

Allo SBT | The About Series

About Business Process Strategy (Series II of III) [Business Process Re-engineering (BPR)]:

Business Process Re-engineering (BPR) is a systematic, disciplined improvement approach that critically examines, rethinks, redesigns, and implements the redesigned mission-delivery processes to achieve dramatic improvements in performance in areas important to customers and other stakeholders.

BPR is also referred to by such terms as business process improvement (BPI) or business process development, and business process redesign. While the term can be applied to incremental process improvement effort, it is more commonly and increasingly associated with dramatic or radical overhauls of existing business processes.

It is the fundamental rethinking and radical redesign of business processes, associated systems and organisational structures to achieve dramatic improvements in critical measures of performance, such as cost, quality, service, and speed. It involves change programs aimed at realising benefits by simplifying and automating processes and making any required changes in strategy, systems, rules, and jobs.

The aim of management initiating BPR is to achieve a dramatic improvement in business performance. The business reasons for making such changes could include poor financial performance, external competition, erosion of market share or emerging market opportunities. BPR is not downsizing, restructuring, reorganisation, automation, new technology, etc as many people seem to believe. It is the examination and change of five key components of a business. That is:

1. The Business Strategy.
2. The Business Processes.
3. The Technology in Place.
4. The Organisational Structure.
5. The Organisational Culture.

The Business Strategy should be looked at in terms of how to compete successfully in particular markets. The concerns therefore, should be about how advantage over the company's competitors can be achieved, what new opportunities can be identified or created in markets; which products or services should be developed in which markets;

and the extent to which these meet customer needs in such a way as to achieve the objectives of the organisation- perhaps long-term profitability or market share growth.

The Business Processes in place should be examined, by looking at the different sets of activities performed by the business to produce its goods or services which should add value to its customers. The entire system by which the organisation performs these activities, from the beginning to the end should be looked at, particularly the activities that drive cost, and their inclusion in the business process which must be justified. Also a cost/benefit analysis of the entire business process should be evaluated to ensure the business is operating efficiently and effectively. Furthermore, it can then restructure its processes to streamline its activities with the desired objectives.

The technology in place should also be such that it enables the business to respond to changes in its market environment in the shortest possible time. The ability of the business to invent new products and better ways of service delivery will continually push its production function to be better placed. In so doing, the business process is also pushed outward and upward to achieve higher levels of output per worker and capital per worker. And as the business follows its new technological state, output and capital per worker will grow.

The organisational structure of the business should be such that, the way in which the business arranges its lines of authority and communication, and allocates duties and responsibilities, is functional. The organisational structure in place reflects power structures, important relationships and emphasises what is important in the organisation. For example, formal hierarchical, mechanistic structures may emphasise that strategy is the province of top managers and everyone else is 'working to orders'; while highly devolved structures may signify that collaboration is less important than competition etc.

Whichever structure the business chooses to implement should depend on its strategic initiative, the existing paradigm within the organisation, and the most effective means of achieving its strategic objective. It must also be able to effect changes in the business without much resistance from its members of staff who will be the ones to implement any such changes.

The organisational culture should be carefully moulded, such that the assumptions and beliefs shared by members of the organisation unite them in achieving the overall objective of the company. This is because the culture operates unconsciously, and it defines in a basic taken-for-granted fashion, an organisation's view of itself and its environment.

An organisation looking to implement BPR should have the following points in mind:

(1) There is a need to organise and plan a new change initiative. This is to ensure that the objectives of the BPR are set from the onset and the need for change is understood. Only

when this is done, can the BPR process be well organised and the change initiative be well planned.

(2) Avoid common mistakes or errors in the business process. If the business is able to eliminate wasteful practices and avoid inefficiency in production activities, then the BPR process will be a success.

(3) Identify the most important activities for a successful project. For the BPR to be effective, the core activities for its implementation must be identified. It should also be adequately cost and the benefits to be achieved should be analysed against the cost.

(4) Everyone in the team should be ambassadors for change. A BPR system should involve everyone in the organisation. The change process cannot be implemented by management without the cooperation of its workforce. Even the change process cannot be properly effected and successful if members of the organisation are unwilling to accept the change initiative.

