



Module: Business Processes

Unit: Process Design

Lesson: Business Process Re-engineering/Transformation

© 2012 Resource Development International Ltd. All rights reserved.

Resource Development International Limited reserves all rights of copyright and all other intellectual property rights in these learning materials. No part of any learning materials may be reproduced, stored in a retrieval system or transmitted in any form or by any means, including without limitation electronic, mechanical, photocopying, recording or otherwise, without the prior written consent of Resource Development International Limited.

Business Process Re-engineering/Transformation

Introduction

One important and influential outworking of the focus upon processes, which we discussed in the previous lesson, was the phenomenon of Business Process Re-engineering (BPR) that became high profile in the 1980s and 1990s in the US and elsewhere, mainly through the writing of Hammer and Champy (1993). Over time the phenomenon changed somewhat, its claims and coherence were disputed by some and it came to be known by a variety of other terms, the most common of which was Business Process Transformation (BPT).

Defining Business Process Re-engineering (BPR)

Beckford (2002) simply defined BPR as the "radical reinvention of organisations on process lines". Hammer and Champy (1993) defined it slightly more fully as follows: - "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed." In his discussion of BPR, Beckford (2002) helpfully uses key words in Hammer and Champy's definition to structure the discussion and we will follow that example here, with much of our analysis being based upon Beckford's work.

Fundamental

The first key word is fundamental. As Beckford (2002) reports, Hammer and Champy started from the position that organisations had often grown up with, and had failed to discard, old fashioned approaches to work that had become inefficient and ineffective. Such methods, according to Beckford, led to "convoluted, complex ways of dealing with activities, with many steps, checks and balances (Beckford, 2002). Thus in Hammer and Champy's view this situation requires, as part of BPR, the fundamental rethinking of what an organisation is doing and how it does it.

Radical

According to Beckford (2002), Hammer and Champy argue that BPR requires 'not making superficial changes or fiddling with what is already in place, but throwing away the old'. In other words it involves working with a blank sheet of paper and organising processes from scratch, rather than adjusting or building upon what already exists.

Dramatic

Beckford's third key word - 'dramatic'- states that BPR is not directed towards low level or marginal improvements but dramatic, significant ones. While the exact way in which performance improvement may be measured is not always straightforward, the distinctive nature of what BPR tried to achieve can be seen from the following figures:-

5 - 10% - the 'normal' performance improvement sought by previous, more conventional change exercises.

35 - 50% - the range of performance improvement that Beckford claimed he had personally experienced in effective BPR.

70% - the level of improvement claimed by some for those processes that had been exposed to BPR.

Processes

We have already examined what processes are in some detail. A similar concept, which writers in this area often refer to, is the value chain or supply chain. As we have seen, a process often involves different people, units, departments etc. that may not communicate well or coordinate their activities effectively. Similarly the concept of a value chain or supply chain reflects the fact that different units,

departments or even organisations can be involved in the overall process or chain of activity that is required to supply value to a final customer. A good insight into Michael Porter's well known version of the value chain can be found in some CIMA study notes, Organisational Management and Information Systems, available at: http://www.cimaglobal.com/Documents/ImportedDocuments/fm_dec_jan0708_p48-50.pdf (Permission to reproduce pending)

These are written by an old colleague of mine - Doug McHardie: the notes cover two concepts very well - Mintzberg's organigram and Porter's value chain. You should focus just on the value chain as you read this.

In the context of BPR the main issue to remember arising from the key word 'process' is that BPR looks to design and implement the best possible processes to deliver value to the customer, and to eliminate or overcome any existing organisational arrangements that might reduce the efficiency or effectiveness of such a process.

Thus Beckford (2002) sees BPR as relying on four 'unconventional' ideas:

1. The orientation of an organisation towards its processes rather than its separate, fragmented activities and functions.
2. The energy and ambition to make extensive, dramatic improvements.
3. Being willing to challenge the established 'rules' and conventions of the organisation.
4. The creative use of information technology.

