



The old order is tumbling

The hierarchical structures of the old industrial corporations may no longer be appropriate. Frédéric Adam and Ciaran Murphy write that many firms may need to change their organisation, and they look at how one multinational used 'business process re-engineering' to make the change.

Up to now, managers have looked at their companies according to principles put forward by Adam Smith some 200 years ago. These principles dictate that industrial activities are more efficient when broken down into a number of elementary tasks. Applying these ideas led to the emergence of the huge organisations of the industrial age.

Today, the modern equivalent of Smith's ideas – developed by Frederick Winslow Taylor and his followers – are applied to the production of almost everything we use from cars to tooth-brushes. The organisations that emerged from this process were very hierarchical with various levels of control corresponding to the layers of management.

For the founders of these manufacturing

empires, no industrial process was impossible, provided the appropriate capital could be found and labour was available in sufficient quantity and at the right price. The same principle was later applied to the industries that emerged after World War II, in particular the service industry. Banks, insurance companies and mail order businesses were all created on the assumption that the work could be broken down into any number of individual tasks.

There is now some evidence that this largely unchallenged model, of how managers should look at their organisations and plan the work of their staff, is no longer suited to the demands of today's 'post-industrial' environment. Moreover, the rigid structure which such a model imposes makes organ-