



Need And Development Of Business Process Re-Engineering

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Abstract:

This paper investigates the need and development of Business Process Re-engineering from few years. Many organizations undertake Business Process Re-engineering (BPR) projects in order to improve efficiency and reduce costs. This approach can result in significant improvements and benefits. In the past two decades, business process re-engineering (BPR) has been one of the most popular approach to improving the efficiency and the effectiveness of an organization. Business Process Re-engineering (BPR) has been receiving attention from industries as well as the academic community, because it is likely to change management practice and working processes in organizations in the future. Re-engineering is the fundamental rethinking and radical redesign of business processes to achieve to dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed. Re – engineering is not about making marginal improvements or modifications but about achieving dramatic improvements in performance. There are three kinds of companies that undertake re-engineering in general. first are companies that find themselves in deep trouble. They have no choice. Second are companies that foresee themselves in trouble because of changing economic environment. Third are companies that are in the peak conditions. They see re-engineering as chance to further their lead over their competitors.

Keywords: Business Process Re-engineering, Cost, Quality, Service , Speed.

1.Preamble

Business process reengineering (BPR) began as a private sector technique to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors. A key stimulus for reengineering has been the continuing development and deployment of sophisticated information systems and networks. Leading organizations are becoming bolder in using this technology to support innovative business processes, rather than refining current ways of doing work. Not surprisingly, BPR has captured the interest of federal agencies, which are faced with an urgent need to reduce costs and improve service to the American public. This guide is designed to help auditors review business process reengineering projects in a federal setting, determine the soundness of these efforts, and identify actions needed to improve the prospects for their success.

2.Introduction

Business process re-engineering is a business management strategy, originally pioneered in the early 1990s, focusing on the analysis and design of workflows and processes within an organization. BPR aimed to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational cost, and become world class competitors. In the mid-1990s, as many as 60% of the fortune 500 companies claimed to either have initiated reengineering efforts, or to have planned to do so. BPR seeks to help companies radically restructure their organizations by focusing on the ground-up design of their business processes. According to Davenport (1990) a business process is a set of logically related tasks performed to achieve a defined business outcome. Re-engineering emphasized a holistic focus on business objectives and how processes related to them, encouraging full-scale recreation of processes rather than iterative optimization of sub processes.

Business process re-engineering is also known as business process redesign, business transformation, or business process change management.

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bolder in using this technology to support innovative business processes, rather than refining current ways of doing work.



Figure 1

Reengineering guidance and relationship of Mission and Work Processes to Information Technology.

Business Process Re-engineering (BPR) is basically rethinking and radically redesigning an organization's existing resources. BPR, however, is more than just business improvising; it is an approach for redesigning the way work is done to better support the organization's mission and reduce costs. Reengineering starts with a high-level assessment of the organization's mission, strategic goals, and customer needs. Basic questions are asked, such as "Does our mission need to be redefined? Are our strategic goals aligned with our mission? Who are our customers?" An organization may find that it is operating on questionable assumptions, particularly in terms of the wants and needs of its customers. Only after the organization rethinks what it should be doing, does it go on to decide how best to do it.

Within the framework of this basic assessment of mission and goals, re-engineering focuses on the organization's business processes—the steps and procedures that govern how resources are used to create products and services that meet the needs of particular customers or markets. As a structured ordering of work steps across time and place, a business process can be decomposed into specific activities, measured, modeled, and improved. It can also be completely redesigned or eliminated altogether. Re-engineering identifies, analyzes, and re-designs an organization's core business processes with the

aim of achieving dramatic improvements in critical performance measures, such as cost, quality, service, and speed.

