

MANAGERIAL REENGINEERING OF ROMANIAN ORGANIZATIONS AND ECONOMICO-FINANCIAL CRISIS¹

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ABSTRACT

Managerial reengineering is obviously the most important and complex approaches of changing at organizational level, with direct impact on its managerial and economical performances.

The success of such an initiative is conditioned by the accuracy and exactness of approached reengineering methodology. Two types of such methodologies are presented in a comparative approach of our paperwork.

Regardless of variant which will be chosen, what is important is its effective implementation in the practice of the companies and even of the public institutions from Romania.

Only a effective management is able to put good use from the opportunities and to answer the challenges of the integration into the European Union, generating competitiveness, efficiency and effectiveness.

KEYWORDS: *reengineering management, strategic management, management process, managerial performances, economic performance.*

1. Introduction

Organizational reengineering, first introduced by Hammer and Champy as a way for organizational change still has a significant importance especially for medium and large sized companies and for Romanian public institutions, also. We consider that managerial reengineering is a real solution for crisis solving when is based on methodological scenarios.

¹ I. Verboncu, E. Ceptureanu, S. Ceptureanu- "Mthodological contribution to organization managerial reengineering," Proceedings of the 4th International Conference in Business Excellence, Brasov, 16-17 October 2009, vol 2, ISBN 978-973-1747-10-1 ISBN 978-973-1747-12-5 (VOL 2)

2. Methodological variants

In both literature and managerial practice in Romania can be found a methodological approach conceived by business management school of The Bucharest Academy of Economic Studies¹, structured on the following sequences:

- **Strategic management facilitation** (underlying, elaboration and implementation of strategy)
- **Managerial reengineering**, involving: promotion and use of evolved managerial tools (profit centers based management, project management, board picture), decisional, informational and organizational reengineering, human resource management reengineering
- **New management system implementation**
- **Efficiency assessment of the new managerial system**, by comparison of actual results and assumed objectives.

In order to give a better response to reengineering demands promoting process based management we figured out a **new methodological vision** involving the following major coordinates: objectives, processes, structures, people and performances².

The following “steps” respond to those demands.

a. Organizational objectives

The breakdown organizational objectives, in first and second degree objectives, specific and individual ones are the first step in this scenario.

Obviously, this sequence is very important because other domains depend of the realism and exactness of these objectives.

Seen as quantified and/or qualitative expressions of purposes for which organization and its components have been established, objectives represent **ways of individual and group tasking**, markings for actual results both performance or counter performance³.

Fundamental (strategic) objectives represent the outset to build an objective system focused on all organizational structural and process components. From these we can highlight as more important first and second degree objectives involving functions and activities, specific and individual objectives implying groups and individual tasks.

Such type of objectives, deriving from fundamental objectives, represent major components of global and domain policies of organization.

b. Processes

Process organization - delimitation and design of the main process components (work process) - functions, activities, group and individual tasks - assure conditions necessary to fulfill objectives. Is important to highlights basic work processes (main activities) retrieving on a process “map” which generate economic substance. Other processes are related to secondary activities (specialty services) which, after an economic analyze might be externalized.

Process reengineering is the first step on managerial reengineering.

¹ O. Nicolescu – Managerial methodologies, University Publishing House, Bucharest, 2008

² I. Verboncu – Strategy-culture-performance, Printech Publishing House, Bucharest, 2008

³ I. Verboncu – Do we know how to manage?, Economic Publishing House, Bucharest, 2005

c. Structures

Structural organization, delimitation and design of the main structural components - jobs, positions and compartments – and in the positioning of the previous components in organizational structure - hierarchical weight, level and organizational relations – can and must assure organizational support for work process.

Structural reengineering implies rethinking of structural components and assures effective mechanisms in continuous supply, flexible and shortened organizational structures.

d. People

Endowment of managerial and execution positions with competent personnel, sequence requiring a special attention by both employer and specialist on human resource management due to **compatibilization of human and job** through competence is also important. This implies a total synchronization between self competence (personal authority) and job competence given by professional and managerial knowledge, qualities and skills.

Simultaneously, favorable premises are created for a better synchronization between **competencies and interests** because competent managers, able to take benefit from decisional autonomy can actually satisfy economic interests of the main stakeholders.

After this step is taken, depending on the level of manager, are mandatory **decisional, informational, methodological- managerial and human resource management reengineering**.

e. Performances

Substantiation, adoption and application of decisions in radical managerial conditions facilitate obtaining of valuable results (performances) which allow a better placement of organization in national and international environment.

Both managerial and economic performances are desired, assuring managerial and business excellence status by organizations experiencing reengineering processes¹².

3. Advantages of modern methodology for management reengineering

In the current global economic crisis³ we believe the new version of managerial reengineering satisfy all the "needs" of stakeholders and fulfill a faster way of addressing the managerial and economic problems facing Romanian organizations. That **because**:

- The high complexity of methodological approach is more suitable in Romanian context;
- Profound strategic dimension of reengineering
- Systemic approach of organizational management using its 5 components – methodological, decisional, informational, organizational and human resources
- The radical and spectacular change in management

¹ I. Verboncu – *Management and performance*, University Publishing House, Bucharest, 2005

² Y. Mougin – *La performance? Soyés tranquille, je la surveille de pres!*, AFNOR Publishing House, Paris, 2007

³ Ceptureanu, S., Ceptureanu, E.- „How to deal with Crisis knowing Change Management Principles”, *Revista de Management Comparat*, Vol: 10 No: 1 / 2009

- Novelty and originality of these methodologies for Romanian companies, affected in the last years of repeated reorganizations, restructuring and rationalization, neither one of them with real results
- Underlying of these methodological mechanisms on performance, management and business excellence being the most important targets of their implementation. We can notice, from this perspective, the implications of managerial reengineering on both general and specific performance:
 - Promotion and use of complex and sophisticated managerial tools like profit centers based management, project management, management by exceptions, objective based management, board picture and diagnosis.
 - Use of rigorous reengineering and management system servicing methodologies
 - Management professionalization by amplifying competences of organization and its components managers
 - International managerial know-how transfer intensification and, hence, of its innovative feature
 - Economic and managerial decentralization in organization and, by consequence, an increase in operational and decisional autonomy of its components; the best example is the companies choosing profit centers based management, assuming centers of both profit and loss and benefitting of great decisional autonomy, facilitated by use of budget as an economic tool
 - Increase of decisional complexity by considering various exogenous, regional, national and international variables in decision making process
 - Decision personalization by an active, effective, responsible and competent implication of managers in decision making process
 - Increase of IT&C in management process
 - Informational flexibility considering the decisional, operational and documentation roles of information system
 - Promotion of evolved managerial tools, with direct impact on both functionality and efficiency of informational system – management by exceptions and board picture
 - Diminishing of bureaucracy by setting up and implementation of an efficient and simple informational system
 - Chain value based organizational reengineering
 - Inefficient auxiliary activities externalization
 - Internal and external stakeholders based management
 - Managerial decentralization by objectives derivation to job level and use of segregated motivational policies, based on fulfillment of objectives and level of implication
 - Organizational culture change.

All these changes are, concomitantly, **inevitable solutions** for Romanian companies in order to give a managerial impetus for economic performance and competitiveness, in an European environment characterized by both opportunities and threats. Simultaneously, a raise in national and international visibility of them can only be assured by an effective management.

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