Business Process Reengineering

Chapter 3

BPR Concepts and Techniques

BPR Concepts and Techniques

Definition of the Business Process Reengineering(BPR)

The term 'reengineering' was first introduced in 1990 in a Harvard Business Review article: Reengineering Work: Don't Automate Obliterate. The article's author was Michael Hammer, a former Computer Science professor at the Massachusetts Institute of Technology. Hammer then went on to develop the concept further in a book: Reengineering the Corporation, written jointly with James Champy. They provided the following definition: *Reengineering is 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.*

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This definition comprises four keywords: fundamental, radical, dramatic and processes.

Keyword: *Fundamental*

Understanding the fundamental operations of business is the first step prior to reengineering. Business people must ask the most basic questions about their companies and how they operate: Why do we do what we do? and why do we do it the way we do? Asking these basic questions lead people to understand the fundamental operations and to think why the old rules and assumptions exist. Often, these rules and assumptions are inappropriate and obsolete.

Keyword: *Radical*

Radical redesign means disregarding all existing structures

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and procedures, and inventing completely new ways of accomplishing work. Reengineering is about business reinvention, begins with no assumptions and takes nothing for granted.

Keyword: *Dramatic*

Reengineering is not about making marginal improvements or modification but about achieving dramatic improvements in performance. There are three kinds of companies that undertake reengineering in general. First are companies that find themselves in deep trouble. They have no choice. Second are companies that foresee themselves in trouble because of changing economic environment. Third are companies that are in the peak conditions.

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They see reengineering as a chance to further their lead over their competitors.

Keyword: *Processes*

Process is the most important concept in reengineering. In classic business structure, organization are divided into departments, and process is separated into simplest tasks distributing across the departments. The preceding order-fulfillment example shows that the fragmented tasks - receiving the order form, picking the goods from the warehouses and so forth - are delayed by the artificial departmental boundaries. This type of task-based thinking needs to shift to process-based thinking in order to gain efficiency.

Need for process reengineering

• Many manufacturing organizations suffer from the problems in project development due to long lead times, a large number of design changes.” Product Improvement “ is the area which is given more attention to the regaining the companies competitive position.

• Many progressive firms are interested in maintaining a competitive edge in the market

•There are Six parts to (5W 1H) to achieve compositeness

- •What (Tasks,Objects,Inputs,Outputs,and process steps)
- •Who(Talents,Team work,Customers,Suppliers)
- •Why(Techniques,Purpose,Function,and rationale for decision making)
- •When(Time,Process order,and structure)

Need for process reengineering

•Where(Technology gaps,Space process relation)
•How(Tools,method process boundaries)
Knowing What information is required or task to perform and how this information or task satisfies the corporate goals is important to win the battle for competitiveness
The other questions addressed to:
•Who makes up the team
•Who need it?
•Why this process will not work?
•Why is this information be used
•What is the optimum time to do it
•Where are the right places to use the technology

Understanding & Managing change

The Cycle of Change

To cope with, manage, or lead change, it is important to conceptualize it. Change occurs in a cycle—patterns of individual and organizational behavior—which provides context for understanding and managing it. The cycle of change is constantly underway, and various types of change involve concentric cycles, each in a different phase. Each phase of the cycle provides insight into how we cope with change, and thus how it may be managed more effectively.

Change begins with disruption—with new information, facts, participants, or goals—that alters the status quo. What was once a steady state or way of being is disrupted by new data, players, or objectives, and thus change begins.

Understanding & Managing change

This realization makes it easy to see why change is occurring so quickly, and constantly, as new discoveries, new products and services, new businesses and industries, even new countries are rapidly developing and entering the world marketplace. The pace of communications and the influx of new information, in real-time, also affects the pace of change and the bombardment of disruptions, making status quo more of a concept—and less a reality—than perhaps ever before. The next phase of change is imaging, or imagining what a new future might look like with the new information, facts, participants, or goals. This begins the process of coping with and adapting to change.

Understanding & Managing change

Here it is key to remember that change occurs on individual as well as organizational levels—and thus the imaging might be fragmented by each individual's, team's or organization's particular view of a situation, set of facts, new information, or new market participants. Here we begin to see why change is difficult, and why managing it is challenging.