Re-engineering recognizes that an organization's business processes are usually fragmented into sub processes and tasks that are carried out by several specialized functional areas within the organization. Often, no one is responsible for the overall performance of the entire process. Re-engineering maintains that optimizing the performance of sub processes can result in some benefits, but cannot yield dramatic improvements if the process itself is fundamentally inefficient and outmoded. For that reason, re-engineering focuses on re-designing the process as a whole in order to achieve the greatest possible benefits to the organization and their customers. This drive for realizing dramatic improvements by fundamentally re-thinking how the organization's work should be done distinguishes re-engineering from process improvement efforts that focus on functional or incremental improvement.

Scope of Business Process Re-engineering

A business process redesign (BPR) initiative is commonly seen as a two fold challenge

- A technical challenge, which is due to the difficulty of developing a process design that is a radical improvement of the current design,
 - And a socio-cultural challenge, resulting from the severe organizational effects on the involved people, which may lead them to react against those changes.
- Apart from these challenges, project management of a BPR initiative itself is also often named as a separate BPR challenge

3. Business Process Re-Engineering (BPR)

The increasing competitive pressure that organizations currently face forces them to find ways of minimizing the time it takes to develop the product, bring products to the market and offer efficient and effective service to customers whilst at the same time maximizing profits. This pressure has made Business Process Re-engineering (BPR) one of the most popular topics in organizational management and has created new ways of doing business (Tumay, 1995). BPR relates to the fundamental rethinking and radical redesign of an entire business system to achieve significant improvements in performance of the company. Many leading organizations have conducted BPR in order to improve productivity and gain competitive advantage. For example, a survey of 180 US and 100 European companies found that (Jackson, 1996). Leading to the success of BPR is an

emphasis on a top-down approach, empowerment, team working and flattening of hierarchies. Nevertheless, despite the success stories associated with BPR, there are high failure rates associated with it. Hammer and Champy (1995) noted that failure rates as high as 70% can be observed as a result of BPR. However presently, data to support this claim is limited

4.The REBUS Approach To BPR

The Centre for Re-engineering Business Processes at Brunel University aims to investigate how the success rate of business process re-engineering can be improved. We suggest that this can only be achieved by considering all the relevant factors in a systematic manner. Some of these factors include the role of Information Technology in business process change as enabler and implementers, human and organizational factors related to, for example, resistance to change or motivation of teams involved in BPR, and the importance of using dynamic modeling techniques to develop models of processes prior to their change. Some of the current areas of our research are summarized and described in Figure 1 and Table 1 below.

Figure 1 illustrates the REBUS approach to the success of BPR projects, emphasizing factors that have to be considered in order to achieve successful BPR projects. For instance, appropriate BPR methodologies have to be applied. A methodology that includes a structured approach to BPR and emphasizes a need to develop a model of business processes to be changed (so that the impact of changes and associated risks can be evaluated using this model) can improve the success of BPR projects. Experiences from other similar organizations that undertook BPR, investigating cases of BPR success and failure and learning lessons from other BPR projects represent another important area to be considered.

Additional factors that are vitally important to BPR projects are the human aspects. These factors could determine how the resistance to change could be reduced and how teams involved in BPR projects could be better motivated which eventually leads to better performance within the team and better results for the BPR project. Within the organizational aspects, a corporate climate, removals of hierarchical structures and different management styles have been foreseen as important factors crucial to the success of BPR projects. The REBUS approach to BPR success is distinctive in comparison to other approaches as it provides a systematic and interdisciplinary view of factors important for the success of BPR projects. A majority of other approaches focus

on specific aspects of BPR such as organizational issues, the role of Information Technology or BPR methodology. Human factors in Business Process Re-engineering The aim here is to investigate how human factors and the appropriate change management strategies can contribute to the success of BPR projects. Specific issues investigated include the motivation, commitment and training of human resources..

Business process simulation The Centre investigates the suitability of simulation for modeling business processes in order to reduce the potential risks associated with BPR.

Evaluating alternative processes using computer models before implementing the change in a real system does this.

