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IMPLEMENTING BUSINESS PROCESS REENGINEERING

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Abstract: *To succeed - or even survive - in today's global economy, companies must refocus and reorganize themselves around their core processes: the end-to-end sequences of tasks that create customer value. Business Process Reengineering (BPR) is one technique which is aimed for that particular task. The present paper addresses some aspects concerning a framework for Business Reengineering, organizational knowledge and the implementation of BPR.*
Key words: *Business Process Reengineering, strategic intent, core competences, organizational knowledge*

1. THE BPR PROCESS

Shortly, for the use of the subject approached here, the following working definition of BPR can be considered:

"Business Process Reengineering (BPR) is a redesign and reorganization of business activities that results from questioning the status quo. It seeks to fulfill specific objectives and can lead to breakthrough improvement. It is often associated with significant cultural and technological changes" (Sethi & King, 1998).

More inner details about BPR can be found on our previous works on the subject, as (Lobontiu & Lobontiu, 2000) or (Lobontiu & Lobontiu, 2001).

Synthesizing many dedicated papers from the subject area, Sethi and King (1998) have proposed a framework for reengineering. The framework is divided into four components, as shown in Figure 1:

1. Business drivers of reengineering
2. The reengineering process
3. Reengineering facilitators
4. The reengineering end product.

We will analyze those components in much more details in the followings.

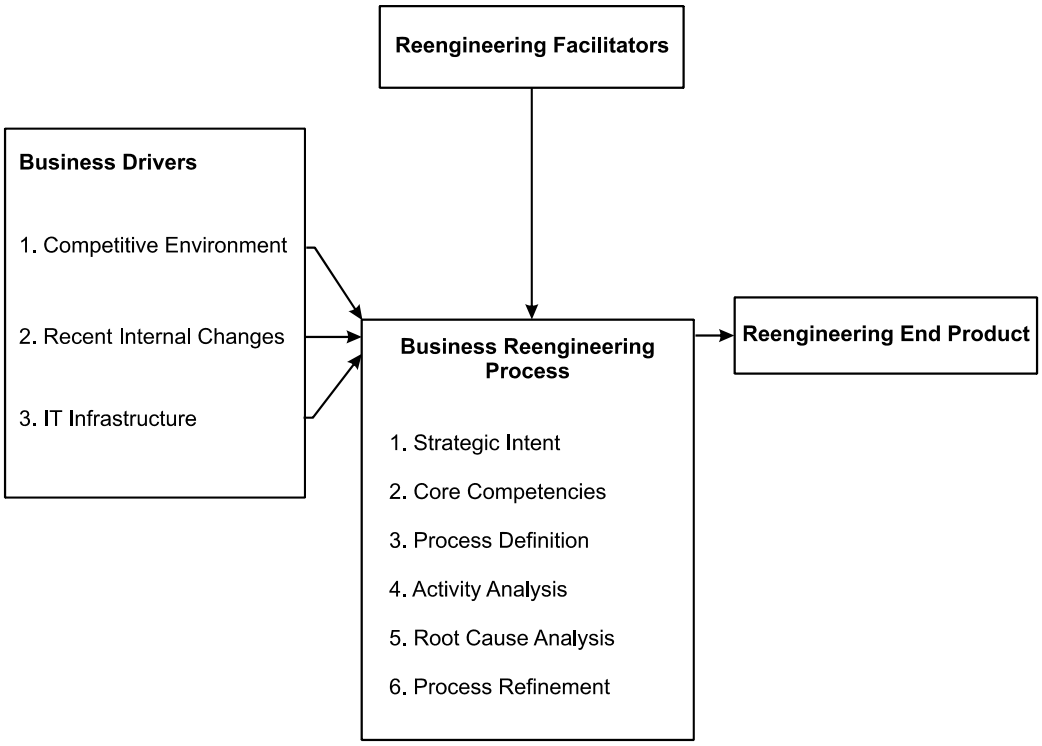

Fig. 1. A Framework for Business Reengineering (Sethi & King, 1998)

a). Business Drivers of Reengineering

Three key factors often lead a firm to consider business reengineering (Sethi & King, 1998): a competitive environment, recent internal changes, and a strong IT infrastructure. The fact that the general business environment is becoming more competitive is not new. Increasing globalization of markets is forcing firms to be more innovative and efficient at the same time. In terms of business cycles, this implies speeding new products to the market and quickening response to customers in manufacturing and delivery.