As we shall see later, as BPR developed - and increasingly became known as BPT - so the use of information technology became increasingly high profile within it, so much so that for some BPT became almost the same thing as moving from paper based activity within processes to their becoming reliant upon information technology. It is important to remember that while information technology can both assist in designing processes and can greatly increase the efficiency of any given process, BPR and BPT are first and foremost about the radical redesign of processes. The use of information technology, however important and influential, is really a secondary issue.

group learning activity.....

Consider an area of organisational activity you are familiar with e.g. an area at your place of work that you think might benefit from some process re-engineering. Describe the issues that might be addressed by that and post your views at the group learning space.

Describing and Critiquing BPR

We now refer you to a conference paper written in 1999 that expresses well the claims and excitement that surrounded BPR in the 1990s. The paper is Muthu S, Whitman L, and Hossein Cheraghi S, 'Business Process Reengineering: A Consolidated Methodology', given at the Proceedings of the 4th Annual International Conference on Industrial Engineering Theory, Applications and Practice, November 1999. It can be accessed at:

<http://tinyurl.com/pzqg4r2>

group learning activity.....

You should now access and read this paper; N.B. section 4.1.3 the abbreviation ABC refers to Activity Based Costing. Section 4.1.4 refers to a work breakdown structure (WBS). This is dealt with in more detail in unit 4 lesson 1 of these ilearn materials.

You will have read that Muthu et al recommend doing an 'As Is' Process map first while Hammer and Champy recommend going straight to mapping the 'To Be' process while ignoring current arrangements. What do you think are the advantages and disadvantages of each approach? Post your view at the group learning space.

We also reproduce below an article, in very slightly amended form, from the open source site vector study, accessible at:

<http://vectorstudy.com/management-theories/business-process-reengineering>

that you should now read.

BPR

Business process reengineering (BPR) is a management approach aiming at improvements by means of elevating efficiency and effectiveness of the processes that exist within and across organizations. The key to BPR is for organizations to look at their business processes from a "clean slate" perspective and determine how they can best construct these processes to improve how they conduct business.

Business process reengineering is also known as BPR, Business Process Redesign, Business Transformation, or Business Process Change Management.

History of Business Process Reengineering

In 1990, Michael Hammer, a former professor of computer science at the Massachusetts Institute of Technology (MIT), published an article in the Harvard Business Review, in which he claimed that the major challenge for managers is to obliterate non-value adding work, rather than using technology for automating it (Hammer 1990). This statement implicitly accused managers of having focused on the wrong issues, namely that technology in general, and more specifically information technology, has been used primarily for automating existing work rather than using it as an enabler for making non-value adding work obsolete.

Hammer's claim was simple: most of the work being done does not add any value for customers, and this work should be removed, not accelerated through automation. Instead, companies should reconsider their processes in order to maximize customer value, while minimizing the consumption of resources required for delivering their product or service. A similar idea was advocated by Thomas H. Davenport and J. Short (1990), at that time members of the Ernst & Young research centre, in a paper published in the Sloan Management Review the same year as Hammer

published his paper.

This idea, to review unbiasedly a company's business processes, was rapidly adopted by a huge number of firms, which were striving for renewed competitiveness, which they had lost due to the market entrance of foreign competitors, their inability to satisfy customer needs, and their insufficient cost structure. Even well established management thinkers, such as Peter Drucker and Tom Peters, were accepting and advocating BPR as a new tool for (re-)achieving success in a dynamic world. During the following years, a fast growing number of publications, books as well as journal articles, was dedicated to BPR, and many consulting firms embarked on this trend and developed BPR methods. However, the critics were fast to claim that BPR was a way to dehumanize the workplace, increase managerial control, and to justify downsizing, i.e. major reductions of the work force (Greenbaum 1995, Industry Week 1994), and a rebirth of Taylorism under a different label.

Despite this critique, reengineering was adopted at an accelerating pace and by 1993, as many as 65% of the Fortune 500 companies claimed to either have initiated reengineering efforts, or to have plans to do so. This trend was fuelled by the fast adoption of BPR by the consulting industry, but also by the study 'Made in America', conducted by MIT, that showed how companies in many US industries had lagged behind their foreign counterparts in terms of competitiveness, time-to-market and productivity.