That imaging process involves energy—energy that can either move toward a common, shared image of the future, or energy that resists change, fighting against it, or combinations of both. Like a chemical reaction to the introduction of new molecules, the reaction to change may be steady and lead to a new, balanced, inert, or stable state. Or it may be explosive, leading instead to a volatile state. It is at this point that many planned change efforts fail.

Understanding & Managing change

Leaders understand that the best way to cultivate committed staff is to **create a work environment that aligns personal values and skills with organization values** and work requirements.

In essence, the ability of an employee to become a committed staff member is a function of the skill of the leader to create a workplace that promotes **pride, loyalty, and ownership - the critical qualities of commitment.** Building commitment to the organization's change process is the defining characteristic of a successful leader. Leaders understand and consistently demonstrate the ten most important ways to build commitment to a change process.

Understanding & Managing change

1. Involve or engage all of the people who will be affected by the change.
2. Make sure that the change works for everyone.
3. Negotiate win-win solutions. Success is defined by how many individuals succeed.
4. Use goal clarity to focus each staff person on the critical task that is derived from the organization's mission.
5. Emphasize the dynamics of change, mainly that there are no quick fixes. Be flexible throughout the process, because change will continue to accelerate at an unpredictable rate.
6. Focus on the intangible components of quality, achievement, and profitability.

Understanding & Managing change

7. Adapt managed change strategies throughout the organization based on the unique characteristics of the group. One size cannot fit all.
8. Write a positive vision of the organization's future. Look at the problems as challenges and opportunities, and be proactive.
9. Nurture a sense of teamwork. Staff who share the same goals and understand their role as interdependent are much more successful than employees who work in "silos."

Understanding & Managing change

Five Skills for Effective Change Management

1. **Political skills**

   Because companies are by nature political, it's essential to understand organizational dynamics when attempting to effect change.

2. **Analytical skills**

   Intuition and insight aren't good enough. Change agents must conduct sharp analysis. The two most crucial skills are systems analysis and financial analysis. Change agents must learn to take apart and reassemble operations and systems in novel ways, and then determine the financial and political impacts of what they have done.

Understanding & Managing change

3. People skills

Relating to people, their needs, fears, and dreams, is essential during a period of change. This is especially true at multinational companies, where cultural, language, political, and religious differences abound.

4. System skills

Although knowledge of computer-based information systems is essential in today's business environment, so is the larger issue of understanding processes, including resources and routines intended to produce specified results.

5. Business skills

It's impossible to succeed without a fundamental understanding of how a business works. This includes insight into the flow of money, knowledge, and data.

Steps in change process

Step 1 The first step before we introduce a change is to understand the change process which needs following:

- When to change
- How to change
- How to cause change
- Where to change
- What to change
- How to promote change

The key factor that influences the change process are 7 T's Task,talent,Team ,Work,Techniques, Technology,time & tools

Steps in change process

Effective Questions for Building the Vision of the Future include:

•What will the ideal look like when it's complete?

•What are you looking forward to most in completing that task?

•What specifically will be most pleasing?

•What has worked most effectively in similar situations in the past?

The next step is to take stock of the current situation. Collect data and opinions from throughout the community, taking care to get information from those closest to the activities and setting of a particular area. When taking stock, it is important to remain optimistic and to appreciate the success of what is already in place.

Steps in change process

Some helpful questions for preserving this frame of mind are:

•What was particularly effective about the way that worked?

•What would you do differently another time?

•What would be the benefit of doing it differently?

The next step is to compare the shared vision with the current situation, prioritize areas for change and set goals. In making these decisions, there are several questions which will help focus your thoughts and decision making process:

•What part of that decision are your most comfortable about? Most uncomfortable about?

•What specifically about that part are you most comfortable with? Most uncomfortable?

Steps in change process

•If nothing mattered except what you would most like to do, which would you choose?
•What specifically about that is the deciding factor?
•What would it take for your to feel comfortable in doing that?
•What options do you have for getting past that obstacle?
•What is the biggest unanswered questions about that decision?
•What do you feel there is to learn from having made that decisions?

After the goals are set, it is time to develop and implement an action plan. A useful framework for doing this is to use the Plan-Do-Check-Act cycle. Here are some questions to guide the process:

Steps in change process

Plan

•What will be changed? (Goals)

•How can the process be changed to eliminate the root causes of defects and delays?

