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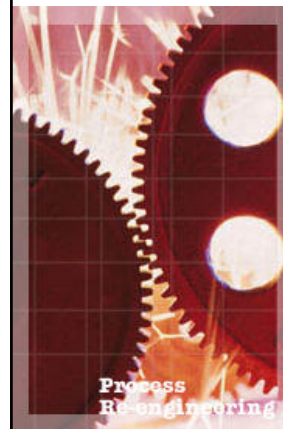
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## Learning Objectives

- Explain the role of Business Process Reengineering (BPR)
- Understand the origins and key characteristics of BPR
- Understand and be able to implement a BPR Strategy
- Understand the main challenges in implementing a BPR Strategy
- Knowledge on BPR via CASE ANALYSIS

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## Questions



- **What is reengineering?**
- **What to reengineer?**
- **How to reengineer?**

## What is reengineering?

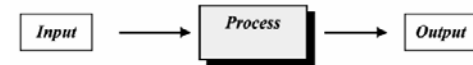


- Radical change, fast
- A fundamental rethinking and transformation of an integrated set of business processes
- Aims for dramatic business results
- Unlike quick hits and incremental improvement, reengineering is a form of organizational change
- Characterized by dramatic process transformation

## The term **process** in the context of reengineering



- A process is a series of related activities that:
  - takes an input
  - adds value to it
  - produces an output for a customer



## What to reengineer?

BPR changes *processes*, not functions, departments, geographies or tasks.



## Why Reengineer?

- Customers
  - Demanding
  - Sophistication
  - Changing Needs
- Competition
  - Local
  - Global
- Change
  - Technology
  - Customer Preferences



## Why Organizations Don't Reengineer?

- Complacency (Waste of Time Concepts)
- Political Resistance
- New Developments
- Fear of Unknown and Failure

## Performance

- BPR seeks improvements of
  - Cost
  - Quality
  - Service
  - Speed



What is BPR

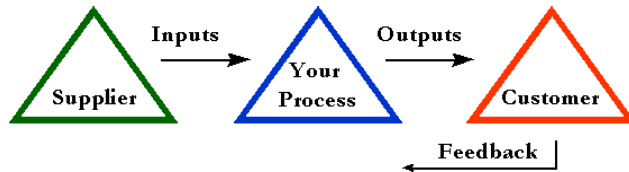
## Origins

- Scientific Management. FW Taylor (1856-1915).
- Frederick Herzberg - Job Enrichment
- Deming et al - Total Quality Management and Kaizen
- In Search of Excellence (Peters and Waterman)
- Value-Added Analysis (Porter).

## What is BPR?

- Reengineering is the fundamental rethinking and redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.

(Hammer & Champy, 1993)

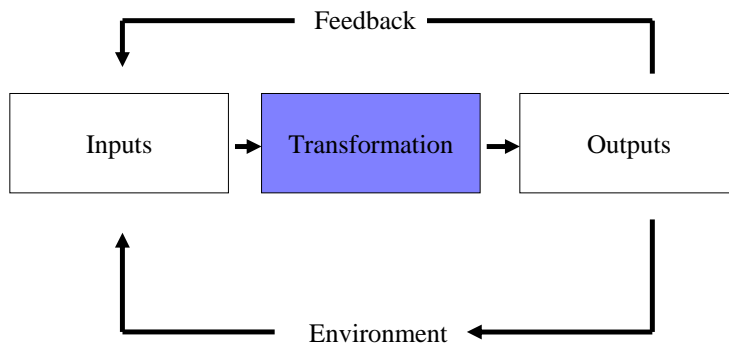


## Key Characteristics

- Systems Philosophy
- Global Perspective on Business Processes
- Radical Improvement
- Integrated Change
- People Centred
- Focus on End-Customers
- Process-Based



## Systems Perspective



## Process Based

- Added Value
  - BPR Initiatives must add-value over and above the existing process
- Customer-Led
  - BPR Initiatives must meet the needs of the customer

## Radical Improvement

- Sustainable
  - Process improvements need to become firmly rooted within the organization
- Stepped Approach
  - Process improvements will not happen over night they need to be gradually introduced
  - Also assists the acceptance by staff of the change

## Integrated Change

- Viable Solutions
  - Process improvements must be viable and practical
- Balanced Improvements
  - Process improvements must be realistic

## People-Centred

- Business Understanding
- Empowerment & Participation
- Organizational Culture

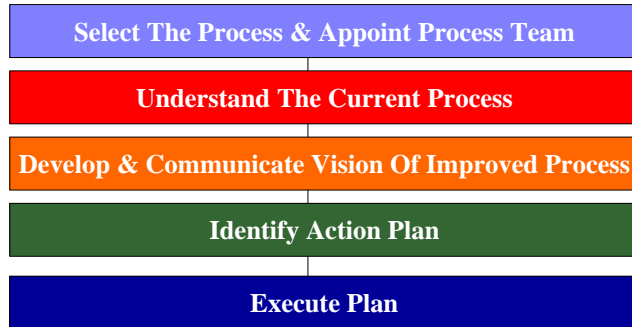
## Focus on End-Customers

- Process improvements must relate to the needs of the organization and be relevant to the end-customers to which they are designed to serve



Implementing a BPR  
Strategy

## Key Steps



## Execute Plan

- Qualify/certify the process
- Perform periodic qualification reviews
- Define and eliminate process problems
- Evaluate the change impact on the business and on customers
- Benchmark the process
- Provide advanced team training



