

Business process reengineering essay

[Business](#), [Strategic Management](#)



This means that he can reduce his workforce by nine people (three shifts a day). So Stan buys the new equipment and, with regret, lays off nine workers. Now it's a year later, and Stan's profit margin is in even worse shape. What happened? The technology that was supposed to lower his costs hasn't helped profits at all' So he looks for other cost-saving opportunities and ways to complete the work more efficiently. Do you think Stan is likely to solve his problem? Maybe not. Why? Because he's looking for more efficient ways to do the SAME things.

This addresses only one side of the Issue. The other side Involves determining If WHAT he's doing is actually necessary, or done the right way. If Stan had investigated different bottle designs, he could have filled the bottles and had them ready for shipping in half the time - and he would have delivered a bottle that his customers actually preferred. If he had thought about how to redesign the manufacturing process, Instead of Just how his production line functioned, he would have discovered better ways to meet his customers' needs - and he would have saved money.

A Different Kind of Solution In 1990, Michael Hammer, a former MIT professor, published a Harvard Business Review article that described this management approach. It was called business process reengineering (BPR), and it became very popular. Hammer defined 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 Davenport, of Ernst & Young. Published a similar paper in the Sloan Management Review the same year as Hammer.

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And in 1993, Davenport wrote " Process Innovation: Reengineering Work Through Information Technology. " Soon after Hammer's article, management experts (for example, Peter Drucker and Tom Peters) supported business transformation as a way to achieve enormous improvements across a variety of performance measures. Big consulting firms quickly began to sell this new management strategy to their clients. By the mid-90s, corporate managers everywhere were talking about BPR. Its customer focus was very appealing - many companies' profits were suffering from increased global competition.

And soon, many people automatically connected BPR to downsizing, because many businesses were looking for ways to use their resources more efficiently. The key difference between business process reengineering and other business improvement strategies, like Total Quality Management and Just In Time, is this: BPR = process innovation. BPR is not about slow and steady improvement - it's about radical, dramatic changes to the framework and culture of a business. Rather than improving what's already there, BPR starts from the beginning and builds an entirely new process.

Here are some key ways that continuous improvement differs from the innovation of BPR:

Factor	Continuous Improvement Model	Innovation Model
Degree of change	Incremental, small steps	Radical, extreme
Starting point	Existing processes	Clean slate, starting from new
Frequency of change	Continuous (may be one-time)	One-time
Participation	Bottom up	Top down
Typical scope	Narrow, within functions	Broad, cross-functional

As you can

see, BPR is radical in every way, and it caused massive changes within many organizations.

Typically, management starts BPR because of a technological hang that can offer significantly different and more efficient ways of doing things.

Information technology changes aren't always necessary for BPR, however they tend to come at the same time. Note: A business process is a set of logical, linked activities that (1) can cross many functional areas, (2) have a clear beginning and end, and (3) end in the desired result for an internal or external customer.

Business processes can be things like manufacturing, customer service, order fulfillment, or developing a new product. BPR focuses on how key business elements are connected, and how they work with or against one another, depending on the structure of relationships. For the best results, the company's structure, people, technology, strategy, and other resources have to work together to meet organizational goals. Learn more about the relationships between various organizational structures with models Luckiness's ass , Levity's Diamond , and the Burke-Litton Change Model .

The Basic BPR Methodology The steps for complete business process reengineering are too detailed for this article. Also, Burp's exact method is significantly influenced by the specific organization and process that's examined. However, some key common elements of any BPR plan include the following: Defining the project (limits and scope). Creating a plan or model for the redesign. Completing a cost-benefit analysis. Developing a

detailed plan for implementation. Establishing performance measures for evaluation.

BPR Today Business process reengineering is still discussed today, but not as often as it once was. This is because the extreme nature of BPR initiatives can lead to many robbes, and BPR has had some negative results - massive layoffs, difficulty adjusting to radical changes to corporate culture, and only mediocre success. Most BPR projects have failed to produce the results expected because of unrealistic expectations, inadequate resources, loss of management commitment (because they took too long), and resistance to change.

Softer, gentler approaches are now more popular. Instead of dramatic changes to processes, you're more likely to see gradual innovation through continuous improvement strategies. Many executives have voided the BPR approach for fear of causing disruption and disorder in a company. This is unfortunate, because BPR provides a great opportunity to take strong and definitive action to turn a company around. And its fundamental message is strong: Don't just look for ways to do the same things better, because you may continue to do the "wrong" thing.

Consider focusing instead on doing different - and better - things as well Key Points Business process reengineering, business transformation, business process innovation - these are all different names for the same basic strategy: creating addict changes to business processes to respond to customer needs, reduce costs, and do things more efficiently. In the sass,

many organizations tried this approach to be more profitable in the face of expanding global competition.

Some companies got the method right and committed to the plan, and they benefited greatly from new and improved business processes. But some organizations didn't get it right, and they suffered significantly, because BPR doesn't always consider the unique nature of people, and the resistance and resentment created by such massive change. The treated still lives.

However, its planning and implementation tend to be more gradual and less radical than the original idea.