A second business driver is recent changes in a firm's internal environment. Downsizing, layoffs, and plant closings were very visible in the 1980s. Most such steps are permanent. The issue for the organization is then how to best conduct business with 20-30% fewer employees and reduced budgets. These internal stresses cause organizations to reevaluate business functions. Finally, a strong IT infrastructure can provide an added thrust to a firm's reengineering efforts. Although reengineering is not a technology endeavor but a business problem-solving process, IT occupies a central role as the enabler of cross-functional business processes. As Lawrence (1991) notes, executives will need to think creatively about how technology can remove steps, people, time, money, and inefficient organizational structures. This, however, requires the presence of a strong IT culture in an environment and top management that is comfortable with the use of IT.

b). The Business Reengineering Process

The reengineering effort begins by articulating the strategic intent of the firm and defining its core competencies. Strategic intent, according to Hamel & Prahalad (1989), is the firm's desired leadership position in its environment.

Traditional strategy literature has often defined a future objective for the firm: "Where do we want to be?" *Strategic intent* or *strategic ambition*, as refined by Wilder (1990), is a resolution on the part of the organization to achieve this end goal. Strategic intent represents a goal towards which organizational energy will be focused and represents a target for all organizational units.

A related concept is that of the *core competence* of the firm. According to Carr (1992), core competency entails an understanding of the products or services that the organization has obligated itself to provide for its customers and of those aspects to which the customer attributes value. It is the core product or strategy or the basis on which an organization competes.

Defining the strategic intent and core competencies establishes a target for the firm and identifies the capability of the firm that will be utilized to achieve that target. The next step is describing how the core products of an organization will be delivered to the market and the functional processes within the firm that will support this transfer.

Process definition is followed by activity modeling. *Activity modeling* helps to identify the key activities in a business process, regardless of where they are performed (Sethi & King, 1998). Further, activity modeling also identifies the true cost of, and the value added by, each activity and the process as a whole. The flow charting of activities helps in identifying "disconnects" or missing, redundant, unconnected, or non-value-added interactions.

The final step in process reengineering is that of activity benchmarking. *Bench-marking* sets a target improvement standard for a process. The standard is determined by identifying industry best practices and using them as improvement targets.

c). Reengineering Facilitators

Several facilitators of reengineering have most often been identified in the literature (Sethi & King, 1998). The most important is the effective management of change, particularly with respect to people. Since reengineering often involves learning new skills and responsibilities and establishing appropriate measurement systems and control mechanisms, the education and training of employees are important aspects of the reengineering process. Authors such as Ryan (1992) propose a sequence of four steps to gain employee accept awareness: helping the employee define the nature of change; (2) education: describing details of how the nature of the work will change; (3) testing: helping employ assess for themselves

how the changed work will differ from the work currently done; and (4) understanding: acceptance by the employees of change.

d). The Reengineering End Product

The final "product" -the reengineered process- must be judged using two criteria (Sethi & King, 1998):

1. Has it met the goals of the reengineering effort?
2. Is the process flexible enough to accommodate future changes?

An assessment of the redesigned process using the first criterion should ensure that the reengineered process reflects a firm's strategic intent and core competences and meets the standards set during the benchmarking exercise. However, a critical goal of the reengineering effort is the design of an organizational infrastructure that is open to improvement. Reengineering is not an everyday exercise. Once a new system is in place, it should have the capability of responding quickly to changes in the business environment.

2. ORGANISATIONAL KNOWLEDGE AND THE IMPLEMENTATION OF BPR

Although business process are sometimes presented in a naturalistic way - as something which is 'discovered' rather than constructed - it is clear that business process approaches draw on a distinct, if not very discrete, body of knowledge. This is not knowledge in its dry, specialised, academic form, but knowledge which is arguably more ideological, and certainly more rhetorical and which speaks to the concerns and uncertainties of managers confronted by globalised and competitive markets (Macintosh & Francis, 1996).

The gravitational pull of existing practices and routines has not been lost on the proponents of BPR. In fact, a determination to avoid inertial forces is arguably one of the most important distinguishing features of the BPR approach. Hammer's (1990) derisive dismissal of those wishing to 'automate the cow paths of bureaucracy' and the injunction 'Don't automate, obliterate!' are in effect a plea for a clean slate solution, one uncompromised by the encumbering assumptions and habits of mind embedded in previous ways of working.

