and existing staff were given the first option to apply. Selecting the right people was of critical importance.

The first few months were a flurry of activity and excitement. Upon reflection, the tasks were urgent, the vision bold and ambitious. We started out with a blueprint that

hadn't been tested; a set of guidelines for operating high-performance self managed teams, and a naive but passionate determination that we were going to make this work.

Most authorities on teams suggest that it takes a good five to ten years for teams to become fully developed, so we can only claim to be half way there at present. But already there have been very significant changes from the way traditional teams operate. As with other self managed teams in industry, the TS teams have assumed responsibility for most of the key functional and managerial areas, within a framework of accountability. Team members make all decisions directly relevant to their work. Amongst other things, they accept responsibility for all staff recruitment within the section, for organising and running meetings including 'team health' meetings, internal training and the development of a learning organisation. Traditional hierarchies are minimised.

All staff are required to spend a minimum of thirteen days per year updating and refining their skills. This may take the form of on-the-job training, attending courses, private reading or study during work hours. Although staff can apply to the team to attend outside courses and seminars, staff are encouraged to study and present workshops to their colleagues on topics of relevance to the team.

Performance management features strongly; for instance, a detailed methodology has been designed to calculate the unit cost of services. Unit costs and other critical performance measures are reported and scrutinised at regular intervals. These include the number and impact of innovations suggested and implemented; the development of expertise within the section; even the rate of absenteeism, which is an indicator of the "organisational health" of the team. Individual team members have their performance evaluated twice yearly. In the monograph team, the team members evaluate each other's performance through a system of 360-degree feedback – an initiative proposed by team members.

Team leaders and managers have made it a priority to freely share all information with all staff – only information of a personal, confidential nature is suppressed. Open and honest communication is essential to building trust. Other initiatives of the section include the establishment of cross-team project groups, themselves self-managing. One such group researched and developed a Reward and Recognition Program to reinforce its importance within the culture. Successes are celebrated at both an individual, team and section level. As Weinstein says, "by adding an element of fun and celebration, we take an important step towards humanising the workforce, and creating a sense of heart and soul in the organisation." [5]

The bottom line post re-engineering is impressive - more resources are being processed in half the time, with half the staff, without loss of quality. However, the real success comes in the ability to sustain and improve upon those results. Since the initial re-engineering, the section has been able to contain unit costs despite significant salary increases, to undertake projects to improve the integrity of the database and to develop innovative solutions for delivery of information to clients. This success comes as a direct consequence of hiring and guiding good people, respecting them, treating them as intelligent, competent adults and then letting them loose.

"We've got to simplify and delegate more – simply trust more. We need to drive self-confidence deep into the organisation. We have to ... convince managers that their role is not to control people, but rather to guide, to energise, to excite." [6] Despite all the promises of management systems - whether in re-engineering, strategic partnerships, TQM, benchmarking, outsourcing - ultimately it is the efforts of committed people, working together that determine the success of an organisation. It is the efforts of people working together that produce sustainable success.

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