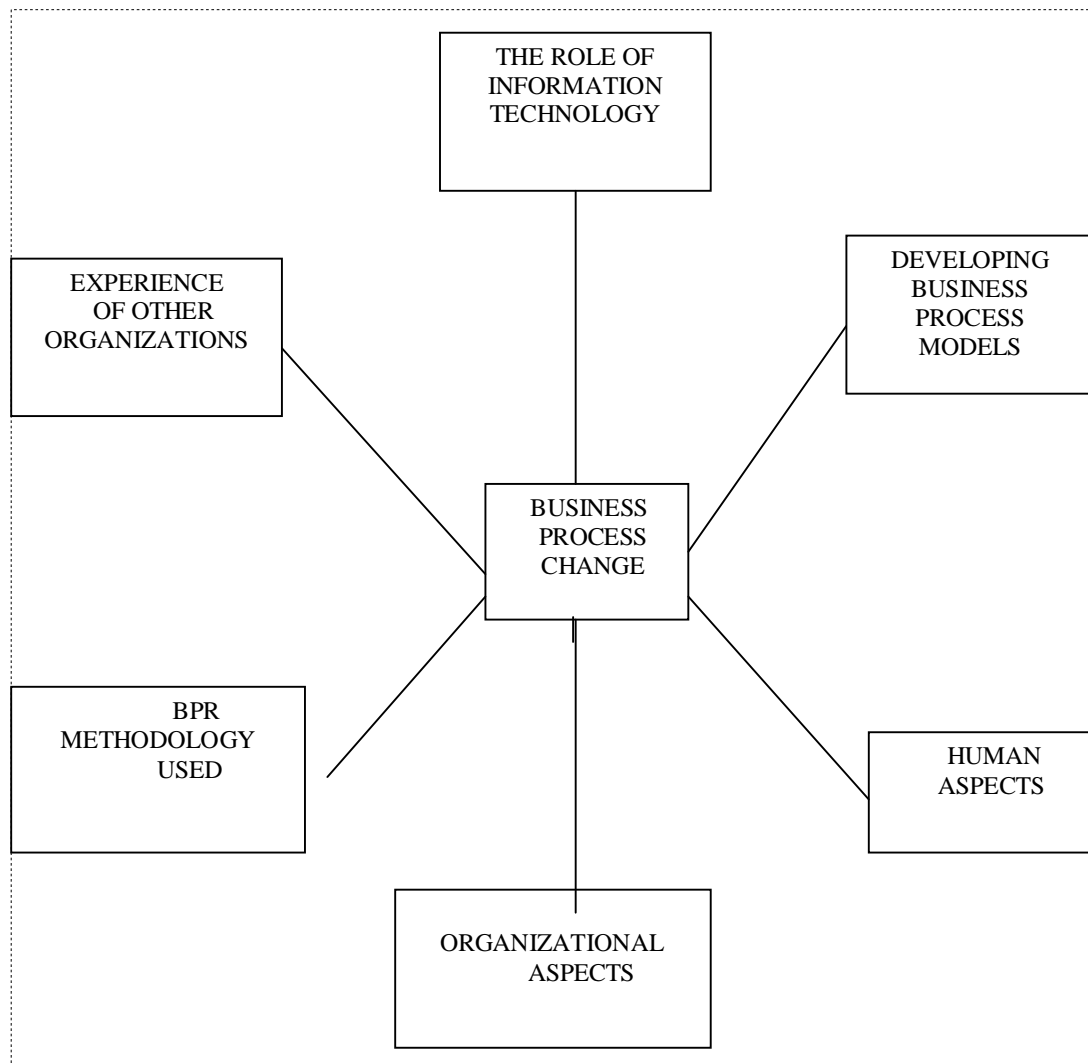


Figure 2: BPR SUCCESS

5. Washington Summary Report

- Process management
- Reorganized office reception area to include:
 - Greeters to help navigate and answer basic questions
 - Client check-in to determine wait-time
- Expanded categorical eligibility
- Face-to-face interview waiver
- Increased use of telephone interviews
- Lessened verification due to simplified reporting
- Technology Enchantments
 - Online Application

6. Background/Beginnings

With caseloads increasing during a recession and State resources (staff and budget) decreasing, Washington knew it could not survive the upcoming demand for services unless it drastically restructured its service delivery to gain efficiencies.

