

# Business process reengineering

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Most of the time, the kitchen helper will hear the order and start to prepare. The waiter will then go around taking a few other orders. After he is done with taking orders, he will collect the drinks from the kitchen and serve it to the customers. Customers will then pay up for the drinks. In the event there isn't enough change for big notes, the waiter will have to go back to the counter to break the notes into smaller variations in order to return the correct amount of change to the customers.

In some cases, he might deliver the wrong order as he doesn't note down the orders in pen and paper, he just passes on the order to the kitchen by hooting. Restaurant scenario Many years down the road, the coffee shop has earned enough to pay for a renovation and overhaul. The boss of the coffee shop has decided to upgrade the coffee shop to a restaurant. He realizes that he needs to retrain his staff to operate the restaurant as the methods of operating a restaurant differs from the methods of operating the coffee shop. He also realizes that he can incorporate some equipment to help him process orders more efficiently.

In summary, he needs to change the way the restaurant does things (processes) and how he does things (Method/tools used to carry out the task). The boss has to do a total revamp of the methods and processes of how he was previously used to in the coffee shop. This is what is meant by business process reengineering. In definition, business process is an organizational change in its methods used to redesign an organization to improve efficiency and effectiveness (Meta, 2011). Reengineering is the organizational change characterized by drastic process transformation.

Concepts BPR focus & Objectives customers and drive sales, understanding and applying BPR is essential for this change to happen. Firstly, we have to map out the organization's goals, objectives, reorganize business function, the people they have and the tools they use. The second objective would be to analyse the current process and redesign/revamp them. By doing so, companies will be able to achieve better ROI and eliminate waste. This will help the company to gain competitive advantage over others in its efficiency and also profits (Murray, 2007). Perspective of BPR BPR is a framework designed for companies to adopt.

This framework helps to optimize processes by making it more streamlined.

A good example to explain this point would be the difference between a vertical and cross functional organization. Vertical organization

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Horizontal organization In a horizontal organization, the customer interacts only with one party but in a vertical structure, customers might have to deal with different departments.

Figure 3 shows a customer dealing with his account manager for the application of a loan. In the process, the customer does not need to deal with the different departments involved in the application of a loan. This allows the loan application to be more streamlined (ZigiarisGarish A vertical structure is not as efficient as customers will have to deal with several

departments to process their requests. In a call centre environment, when the customer logs a call for a IT issue, the calling department will answer his call and log the case.

He will then be transferred to the technical department who will assist him with 1st level troubleshooting. In the event he cannot solve the problem, the matter will be escalated to a level 2 support and also a product specialist. After his issue has been resolved, he will be transferred to the payment department where he will pay for the IT services he has used. After making payment, he will receive an email from the feedback department where they will ask the customer for feedback for the case. This slows down the entire process of resolving the problem from end to end.

One of the main goal in BPR is to optimize the processes that takes place within the organization and reduce lead time. In order to do so, businesses has to look at its processes from a clean state perspective. For a company manyable to streamline their processes, they have to add value to their customers through their processes. Processes should maintain its ability to add value to customers. For those processes that do not, we can automate them and put the focus on adding value. This will result in higher customer satisfaction, better BPR Methodologies There are several techniques to business process redesign and reengineering.

We will discuss a few in this section. Hammer and Champy AChamps overhaul in the organization's process and structure is one of the keys to ensuring that cost is lowered and service quality is being improved. The means of implementing via the use of information technology.

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Besides reorganization and using IT to power the business, redesigning the work process and optimizing it, helps the organization to reduce time taken, lower costs and improve quality (Rouse, 2009). A Case study of Ford Motor Company Ford used to employ 500 accounts payable staff in the past.

These 500 staff are running the tasks of tracking faults between purchase orders, receipts and invoices. After Ford decided to reengineer the process, the number of staff needed reduced from 500 to 125. Their reengineering efforts include:

- \* Creating an online database here all purchase orders issued by the buyers are being captured
- \* Goods are being checked when received. The shipment being sent has to match with that in the database. This allows the staff to check if the goods were actual orders being indented. This system of checking eliminates the need to check for faults between purchase orders. Goods being received will be marked as received and the database is being updated real-time. (Hammer ; Champy, Champs Perspective of process reengineering by Hammer and Champy

1. Organize around outcomes, not tasks.
2. Identify all the processes in an organization and prioritize them in order of redesign.
3. Integrate information processing work into the real work that produces the information.
4. Treat geographically dispersed resources as though they were centralized.
5. Link parallel activities in the workflow instead of just integrating their results.
- 6.

Put the decision point where the work is performed, and build control into the process.

7. Capture information once and at the source. (Rouse, 2009)

The methodology preached by Hammer and Champy reflects what

was being discussed in the BPR focus and objectives at the start of this report. Its focus is to eliminate also to focus on deliverables that will add value to customers. In order to do so, IT systems can be employed in order to automate processes which do not add value. This point of automation is being reiterated in the case study of Ford Motors.

This concept of rethinking and redesigning the business process radically helps us to improve many areas of the business such as lowering costs, improving customer service, ensure quality is being maintained and speed up the entire workflow. Davenport and Short suggests 5 different steps that an organization can adopt when engineering business vision and project objectives Any business has to have an objective. A few possible objectives could be improving efficiency, reducing costs by automation of processes, reduce lead time and achieve There are 2 different approaches when we want to identify processes to be redesigned.

