

Engineering's fundamental rethinking and radical redesign business processes busi...

[Business](#), [Strategic Management](#)



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Last few years, I had a chance to read a book “ Reengineering the Corporation: A Manifesto for Business Revolution” by Michael Hammer and James Champy. Hammer and Champy (1994) defined business process reengineering is “ Fundamental rethinking and radical redesign of business processes to bring about dramatic improvements in performance.”

“ Reengineering” in my understanding is the process that analysis and redesign the existing processes and finding new ways of doing business, aimed to improve processes and make them better.

According to this article, “ Reengineering work: Don’t automate, obliterate” by Michael Hammer. I would summarize that regardless of many years of restructuring and downsizing in process rationalization and automation among US companies, they have not obtained the improvements that they really needed. They tried to use technology to improve the performance of existing processes. But speeding up those processes cannot solve their

problems. Instead of computerizing outdated processes, we should consider “reengineer” the business processes.

There are two companies in this article that have reengineered their processes, Ford Motor company and Mutual Benefit Life Insurance (MBL). Ford decided to look at each department to find ways to cut costs. The department that needed to be tightened was the accounts payable since there are too many people in this department. Ford managers found that the existing system spent a lot of time when matching document. They improve the performance of the department by use of “Invoiceless processing”. The new method was put all the information into an online database. Ford had an easier material control and financial information is more precise and they were able to achieve a reduction of 75 per cent in head count after reengineering.

MBL reengineered its processing of insurance applications. The existing process involved too many steps. MBL formed a new position called “Case manager”, who able to handles all the tasks related with an application. The empowering of the individual helped the case managers to handle more than double the volume of new insurance applications.

What I have learned in this article, “Reengineering” is not restructuring, downsizing, automation, etc. It is the redesigned processes that leave the existing processes and obliterate multistep processes by using an information technology and empowerment, focusing on customer and objective or outcome-oriented rather than being task oriented. And lastly,

the executive leadership with “ real vision” is a necessary factor for reengineering of the business process.

Assignment ONE / Article TWO:

7. 2 “ Creating a strategic centre to manage a web partners” By Gianni Lorenzoni and Charles Baden-Fuller.

The popularity of Strategic alliances and inter-firm network are increasing due to many reasons such as minimize overhead costs, increased efficiency of operations, etc. The strategic centre or central firm is the main concern in this article because it very important impact especially innovation issues. The author has defined the strategic into three dimensions, as a creator, as leader, and as simultaneously.

There are four main features of the role of the strategic centre. The first one is Strategic outsource. Strategic outsource is the process of engaging the services of a partner or subcontract those specialized in specific area to manage tasks and aims to reduce the operation costs as well as allow available resources to be allocated to the other necessary functions (Harris 2010). Secondly, developing the competencies of the partners, there seems to be danger to skill transfers between parties because one day they probably became a stronger rival. The third feature is buy or license new ideas from third party and sometime firms developing them to gain more value. This principle helps central firm speed up their process and reduces cost of development. And the last feature is explained to partners about the

competitive process. It is necessary for partners to know a complete view of market to achieve competitive advantage.

Moreover, the central firm needs to create a vision for each partner to play their role and to perceive a strong brand image and support. Additionally, creating good atmosphere of trust and reciprocity are very important to selecting partners.

In conclusion, firm who's able to gain advantage from strategic centre such as outsourcing, lean production and technical innovation will be the winner in the battle. As James F. Moore (1996) mentioned in this article, " Strategizing is a shared process between the strategic centre and its partners".

I would like to give an example when I did my team project about Toyota Motor Corporation, Toyota is the leading in Hybrid technology since they launched first mass-produced hybrid vehicle into the market in 1997.

