

The use of business process re-engineering and learning organisation change tools...

[Business](#), [Strategy](#)



Organisation change is critical/important in bringing forward an organisation forward at their maximum potential. This essay aims to evaluate two change tools for their effectiveness in a manufacturing and service industry. This essay explores the contention that business process re-engineering and learning organisation change tools are both appropriate for a manufacturing and service industry.

In the first part of the essay, the two changes tools; business process re-engineering and learning organisation will be defined as well as the characteristics of a manufacturing and service industry along with their similarities and differences identified.

Following that, application of change tools in respective industry will be explained. In a nutshell, Business process re-engineering is downsizing, delayering and outsourcing certain function or more in an organisation to retain important roles to cut costs and remove steps that do not add value. When tasks are divided, it involves more steps and costs which overtime may turn inflexible and satisfy internal customers rather than adding value to the end user. This tool aims to maximize customer value and minimize consumption of resources, reduce cost and improve quality as well as increasing efficiency and effectiveness of a process that is present in the organisation. Information Technology often plays a huge role in this change tool through audit, observation and experimentation to redesign the infotechnology that support the processes that exists in the organisation. It could also involve outsourcing of certain roles which are not the core activity of a certain organisation and able to reduce cost by hiring another

organisation who can execute the work more efficiently. Despite the numerous advantage of this tool, it may be challenging to introduce or implement it especially when the organisation is large in size. Organisation resistance will be faced as most cases, the reengineered process needs cooperation from cross functional units which may be difficult. Some employees are too dependent on existing process that they will have a hard time adapting to the new one. Above all, it is a tool that can improve an organisation rapidly.

Learning organisation promotes personal mastery, develops open feedback to identify problems and opportunities on all levels through an open culture for all employees to share information, admit to mistakes and learning from one another. Field and Ford (1991) recognises three types of organisational learning which are haphazard; objectives are unclear however errors can be learned and perpetuated, single loop; proposes goal setting and simple internal feedback to emphasise the lesson and double loop learning; two feedback loops from inquiring former goals and learning from the pursuit of established goals. Via open culture with several types of organisational learning, employees are able to spot the deeper source of a certain problem to solve it and may save a lot of time instead of doing quick fix to every minor problems for an extended period of time, which overall increases efficiency and proves effectiveness. When an individual learns, the whole organisation learns. Alongside common vision, employees recognises the importance of their role which boosts their commitment to their job rather than complying to instructions aimlessly. On top of that, Senge also added

that the rate of organisation and individual learning may be the only sustainable competitive advantage as not only products and services can be duplicated, even processes can be copied. To stay ahead, organisation has to learn quickly and that the rate of learning has to be higher than the rate of change.

In manufacturing industry, the characteristics commonly and consistently appeared are automation, data, efficiency and focus on customers.

Automation systems and processes with minimal downtime is key in manufacturing plants as they lessen resources of either equipment or people which works hand in hand with efficiency. To stay competitive and ahead, manufacturers automate processes and operate with minimal waste to produce end products on time and be profitable. Above all, data is also another important element in manufacturing industry as every aspect of the manufacturing process is analysed to perfect, if not, improve it. Besides, like most other industries, customers are what drives organisations to modify or explore new automation that best produce the end product in the shortest amount of time. The key attributes of service industry are intangibility, inseparability, variability, fluctuating demand and customer focus. Unlike products, service cannot be touched, sensed or felt before they are bought, making it unable to be tried on or tested. With this, some services cannot be separated from the individual and some personalised services are created and consumed simultaneously creating an inseparable characteristic.

Variability is also wide in service industry as they are not uniformed or standardised. Charges may vary extensively depending on the provider and

service may be designed to suit consumer's needs. The two industry overlaps each other with a similarity of customer focused. In fact, almost every industry are customer focused however manufacturing and service industry has a closer link to the end user hence the greater desire to polish the end product to be sold to the end consumer. They are however different by/in a way that manufacturing industry itself has a concrete end product to work towards to and assess by. Services on the hand are, as mentioned above, intangible, could vary from different consumers and harder to measure.

A case study of India's Escorts Limited, which manufactures agricultural machinery, implementing Enterprise Resource Planning (ERP) software in its organisation will be used as an example. The organisation had to look for another enterprise applications solution in 2011 after their existing ERP vendor Avalon had shut down in India. The implementation of ERP in Escorts Limited was not successful as they were unable to draw future roadmap and upgrade its technology. A great amount of time was spent in planning and choosing the right software, vendor even had to conduct a three month Business Process Re-engineering exercise at their organisation itself. In 2002, Oracle was chosen. They then deployed a variety of tools from Oracle11i Suite which includes Oracle Financial, Oracle Discrete Manufacturing, Oracle Purchasing, Oracle Order Management, Oracle Workflow and Alerts and Oracle Financial Analyser, focusing on middle management and operational personnel. The results are; make better and more informed decisions, better workflow processes, easier generation of

MIS reports, bug-free performance of system and able to shorten time taken to close annual account from four months shortened to two months and aims to shorten it to one week by following year.

Application of BPR to service

The Housing Development Board is a public housing authority in Singapore under the charge of Ministry of National Development with a mission is to provide affordable housing of a high quality and to help build communities. It now focuses on improving the quality of public housing through better planning and design, efficient estate management, and the upgrading of older HDB estates. Services provided to the residents of HDB flats includes financial services, such as administration of mortgage loans and collection of rent, monthly parking charges, and conservancy charges; lease and tenancy services, such as transfer of ownership, surrender of flats, and renewal of tenancy; and maintenance services, such as rectification of defects and approval of renovation works. Service points in the form of 21 branch offices are strategically located around the island- nation for convenient delivery of these services. The Management Services went for a year long hands-on study at their branch offices to analyse every step and measures.

Unnecessary steps and measures were cleared or simplified from the customer's outlook. The team held regular meetings with employees from branch offices, related headquarters and information services departments to delve into new business processes and determine new information systems requirements. A new organizational structure was also projected to aid the importance of new tasks and assist the new workflow. The Model

Branch Office concept was successfully piloted before an 18- month rollout plan was drawn up to implement the new systems and procedures throughout the remaining 20 branch offices. A year later, the revamp of all branch office operations was successfully completed, six months ahead of schedule. The results of BPR are as shown. The weakness to this BPR implementation is however, Public organizations are highly resistant to change. Social and political changes are the main pressures on them to reengineer their processes.

When applying the casework concept, the team should review if staff were to need extra training for the reengineered jobs. Performance measures in public organizations should be simple and highly focused on the end result and a revised incentive structure to support the redesigned processes is critical to the public organization's success in reengineering.