

Adopting business process re-engineering in the organisation as a change management tool

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Abstract

Also known as Business Process Redesign, Business Transformation, or Business Process Change Management, Business Process Reengineering (BPR) is an endeavour to fabricate the operations of the business on an extensive scale and the act of recreating a core business process with the goal of improving product output, quality, or reducing costs. Adopting BPR as a change management tool requires the organizations to make an introspection about the fundamentals of the company itself i.e. 'What they do?', 'Why they do things?' and 'Why do we do things the way we do it?'. The primary objective of BPR is to eliminate redundancies or futile layers in the whole process and eliminate enterprise costs. Thus, reengineering should not be about making marginal changes but ensuring quantum leaps in performance. In other words, BPR is another form of process innovation because it attempts to re-create processes.

Keywords: Business process re-engineering, cost saving, customer needs, future changes, redesigned business plan

Introduction

Business Process Re-Engineering (BPR) is the fundamental rethinking and radical redesign of business processes aimed at achieving radical improvements in essential contemporary measures of performance, such as cost, quality, service and speed. Hammer and Champy (1993) further stress that Reengineering is about business reinvention- not business improvement, business enhancement, or business modification. "Business process is another core concept in BPR which discards Adam Smith's notion of division of labour and specialization as applied in the form of breaking work into its simplest tasks and assigning each task to a specialist. Instead Hammer and Champy (1993) define business process as "a collection of activities that takes one or more kinds of Input and creates an output that is of value to the customer".

Business process reengineering became popular in the business world in the 1990s, inspired by an article called Reengineering Work: Don't Automate, Obliterate, an article in Harvard Business Review (in July-August 1990) which was published in the Harvard Business review by Michael Hammer, the then professor of Computer Science at MIT. Hammer tested BPR as an examination of the manner Information Technology was having an impact on business processes (The Economist, 2009).

The underlying principle of BPR is that the managers must demolish such components of work that do not make any value addition and further automating it if possible. At the core of BPR was viewed as a revolutionary, fast-track and drastic change process (rather than incremental one) that could trigger fundamental changes in the business process itself such as job design, organizational structures, or management systems (Hammer and Champy, 1993).

After evolution of the concept, BPR was successfully implemented by a few high-profile organisations such as Hallmark, a famous greeting card company. Hallmark completely re-engineered its new product process. Similarly, the popular company Kodak also re-engineered its black-and-white film manufacturing process and cut the

firm's response time of new orders to the tune of fifty per cent. Furthermore, with the advent of enterprise resource planning (ERP) which enabled electronic communications across company business processes, BPR got more popularity (The Economist, 2009).

Objectives of Business Process Reengineering

The following are the objectives for entities to opt for BPR:

- Boost effectiveness and produce higher quality products for end customer.
- Improve efficiency in the production processes.
- Cost saving in the long run.
- Providing more meaningful work to employees.
- To be more adaptable and flexible towards future changes.
- Enable new business growth and expansion.

Typology of BPR Projects

Earl (1994) provides a four-strand typology of BPR projects which can be applied across any organization irrespective of what business it is involved in. These are:

- **Core Processes:** Core processes are central to business functioning and represent the primary value-chain activities which relate directly to external customers. Examples being order fulfilment processes.
- **Support Processes:** Support processes are back office processes which reinforce the core processes. These are typically secondary value-chain activities and relate more to internal customers. Typical examples being information technology, financial systems, and human resources systems.
- **Business Network Processes:** Business network processes are the processes which extend beyond the boundaries of the organization into other organizations such as suppliers and customers.
- **Management Processes:** Those processes through which firms plan, organize and control resources. Examples include strategy development, direction setting, and managing the organization.

Factors for Successful Implementation of BPR

As per Hammer and Champy (1993), "BPR is certainly a 'Change Management' approach that aims at bringing in fundamental improvements in the business performance of any organisation. It is a detailed blueprint of how the new processes are tested, the plan of redeployment of employees, the re-arrangement of resources and controlling and monitoring of its implementation plan." Al-Mashari and Zairi (1999) have identified five factors for a successful implementation of BPR i.e.

- Change in management
- Management competencies
- Organizational structure
- BPR project management
- IT sub-structures.

BPR is commonly termed as a bi-fold challenge viz. technical and socio-cultural (Reijersa and Mansarb, 2005). The technical challenge consists of creating radical process design to improve existing systems. The socio-cultural challenge stems from reaction against change from organisational employees. (CIPS: Achieving results through BPR and BPO). Therefore, the reasons for failure of BPR (Crowe et al., 2002 and Kotter, 1996) may be:

- Employees' resistance against change
- Communication breakdown
- Personnel turnover during transition.

Business Process Re-engineering Life Cycle

The BRP Life Cycle comprises of the undermentioned stages:

▪ **Visioning**

Define corporate visions and business goals.

▪ **Identifying**

Identify business process to be reengineered

▪ **Analysing**

Analyze and measure an existing process

▪ **Redesigning**

Identify enabling IT & generate alternative process redesigns

▪ **Evaluating**

Evaluate and select a process redesign

▪ **Implementing**

Implemented the reengineered process

▪ **Improving**

Continuous improvement of the process

Execution of BPR

A well-conducted execution of Business Process Reengineering can prove to be a gamechanger for an organization. BPR can revive a failing entity and lead it to the path of profit maximization. However, executing BPR may not be easy as it involves enforcing a change in the entire organization. BPR comprises the following steps:

▪ **Define: Objectives and Framework**

There must be a clear definition of the objectives of choosing BPR. Such objectives must be clearly laid out in qualitative and quantitative terms. After defining such objectives, the requirement for change must be communicated to the employees to apprise them about the upcoming processes. This becomes important as the willingness of the employees to adopt the change is a key for the success of BPR.

▪ **Identify: Customer Needs**

The requirements and feedback of the customers must be given due importance while designing the BPR. It must be ensured that the new processes are able to deliver the added value to the customer.

▪ **Study: The Existing Process**

In order to re-engineer, the company must have to analyze its existing business process. A SWOT should be carried out to have a clear view of the strengths and weaknesses of the existing processes.

▪ **Formulate: A Redesigned Business Plan**

After an analysis of the prevailing business process, the modifications to be made are chalked down. These modifications form a base for the re-designing of process. Then, a plan is laid down by selecting the best alternative.

▪ **Implement: The Redesign**

The last step is to implement the redesigned plan. Management should make sure that the new process is operational and adopted by the team. Such a support from the team is indeed critical to the success of BPR.

Summing-up

Finally, we may opine that Business Process Re-engineering is the fundamental rethinking and redesign of business process to achieve improvement in critical measures of performance such as cost quality, service, and speed and customer satisfaction. It involves a giant leap. It is the complete redesign of a process with an emphasis on finding creative new ways to accomplish an objective. It has been described as taking a blank piece of paper and starting from scratch to redesign a business process. Rather than searching continually for minute improvement, re-engineering involves a radical shift in thinking about how an objective should be met. Re-engineering prescribes radical, quick and significant change. Admittedly, it can entail high risk, but it can also bring big rewards. These benefits are most dramatic when new models are discovered for conducting business.

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