Despite these claims, it is worth questioning whether BPR can ever really attain the Olympian perspective which its champions proclaim. Can it really succeed in sweeping away the different forms of knowledge within the organisation and replacing them with process-based skills? Evidence from the accounts presented to the BPRC suggests something less radical in practice than the more revolutionary intentions of BPR (Scarbrough, 1996). This evidence suggests that organisations do change their knowledge-base in the light of BPR-inspired ideas, but that this involves a reworking and refocusing of existing knowledge and skills rather than a

complete revolution. Fleck (1988) notes that the diffusion of new practices often involves re-innovation at the level of the individual organisation - a process he terms 'innofusion'.

In this context, the metaphors and principles of BPR seem to provide a resource for *disembedding* existing assumptions and practices, giving management the opportunity for rethinking and reworking the knowledge-base of the firm (Scarbrough, 1996). But ultimately it is the efforts of managers in creatively combining different forms of knowledge (local and generic, metaphorical and technical, formal and tacit) which determines the final shape of the re-engineered organisation.

Such efforts are reflected in Figure 2 which outlines the tensions and possible interactions between BPR and the existing knowledge-base of the organisation. This highlights the transitions involved in moving from the local, historically-rooted knowledge of the organisation towards the more generic norms and principles of the business process approach. In this transition, many different kinds of knowledge have to be developed.

So important is the development of the organisational knowledge-base, BPR programmes may well encounter setbacks if change outpaces the spread of knowledge and understanding (Scarbrough, 1996).

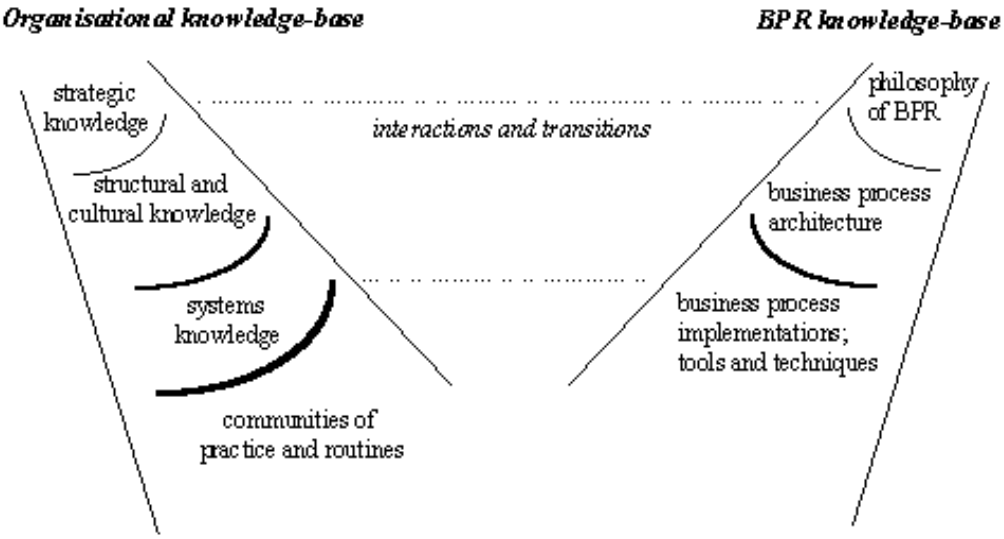

Fig. 2. BPR implementation and the organisational knowledge-base (Scarbrough, 1996)

Whatever knowledge is mobilised in arriving at a process-based organisation, one of the major effects of re-design is likely to be a re-distribution of skills and expertise amongst different groups. Tasks which were once the prerogative of specialist groups are incorporated within mainstream business processes, extending the job design of individuals and groups (Scarbrough, 1996). This raises questions about BPR's long-run impact on valuable skills and expertise. The

tacit knowledge embodied in communities of practice is particularly vulnerable to change because managers are only likely to become aware of it through the consequences of losing it. These and other potentially negative impacts of BPR can be broadly discussed under two main headings - the management of expert groups, and the 'core competencies' of the business.

3. CONCLUSIONS

▪ A great deal has been accomplished through quality management and BPR. One effect of this is that consumer expectations regarding the products and services are increasing. As better products become the norm, companies are forced to meet minimum level of quality before they can compete. As a result, organizations have begun examining other areas where improved quality efficiencies can be achieved. This has led to an analysis of the business processes that bring quality product to the market.

▪ The implications of BPR for the knowledge-base are not confined to individual organisations. There are also wider lessons to be learned from the implementation of business process approaches. In challenging the view that organisational change is essentially a slow, tortuous affair, business process approaches shed some light on the way in which certain kinds of knowledge can catalyse change, while others impede it.

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