Recently, Toyota announced a new business strategy in which the company will license its developed hybrid technology to Ford, Nissan, and Mazda. This is to ensure Toyota's status as the world's leading hybrid car manufacturer by establishing Toyota's system as a standard for the entire automobile industry. This decision to sell and share the company's hybrid technology is a good option for both Toyota and partners. Producing component for partners will help Toyota save costs through economies of scale. On the other hand, those partners who have so far behind in hybrid vehicles will be able to bring a hybrid car in quicker time to market by using Toyota technology.

Assignment ONE / Article THREE:

7. 2 “ Blue ocean strategy” By W. Chan Kim and Renée Mauborgne.

I chose this article because the name of article is very interesting and I heard “ Blue ocean strategy” before I came to study here. The concept of blue ocean strategy in this article makes me more clear understanding.

Blue and red oceans, with many of businesses today or the known market space probably define as “ Red ocean”. Because they focus to compete with each other to gain more customers and make more profit. They try to overcome competitors by follow the way that competitor did. Therefore, there is no differentiate between products in market and price war occurred.

Blue ocean in contrast to red ocean. In blue ocean the existing demand is not a main goal. The demand creation is creating value to market and customer. Moreover, blue ocean strategy helps firm reduce unnecessary costs that are less valued by the current or future market.

To make me more understanding about blue ocean strategy, I decided to read “ Blue ocean strategy” book again. And I realized that If we look back 30 years and ask myself which businesses know today were then unknown. For example, CNN the first 24/7 news station, at that time CNN was trying to making something different and they decided to launch a 24/7 news channel. Besides, the CNN's customer gains the value from CNN since they are focusing on real time news.

There are four actions framework (Kim & Mauborgne, 2005), the first one is “Eliminated”, the companies thought something that customer really wants but actually they don't. Second is reduced well below the industry's standard. The third action framework is raised well above the industry's standard. And last one is created something that the industry has never offered.

However, the concepts behind the blue ocean strategy are not new but we would use the existing tools with new way of thinking. I've learned that in order to create more blue oceans in the future we need to thinking of alternative industries instead of substitute industry. For instance, theater industry if we thinking of substitute industry for theater industry we might think about DVD shop, DVD rental store or Cable TV operators. Most of substitute industry usually have different forms but serve the same functions. But alternative industries are different forms, different functions, but same purpose. Therefore, we probably think about when we go to department store what we are going to do between have something to eat and watch a movie. The food industry probably is the alternative industry for theater industry.

Assignment TWO / Book review:

“ Leaders: Strategies for Taking Charge” by Bennis, W., and Nanus, B.

Personally, I'm loved to see famous quotes from famous people. I recognized the quotation of Peter F. Drucker, “ Management is doing things right; leadership is doing the right things.” This quotation is quite similar to the

word of Warren Bennis in this book, "Managers do things right, leaders do the right thing." The authors show that there is a difference between managers and leaders.

The need for effective leadership and the effective organizations are increasing. Especially, in this age, there are a lot of downsizing and restructuring in organization. For leaders, ethics and communication is a main characteristic of the new theory of leadership. As the author defined about the new leader as transformative leadership, "who converts followers into leaders, and who may convert leaders into agents of change." (Bennis & Nanus 2004)

In this book, I learned that the leadership skill is something which can be learned, developed, and improved. Moreover, the authors propose four main strategies to becoming an effective leader:

Strategy1: Attention through vision, the effective leader must have a vision and create a new vision also able to grab attention and pay attention to their subordinates.

Strategy2: Meaning through communication, is ability to communicate vision to others.

Strategy3: Trust through position, put meaning in the communication. The vision of leader must be clear and attractive.

Strategy4: Deployment of self through positive self regard, the effective leaders should have the ability to recognize their strengths for their

weaknesses and stay with the initiative. Also they need an innovative learning and participation in order to promote their organization.

There are two perspectives regarding to these four strategies. First, from the point of view of the leader as an individual that makes him become an effective leader. And second one is from point of view of implementing these four strategies to build an effective organization.