- Design work began in October 2008
- Pilot offices began reengineered operations in November 2009
- By the end of 2010 all offices will have implemented the reengineered business processes.

7. Leadership

The original project direction came from the Director level and work began with the establishment of a Statewide Steering Committee and retention of a consultant (see below). The Steering Committee consisted of State and regional managers, and representatives from information technology, policy, quality assurance, a union representative, and was led by the Division's Senior Project Manager. The role of the steering committee was to review design teams' initiatives (see below) and make recommendations to the Director.

8. BPR Goals

The overarching objective of the BPR effort (the Service Delivery Review (SDR) project) was to "develop and implement a customer focused, staff empowered, highly efficient, world class service delivery model" for all programs (Food, TANF, medical, child care, disability lifeline). The specific goals of the project were to:

- Achieve timely and accurate case processing.
- Increase access points for customers.
- Improve the working environment for staff and improve their tools and training. Implement efficiencies in work processes and consistent service delivery state wide .
- Achieve quality customer service as defined by our customers.
- Maximize the use of available technology (online applications, call centers, shared workload through document imaging).
- Implement the framework for an ongoing culture of continuous improvement.

State Environment Prior to BPR

- Washington has used call centers since 2000; However, their scope of service varied between offices. With BPR, the call centers were restructured, placed under one management structure, became “virtual”, and a standard scope of service was established.

Washington Caseload and Staffing Changes over 10 years

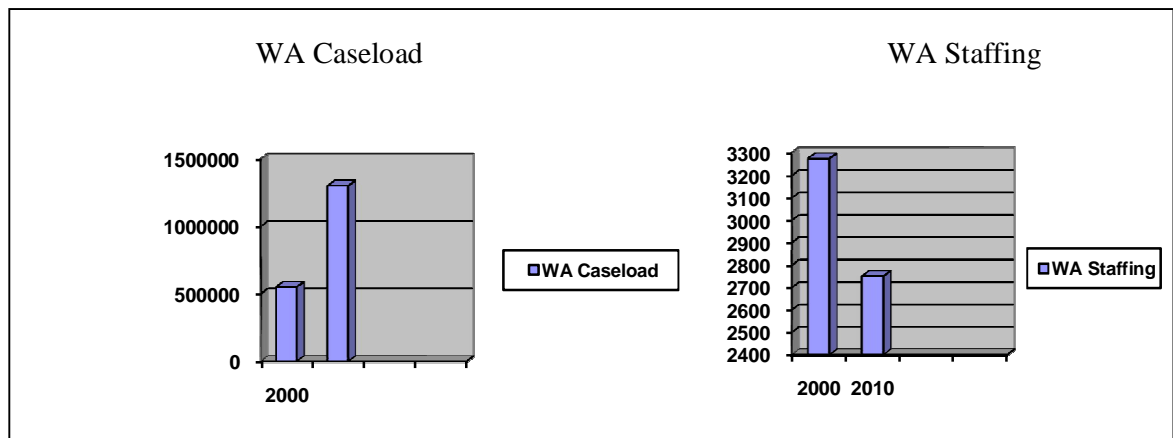


Figure 3

- Washington implemented its document imaging system in 2002. The document management system (DMS) and electronic case records were foundational to Washington being able to implement the statewide call center and provides the ability to have any worker from across the State work on cases. This also provided the State with additional options in reengineering its business process. Washington has had an online application since 2000; however, it did not interface with their legacy eligibility system, ACES. After BPR, the online application was rewritten to be web based and to stream data directly into ACES.
- Caseloads were managed by individual workers with a culture of local office autonomy that resulted in widespread variations in the certification process and service delivery. After BPR, individual caseloads for the SNAP program were eliminated, and service delivery standardized statewide.
- Lack of funding was a barrier, and removing workers from offices to redesign work processes put added stress on the workforce in the short-term, but long-term their involvement helped to get staff buy into the processes.