Definition of BPR

Different definitions can be found. This section contains the definitions provided in notable publications in the field.

Hammer and Champy (1993) define BPR as:

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

Thomas H. Davenport (1993), uses the term process innovation, which he says:

"... encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions."

Additionally, Davenport (ibid.) points out the major difference between BPR and other approaches to organization development (OD), especially the continuous improvement or TQM movement, when he states:

"Today firms must seek not fractional, but multiplicative levels of improvement 10x rather than 10%."

Finally, Johansson et al. (1993) provide a description of BPR relative to other process-oriented views, such as Total Quality Management (TQM) and Just-in-time (JIT), and state:

"Business Process Reengineering, although a close relative, seeks radical rather than merely continuous improvement. It escalates the efforts of JIT and TQM to make process orientation a strategic tool and a core competence of the organization. BPR concentrates on core business processes, and uses the specific techniques within the JIT and TQM toolboxes as enablers, while broadening the process vision."

In order to achieve the major improvements BPR is seeking for, change in structural organizational variables, and other ways of managing and performing work are often considered to be insufficient. For being able to reap the achievable benefits fully, the use of information technology (IT) is

conceived as a major contributing factor. While IT traditionally has been used for supporting the existing business functions, i.e. it was used for increasing organizational efficiency, it now plays a role as enabler of new organizational forms, and patterns of collaboration within and between organizations.

BPR derives its existence from different disciplines, and four major areas can be identified as being subjected to change in BPR - organization, technology, strategy, and people - where a process view is used as common framework for considering these dimensions. The approach can be graphically depicted by a modification of "Leavitt's diamond" (Leavitt 1965).

Business strategy is the primary driver of BPR initiatives and the other dimensions above are governed by strategy's encompassing role. The organization dimension reflects the structural elements of the company, such as hierarchical levels, the composition of organizational units, and the distribution of work between them. Technology is concerned with the use of computer systems and other forms of communication technology in the business. As we have said above, in BPR, information technology is generally considered as playing a role as enabler of new forms of organizing and collaborating, rather than supporting existing business functions. The people / human resources dimension deals with aspects such as education, training, motivation and reward systems. The concept of business processes - interrelated activities aiming at creating a value added output for a customer - is the basic underlying idea of BPR. These processes are characterized by a number of attributes: process ownership, customer focus, value-adding, and cross-functionality.

The Role of Information Technology

Information technology (IT) has historically played an important role in the reengineering concept. It is considered by some as a major enabler for new forms of working and collaborating within an organization and across organizational borders.

The early BPR literature, e.g. Hammer and Champy (1993), identified several so called disruptive technologies that were supposed to challenge traditional wisdom about how work should be performed.

1. Shared databases, making information available at many places.
2. Expert systems, allowing generalists to perform specialist tasks.
3. Telecommunication networks, allowing organizations to be centralized and decentralized at the same time.
4. Decision-support tools, allowing decision-making to be a part of everybody's job.
5. Wireless data communication and portable computers, allowing field personnel to work office independent.
6. Interactive videodisk, to get in immediate contact with potential buyers.
7. Automatic identification and tracking, allowing things to tell where they are, instead of requiring to be found.
8. High performance computing, allowing on-the-fly planning and revisioning.

In the mid 1990s, workflow management systems especially were considered as a significant contributor to improved process efficiency. Also ERP (Enterprise Resource Planning) vendors, such as SAP, positioned their solutions as vehicles for business process redesign and improvement.

Methodology of Business Process Reengineering

Although the labels and steps differ slightly, the early methodologies that were rooted in IT-centric BPR solutions share many of the same basic principles and elements. The following outline is one such model, based on the PRLC (Process Reengineering Life Cycle) approach developed by Guha et.al. (1993).