And other things I've learned from this book are leadership and empowerment. Good leaders empower their subordinates by giving them an opportunity and responsibility to learn, share, and develop their task. In the words of Bennis (2004), " Leadership is the wise use of power. Power is the capacity to translate intention into reality and sustain it." Therefore, I believed that empowerment is very important for leaders. If followers feel that they doing something important or good to organization, they will enjoy their work and have a positive attitude to organization.

There are six dispelling myths of leadership. The first myth is leadership is a rare skill; everyone has leadership potential but the great leaders probably rare to find. The authors said that the truth is " leadership opportunities are plentiful and within reach of most people."

The second myth is leaders are born, not made; the authors thought that the truth is " major capacities and competencies of leader can be learned." I do agree with the authors, as I discussed with one of my classmate in the first class of this course when we discussed about learning styles. I said leaders can be learned and can be improved but she said no, she thought leaders

are born to be leaders. Anyway, I believe that leaders are made. No one is born to be a leader. A person doesn't become a leader overnight. Everyone can make improvements, and sharpen leadership skills. In the word of Vince Lombardi, " Leaders aren't born, they are made. And they are made just like anything else, through hard work. And that's the price we'll have to pay to achieve that goal, or any goal."

The third myth is leaders are charismatic; not all of leaders are charismatic. It is depend on characteristic of each person.

The forth myth is leadership exists only the top of the organization; as all we known, the larger organization, the more leadership roles it is likely to have. In the words of Ralph Nader, " The function of leadership is to produce more leaders, not more followers."

The fifth myth is the leaders controls, directs, prods, manipulates; as I mentioned about empowerment that leaders are able to translate intensions into reality. I would like to shared my experienced in leaders controls, the good leader must inspiring people and understand there are a time to talk and a time to listen and should allocate it properly. Since, we cannot learn anything new while we are talking. When leaders listen to their subordinates, they recognize it. It shows respect to team members, and that respect makes they feel confidence, respect, and trust to leader. In the words of Maya Angelou, "... people will forget what you said, people will forget what you did, but people will never forget how you made them feel."

The last myth is the leader's sole job is to increase shareholder value; I do agree with the authors that an important part of the leader's job is to increase long-term shareholder value.

I would say that leaders in the future might be different from now. The problem is not how to become a leader but the challenge of effective leadership and how to take charge in an organization.

Assignment THREE / Analysing the arguments:

" Building the Co-creative Enterprise" by Venkat Ramaswamy and Francis Gouillart.

I think this is very interesting article, since when I see in first time. As we all know well that most companies are really concern about their customers, especially when it comes to the customer experience with products and services. (Ramaswamy & Gouillart 2010) We should also consider on the experiences of stakeholders such as employees, suppliers, distributors, etc. because those stakeholder probably suggest or share their ideas to improve company's product and service to meet customer needs.

In traditional process, in order to creating a new product or service we focus only on streamlining the existing process and customer requirements due to save time and money. We do not care anyone involved in that creation process except for the company and the customers. But by ignoring all stakeholders in the traditional creation process, companies are losing opportunities to create a new experience and improve products for the customer. Due to stakeholders don't have a chance to share experiences.

The co-creation process is the process of creating value together among internal and external stakeholders aim to creating mutual value together through their experiences.

There are four principles of co-creation in this article:

- 1) Stakeholders won't wholeheartedly participate in customer co-creation unless it produces value for them, too; the stakeholders may not participate to share their experience if they do not interest or have any value in that creation. So, the companies should invite their stakeholders to participate in customer co-creation to achieve mutual value together.
- 2) The best way to co-create value is to focus on the experiences of all stakeholders; there is not an easy way to let all stakeholders to create their own experiences because sometimes they probably not willing to co-created due to business secret reason. Therefore, in order to focus on the experience of all stakeholders the companies probably convince stakeholders by offer them a better work experience instead of they had in traditional operations.
- 3) Stakeholders must be able to interact directly with one another; direct interaction between stakeholders is very important. Any kind of media must be able to interact with each other among stakeholders.
- 4) Companies should provide platforms that allow stakeholders to interact and share their experiences; to develop better understanding between stakeholders. Beside, companies should provide systems for all stakeholders to share information and experiences.

