

The role of information technology in business process reengineering in the conte...

[Business, Strategic Management](#)



ESAMI EXECUTIVE MBARESEARCH PROPOSAL
TOPIC: The Role Of Information Technology In Business Process Reengineering In The Contemporary Business Firm: A Case Study Of A Leading Bank In Kenya. Prepared by Paul B. Mureithi Reg.

No. 5NB100/01 April 2003. TABLE OF CONTENTS | SECTION NUMBER | TITLE | PAGE || 1 | Research Topic | 1 || 2 | Background | 1 || 3 | Research Question and Objectives | 5 || 4 | Research Methods | 5 || 5 | Time scale | 7 || 6 | Resources | 7 || 7 | References | 9 | RESEARCH TOPIC The role of Information Technology in Business Process Reengineering in the Contemporary Business Firm: A Case Study of a Leading Bank in Kenya. BACKGROUND Many business enterprises will freely admit that there has been growing pressure on their resources in recent years as a result of increased competition, customer demands, ever-changing regulatory conditions and scarcity of inputs for their production processes. Of these factors, the greatest source of concern for the businesses has been the dynamic nature of customer expectations. Today??™s customer is more enlightened about the quality of goods and/or services to expect from an organization. Many customers have a fairly developed sense of value for money.

Organizations thus find themselves continually striving to meet and exceed these constantly changing needs. These changes in business conditions have resulted in many tactical adjustments to processes in response to customer demands. Entrenched company policies/culture have also caused similar adjustments to business processes. In some cases, technology has been applied in an attempt to fix ailing processes, and to take care of changing

environmental needs for the business. Often, this has forced many organizations to add resources and develop workarounds in order to even implement technology. In so doing, processes have gradually become cluttered, inefficient and stale. Organizations tend to become set in their ways over time.

They inherit a mix of traditions from their past and/or their industry, and more modern organizational inventions. As resources and customer expectations continue to shift and change, organizations have come to challenge the traditions, norms and paradigms that exist in them, critically assessing their value to the organization and its stakeholders. The concern of many organizations is that there is an expanding discrepancy between technological change and the organizational change responses. A business process can be described as a specific arrangement of activities across time and place, with a beginning and an end, and with inputs and outputs.[1] It aims at producing an output that supports the achievement of a firm's targets, and cuts across functions, departments and in some cases across boundaries of an organization. Business processes are simply a set of activities that transform a set of inputs to a set of outputs.[2] Business process reengineering involves the analysis, simplification and redesign of business processes.

Redesign of business processes is the analysis and design of workflows and processes within organizations to achieve breakthrough improvements in performance measures. Business process reengineering reorganizes workflows and combines steps to cut waste, thus eliminating repetitive non-

value-adding tasks. It can be seen as a rigorous management method of fundamentally rethinking and redesigning how an organization accomplishes its work. The redesign should yield a dramatic improvement in customer satisfaction, rationalization of costs, timeliness and quality of goods and services produced as well as the organization's responsiveness to customer requests, problems and needs. The redesign can either be radical or incremental, but should tend towards bold change in a relatively short time.

The redesign will likely capitalize on the use of innovative technology. By using information technology, organizations can rethink and streamline their business processes to improve speed, service and quality. The basic premise of business process reengineering is that enterprises can no longer excel with fixed, static organization setups that mask the real work behind ever changing organizational structures. Instead, work should be designed around the cross-organizational processes required to convert information and materials (inputs) from the organization's external suppliers to products and services of value to the ultimate customer. Stabilizing an organization around work processes facilitates, indeed forces organizational flexibility and team work as conditions of fulfillment of the strategic mission, vision and goals. A process focus, which requires a customer focus by default, encourages performance measurements that respond to customer needs. Business needs are incessantly driving the demands for increased capabilities of information technology. In turn, increasingly advanced

information technology is being utilized in more and more sophisticated ways by businesses to outdo the competition.

Information technology, which is being deployed as a solution to increased complexity and uncertainty of the organizational environment, has paradoxically contributed to this situation by compressing time and distance. In the absence of present day advances in information technology, it would be difficult to have such concepts as globalization and e-commerce, which have become part of every day business. The pace and complexity in business is increasing fast. Many businesses hope that advances in technology will be able to keep up with organizational change. Many business enterprises have viewed business process reengineering as the panacea for their day-to-day operational problems. Very few of them have embraced business process reengineering as part of other modern management methods and values such as Total Quality Management (TQM), Organizational Psychology and Information Technology. These methods help organizational units to actually accept the redesigned workflows, to adjust the organizational structure appropriately and begin to change the units'™ culture from a bureaucratic focus to an entrepreneurial one.

Instead, many firms are resorting to quick fix methods of management by using business process reengineering as a tool or an excuse to lay off people who actually have the experience needed to provide quality to the customer and to grow the enterprise for the future. In this context, business process reengineering drives fear into the organization and destroys the social dimension of the socio-technical system which produces the goods and

services. Under these conditions, business process reengineering will lead to a reduction in value to the customer and hence a reduction in the value of the enterprise.[3] Information Technology and Information Systems are becoming an increasingly important part of every day life for business enterprises, their customers and other secondary or support individuals and organizations such as the society and the government. Whereas this is the business reality, many organizations do not view information technology as a strategic tool for business development. Instead, information technology is seen merely as a way of implementing business strategies and decisions.