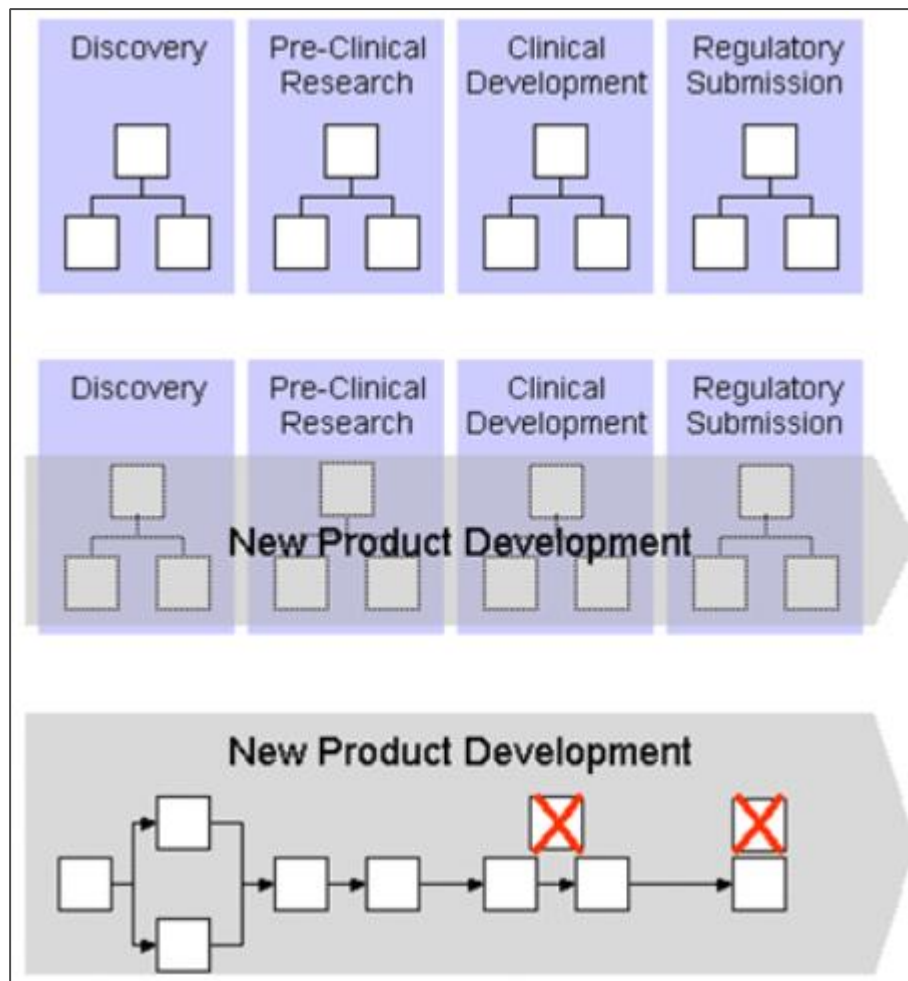


Figure 2.03 - Methodology of Business Process Re-engineering

Benefiting from lessons learned from the early adopters, some BPR practitioners advocated a change in emphasis to a customer-centric, as opposed to an IT-centric, methodology. One such methodology, that also incorporated a Risk and Impact Assessment to account for the impact that BPR can have on jobs and operations, was described by Lon Roberts (1994). Roberts also stressed the use of change management tools to proactively address resistance to change, a factor linked to the demise of many re-engineering initiatives that looked good on the drawing board.

BPR - A Rebirth of Scientific Management?

By its critics, BPR is often accused to be a re-generation of Taylor's principles of scientific management, aiming at increasing productivity to a maximum, but disregarding aspects such as the work environment and employee satisfaction. It can be agreed that Taylor's theories, in conjunction with the work of the early administrative scientists have had a considerable impact on the management discipline for more than 50 years. However, it is not self-evident that BPR is a close relative to Taylorism and this proposed relation deserves a closer investigation.

In the late 19th century Frederick Winslow Taylor, a mechanical engineer, started to develop the idea of management as a scientific discipline. He applied the premise that work and its organizational environment could be considered and designed upon scientific principles, i.e. that work processes could be studied in detail using a positivist analytic approach. Upon the basis of

this analysis, an optimal organizational structure and way of performing all work tasks could be identified and implemented. However, he was not the one to originally invent the concept. In 1886, a paper entitled "The Engineer as Economist", written by Henry R. Towne for the American Society of Mechanical Engineers, had laid the bedrock for the development of scientific management.