The Benche (www.thebenche.com) is a co-creation platform. As I had a guest lecture from SEB bank last week, Niklas Andersson, a former student of this programme. He shows me a website provided by SEB bank as a free service to financial professionals from corporates, as well as from financial institutions. The purpose is to encourage sharing of knowledge and experience, open discussions and networking between such professionals.

On the other hand, the co-creative enterprise is an enterprise that involves all stakeholders in managing risk and returns. Co-creation creates the new way of operations and strategies. In the past, producers produce products to consumers or “production oriented” but in the realities of today’s business world and in the next 5 -10 years there is a relation between producers and consumers before product launch into market. Now we are changing from production age to co-creation age, producers and consumers share their experiences together. I also had a chance to read a book by Philip Kotler, “The Prosumer Movement: A New Challenge For Marketers.” There is something very similar to this concept.

In order to have co-creation in business, I believe that we should consider a business partnership. The management should adjust the direction of business to make all stakeholders understand the company’s objectives in the same direction.

I would say the economies of scale advantages are not important anymore. The small or medium businesses those have upstream, intermediate and

downstream products able to compete with their rivals by create their own co-creative enterprise.

One of my favorite book is “ The World Is Flat: A Brief History of the Twenty-First Century” by Thomas Friedman. In that book, Friedman (2005) discuss about the economies of scope and the economies of speed. Businesses can use these ideas to create co-creation for their business. So, I believe that there is no any firm in the world specializes in every aspect and can survive in industry without contribution from business partner.

However, generating new experiences for stakeholders is better start with internal stakeholders by building a platform for them to share their experiences, and focus on how they can be improved. Then provide the platform to encourage them in generating new ideas. This transformation process of the organization is “ inside out” and can be managed more easily. That is better to start with co-creation inside the organization before opening it up to external stakeholders. Most of the external stakeholders are ready to co-create.

A good example of co-creation platform that engages employees and customers is MyStarbucksIdea. com (Starbucks). They start serving nutritious food and hot sandwiches. Then ask customer to share their opinions. This can be reduces misunderstanding in customer needs and Starbucks know how to fulfill the customer.

Another example is Nike+ (Nike Plus), this product is innovated by Apple and Nike that might fulfill customer needs. According to “ Co-creating value

through customers' experiences: the Nike case", Ramaswamy (2008, pp. 9-14) includes the methodology of Nike, " Nike provides a glimpse of the next best practices of value co-creation with customers. By engaging with informed, connected, and networked customers around the globe, Nike has found their shared experiences to be a new source of value." We can conclude that Nike learning how to keep competitive advantage by co-creating experiences of value with customers. Moreover, in the words of Stefan Olander, global director for brand connections, " We want to find a way to enhance the experience and services, rather than looking for a way to interrupt people from getting to where they want to go." That why Nike and Apple allows each other to leverage their unique capabilities and co-create the offering. Nike plus provide an exclusive online experience for their customers. With Nike plus its can track distance, place, time, and calories burned when running and able to send stats to Nike+ online and join the Nike+ community. In my opinion, the co-creation of Nike and Apple increasing brand loyalty to customer and better relationship between companies and customers.

In my idea co-creation is the one type of strategic thinking that can be makes a profit as well as managing risk. Therefore, to have co-creative enterprise is better to start focus on the experiences of internal stakeholders. Then try to participate more external stakeholders and point out the benefit, goal, and value together.

Finally, my standpoint as a future leader, I believe co-creation represents a valuable strategic leadership skill. Therefore, the transformational leadership

is the kind of leadership for co-creation approach. I would say that the transformational leadership increase value of co-creation in individual transformation. For instance to achieve the goal together, leader should invite people to co-create instead of delegating.

Assignment FOUR / A personal essay:

“ How Will You Measure Your Life?” by Clayton M. Christensen.