- Prior to BPR implementation, staffing levels decreased by 15 percent and caseloads increased by 300 percent.

9.Consultant

Washington used the services of Change and Innovation Agency (CIA), LLC (Kansas City, MO). CIA was selected not only because it was an expert in process management, but also because it knew public assistance business and related well to State staff. Total cost for Washington was \$450,000 over two years. CIA's approach uses a combination of Lean, Six Sigma, and TQM (reference their book entitled "The Change Agent's Guide to Radical Improvement", Ken Miller, ASQ Quality Press, Milwaukee, Wisconsin). CIA helped Washington in:

- Developing their project vision and goals.
- Identifying the structure for their design teams.
- Training key staff how to lead design teams using CIA principles. These individuals are known as "Change Agents."
- Consulting with design teams to identify products, customers, and outcomes so they could better focus on analysis and process flows; assisted with process analyses.
- Developing implementation strategies and plans
- Training local office staff on process management and development of transition plans.

10.Process And Strategies

The State's BPR project was built upon four primary strategies: 1) Involving staff at all levels; 2) actively reaching out to seek customer and stakeholder input; 3) active involvement from State leadership; and 4) communication. The last point was particularly important in achieving transparent process that all parties are more likely to buy into. The committee established five design teams comprised of local staff and management to examine and recommend improvements to develop initiatives that would meet the above goals.

- Outreach, Intake & Interviews.
- Verification & Eligibility Determination.
- Maintenance, Recertification & Changes.

- Case Management & Social Services.
- Call Centers

11. Implementation Process

- Once the design teams identified the new processes and the Steering Committee approved them, a special planning team developed the strategic implementation plan. Implementation teams consisted of field staff and local office administrators. They helped each local office develop transition plans, and provided training and consultation during the rollout of the new BPR procedures. Five offices of varying sizes and client demographic makeup from around the state were selected as pilot offices to develop and test the new operational procedures.
- All offices were provided training on the fundamentals of process management, and workshops were conducted with the offices to develop their detailed transition plans. As a part of rollout, staff at each office received a full day's training on the new processes.
- In terms of staff acceptance of change, Washington knew early on that there would be a natural resistance to change (reference Deming's 20/60/20 rule – 20 percent will buy in immediately; 60 percent will “wait and see;” 20 percent will never buy in). Washington focused on the 80 percent of staff that were receptive of or were waiting to see how the new processes worked.

12. Reengineered Processes

Much of the new process centers upon first contact service – clients are taken care of immediately – both walk-ins and callers. Navigator service and application triage supports the first contact service by quickly routing clients, based on the program they are applying for, to appropriate interview teams. Teams are in place to handle:

- Changes to ongoing cases and to answer questions
- “Red” and “Green” tracked interviews: “red” being TANF program (that requires a comprehensive evaluation); “green” being SNAP and all other programs
- Processing pending cases when verifications could not be determined at first contact

- Eligibility reviews or recertification actions
- Electronic benefit transfer
- Social Services

Computers are in lobbies with access to the online application. All clients are asked to apply online unless they specifically request a paper application. Clients self enter why they are in the office and the system provides the length of time before the customer will be seen by a caseworker and the estimated length of the interview. Washington has established standardized processing procedures for all workers in each local office (e.g., verification, recertification's). During the interview, staff:

- Create a client account in the eligibility system
- Use online tools for verifications, followed by worker calls to employers, for example, if no verification data is available online
- Use a standardized narration template for documentation
- Determine if the application meets the high error rate profile
- Determine eligibility and authorize benefits

If eligibility cannot be determined because of lacking verification, then the case is pended for subsequent action by a processing team. Policy and procedural changes that were made in conjunction with BPR include:

- Expanded categorical eligibility
- Face-to-face interview waiver
- Increased use of telephone interviews
- Lessened verification due to simplified reporting

13.Outcomes/Benefits

- Improvement in SNAP Statewide timeliness rate from 90 percent in FY 2008 to 92 percent in FY 2009.
- During the same period, improvement in accuracy rates from a 3.8 to 1.8 (SNAP payment error rate).
- Staff savings/administrative cost savings – cost per case month decreased by more than 50 percent and Washington estimates that it has freed up more than 400 staff fulltime equivalents (FTEs) due to reengineered and streamlined processes.

- Nearly 50 percent of the applications received come from the online application. Washington's goal is 75 percent.
- Between 70 percent80percent of applications received are processed the same day.
- Call center wait time was reduced from 1020minutes to less than 5 minutes.
- Improved flexibility – staff can easily be shifted when workload peaks in a given area.
- Complaints to Compliment ratios have been reversed: Before BPR, approximately 98 percent of client comments were complaints. After BPR, approximately 2 percent of client comments are complaints.
- An unanticipated improvement has been fewer lobby “incident” reports (loud/rude clients, fights, threats). Since lobbies are better managed, fewer incidents occur.
- The impact on participation rates is yet unknown due to the lag in receiving data. However, between FY 2008 and 2009 the Washington's Participation Access index improved by 15.44 percentage points.

14.Future Plans

Washington has established a “kaizen” improvement approach (Japanese term for a management process of continuous improvement).

15.Need For Business Process Re-Engineering In Ford Motor Company

Ford Motor Company is the world's second largest manufacturers of cars and trucks with products sold in more than 200 markets. The company employees nearly 4,00,000 people in worldwide, and has grown to offers to consumers eight of the world most recognizable automotive brands.

16.Challenge

With inherent large-scale growth issues, more demanding customers, and mounting cost pressures. Ford needed to transform from a linear, top-down bureaucratic business model to an internet ready, nimble organizes that engages and integrates customers, suppliers and employees.

17.Solution

Working with Cisco, Ford integrated and leveraged their supplier base by designing Covisint, an end-to-end infrastructure that enables an online, centralized marketplace connecting the automotive industry supply chain. Ford also enhancing the customer buying experience through redesigned and more user friendly web sites.

18.Results

Ford is enjoying an increase in customer satisfaction, sees huge revenue opportunities for developing and relating loyal product advocates, and has taken both complexity and cost out of the supply chain.

19.Development Of BPR After 1995

With the publication of critiques in 1995 and 1996 by some of the early BPR proponents, coupled with abuses and misuses of the concept by others, the reengineering fever in the U.S. began to wane. Since then, considering business processes as a starting point for business analysis and redesign has become a widely accepted approach and is a standard part of the change methodology portfolio, but is typically performed in a less radical way as originally proposed. More recently, the concept of Business Process Management (BPM) has gained major attention in the corporate world and can be considered as a successor to the BPR wave of the 1990s, as it is evenly driven by a striving for process efficiency supported by information technology. Equivalently to the critique brought forward against BPR, BPM is now accused of focusing on technology and disregarding the people aspects of change.

20.Conclusion

This paper first wrote about scope of business process re-engineering, second it given regarding business process re-engineering, third it listed BPR goals , fourth it discussed BPR implementation and benefits and finally it wrote need for business process re-engineering in ford motor company and development of BPR after 1995. Therefore in the past two decades, business process re-engineering (BPR) has been one of the most popular approach to improving the efficiency and the effectiveness of an organization. Business process reengineering is required for all companies but major it required for three kinds of companies that undertake re-engineering in general. first are companies that find themselves in deep trouble. They have no choice. Second are companies that

foresee themselves in trouble because of changing economic environment. Third are companies that are in the peak conditions. They see re-engineering as chance to further their lead over their competitors.

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