The basic idea of scientific management was that work could be studied from an objective scientific perspective and that the analysis of the gathered information could be used for increasing productivity, especially of blue-collar work, significantly. Taylor (1911) summarized his observations in the following four principles:

- Observation and analysis through time study to set the optimal production rate. In other words, develop a science for producing for each man's task a 'one best way.'
- Scientifically select the best man for the job and train him in the procedures he is expected to follow.
- Cooperate with the man to ensure that the work is done as described. This means establishing a differential rate system of piece work and paying the man on an incentive basis, not according to the position.
- Divide the work between managers and workers so that managers are given the responsibility for planning and preparation of work, rather than the individual worker.

Scientific management's main characteristic is the strict separation of planning and doing, which was implemented by the use of a functional foremanship system. This means that a worker, depending on the task that he or she is performing, can report to different foremen, each of them being responsible for a small, specialized area.

Taylor's ideas had a major impact on manufacturing, but also on administration. One of the most well-known examples is Ford Motor Co., which adopted the principles of scientific management at an early stage, and built its assembly line for the T-model based on Taylor's model of work and authority distribution, thereby giving rise to the term 'Fordism'.

Later on, Taylor's ideas were extended by the time and motion studies performed by Frank Gilbreth and his wife Lillian. Henry Gantt, a co-worker of Taylor, developed Taylor's idea further, but placed more emphasis on the worker. He developed a reward system that no longer took into account only the output of the work, but was based on a fixed daily wage and a bonus for completing the task.

Taylor's work can be, and has been, criticized many times for degrading individuals to become machinelike. One of the most famous critiques of the situation that an application of scientific management could result in is shown in Charlie Chaplin's movie "Modern Times". Despite that fact, Taylor was inspired by the vision of creating a workplace that is beneficial to all members of the organization, both management and workers.

When looking at Taylor's ideas retrospectively, we can conclude, that they fitted very well the organizations of the early 20th century. The kind of organization he proposed requires certain pre-conditions, which were satisfied in the technological and socio-economic environment of his time and the heritage from economic individualism and a Protestant view of work. However, despite the good intention of designing organizations where managers and workers could jointly contribute to the common achievements, Taylor missed the fact that, in the view of many, he had been building his principles on wrong assumptions. There are some major critical points that can be brought forward against Taylor's concept.

Some have argued that the strict belief in man being totally rational, and the history of Protestant ethic, which considered work as a manifestation of grace, made him disregard the issue of human behaviour and the fact that money is insufficient as a single source of motivation (Tawney 1954).

The failure to consider the organizational environment as a relevant factor and the overemphasis on organizational efficiency are other criticisms. As Thompson (1969) notes:

"Scientific management, focusing primarily on manufacturing or similar production activities, clearly employs economic efficiency as its ultimate criterion and achieves conceptual closure of the organization by assuming that goals are known, tasks are repetitive, output of the production process somehow disappears, and resources in uniform qualities are available."

If accepting Thompson's critique as valid and relevant, it can be concluded that the strict hierarchical organization seems to be unfit to take on the challenges that are imposed by fierce competition and dynamic market structures. Due to the focus on improvement through repetition and resource uniformity, the applicability of the approach to organizations and processes without these characteristics, such as pharmaceutical R&D, can be questioned.

Peter Drucker noted a third problem related to scientific management, namely that there was no real concern about technology, i.e. that Taylor considered his theory as being general, and that it could be applied to any organization, independently of the technology used. Drucker (1972) stated:

"Scientific management was not concerned with technology. It took tools and technology as givens."

This point brings forward a clear argument against the application of Taylor's principles and methodologies for improving today's organizations. Considering that the rapid development in the IT field actually constitutes a driving force in itself, it appears to be unfit to employ organizational concepts that neglect the changing and enabling role of technology. On the other hand we can argue that the application of scientific management in the early 20th century, as we look at it retrospectively, must be considered as the contemporary use of a concept that would look and be applied in a different way today. Taylor did not neglect technology, he considered it as an important contributor to organizational performance, but given the pace of development, he could not consider it as a major driver of change.