“ How will you measure your life?” It is not easy to answer this question because it is difficult to measure life. Regarding to my personal motto, “ If you cannot measure it, you cannot improve it.” I believe I can improve myself if I know what exactly the problem is. Therefore, if I can measure my life, I think I can improve myself as well.

As all we know, it is not easy to measure life. Therefore, we need some tools or theoretical lenses to measure the life. I am very glad to study in this programme. It is a good experience for me to learn lots of good things in leadership field. Not only theories and concepts I got from this programme but I expect to understand my ability, improve myself more in my future and understand what good leadership is about.

My understanding toward the three questions of Clayton, for the first question, How can I be sure that I'll happy in my career? Actually, there are a lot of factors to make sure that I'll happy in my career. Since no one knows the future, good leader should separate work from personal life to make sure that personal life will not effect to professional life. In my leadership point of view and regarding to the assignment number 2, everyone can be a leader in

different roles such as a leader in the organization, leader in family, leader of community, and leader of yourself. Therefore, I should be reliable, hardworking, honest, respect myself and others. Moreover, since the world keeps changing to be a good man is not a guarantee that I will be happy and successful in my future career. Besides, I should keep improving myself as well. I believe I can succeed in my career and my life if I can control myself and have self-esteem. In the words of Robert Wagner on Larry King (2002), "I would tell them the most important thing is to work on your self-esteem, that's the best advice I can give."

Second question, how can I be sure that my relationships with my spouse and my family become an enduring source of happiness? This question is also a difficult one because no one can control others. Therefore, I do agree with Clayton to create a strategy for life. On the other hand, strategy alone is not enough, visions and goals are also important. In order to be sure that my relationships with my family become happy, I need to set goals and make a plan to achieve it. For instance, identify a goal in terms that can be measured, assign a timeline to the goal and plan a strategy that will get me to my goal. Moreover, to avoid problems in my family, being caring and concerned is very important so that I can show our care and concern for them. There are many ways to show care and concern to family. For example, I would show appreciation and love to the people I love, be flexible and polite to them, respect them and not hurt their feelings so easily.

I believe my spouse and my family are the people who brighten up my life. The best way to have happiness in family is to spend time with family. As

Claytons mention about "Allocate your resources", I think that time, energy, and talent are my resources. Therefore, I need to allocate my resources to my spouse and my family, which is investment in long term relationship.

Culture is also important especially for teenagers. If I have kids I need to create a good culture for them. Such as give them a correct direction and obey me. Otherwise, how can I be sure that my relationships with my family become happy? I believe to create culture is very important for relationship in family because if there is bad culture in family how can they find a happiness in family.

To answer the last question, how can I be sure I'll stay out of jail? According to Claytons, avoid the "Marginal cost" mistake. He said that, we often employ the marginal cost doctrine in our personal lives when we choose between right and wrong. He also found that it is easier to hold principles 100% of the time than it is 98% of the time. In order to hold my principle I should avoid the word "just this one time". Otherwise, it will surely not one time. Personally, I really like this idea because sometime I always say to myself "just this one time". Now I realized that I probably go to jail because of "just this one time". To become trusted and successful leader I must have a principle to myself. Otherwise, no one trusts in me.

According to Claytons about importance of Humility, we can conclude that one characteristic of these humble people is they all had a high level of self-esteem. On the other hand, Humility is not about decreasing one-self rather the self-esteem with which you regard others. Good leader can learn from

anyone. In the words of Claytons, "... your learning opportunities will be unlimited."

The other thing I have learned from this article is " Choose the right yardstick", the author mention that " Don't worry about the level of individual prominence you have achieve; worry about the individuals you have helps become better people". I have learned that, since we have no life (time). Therefore, I should consider my life worth something and to having meaning of life. I must keep improving myself by set goal to be a good leader and try to achieve that goal. As my personal motto, " If you cannot measure it, you cannot improve it." And after I read this article and learn about leadership in this programme. I think I know how I can measure my life.