

X-ENGINEERING THE CORPORATION

Reinventing Your Business
in the Digital Age

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MAIN IDEA

The time is right for managers to achieve breakthrough performance by managing across multiple organizations (X-engineering) rather than simply attempting to optimize their own standalone business operations (re-engineering).

X-engineering is defined as “the art and science of using technology enabled processes to connect businesses with other businesses and companies with their customers to achieve dramatic improvements in efficiency and create value for everyone involved”. At present, there are many inefficiencies in the way companies interact with other businesses and with their customers. X-engineering focuses on how to make radical and long-lasting improvements in these areas.

In many ways, the reengineering revolution (where each company worked to optimize itself) was just a precursor for the dramatic benefits that can be derived when companies start working together efficiently to optimize value for customers. When companies start collaborating to create new business processes that leverage the capabilities of information technology, the potential results can be enormous. For example, businesses currently spend more than \$2 trillion a year on logistics, with 40-percent of that on paperwork and administration alone. As X-engineering reduces that overhead, the flow-on effects will be impressive.

In total, X-engineering will be the driving force of corporate growth for the next 25-years. It will build on what reengineering started and take it further because it will impact on the efficiency with which entire industries operate. In an X-engineered business environment:

- Companies will run so well their performance will be predictable and constantly improving.
- The most valuable companies will be those that find the best way to share what they know with others.
- Simplicity will supercede complexity and redundancy in processes will be eliminated because everyone will know what's needed.
- Innovation will flourish because there will be a technology infrastructure that supports it and a constant flow of new ideas.
- Managers will concentrate on building up what makes their business great and letting go of everything else.
- Companies and customers will collaborate together to find the best way to create more value.
- The best companies will be noted for their ability to execute.
- Information technology will support and strengthen the quest for excellence in all fields of human endeavor.

1. The X-Engineering Concept Page 2

X-engineering is all about achieving breakthrough improvements in business performance by using information technology to redesign the business processes which cross organizational boundaries.

2. The Two Characteristics of X-Engineered Processes Page 3

In an X-engineered business, customers call the shots without creating disruption. This is only possible if the business has been designed so the push of the company's processes accurately match and reflect the pull of customer demand.

3. The Role of Harmony in X-Engineering Page 4

For processes to work together well across organizational boundaries, there must be operational consistency and integrity – or in other words, harmony . Without this, X-engineering efforts will generate more conflict than collaboration. However, creating that requisite harmony will require steps many managers will find uncomfortable:

1. Get your own house in order first.
2. Be open – make your processes transparent to others.
3. Accept standardization – both for processes and technology.
4. Decide how far you want to go in X-engineering.

4. How X-Engineering Adds Value Page 5

The ultimate aim of X-engineering is to create value for your customers. X-engineered businesses are fast and flexible enough to notice when new customer demands are emerging. They can then amend their processes to create attractive new value propositions quickly to meet those new needs.

5. The Sweet Spot for X-Engineering Opportunities Page 6

How do you decide where to apply X-engineering in your business? In practice, there are two approaches most businesses use:

1. Driven by the necessity to cut costs.
2. Driven by a desire to deliver more value.

The most impressive results are achieved when both approaches are followed simultaneously.

6. The Demands of X-Engineering Page 7

To succeed in harnessing X-engineering productively, managers need to answer two key questions:

1. How many organizational boundaries does it make sense for you to cross at the present time?
2. How well does your organization understand the new tenets of management?

7. X-Engineering in Action Page 8

- Case Study #1 – Solectron
- Case Study #2 – SciQuest
- Case Study #3 – PNC Bank