Looking at the suggested relationship between BPR and Taylor's principles, we can conclude that primarily Thompson's and Drucker's criticism builds a strong case against BPR being a successor of Taylorism. An organizational concept that does not take into account changing business environments and rapid technological advancements is not fit for serving as an improvement method today. Also the BPR literature offers a harsh critique of the continuous application of Tayloristic principles in the modern business world, thus rejecting the separation of planning and doing and the strict functional division of labour. BPR proponents claim that seeing BPR as Taylorism is a major misunderstanding of the concept and responsible for a considerable number of re-engineering project failures. On the other hand, there is also a similarity which stems from the methodological approach: both scientific management and BPR have a focus on productivity and efficient use of resources that can be achieved through an optimum process design and its subsequent deployment. The following quote, referring to scientific management can equally be used to describe the intention of reengineering:

"To conduct the undertaking toward its objectives by seeking to derive optimum advantage from all available resources." (Lloyd 1994)

At the same time it cannot be denied, that the implementation of process-based organizations in practice often is accompanied by massive lay-offs and an emphasis on managerial control. A study by CSC Index from 1994 revealed that 73% of the companies applying BPR reduced their workforce by an average of 21%. Thomas Davenport, an early contributor to the BPR-field, provided a harsh critique against labelling substantial workforce reductions reengineering and in a paper from 1995 he stated that:

"Reengineering didn't start out as a code word for mindless bloodshed ... The [other] thing to

remember about the start of reengineering is that the phrase massive layoffs was never part of the early vocabulary." (Davenport, 1995)

Successes of Business Process Reengineering

BPR, if implemented properly, can give huge returns. BPR has helped giants like Procter and Gamble Corporation and General Motors Corporation succeed after financial setbacks due to competition. It helped American Airlines somewhat get back on track from the bad debt that is currently haunting their business practice.

General Motors Corporation implemented a 3-year plan to consolidate their multiple desktop systems into one. It is known internally as "Consistent Office Environment" (Booker, 1994). This re-engineering process involved replacing the numerous brands of desktop systems, network operating systems and application development tools with a more manageable number of vendors and technology platforms. According to Donald G. Hedeem, director of desktops and deployment at GM and manager of the upgrade program, the process "lays the foundation for the implementation of a common business communication strategy across General Motors." (Booker, 1994). Lotus Development Corporation and Hewlett-Packard Development Company, formerly Compaq Computer Corporation, received the single largest non-government sales ever from General Motors Corporation. GM also planned to use Novell NetWare as a security client, Microsoft Office and Hewlett-Packard printers. According to Donald G. Hedeem, this saved GM 10% to 25% on support costs, 3% to 5% on hardware, 40% to 60% on software licensing fees, and increased efficiency by overcoming incompatibility issues by using just one platform across the entire company.

Michael Dell is the founder and CEO of DELL Incorporated, which has been in business since 1983 and has been the world's fastest growing major PC Company. Michael Dell's idea of a successful business is to keep the smallest inventory possible by having a direct link with the manufacturer. When a customer places an order, the custom parts requested by the customer are automatically sent to the manufacturer for shipment. This reduces the cost for inventory tracking and massive warehouse maintenance. Dell's website is noted for bringing in nearly "\$10 million each day in sales." (Smith, 1999). Michael Dell mentions: "If you have a good strategy with sound economics, the real challenge is to get people excited about what you're doing. A lot of businesses get off track because they don't communicate an excitement about being part of a winning team that can achieve big goals. If a company can't motivate its people and it doesn't have a clear compass, it will drift." (Smith, 1999) Dell's stocks have been ranked as the top stock for the decade of the 1990s, when it had a return of 57,282% (Knestout and Ramage, 1999). Michael Dell is now concentrating more on customer service than selling computers since the PC market price has pretty much equalized. Michael Dell notes: "The new frontier in our industry is service, which is a much greater differentiator when price has been equalized. In our industry, there's been a pretty huge gap between what customers want in service and what they can get, so they've come to expect mediocre service. We may be the best in this area, but we can still improve quite a bit in the quality of the product, the availability of parts, service and delivery time." (Smith, 1999) Michael Dell understands the concept of BPR and really recognizes where and when to reengineer his business.

