UNIT – V PRODUCTIVITY AND MODERN TOPICS

Business Process Reengineering (BPR)

Business process reengineering is a structured approach to improving a company's performance in areas such as cost, service, quality, and speed through changes in (appropriately) processes. This radical change methodology starts at the highest level of a company and works down to the most minute details to overhaul the system in a short time. As a complete redesign, BPR differs from other methodologies where incremental improvements result from from regular process updates. Companies undergoing BPR must reassess their fundamentals and reform their processes with the goal of standardization and simplification.

Ambitious companies that implement BPR start with the intent of doing whatever it takes to improve performance across the business. Examples of company-specific goals through BPR include:

- Taking a decentralized process and making one person responsible for it
- Redeveloping the company's goals so improvement plans are consistent
- Taking a department-specific process and assigning it to coordinate and
- integrate cross-functionally
- Going from a product perspective to a process perspective

The term "reengineering" suggests that an item has already been developed and is now being redeveloped. In this case, the business's processes are undergoing redevelopment. Business processes are the sets of activities that lead to specific goals or outcomes. Usually they are performed regularly and systematically. In most businesses, changes to a pre-existing process happen relatively slowly and incrementally. With BPR, however, the most modern tools are put to use from the ground up as the business rethinks the fundamentals of existing processes, ideas, and designs.

The term "process" focuses on how work is done, not on the specific people, their job descriptions, or the tasks they perform. BPR is more interested in the series of steps that produce the product or service, from conception through creation.

BPR can bring dramatic business improvements in quality and productivity. However, because extensive employee input and engagement are required, BPR can be very expensive and time-intensive to implement. An alternative to the traditional approach of constant meetings is group decision support software (GDSS), which helps solve unstructured or semi-structured issues by providing collaboration platforms for idea generation and organization, conflict resolution, priority setting, and solution generation.

Another term for a GDSS is a computerized collaborative work system. BPR is also known as business process redesign, business transformation, or business process change management.

Business Process Reengineering Methodology Overview

Michael Hammer, an original promoter of BPR in the 1990s, preached “reengineering work: don’t automate, obliterate.” At the time, investments in technology were expected to return dramatic results to improve process performance. However, new technologies are often applied after a process had been in place for many years, so they are incapable of doing more than moderately speeding performance. Hammer recommended challenging the ingrained assumptions and rules, so real improvements could be made.

Early on, the field of BPR discovered numerous recommendations:

- Organize around the outcome, not the specific task. One person owns a whole process, performing or coordinating all steps.
- Those closest to the process should perform the process. Instead of farming out different types of easily managed work, the people who need the quick outcomes from simple tasks take ownership.
- Have the people who produce the information process it. This streamlines the outcome of the information gathered into usable data.
- Centralize resources. Databases and other technology systems can consolidate resources to cut down on redundancies and increase flexibility.
- Integrate corresponding activities, not merely their results. This keeps the content cohesive, without the gaps and miscommunication that could cause delays.
- Control the decision points and where the work is done. Built-in controls enable the employees who perform the work to self-manage, so managers can become supportive rather than directive.
- Information should be collected once and at the source. You can erase data redundancies when processes are connected in a central database.

BPR Frameworks:

Due to the unique nature of every company and its distinctive challenges, there is no universal framework for BPR. Instead, BPR should adapt to not only the company, but also the customers and stakeholders. Consultants in business process management have tried to make easy guidelines. They often use proprietary frameworks based upon the experience and philosophy, then tailor the methodology to the specific company they are working with. For example, Bhudeb Chakravarti developed the INSPIRE

(Initiate, Negotiate, Select, Plan, Investigate, Redesign, and Ensure) framework, and M'hammed Abdous and Wu He developed a framework specifically for higher education with four steps: initiation, analysis, reengineering, and implementation and evaluation. William J. Kettinger, Subashish Guha, and James T. C. Teng developed the Process Reengineering Life Cycle (PRLC) Methodology, which will be detailed below.

All of the suggested frameworks take into account basic guiding principles for BPR. These can make the process more advantageous and increase the chances for successful outcomes. They often differ in their emphasis in designing new processes versus redesigning old processes and the sequence of steps. Michael Glykas and George Valiris strongly recommend a multidisciplinary approach that encompasses both process improvement and innovation. Regardless of how an organization undertakes BPR, they must have a deep understanding of their business culture and a clear vision, and they must use the most suitable, relevant information technology. They should ask several core questions before adopting BPR:

- Who are the customers?
- What value do we offer the customer?
- Do the current processes deliver the expected value?
- Do the processes need to be redesigned or completely redefined?
- Do the current processes sync with the company's long-term goals?
- If we started over from scratch, would we still use the existing processes?

Common guiding principles for the stages of BPR are as follows:

BPR Step 0: Preparation and Coordination

Although all the steps in a BPR plan are important to a successful product, you will have the best chance for success when you properly lay the foundation. The company vision and mission statements should already be developed, and you should have an idea of where the current processes fall short of meeting customer needs.

