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REENGINEERING THE BUSINESS-PEOPLE PROCESS

SYNOPSIS

"Management Today, *my favourite magazine, called it 'a solution that no organisation could avoid in its lifetime.' I didn't want to avoid it either. My 29-year-old company has grown in a haphazard manner, accumulating fat, ignoring focus—and, despite that, surviving. Obviously, our processes have to be reworked with a single objective: customer satisfaction. While that is the ultimate goal, my immediate priority is to become cost-competitive. That was why I decided to hire Magellan Consulting, who have head-hunted for us in the past, to put us on the path of Business Process Reengineering (BPR). I was pleased when the firm deputed Sanjay Sinha, one of its brightest consultants, as the head of the BPR team. That was 6 months ago... Today, I am less certain of Sinha's work. I am going to London tomorrow to meet a potential collaborator, but I am distracted. I am certain that he has not paid adequate attention to the internalisation and institutionalisation of the new structures. In Hammerspeak, we have merely rearranged the deck-chairs on the Titanic..." Jayant Mehta, the 33-year-old CEO of Beacon Appliances Ltd (BAL), was a disappointed man after a BPR project in his Rs 339-crore company. Videocon's N. Gupta and Ingersoll Rand's M.H. Gandhi investigate what really went wrong with BPR at BAL. A BT Case Study.*

Sanjay Sinha walked to his car with a bounce in his step. At last, the 30-year-old Senior Consultant was sure that things were coming to a pass, satisfactorily. Over the last 6 months, the ambitious Sinha had headed a team of consultants which was involved in restructuring a large, family-managed company. Now, they were in the last stages of putting the new structure into place. Naturally, Sinha was looking forward to a 10-day vacation he had scheduled for later that month. His sense of accomplishment was unprecedented. This had been his first experience as a team-leader, and the assignment had been challenging. As he drove from Bandra to Nariman Point, Sinha pondered over the way his life had shaped itself.

A product of the St. Thomas' Institute of Management, a B-school that excelled in Human Resources Management (HRM), after completing his MBA in 1988, Sinha had spent the first 4 years of his career in a healthcare transnational, the Rs 360-crore Carewell India, handling Industrial Relations. The money had been good and the environment, absolutely professional. It was the sense of routine that made him feel he was stuck in a rut, and that he needed a job that was more inspiring. He remembered his boss, John Nardi, asking him if he wanted a change of job-profile within the organisation. He had told him that he was keen on learning new tricks in a new field. Nardi had laughed, and wished him the best.

After he had left the transnational, Sinha had approached the Mumbai-based RCMX Magellan Consulting (Magellan) for an entry into the world of management consulting. Having made the switch, he went about carefully shaping his new career. In the last 6 years, he had been assigned to a number of teams, and had honed his skills in Joint Venture Collaboration, Mergers and Acquisition (M&A), Organisational Structuring, and Business Process Reengineering (BPR) projects. He had never regretted the fact that he had left Carewell India at a high point in his career.

As he stopped at the traffic-lights near Mahim Creek, Sinha noted that the flyover under construction was better-managed than most. There were no long jams, and most of the traffic had been diverted along assigned paths. Although there were more cars on the road than ever before, the traffic flowed slowly, but smoothly. Reflectively, his mind went back to the day he had been called upon to execute a restructuring exercise for Beacon Appliances Ltd (BAL), one of Magellan's oldest clients, for which they had, often, head-hunted. Three years earlier, when Sinha was still a greenhorn in the business, he had worked as a member of the team that had been assigned the task of sewing up a joint venture between BAL and a French multinational, Mounsignex Majore. This time around, his boss had made him the leader of a 5-member group that would reengineer BAL's processes.

Case Study by ANEETA MADHOK, *Head Of Organisational Development & Human Resources Development, Narsee Monjee Institute Of Management Studies, Mumbai*

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A large conglomerate, BAL had been set up in 1969 by the late Govindbhai Mehta, who had migrated from a village in Gujarat, where his ancestors were land-owners and money-lenders. At that time, its product-range—manufactured at its Vikhroli (Mumbai) factory—included toasters, electric kettles, and irons, which were all sold under the Beacon brandname. By 1980, BAL had established itself as the No. 2 player, with a 15 per cent share of the appliances market. Its arch-rival, Avon Electric Appliances, had a 21 per cent share. Govindbhai had, over time, acquired a reputation for being a hard-nosed businessman, with a knack for stretching every rupee. Looking for a larger market presence in 1985, he had pushed the company into the manufacture of mixer-blenders and gas-ovens.