Some organizations focus on the significant process or those that causes most conflicts. The other approach would be to identify all the existing processes in the organization and rank them in order of importance to be reengineered and measure existing processes Organization have to identify their existing processes and for those processes that are already at the optimum level, to be kept as a baseline for future operations.

4. Identify IT levers Organizations should look at implementing IT solutions/system which can help to improve their business processes.

Some of these IT systems could include best practices which can greatly influence the business process. IT should not be regarded as a tool used to

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execute the old processes or the old way of doing things in an organization. Processes in organization should be replaced with new ones and using IT to enhance these processes to achieve the business goals. 5. Design and build a prototype of the process The solution being proposed should not be regarded as an "end product". The business process should be treated as a beta version, where future improvement should be made based on the proposed beta version.

This is also in line with the suggestion of Davenport and Short, Business Process reengineering failure The reasons for BPR failure can vary. Some could be due to mismanagement, lack of proper planning and inability to cope with the change. There are many reasons for change. Some could be environmental changes such as natural disaster, competition or internal change of key appointment holders. Reengineering efforts can be futile when there is a lack of leadership. For example when a company changes a key appointment holder for a particular department, will the new person be able to take over the reengineering task?

It could be that the new person taking over would want things to be done in a different manner. Therefore, top management plays an important part, as they could be one of the driving factors of BPR success or cause of failure (Habib, 2014). Other reasons could be due to the resistance to change. The fact that BPR is radical and not incremental tells us that people are going to be greatly affected by the change. Some people view change as a form of improvement and more efficient way of doing things. Other employees might see reengineering as a threat.

Companies who reengineer processes optimize them to make it more streamlined do so by automating certain processes within the organization. More automation could mean less manual labour which results in lesser jobs. Employees that might be affected are largely in the operational level (Chen, 2008). Ineffective BPR teams The inability to have effective teams that could successfully implement a BPR program can also be another point of failure. This could be due to the wrong people being selected to do the job. Members of the team have different perspectives towards BPR.

Their understanding and attitude they carry towards the organization also greatly affect their perspective towards reengineering. This could be within an organization (Chen, 2008). Staff at the strategic, tactical and operational levels see things with different perspectives altogether. At the strategic level, their focus is on creating better long term goals for the organization in order to generate a greater ROI. The decision making outcomes of the strategic management could have a lasting impact of up to many years. Tactical level decisions usually fall in the time frame of months.

They are usually assigned a task or project which needs to be completed within a given time frame (Weeks to months to complete). Therefore, they have to plan their resources and manpower to complete the task within the given time frame. The ball game for the operational level is mostly day to day tasks, sometimes more immediate tasks (Short-term). Due to the different perspectives of the different teams being put together, conflicts might arise,



in some cases strategic management would overwrite other decisions as they are usually the key decision makers in any organization.

This could cause a lot of conflict and in some cases, unhappiness and dissatisfaction in the BPR teams. Keys to Business Process Reengineering success One of the ways to successful BPR implementation include the involvement of the business people and also staff from the operational level who are in charge of the day to day tasks. The people from the operational level can be good drivers and successful factors for BPR as they are the ones involved in the processes. Strategic level managers and CXO staff might not be involved in the operations of the company.

Therefore, their perspective and Judgment differ from people in the operational level (Chen, 2008). Case Study While studying and reading up about BPR, we notice the very different perspectives. One of the perspective states that we have to eradicate the existing process and start over. This means business process reengineering in a nutshell. The reason for doing so originates from a belief that poor processes can only be changed by implementing ERP system that has best practices (Carr, 2013). This is not true in Nestle's case.

Nestle wanted to use ERP(SAP) as a means to reorganize their business processes. This company has a staff strength of 16000 and fetching about 8 billion in revenues. Nestle is not only made up of one company but there are several divisions. They realized they are paying different prices across different divisions for the same product. Therefore, there is a need to integrate by standardizing the major software system in all the divisions.

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There was a large amount of work to be done in order to integrate the data across the different divisions.

One of it includes standardizing the code name and product name across all divisions. As SAP was being rolled out across the several divisions, there was feedback from the stakeholder team that workers using the new system didn't understand the SAP modules and they didn't understand the output that the system should provide. This posted a big problem as the system was unable to help them in their day to day work of managing the business processes. Nestle had totally underestimated the problems that reengineering could park off if it wasn't managed properly.

This is a good example of change that could have been disastrous and in worst cases, the project could have come to a standstill to realise realizee problem was not in implemetimplementing modules but getting the users to accept the change in processes(Staff at the operational level in charge of the day to day tasks). What was done to resolve this situation was defining the process requirements and changing the processes to fit with the modules in SAP. As for those who were not used to the new processes defined by the new system, the installation or their department was delayed.

The change was then pushed out gradually to keep the learning curve less steep and allow for acceptance of new processes to take place (Harmon, 2002). Summary From what we have understood in Business Process Reengineering, companies are reengineering as they need to meet their business goals. They are spending millions of dollars to reenginereengineeringprocesses even though the acceptance of the proposed

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solution is not favorable. Proper planning has to be employed before any reengineering can take place successfully. There could be different systems available ut thereUTnd countless proven BPR methodologies that worked for other organizations.