BPR Step 1: Set the Vision

Companies must be clear on why they want or need to reengineer their processes and why they aren't where they have to be. A business-needs analysis could help start the process and convince stakeholders with clearly defined and measurable objectives. The organization must understand that their current processes require changes and invest in a vision for the future. Understanding the reasons are critical because they ensure employee buy-in. Otherwise, the employees may feel that their work life is threatened. They may obstruct the change, especially the necessary radical alterations that come with BPR. Since absolute support is critical, a clear vision of the intended consequences can give the employees a goal to rally.

Another option is to design an organizational learning agenda, which is a set of questions that your project team develops ahead of the project plan. They help identify what your company needs to learn before the start of the decision-making phase, especially when you have a very large agency or a project that cuts across many departments.

BPR Step 2: Assemble the Team

Next, the company gathers a team that can consist of internal employees, consultants, or a mix of both to conduct the reengineering. Depending on the project scope, the business should consider these factors choosing a team:

- Should an initial team consider the reengineering?
- Should the team be responsible for the BPR in its entirety?
- What experience and background should team members have with respect to the company or the field?
- Should the team be a smaller core group or a larger contributor group?
- How much autonomy does the team have with decisions?

- Should the team include members outside of the company?

Hammer and Champy discuss five specific roles that should comprise the BPR team: The leader, the process owner, the reengineering team, the steering committee, and the reengineering czar. They cite that the core reengineering team ideally includes five to 10 people. A truly effective BPR team has representatives from each group:

- Top management
- The area that the process addresses
- Information technology
- Finance
- End process users group

Your BPR team should be diverse and include members that could add value with their contextual knowledge. These members may not be obvious choices, but consider them for their objectivity and expertise:

- Staff who do not know the process at all
- Staff who are experts in the process
- Customers
- Staff from the affected department
- Technology experts
- External professionals

An effective BPR team is competent, motivated, credible within the company, empowered, well-led, organized, and complementary in its composition, and it has specific goals.

BPR Step 3: Determine the Processes

This portion of BPR requires a comprehensive study of the company itself, looking at its mission, goals, the needs of its customers, and how the company is meeting those demands. Through this lens, the team reviews and analyzes current performance of the processes, rooting out weaknesses and non-value-add tasks, while asking what each process is trying to accomplish. It is imperative at this step to choose which process to initially evaluate, starting with a small amount so as not to overwhelm the company.

Hammer and Champy discourage benchmarking — measuring your company’s performance against similar but best-in-class companies — because it can restrict innovative thinking.

BPR Step 4: Redesign

This is the portion of BPR where the team gets to flex its creative muscle and craft the main principles that will be applied to the reengineering effort. These include figuring out what biases and assumptions that the team works under and looking for opportunities to integrate technology. Team members should remember that they are not only making the old processes better, but completely redesigning how they are performed. Also, no specific rules govern the redesign.

Consider using a process analysis checklist to identify efficiencies and inefficiencies in existing process maps. This helps get the process reviewers to think about the questions they need to ask of each process. For a BPR project, the process analysis checklist would look for ways to:

- Reduce the number of handoffs
- Centralize the data
- Decrease the number of delays
- Release resources quicker
- Combine related activities

BPR Step 5: Include the Whole Company

Companies should remember that BPR does not work well if it is done in a bubble. Not only should companies get employee feedback, they should also review the other portions of the company that will evolve because of the changes. The company is managing change, thus ensuring maximum benefits and minimal negative impact. This may include organizational and management structures, as well as logistics, operations, customer case managers, production, manufacturing, corporate, and different management levels. Experts in reengineering techniques can help design ways to communicate with a variety of project stakeholders. Further, continued communication about the reengineering process itself, the results, and the employees part in it is essential and empowers the workers. Reinforcing the reengineering method through performance incentives keeps them positive and engaged.

Process Reengineering Life Cycle (PRLC) Methodology

One of the more recent methodologies proposed for BPR is the Process Reengineering Life Cycle (PRLC). The six sequential stages include:

1. Envision new processes
2. Initiate change
3. Process diagnosis
4. Process redesign
5. Reconstruction
6. Process monitoring

The PRLC advocates for looping back to the beginning to diagnose processes that are again in need of change. This means that your business will:

- Examine all tasks that work to achieve the same goal and combine them.
- Prioritize the work in the place that makes the most sense.
- Parallel processes that give the same outcome will be connected in the process, not at the end.
- Get rid of unnecessary control systems and make resources within the process Provide the necessary data.

Objectives of Business Process Reengineering

When designing a BPR methodology, the business must consider its focus. When first introduced, BPR centered on customer care, speed, compression, flexibility, quality, innovation, and productivity. But to appeal to heavily regulated and multinational industries, Jochen Martin overhauled the BPR objectives in 2011. They now include contact reduction, task elimination, task automation, process integration, waiting time reduction, data quality, and data completeness. These objectives focus more on governance and compliance, and they've helped rebrand BPR for business process management, making it relevant again.