The need for BPR is especially necessary to codify and simplify working practices. The objective usually bothers round the need to process higher volume of transactions, increase the speed of output, or better still increase value added or improve quality of a product or service. In some cases, it is a combination of all the aforementioned objectives.

In many cases, companies also implement BPR because of the need to reduce cost/expense in projects, especially in cases of high competitive pressure, poor customer satisfaction and poor quality of products and services.

In many industries, such as finance and insurance, the speed with which new products can be rolled out to customers provides for a competitive advantage. An insurance company, for example, may give a 10 percent discount for cars parked overnight in a closed garage, once it has been determined, by appropriate market research, that this would increase their market share. Thus it is important that the offering goes early to the market in order to maximize the competitive advantage (until the competition catches up).

In fact, such companies equate the business process (flow model) used to create a product with the product itself. For example, the business process used to create an insurance policy for closed-garage car-holders is equivalent to the insurance policy itself. That means, changing the closed-garage car-holder insurance policy means changing the underlying business process. In other words, creating a new insurance policy means designing a new business process. The faster the business process can be re-engineered, the faster a new type of insurance policy can be developed and offered, providing competitive advantage in rapidly changing environments. This rapid change of business processes is facilitated through the use of workflow management technology that

separates the construction of the flow model from the construction of the individual activity implementations.

Being able to change a flow model or create a new one quickly is providing one competitive advantage; carrying out business processes efficiently provides another. Implementing business processes efficiently means to optimise the execution of business processes according to some measurable criterion, such as cost, process execution time, or customer satisfaction. This mandates that, during the design of the business process, the different parts of the flow model, such as activities or transition conditions, are instrumented to measure relevant metrics, such as the time it takes to carry out an activity. Simulation tools can be used to determine the costs associated with the individual activities or the total business process, as well as to calculate the minimum and maximum processing times well before the business processes are put into production. If one determines, for example, that providing an activity in-house is more expensive when compared to what an equivalent web service costs, then the activity is a candidate for outsourcing.

BPR implementation should be carried out in stages, and workforce grouped into project teams as a result. Management support is therefore very important so that all groups are well motivated. However, from the planning stage, the scope of the project should be identified and roles set so that there is clear knowledge of what the project is set up to achieve and how it should be achieved. Successful implementation however, depends on the level of acceptance of change by members of the organisation. This is because resistance to change is a common obstacle to successful implementation of BPR.

Implementing all of these changes will definitely increase the competitiveness of the company, especially if the business appears to be failing to meet its obligations. BPR can therefore be implemented broadly in the following ways:

- (1) The first step is to decide what needs to be changed and why. The ‘why’ may be a need to improve profitability, or prevent insolvency or increase competitiveness. What needs to be changed is therefore, a follow up on why there is the need for change.
- (2) Define the scope of the project. What will the BPR cover? Will it apply to just particular segments of the company or work groups; or is the reengineering process meant to cover the business overall?
- (3) Consider the barriers to change, and how to overcome them. The main barrier is to change mindsets and alter the existing paradigm in the organisation. Members of staff have set ways of carrying out processes and changing them will involve getting them to accept the need for change, so that they can accommodate the change willingly.
- (4) Analyse the processes you have put in place, and why you have done so. The overall objective is to satisfy the customer. It is therefore important to ask yourself whether or



not the process in place will benefit customers. If the process doesn't add value to the customer, then it isn't beneficial to include such an activity or process.

(5) Analyse alternative methods of implementing processes. Avoid duplicating routines and exclude any unnecessary activities whilst implementing processes. Furthermore, where necessary, a complete removal or redesign of a process should be carried out if this will improve efficiency and effectiveness of operations.

(6) Implement the changes. All the aforementioned stages lead to the overall implementation of the BPR. It is very important to plan the transitional phase so as to minimise disruptions during implementation. It is also vital to secure the belief and commitment of staff by informing them fully of how they will benefit from the changes.

How do you then manage the change process?