Information  
Technology & BPR

## Benefits From IT

- Assists the Implementation of Business Processes
  - Enables Product & Service Innovations
  - Improve Operational Efficiency
  - Coordinate Vendors & Customers in the Process Chain

## Computer Aided BPR (CABPR)

- Focus
  - Business Processes
  - Process Redesign
  - Process Implementation



## BPR Challenges

## Common Problems

- Process Simplification is Common - True BPR is Not
- Desire to Change Not Strong Enough
- Start Point the Existing Process Not a Blank Slate
- Commitment to Existing Processes Too Strong
  - REMEMBER - “If it ain’t broke ...”
- Quick Fix Approach

## Common Problems with BPR

- Process under review too big or too small
- Reliance on existing process too strong
- The Costs of the Change Seem Too Large
- BPR Isolated Activity not Aligned to the Business Objectives
- Allocation of Resources
- Poor Timing and Planning
- Keeping the Team and Organization on Target

## How many BPR projects are failing?

## Why BPR projects are failing?



- Lack of senior management sponsorship
  - Failure to make an ongoing commitment to the tough management decisions needed to effect these changes to the work environment
- Lack of motivation

## Methodologies: issues



- **SELECTION**; Many companies are developing their own BPR methodologies
- **TIME**; The need to test the project empirically so that it can be validated and modified as appropriate. In the case of BPR, this poses a problem since a typical reengineering project can last 1-2 years
- BPR efforts cannot be uniformly applied across different cultures but need to be tailored to the specific contingencies of the situation

## Gateway BPR Methodology

A typical *methodology* developed by Gateway, a BPR consulting firm, helps illustrate the three levels of abstraction of Methodologies, Techniques and Tools (MTTs) for BPR. The Gateway methodology consists of six stages:

1. Preparation
2. Identification
3. Vision
4. Solution: technical design
5. Solution: social design
6. Transformation.



## BPR Methodology (Evans 1993)

Evans proposes four general stages as follows:

- **Stage 1: *To Be***

This stage is concerned with defining the vision of where the organisation wants to be and what it requires of its business processes as a consequence.

- **Stage 2: *As Is***

Concerned with defining the current business processes.

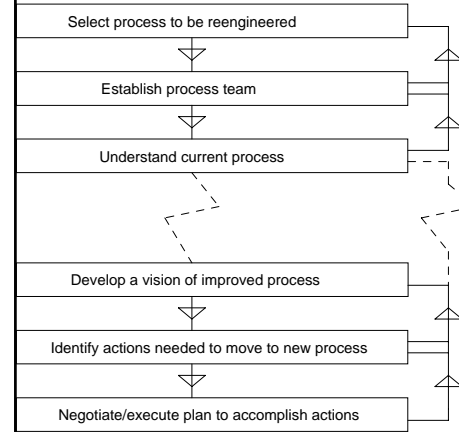
- **Stage 3: *The Plan***

This stage involves making a plan to accomplish the move from the 'as is' stage to the 'to be' stage.

- **Stage 4: *The Crossing***

This stage is concerned with implementing the plan.

## BPR Methodology

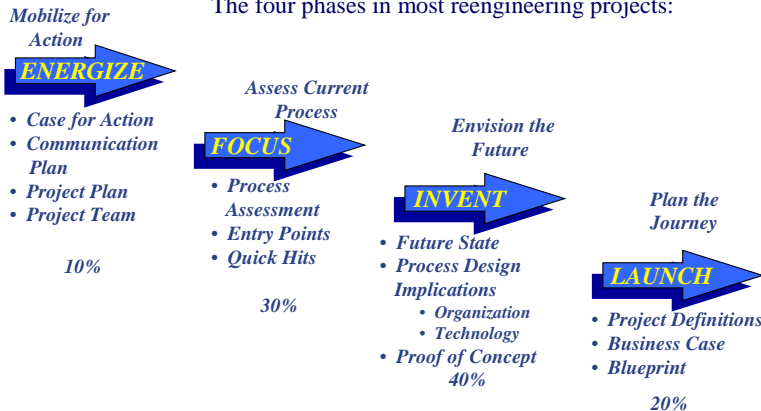


A Methodology for Business Process Reengineering (Fitzgerald and Murphy 1996)



## Chase BPR Methodology

The four phases in most reengineering projects:



## Future Trends

- Area of supply chain management and logistics.
- Although currently fading, however BPR may increase in importance again, in some form or known by some other name; the BPR phenomenon would be of enduring importance.

## Conclusions

- ◆ 50 % to 70 % of reengineering efforts fail
  - A BPR effort is considered a failure just because it doesn't provide the dramatic results it promised to deliver
- ◆ BPR is providing some vital ingredients:
  - ◆ intense customer focus
  - ◆ superior process design
  - ◆ a strong and motivated leadership
- ◆ BPR advocates strenuous hard work and instigates the people involved to not only to change what they do but targets at altering their basic **way of thinking** itself
- ◆ Follow a methodology or create a new methodology
- ◆ Success of BPR may depend on the people

## Summary

- Reengineering is a fundamental rethinking and redesign of business processes to achieve dramatic improvements
- BPR has emerged from key management traditions such as scientific management and systems thinking
- Rules and play an integral part of all BPR initiatives.
- Don't assume anything - remember BPR is fundamental rethinking of business processes