It was at this stage that his son, Jayant Mehta, 33, had joined the family business. In 2 years, Govindbhai had practically handed over the day-to-day running of the appliances business to his son, personally concentrating on diversification. In 1989, he acquired a company that made typewriters, letter-weighing machines, and cash-registers. In 1990, an office stationery business was set up. A year later, Govindbhai established an exports division, encouraged by some friends of his, and through these contacts, executed 2 orders worth Rs 10 crore to the erstwhile Soviet Union. Six years later, the exports division had stabilised, with an annual turnover of Rs 7 crore in 1996-97. Through a company incorporated in 1986, some investments were also made in the construction business. But the business had become virtually defunct in the last few years. A hosiery business bought in 1990 was sold off in 1992 as it had become unprofitable. Until this point, the group's growth had been haphazard and resource-driven, with BAL seizing whatever opportunities came its way. With the passing away of Govindbhai in 1994, that proved to be a watershed year for BAL.

When Avon Appliances intensified its market-presence with the help of a technical collaboration with the British firm, Xentha, BAL was compelled to opt for a tie-up to increase its presence in the ovens segment. It was then that Sinha had first been introduced to BAL. Despite initial hiccups, the Magellan team has been instrumental in sewing up a technical tie-up with Mounsignex Majore, and BAL had been able to launch a range of premium products: microwave-ovens, steam-irons, hair-dryers, and electric-shavers. Sold under the umbrella brand, Beacon, the new range gained ground in the metros, putting BAL on the household appliances map: its turnover grew from Rs 47 crore (1980-81) to Rs 246 crore (1994-95) to Rs 339 crore (1996-97).

THE BPR METHODOLOGY

- *Develop A Clear Statement Of Corporate Goals And Strategies*
- *Consider Customer Satisfaction As The Driving-Force Behind The Goals*
- *Address Business Processes And Align Processes And Corporate Goals*
- *Identify Value-Added Processes Along With The Support Processes*
- *Make Appropriate Use Of Proven And Available Management Techniques*
- *Analyse Operations And Identify Processes That Are Not Value-Added*
- *Provide For The Development Of Breakthrough Visions That Represent Radical Change*
- *Consider Solutions In Which Employee Empowerment And Technology Drive Change*
- *Develop A Complete Business Case To Convince Decision-Makers*
- *Develop An Actionable Implemention Plan To Specify Tasks, Resources, And Timing Of Events*

Source: *The Reengineering Handbook* by Raymond L. Manganelli & Mark M. Klein

Graphics by SATYAJIT

By the end of 1997, Mehta felt that while he had been able to sustain growth and build brands while retaining BAL's profitability, it was time to review the organisation's processes. He had heard of the need to renew the corporation, and felt it was a good time for him to rationalise structures and processes. In his conversations with other CEOs, he had come across the concept of BPR. Perhaps this was the magic wand that could turn BAL into the No. 1 player. If there were more efficient ways of doing things, his operating costs would definitely come down. That was when he called in Magellan to undertake the restructuring exercise.

Since Sinha had been part of the team that had worked with BAL, he was called in to spearhead the effort. In his usual style, the first thing that Sinha did was to undertake a SWOT analysis of BAL. Its products were known for their durability. Many mixer-blenders, toasters and ovens offered the same features, often at a lower price, but Beacon sold primarily because of its quality image. Its future buyers lay in the semi-urban and rural markets, which had seen lower levels of penetration and were awakening to the utility of consumer durables. Of course, there were bigger opportunities in hi-tech appliances, where there was a fair degree of product differentiation, and niches could be easily identified.

Initially, the project team went about conducting a study of the organisation, and decided to focus on 2 main areas for re-engineering. A benchmarking study had thrown up data which indicated that the cost of manufacturing at the Vikhroli plant was way above those of the other firms in the home appliances business. By contrast, the products manufactured at Pen (Maharashtra), an industrially backward area, were cost efficient because of higher productivity, lower wage-bills, and tax-benefits.