Ford reengineered their business and manufacturing process from just manufacturing cars to manufacturing quality cars, where the number one goal is quality. This helped Ford save millions on recalls and warranty repairs. Ford has accomplished this goal by incorporating barcodes on all their parts and scanners to scan for any missing parts in a completed car coming off of the assembly line. This helped them guarantee a safe and quality car. They have also implemented Voice-over-IP (VoIP) to reduce the cost of having meetings between the branches.

A multi-billion dollar corporation like Procter and Gamble Corporation, which carries 300 brands and that number is growing, has a strong grasp of re-engineering. Procter and Gamble Corporation's chief technology officer, G. Gil Cloyd, explains how a company which carries multiple brands has to contend with the "classic innovator's dilemma most innovations fail, but companies that don't innovate die. His solution, innovating innovation." (Teresko, 2004). Cloyd has helped a

company like Procter and Gamble grow to \$5.1 billion turnover by the fiscal year of 2004. According to Cloyd's scorecard, he was able to raise the volume by 17%, the organic volume by 10%; sales are at \$51.4 billion up by 19%, with organic sales up 8%, earnings are at \$6.5 billion up 25% and share earnings up 25%. Procter and Gamble also has a free cash flow of \$7.3 billion or 113% of earnings, dividends up 13% annually with a total shareholder return of 24%. Cloyd states: "The challenge we face is the competitive need for a very rapid pace of innovation. In the consumer products world, we estimate that the required pace of innovation has doubled in the last three years. Digital technology is very important in helping us to learn faster." (Teresko, 2004) G. Gil Cloyd also predicts, in the near future, "as much as 90% of P&G's R&D will be done in a virtual world with the remainder being physical validation of results and options." (Teresko, 2004).

Critiques of Business Process Reengineering

The most frequent and harsh critique against BPR concerns the strict focus on efficiency and technology and the disregard of people in an organization that is subjected to a reengineering initiative. Very often, the label BPR was used for major workforce reductions. Thomas Davenport, an early BPR proponent, stated that: "When I wrote about "business process redesign" in 1990, I explicitly said that using it for cost reduction alone was not a sensible goal. And consultants Michael Hammer and James Champy, the two names most closely associated with reengineering, have insisted all along that layoffs shouldn't be the point. But the fact is, once out of the bottle, the reengineering genie quickly turned ugly." (Davenport, 1995)

Michael Hammer similarly admitted that: "I wasn't smart enough about that. I was reflecting my engineering background and was insufficient appreciative of the human dimension. I've learned that's critical." (White, 1996)

Perceived problems in BPR include:

- lack of management support for the initiative and thus poor acceptance in the organization.
- exaggerated expectations regarding the potential benefits from a BPR initiative and consequently failure to achieve the expected results.
- underestimation of the resistance to change within the organization.
- implementation of generic so-called best-practice processes that do not fit specific company needs.
- over trust in technology solutions.
- performing BPR as a one-off project with limited strategy alignment and long-term perspective.
- poor project management.

BPR Development after 1995

With the publication of critiques in 1995 and 1996 by some of the early BPR proponents, coupled with abuses and misuses of the concept by others, the reengineering fervour in the U.S. began to wane. Since then, considering business processes as a starting point for business analysis and redesign has become a widely accepted approach and is a standard part of the change methodology portfolio, but is typically performed in a less radical way than originally proposed by early writers on BPR. More recently, the concept of Business Process Management (BPM) has gained major attention in the corporate world and can be considered as a successor to the BPR wave of the 1990s, as it is evenly driven by a striving for process efficiency supported by information technology. Equivalent to the critique brought forward against BPR, however, BPM is now accused of focusing on technology and disregarding the people aspects of change.