•What does a defect-free process look like?

•Is the new process customer focused? Results-oriented? Simple?

•When will the change be implemented?

•Have critical path/milestones been defined?

•When and how will the changes be evaluated?

•How will the change be implemented?

•What methods will be used?

•Use a pilot? How?

Steps in change process

•What political/cultural and procedural support exists?
•What are the effects of the change in these areas?
•How will people be trained, motivated, informed re: the change?
•Who is doing what and when?

Do

•Do the change/pilot
•Advisable/best to do a pilot
•Train those whose jobs will change
•Supervise execution of change

•**Check**

•Gather data from key points in the process
•Monitor progress and effectiveness of the change

Steps in change process

•Have you achieved the goals set forth in the plan?
•Were the methods used effective?
•Check for side effects.
•Were other processes affected?
•Check for backsliding
•**Act**
•Act to refine and standardize the change
•If the results of the pilot are acceptable, standardize the change across the whole process.
•If the results of the pilot are unacceptable, return to the PLAN stage of the cycle.
•What did the information you collected tell you about the effectiveness of the change?

Steps in change process

•Does the change need to be refined?
•Update the documentation.
•Update manuals.
•What lessons learned can be applied elsewhere?
•Once you have found an approach that works to accomplish the goals that you have set forth, standardize the process to achieve stabilization and "hold the gains". A useful approach to doing this is to use the Standardize-Do-Check-Act cycle as follows:
•**Standardize**
•Establish a reliable method or standard through explicit description
•Use "Who, what, where, when, why and how" to describe the new baseline.

Understanding “process”

•deal with in a routine way; "I'll handle that one"; "process a loan"; "process the applicants"
•procedure: a particular course of action intended to achieve a result; "the procedure of obtaining a driver's license"; "it was a process of trial and error"
•subject to a process or treatment, with the aim of readying for some purpose, improving, or remedying a condition; "process cheese"; "process hair"; "treat the water so it can be drunk"; "treat the lawn with chemicals" ; "treat an oil spill"
•perform mathematical and logical operations on (data) according to programmed instructions in order to obtain the required information; "The results of the elections were still being processed when he gave his acceptance speech"
•(

Understanding “process”

•psychology) the performance of some composite cognitive activity; an operation that affects mental contents; "the process of thinking"; "the cognitive operation of remembering"
•summons: a writ issued by authority of law; usually compels the defendant's attendance in a civil suit; failure to appear results in a default judgment against the defendant
•action: institute legal proceedings against; file a suit against; "He was warned that the district attorney would process him"; "She auctioned the company for discrimination"
•a mental process that you are not directly aware of; "the process of denial"

Understanding “process”

•work: shape, form, or improve a material; "work stone into tools"; "process iron"; "work the metal"
•a natural prolongation or projection from a part of an organism either animal or plant; "a bony process"
•serve: deliver a warrant or summons to someone; "He was processed by the sheriff"
•a sustained phenomenon or one marked by gradual changes through a series of states; "events now in
Common process include:
•Assessing customer for goods & service
•Defining customer requirement
•Designing quality goods & services to meet needs & desires
•Producing Quality goods

Understanding “process”

- Marketing Goods & services
- Billing for good
- Serving customers
- Satisfying customers by attending there complaint

Process As a evolution

Process is two cycle evolution

1) The process is controlled
2) The process is improved.

Each cycle has several steps

Process Control Cycle

- Define the process
- Establish Ownership
- Identify customer requirement
- Develop Standards and measures
- Audit for Conformance
- Identify Improvement opportunities
- Develop Improvement objectives

Process improvement Cycle

- Determine the cause
- Develop Solutions
- Develop Action Plan
- Implement plans
- Assess Results
- Prevent recurrence
- Reward participant

The Reengineering Process

- Step 1 State a Case for Action
- Step 2 Identify process for reengineering
- Step 3 Evaluate enablers for reengineering
- Step 4 Understand the current process
- Step 5 Create a new process design
- Step 6 Implement reengineered process

Some Issues in business Reengineering Process

- Downsizing
- Human resources
- Leadership
- Quantitative objectives
- Resistance to change
- Implementation Time
- Out of the box thinking
- Organizational culture
- Concept of human capital
- Behavioral change

Business Process Reengineering

End Of

Chapter 3