Two approaches were presented to Mehta. The first was to undertake a cost-cutting exercise at the Vikhroli plant, including a Voluntary Retirement Scheme (VRS) which would reduce manpower costs by 30 per cent. While this would lower operating expenses, the tax-benefits provided by a backward area could not be compensated for. The second solution was more drastic: it entailed the closure of the appliances business at Vikhroli, paving the way for outsourcing. Although that was a good way of

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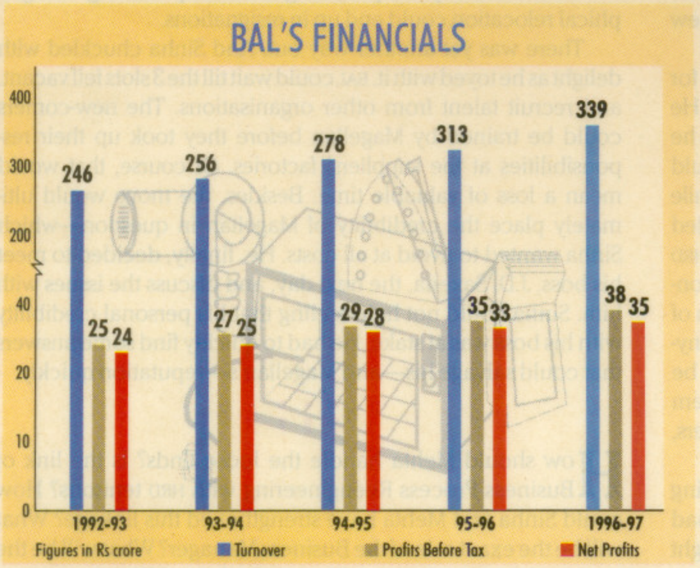
reducing its manufacturing and manpower costs, BAL would have to monitor the quality of its supplies.

After conducting a cost-benefit analysis, Mehta decided to opt for the second tactic, and Sinha was entrusted with the implementation. The next few months were hectic, with vendors being identified and screened. Finally, 3 vendors were shortlisted for different products: the Jalgaon (Maharashtra)-based ABC Appliances, which manufactured toasters, electric kettles, and domestic irons; the Chinchwad (Pune)-based Mom's Own Kitchen Helps for conventional ovens; and the Bhiwandi (Mumbai)-based Quick-N-Easy (mixer-blenders). All the negotiations with the suppliers were mediated by Sinha's team, and mutually beneficial relationships were forged with them. Simultaneously, an attractive VRS was offered at the Vikhroli factory. Most of the workers readily left, some managers were absorbed in BAL's other activities, and some were involved in the BPR project.

Outsourcing opened up a new job as well: that of the Business Manager. It had to be filled by a technical person, who had to ensure that the suppliers were meeting the quality norms laid down by BAL. Three managers were required for the purpose, each of whom would be stationed on the vendor's premises. Due to the restructuring, many technical people were surplus at the Vikhroli factory. So, it was decided to do an internal search for the 3 managers. Eight weeks earlier, a notice had been circulated at the Vikhroli factory, describing the nature of the restructuring and the fact that 3 new posts were vacant. Five production engineers applied for the posts, and after an internal selection procedure, 3 of them were appointed as Business Managers. So, the project was coming to a close, and as Sinha turned his car into the parking-lot at Nariman Point, he felt relieved that things had worked out so well for him.



He took the elevator to the 11th floor, where the offices of Magellan were, and, as he walked in, his secretary gave him a quick look. There were a couple of messages for him; one of them from Mehta. He decided to return the call immediately. Mehta was quick to come on the line, and to the point. "Sinha, we need to discuss where this BPR project is heading. Can you come over today as I am going to the UK for a week tomorrow? Something is bothering me. I would like to talk it over with you." Sinha looked up his Sharp Organiser and saw a 4-6 p.m. time-slot free.

"Hmm...," he said reflectively. Mehta was a valuable client. He had known him for many years now, and felt that he would not have called him up if things were all right. He also admired Mehta's mature thinking, and his capacity to read beyond the obvious. Obviously, something was wrong. Later that afternoon, as he headed for the BAL office at Bajaj Bhavan in Nariman Point, he wondered what Mehta had in mind. He walked into Mehta's office, shook hands with him, and gave him a quizzical look.

