Editorial

From reengineering to electronic commerce:
old questions, new challenges

This issue of *JSIS* provides a special opportunity to contrast three different case studies. The first case study is about a large bank in Belgium that undertakes a successful reengineering project. The second case is about a US telecommunications company whose ambitious reengineering project ends up in a fiasco. The third one is about a small French firm that grows globally through electronic commerce. Although each case provides a different setting, the diverse experiences are complementary and worth contrasting. Together they illustrate a broad set of issues ranging from the problems of rationalisation to the challenges of renewal and innovation: from Re-engineering to EC-engineering.

The Belgian case discusses the rationale for the BPR project, the implementation approach and its ultimate success. The case illustrates key elements of reengineering discussed in the literature such as: process analysis to uncover inefficiencies, process redesign to shorten cycle time, use of IT for process integration, empowerment of employees, and the importance of project management. The reengineering effort, however, does not constitute a “clean slate” implementation. It is based on changes to an existing process that take advantage of the increased functionality of a new IT architecture. Although the case does not qualify as “radical” reengineering, the performance improvements are substantial and in line with the strategic objectives. The authors assess these achievements, discuss the reasons for success and provide some “lessons learned”.

The second case does exemplify a more radical initiative. It describes the comprehensive reengineering effort undertaken by a US telecommunications company in response to deregulation and a more competitive environment. The case provides a blunt account of critical problems experienced during the implementation, such as: lack of detailed knowledge about functional areas by the reengineering team, hidden agendas of top management, lack of knowledge of computer-based BPR tools, and overall lack of communication. These problems become insurmountable and the project has to be abandoned. The paper concludes with a discussion of the key issues that significantly contributed to the failure. In the discussion, the authors review the literature and use evidence from the case to refine the relevant body of knowledge. Finally, they provide a set of diagnostic questions for other organisations contemplating reengineering projects.

This second case provides a sharp contrast with the preceding one. The literature suggests that reengineering can only be accomplished where senior management and front line employees are fully committed. In addition, those who will be affected need to understand how the effort will affect their jobs. This was not the case in the unsuccessful reengineering of the telecommunications company. The literature also suggests that,
before starting a reengineering project, management should assess whether a top-down change program is necessary and can be successful in light of the characteristics of the organization. Some multinational companies that have applied reengineering in different countries have concluded that reengineering as traditionally defined in the US will not work in another location where it needs to be managed in more of a consensus-driven mode. This certainly applies to many European countries, as in the Belgian case.

Whereas the preceding two cases address the challenges of redesigning existing businesses, the third case focuses on the challenges of designing new business models in the information age. One of the promises of electronic commerce is that local firms in any country will be able to pursue global business. For small firms without a worldwide presence, global business-to-business electronic commerce presents many problems, including lack of credibility with customers who are unfamiliar with the company. This third case study introduces a small French firm selling software products to businesses and discusses the challenges it faces as it grows globally through electronic commerce. The case illustrates the importance of managing the company’s online image in order to attract new clients with little knowledge of the company. The discussion offers some insights into how a small firm can effectively manoeuvre in the global electronic market, and concludes that the ability to develop virtual partnerships to handle various phases of the marketing cycle is of strategic importance to small firms engaging in global electronic commerce.

R. O’Callaghan
Case Studies Editor
March 1999