X-ENGINEERING THE CORPORATION

Reinventing Your Business in the Digital Age

JAMES CHAMPY

JAMES CHAMPY is chairman of the consulting practice at Perot Systems and head of strategy for the company. He is recognized worldwide as one of the original developers of the business reengineering concept. Mr. Champy is the co-author of *Reengineering the Corporation* (with Michael Hammer), *The Arc of Ambition* and *Fast Forward* (with professor Nitin Nohria) and the author of *Reengineering Management*. Prior to joining Perot Systems, Mr. Champy was chairman and CEO of CSC Index (a management consulting firm) and Index (a $200 million consulting practice). He is a graduate of the Massachusetts Institute ofTechnology and the Boston College Law School.

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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.

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