Said Mehta: "In a couple of weeks, your team will finish the project, and leave. I get the nagging feeling that there are some loose ends. For one, this is an entirely new way of doing business. While, at an intellectual level, I do know that this is the best solution for us, I also know that we don't have the managerial skills necessary to handle third-party manufacturing activities. Nor are we really ready for the new structures. For example, I was speaking to Vineet Mehta, one of our new Business Managers, and he shared with me his doubts about his new job. He feels that he is a production engineer first. When it comes to managing men and machinery, fixing daily production quotas, interfacing with the materials department, controlling the costs of production, managing waste reduction, and maintaining quality standards, he is comfortable...

"But when it comes to signing MOUs with suppliers, making sure that they conform to our strict quality standards, and organising production planning for another factory, he has apprehensions. He feels that he will be viewed as a policeman. There would be an unnatural barrier in his working relationship because he does not belong to the factory of the vendor. While he had fixed working-hours in his earlier assignment, he will now be required to be on-site at least 15-20 days a month. His supplier is located at Jalgaon while he lives at Ghatkopar (Mumbai). This entails an entirely different set of working-conditions. I am worried that he will give up, and quit the company. While it is easy for us to say that it is okay, I do know that we are already low on morale because of the downsizing. His resignation will also demoralise the other 2 Business Managers...

"There is also the feeling that BPR is being pushed through the company too aggressively. People have become passive players in the process of transition. They have not been actively involved in the restructuring and, therefore, do not feel a sense of ownership. Just the other day I spoke to Vishal Khemka, one of the other Business Managers, about the kind of targets that we should set for his manufacturer. He was passive during the whole discussion, quickly accepting whatever I had to say. We seem to have taken motivation for granted. We have looked at BPR as just a job that needs to be done; we have not seen it as something that everyone has to be part of. How do we motivate people?...

"There is also a great deal of ambiguity in the way the new structure will work. While, at the systems and process levels, we will complete the exercise soon, the results will depend on whether our people's mindsets have changed—or not. The new way of doing things will have to take root in the minds and hearts of my people. They will have to believe in what they are doing; that does not happen overnight...

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"It is time we started thinking beyond implementation, and looking at the internalisation and institutionalisation of the new structures. Just putting people in place—and giving them new designations—does not make change happen. We have to take steps to ensure that the new system succeeds. But what kind of steps should we take?..."

The jigsaw fell into place. Sinha saw what was bothering Mehta. BPR was a tool for reviewing business systems and structures. It provided a fresh perspective to a business; it reviewed the organisation's past, and reengineered it. Innovative systems could be put in place, but the human angle could not be ignored. The success of BPR lay in the nature of the human processes that it fostered. In the case of BAL, the new Business Managers required to be absolutely clear about their roles. There was a need to train them to take on addditional responsibilities. Some hand-holding was also required to take people through the period of psychological transition. For BAL, a completely new dimension of BPR was opening up.

Sinha needed time to draft a follow-up action plan for Mehta. Fortunately, the CEO was going abroad for a week. He closed the discussion on a positive note, assuring Mehta that he would apply his mind to the issues that he had raised, and would meet him on his return to discuss the future course of action. While the dimensions of the problem were clear, the solution eluded him. While it was true that most BPR exercises did ignore the HRD aspects of the change, it was evident that they could not continue that way. It would be wrong to leave the internalisation of the recommendations to the client company, and not do anything about them. The nature of the human issues needed to be articulated, and a clear-cut action plan for managing them needed to be recommended. Mehta's questions had answers, but he needed time to find them.

Sinha was not prepared for the flip-side of the restructuring process he had initiated at BAL. He wondered where he had gone wrong in institutionalising the changes he had brought about. He could not help feeling that the process of appointing internal candidates as Business Managers was wrong. Perhaps BAL should have filled up the vacant positions by hiring talent from outside. Sinha recalled what Magellan had done when it had undertaken a similar assignment for the Rs 240-crore Mach Tools, an engineering company which had decided to outsource 40 per cent of its products to reduce its manufacturing costs. All the Business Managers that the company had positioned at 6 of its suppliers had been recruited from outside although several internal candidates were willing to take up the new assignments. Even that, Sinha realised, was not without its own problems. Cultural fit had become an issue in that scheme of things. While every effort had been made at the time of selecting the suppliers to ensure that there was a fit with the buyer, problems continuously surfaced at the individual level. One of the Business Managers had already been asked to leave because he could not adapt himself to the cultures of both Mach Tools and its supplier.