In many cases, top management in business enterprises does not involve information technology personnel in strategic planning, yet they expect that information technology will be used to implement strategies and decisions made without due consideration. In so doing, many businesses are losing out on opportunities afforded by the dynamic Information Technology environment. This research aims at examining the general principle of business process reengineering as it applies to the contemporary business enterprise, with specific focus on the role and importance of information technology to the process. The research will further seek to determine the possible future role of Information Technology to design of business enterprises, given the extremely fast growth of the Internet as a market place.

The research will further seek to determine whether the role of Information Technology is crucial enough to warrant the redefinition of the mechanics and focus of business process reengineering, so that Information Technology

becomes its core process. The research shall focus on one of Kenya's leading banks, Kenya Commercial Bank (KCB) as a case study. RESEARCH QUESTION & OBJECTIVES. The research shall see to answer the question What is the role that Information Technology plays in the successful implementation of the process of Business Process Reengineering in the ordinary business enterprise in the contemporary world. The objectives of the research will be to

1. critically examine the principle of business process reengineering
2. determine the success factors and barriers or risks of business process reengineering
3. critically analyze the relationships that exist between the factors of business process reengineering
- 4.

determine the role that information technology plays in business process reengineering, and whether this role has been optimized in the contemporary business enterprise

5. develop a basic model of business process reengineering with the role of information technology optimized and redefined for the business enterprise of the future.

RESEARCH METHODS

6. Research Design The research will focus on the operations of only one organization, KCB.

This choice is based on the fact that the researcher has direct access to the organization, being an employee of the bank. The researcher has been involved in the design of business systems and processes in KCB, and has a wide experience in the bank's operations, having worked in the operations area in the bank for 13 years. This experience coupled with theoretical knowledge gained in the successful completion of the ESAMI Executive MBA[4] course work equips the researcher with the required to

critically examine principle of business process reengineering and to offer workable improvements and alternatives in view of the increasing role of Information Technology in business.

7. Data Collection The researcher will rely on 1. observation of existing business processes, 2. review of literature available in KCB on business process reengineering efforts in the past and at present, 3. interview of key personnel in the bank's operations division 4.

review of literature on the subject by various authors 5. use of questionnaires for staff/personnel outside Nairobi 6. sampling (in the choice of the interviewees especially in the branch network countrywide and Head Office Operations & Information Technology as well) The choice of these methods of data collection recognizes that the bank has a wide branch network, and it would be impractical to travel to these locations in the limited time available. It also recognizes that most business process reengineering is likely to take place at the Head Office. The sampling method has been chosen because interviewing all staff in the related areas would increase the data to be collected without adding any value. The data collected using questionnaires and interviews will be analyzed by the researcher using computing tools such as MS Excel and MS Access, in which the researcher has extensive knowledge.

TIMESCALE	MONTH	DURATION	ACTIVITY
May 2003	Week 1		Literature review
June 2003	Week 2 to 4		Draft literature review
Week 1			Review research methods literature and determine research strategy
			Seek authority from the bank's Chief Operating Officer to carry out the research
		Weeks 2 to 4	Design and pilot questionnaire

|| | | Administer questionnaire || | | Conduct face to face interviews || July 2003 | Week 1 | Collection of questionnaires and analysis of data || | Weeks 2 to 4 | Completion of draft project and submission of the same to the supervisor|| | | for comments || August 2003 | Week 1 to 3 | Write final report || | Week 4 | Presentation of final report | RESOURCEThe research will be carried out in one organization, so there may be little need for substantial financial resources.

However, the incidentals arising out of the need to copy and bind reports will be met from the researcher's own personal funds. The researcher also has access to computer hardware and software in the office and at home. This will be needed to maintain the data collected and also to conduct analysis of the same. The final report will also be prepared in a similar manner. A lot of the current (up to date) literature for the research is available on the Internet. The researcher has full access in the office and dial-up access at home. There are also numerous Internet cafes that he can use in the absence of the other 2 methods are not available. There will be no need to engage word processing services since the researcher has proficient knowledge of the Microsoft Office suite.

He is currently deployed in Information Technology department. Authority to conduct the research will be sought from the Chief Operating Officer either directly or by proxy. Where necessary, the researcher will utilize accumulated leave days in the organization to conduct the research

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Dr. Michael Kutschker, Re-engineering of Business Processes in Multinational Corporations. <http://www.gsia.cmu.edu/bosch/kut.html>. [2] Best Practices in Business Process Reengineering , <http://www.prosci.com/intro.html> [3] Dean, Edwin B., Business Process Reengineering from the Perspective of Competitive Advantage, <http://www.dfca.organization/bus/bpre.html> [4] The ESAMI Executive MBA is offered by the Eastern & Southern Africa Management Institute and the Maastrich School of Management in Switzerland to business executives to equip them with the necessary skills for business management and excellence for the competitive future.

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