Benefits of Business Process Reengineering

A lot of companies downsized their workforces during the first wave of BPR, primarily due to the introduction of information technology. Processes that had been dependent on many personnel were reengineered to need fewer or even no people to perform them. Today, a BPR project assumes that technology is inherent in the company, but it may need updates or improvements. The benefits and expected results or implementing

BPR are now:

- Increased effectiveness; identifying the core functions as well as any that are inefficient or obsolete.
- Reduced overall cost and cycle time
- Meaningful work for staff; the process promotes greater staff involvement
- Improved organizational approach; realize business rules from the past, decreasing new product and process activity time.
- Solidified business focus
- Business growth; improving the industry position with radical improvements
- Increased customer base
- Downsized company structure, empowering employees

What Problems Can BPR Solve for Your Company?

To help your company thrive in a more dynamic and changing environment, you must consider its structure and how it behaves. Most organizations aim to constantly improve performance while decreasing the cost of their services and products. To add value for your customers, you must first understand their needs. BPR can help your business continually evolve and solve these problems:

- Elevated operational costs
- Customer complaints of decreased quality
- Bottlenecks
- Middle management performing poorly
- Poor distribution of resources or tasks
- Failure to keep up with the competition
- ROI is still shrinking, despite capital investments on current processes
- Incremental improvements increase the complexity and costliness of the process

- Significantly broken processes that need more than simple corrections
- Fragmented responsibility for processes that result in a lack of accountability and problem solving

Five phases for a BPR project:

- Learn the processes
- Create the business vision
- Model and analyze the current processes
- Model and analyze future (to-be) processes
- Transition to a continuous improvement process effort

This model has the following steps:

- Prepare for BPR
- Map and analyze as-is process
- Design to-be processes
- Implement reengineered process
- Improve continuously

A few overarching factors, with careful consideration, could guarantee a successful BPR:

- Proven Methodology: Use methods that work, especially if they have succeeded in your company already.
- Business Case: You should think through and document a compelling reason for making change.

  Staff Buy-In: Bring in your staff early on in a project and let them drive innovation.
- BPR Team Composition: BPR initiatives need executive sponsorship, preferably from top management. They also need teams that are carefully chosen with in-depth knowledge of either the business or the methodology.
- This could mean line ownership of the project.
- Business-Needs Analysis: You should take into account the company's business strategy and long-term objectives during analysis.
- Adequate IT Infrastructure: IT should be capable of implementing the reengineered processes; IT solutions alone cannot transform the processes.

- Effective Change Management: You should manage the expectations, timeline, and business impact.
- Ongoing Continuous Improvement: The only constant is change, as the old age goes.
- Customer Needs Are a Priority: The vision of customer-centric processes should direct business practices.
- Take Advantage of the Cost Benefits: Decreasing the overall cost makes the business more competitive in its industry.
- Develop with a Strategic Lens: Look at all operational processes, asking relevant questions about how processes work as-is and how they can be improved over time.
- Focus on Outcomes: The processes should go beyond traditional tasks and functional boundaries.
- Simplify the Work: Objectively assess the activities and tasks to eliminate those that add unnecessary complexity and less value.

In BPR, effective IT makes it possible to:

- Share databases
- Develop expert systems
- Implement telecommunication networks
- Use decision-support tools
- Have wireless data communication and telecomputing
- Interact with customers in multiple formats
- Identify and track information and personnel
- Compute at a high level and on the go

Conversely, BPR projects could be directed toward or act as a part of an IS/IT revamp. With BPR projects, an organization's IT/IS can consider:

- Upgrades to client/server technology
- Current groupware/collaboration technology
- Mobile computing
- Data-capture technology
- Integration of telephone and computer systems
- Web services and service-oriented architecture
- BPM software, imaging technology, or a workflow management system

- ERP, customer relationship management (CRM), or supply chain management, (SCM) software implementations
- Implement DSS, a data warehouse, business intelligence, data mining, or dashboard software
- Changing internet services, domains, electronic data exchange, or electronic commerce systems.

Benefits of BPR:

1. Enhanced Efficiency. One of the primary benefits of BPR is the enhancement of efficiency within an organization.
2. Improved Quality.
3. Cost Reduction.
4. Increased Flexibility and Adaptability.
5. Enhanced Customer Experience.
6. Alignment with Strategic Goals.

Advantages of BPR:

1. Improved understanding of business purpose and operations
2. Simplified business processes
3. Higher efficiencies
4. Improved customer service
5. Enhanced flexibility
6. Cost savings
7. Better use of technology.

Disadvantages of BPR:

1. It doesn't suit every business need as it depends on factors like size and availability of resources.
2. In some cases, the efficiency of one department was improved at the expense of the overall process.
3. This BPR approach does not provide an immediate resolution.