After dismissing one solution after another, a thoughtful Sinha came up with an alternative. He could suggest to Mehta that his Business Managers be put through a training programme. Clearly, the skills they required were different from those developed by a line manager. Since their objectives and perspectives varied, a training course administered by Magellan would undo the damage. But the issue went beyond providing leadership training. Geographical relocation could end up in resignations.

There was yet another way out. And Sinha chuckled with delight as he toyed with it. BAL could wait till the 3 slots fell vacant, and recruit talent from other organisations. The new-comers could be trained by Magellan before they took up their responsibilities at the suppliers' factories. Of course, that would mean a loss of valuable time. Besides, the move would ultimately place the credibility of Magellan in question—which Sinha wanted to avoid at all costs. He, finally, decided to meet his boss, J.D. Saxena, the next day, and discuss the issues with him. Sinha could not help feeling that his personal credibility with his boss was at stake. He had to quickly find some answers that could salvage his—and Magellan's—reputation quickly.

THE SWOT

STRENGTHS	WEAKNESSES
Considerable Brand Equity	Inadequate Emphasis On Human Resources
Scope For Brand Extensions	Outdated Plant And Machinery
Second-Largest Marketshare	High Costs Of Operations
Large Product Portfolio	Small Geographical Spread
THREATS	**OPPORTUNITIES**
Proliferation Of Small Brands	Booming Market For Consumer Durables
New Product Technology	Latent Demand In Rural Markets
Entry Of Transnationals	Hi-tech Household Appliances
Price-Driven Competition	Third-Party Manufacture

How should Mehta handle the loose ends? Is the link of Business Process Reengineering with HRD tenuous? How could Sinha and Mehta have strengthened this linkage? What will be the exact role of the Business Manager? What will be the nature of the jobs that he will do in the future? Was the restructuring pushed through too strongly without considering all the people factors? Was Mehta aware that Sinha and his team were not giving adequate thought to the institutionalisation of the new structures in the company? How could the damage be undone now? What are the options before Mehta?

BT On-Line

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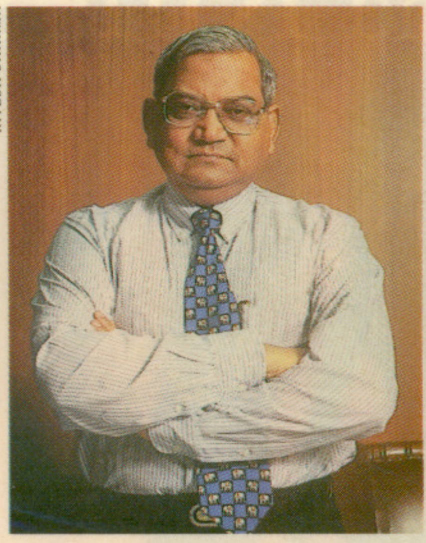
SOLUTION A

When does the need for Business Process Reengineering (BPR) arise? It does so when a company is unable to leverage its competitive advantage to grow, when there is a serious threat from the competition, when business volumes and profit-margins are declining, and when the cost of operations is rising. Viewed in this light, the time was ripe for a BPR exercise at Beacon Appliances Ltd (BAL), whose main problem is the decline in the growth of its volumes. There is a similar problem, to a lesser extent, with its gross margins too. CEO Jayant Mehta's apprehensions about the high cost of operations at BAL's Vikhroli (Mumbai) plant as compared to its more modern plant at Pen (Maharashtra) were, perhaps, justified. But he should have targeted his attention at increasing the productivity of his operations. These issues could have been addressed through approaches other than BPR; reengineering was certainly not the only option before the CEO. Clearly, Mehta has been influenced by the sudden popularity of this management technique.