Although a number of references to sources are provided in the article above, no accompanying full references were provided, for which we apologise.

group learning activity

You should write brief notes which set out:

- a. The benefits of BPR type exercises
 - b. Criticisms of BPR
- and post these at the Group Learning Space.

Business Process Transformation

We now reproduce below a brief article by Global FS consulting on Business Process Transformation. While its focus is on financial services and the approach that Global FS take to their business transformation consultancy activity its main messages are applicable a cross most if not all sectors and you will recognise many themes which we have already introduced. The article is accessed from

http://www.globalfsconsultingexchange.com/display.php?page=1_009 (Permission to reproduce pending)

Being competitive in financial services in the 21st Century requires a strong focus on cost management and the ability to minimise the costs of every business process. A business process is any broad collection of activities within the company that is involved in the ultimate goal of developing products or services for the customer. Business processes are typically evaluated from the customer's viewpoint. Ensuring a smoothly running business process is critical in maximizing the added value provided to customers. Managing the key processes efficiently is critical to the success of the company. But managing the processes is harder than it may seem at first - mostly because these processes do not stand alone, but interact with one another. Definition of the processes can be a complex task in most multi-functional financial services organisations and can be helped by a thorough understanding of the value chain for the organisation for each industry sub-sector.

We can help you to develop the value chain for your organisation. The value chain can then be used as a "checklist" in the identification of business processes. It provides a concise presentation of the strategic processes, which can then be subdivided to form the business processes through which the business can be managed.

Business Process Transformation requires the organisation to perform some form of activity analysis in order to identify the activities within each department and permit the grouping of

activities across different departments to form processes that can then be reviewed and documented. We can train your project team to perform the activity analysis and document the processes.

Whether seeking to improve quality, reduce cycle times or lower costs, leading companies are improving business processes today to find competitive advantage. Business process transformation describes a technique that, by helping to analyse and understand the work flows within the organisation, provides opportunities to improve the cost, efficiency, effectiveness and adaptability of the processes.

A process is a planned series of actions that advances a material or procedure from one stage of completion to the next. It includes the steps and decisions involved in the way work is accomplished. Most processes are full of duplications and bottlenecks where they cross between departments and that means inefficiencies, delays, mistakes and other failures that can cost time, money and customers. Improving process performance is crucial to virtually any improvement project.

Once the existing processes are understood then they can be evaluated and the organisation can decide how radical the redesign should be. It could be a simple change to existing procedures or paperwork, such as the elimination of duplication of activities in different departments, the reconstruction of the process to remove situations where errors could be created, the development of a shared service centre or the outsourcing of the entire operation.

The true transformation of a process can only be achieved by considering the total breadth of the process, across the entire organisation, or even from supplier to customer. The outcome of the process is the key to the review, and radical process transformation begins by considering other ways of achieving the outcome. Why consider ways of improving the paper flow when it could be possible to provide computerised systems that would automate the entire process, referring to a human being only when the application falls outside normal profiles.

BPR and TQM

A number of writers have sought to compare BPR and TQM. Kelemen (2003) helpfully produced a table summarising comparisons between the two which she had found in the relevant literature. We reproduce the table below.

<i>Dimensions</i>	BPR	TQM
Origins	American	Japanese/American
Objectives	Improvements in cost, quality, service, speed, organizational transformation around processes	Improvements in quality
Reasons for implementation	Institutional pressure/technical reasons	
	Revolutionary/fast	Institutional pressure/technical reasons
Approach to change	Aggressive, autocratic	
	Important at a later stage in the exercise	Continuous/slow
Style of leadership	Top down	
	Rational/objective	Visionary, transformational
Role of employees	Violent/blunt platitudes Crucial	
	Processes	Crucial from the beginning
	20-30 per cent	
Implementation	Managerial fad, revamped Taylorism, work intensification and exploitation	Top down and bottom up
Measurement	Mixed, difficult to predict outcomes	
		Rational/objective
Language		
IT		Caring platitudes
		Secondary
Focus		
		Processes and functions
Rate of success		
		20 – 30 per cent
Criticisms		
		Managerial fad, Revamped Taylorism, work intensification and exploitation. Mixed, difficult to predict outcome

BPR and TQM compared