The issue, at a fundamental level, was about getting the right internal fitments. For instance, Mehta could have asked some simple questions: Was the product-positioning right? If yes, was there the right marketing structure to support it? Did he have the right people? And, more importantly, were they trained to face change? It is in the area of training its people that BAL has erred. Mehta himself acknowledges this; so does the management consultant, Sanjay Sinha. But the realisation has dawned on both of them late in the day. It is, however, never too late to undo such a mistake. All 3 business managers can still be put through a leadership programme that will equip them with the necessary business perspectives.

But that is only part of the problem that BAL is facing. The more basic problem lies in the fact that business development and human resource management were never an integral part of the organisational dynamics. They were top-down exercises at BAL, and Mehta has to assume the responsibility for that. As an entrepreneur, he should confine himself to investment decisions; human resource management tasks are best left to competent professionals. But it is part of his job to build the competency levels of people at various levels. The ideas for improvement should come from the bottom; they should not be driven from the top. Communication in a corporation should be like a refractive process: a series of colours should pass through the organisational prism which, in turn, must emit a single streak of white light. Even while welcoming divergent signals, an entrepreneur should process them, and send back a single, clear message to people down the line. BAL has had no such system in place, and that is the root-cause of all its problems.



RITESH SHARMA

N. GUPTA
DIRECTOR (MARKETING & SALES), VIDEOCON INTERNATIONAL

You should never approach an external agency when things go wrong. The strategy should be preventive, ensuring that things do not go wrong, rather than reactive. And one of the elements of that strategy is to treat people with respect, trust, and confidence. The merits of hiring a consultant involved in firming up a collaboration for lifestyle products for a BPR project are debatable. That apart, the task of entrusting an outside agency with the complete responsibility for not only a restructuring exercise, but also the process implementation was misguided. The correct approach would have been to set up a dedicated cross-functional team from within, which could have enlisted the help of an outside consultant to bounce off ideas and test their worthiness.

An outsider can only help in the implementation exercise. It cannot take charge of it, or take any decision which has a bearing on the company's future. The consultant can only provide the tools, the methods, the techniques; he cannot implement the action plan. That has to be done by the people in an organisation. In fact, a company can have a winning combination in a team of consultants, who can provide the external perspective, and insiders, who are clued in to the micro-situation. When change is thrust on people, they do not participate in the process of change.

A sense of ownership is, therefore, important when you are conducting a BPR exercise. Which usually addresses 2 questions.

- What businesses do you retain? There are emotional bonds attached to giving something up and acquiring something else. The atmosphere could be charged when a make-or-buy decision is involved. Contrary to popular assumption, you need a lot of internal support when you take a buy decision. This is where a company's human resources manager has a major role. His link with BPR can never be tenuous; training is always an integral part of his involvement.
- What businesses do you give up? It is important to keep morale high when you are rethinking a business. It is like painting the house; you discard the old, and provide new fittings and furnishings. But people have to be convinced about the benefits of the change. And, in the case of BAL, they, surely, weren't.

Two initiatives could easily supplement BAL's BPR exercise. Since BAL's products enjoy brand equity, an easy way of arresting the declining trend in sales is to opt for brand extensions. While growth could have come through reengineering initiatives, a geometric leap in sales may result from brand extensions. BAL should also sew up a marketing tie-up with a global brand. That should not be a problem since distribution is one of BAL's strengths. Such a collaboration could snuff out any competitive threats to Jayant Mehta's company.

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SOLUTION B

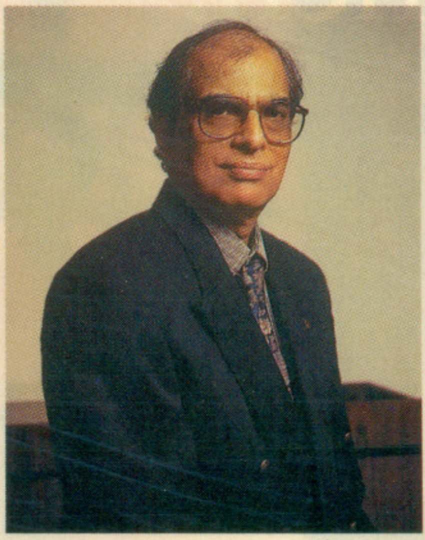
It is obvious that BAL's top management has not thought through the change initiative. The response to the need for change has been knee-jerk. The mistakes are evident in 3 areas. First, the reengineering effort has been too sweeping. Instead of concentrating on one or two processes to start with—as any well-planned BPR exercise would—it covered wide ground. Second, the move has been too drastic. We did a BPR initiative at Ingersoll Rand India on a solitary process—the order-input process—and it took us a year to execute that project. If you handle 3 or 4 processes simultaneously, you could land in trouble. Third, inadequate attention has been given to the people factor. BAL's employees have not been taken into confidence, which has led to discomfort and despair.

Disappointments in some quarters are inevitable in a BPR initiative. It is in this context that the top management has a special responsibility to ensure that individuals are taken into confidence at every stage. It is true that a BPR exercise, which is sudden and dramatic, unsettles everyone. Hence, the need to tread with caution. A lot of groundwork—such as talking to people, and creating a climate of trust—is essential. This is particularly so when a make-or-buy issue is being examined, and third-party manufacture—which takes power away from some managers—is being envisaged.

BAL has encountered a number of problems. The high cost of operations at its Vikhroli plant are definitely impacting its product-quality and delaying deliveries. Workers and supervisors would have been aware of these issues, anyway. All that was required of the CEO, Jayant Mehta, was to state the obvious, and impress on them the imperatives of change. Communication is essential even when the problems are glaring. Everyone will agree to a change initiative as long as the message is transparent and purposeful. Ideally, it should have been suggested by the people on the shopfloor. Mehta has clearly failed in ensuring bottoms-up communications at BAL.

It appears as though the CEO thought of change one fine morning, and proclaimed that everyone should fall in line with the new diktat, giving employees little choice. What are the options before Mehta now?

■ BAL's home appliances business can only survive on volumes. Opting for third-party manufacture makes eminent sense in this business because the company can access additional capacities without having to finance capital investments. Regular additions to the product-range are important at a time when competition has become intense. They raise the levels of excitement for employees, dealers, distributors, and customers. Mehta would do well to realise that what is true for mass markets is true for hi-tech niches also.



SANJAY PANDYA

M.H. GANDHI
CEO,
INGERSOLL RAND (INDIA)

■ There is a need to upgrade product quality. It is noteworthy, however, that given the product-range, the manufacturing tasks at BAL basically comprise sheet-metal operations and fabrications, which are not sophisticated. Third-party manufacturing may bring the costs down, but it does not guarantee quality unless supplies are monitored. It is important for both the buyer and the supplier to be clear about the product attributes and specifications, and to ensure that there are no deviations from the accepted norms. But that calls for a beneficial relationship between the buyer and the supplier. Poor quality at the supplier's end—which normally happens when someone cuts corners somewhere—would amount to jumping from the frying-pan into the fire.

■ Success in the white goods business is, ultimately, market-driven; it is not manufacturing-driven. The company will be in trouble if it does not build an adequate marketing infrastructure. BAL should strengthen its market intelligence, consolidate its dealer network, and appoint more distributors.

■ The CEO must make sure that BAL develops at least one core strength that will enable it to hold its own against the competition. That could be its distribution network, brand equity, dealer support, or technological edge. Distribution muscle, for instance, is the best lever when forging a tie-up with a transnational.

■ Setting up cross-functional teams is one of the best ways of managing a change-process. Mehta has erred in this regard. It is always difficult to introduce basic changes without buy-in from your staff. The best way to facilitate that is to let the employees discover the need for change. Once the rationale of a particular change-initiative is recognised by them, the psychological barrier which can derail a BPR exercise disappears on its own. It is in creating such an ambience at BAL that Mehta has his task cut out for him. His employees must realise that any business process which does not, eventually, add value to the customer needs to be changed.

■ Unless the company is ready to take advantage of the booming market in household appliances, it will not be able to improve its marketshare. BAL's net margins have stagnated at 11 per cent while its profits have grown by 8 to 12 per cent in the last 5 years. Such a performance requires the top management's immediate attention. It is surprising why the CEO has not given adequate attention to bottomline growth.

It is obvious that the way Magellan Consulting has handled the BPR initiative at BAL—a company that it knows quite well—leaves a lot to be desired. Both Sinha and the CEO who hired him were clueless about the human factor in an organisational revamp. The damage can be limited if employee apprehensions can be allayed. However, such a task cannot be left to the consultants alone. ●