

BUSINESS PROCESS RE-ENGINEERING

- Powerful tool for improving organisational performance or management fad?

Since the early 1990s Business Process Re-Engineering (BPR) has been the magic tool banded around the boardrooms that, it is said, will optimise organisational efficiency and lead to increased profits. But what does business process re-engineering actually entail, how should it be approached and is it really all that the practitioners claim? This newsletter provided by David Mason Consultancy provides an insight into the BPR phenomenon and prescribes an approach we have used numerous times to achieve excellent results for our clients that leads to the development of significant competitive advantage.

BPR an introduction

Put simply BPR is a structured way of analysing how an organisation operates. BPR has emerged as a key management concept that enables organisations to take a step back and not only evaluate the processes which they operate but actually question their existence.

The concept of assessing an organisations operation through the process approach may appear on the outset to be new. Indeed much of the language used within the BPR approach is relatively modern and the actual term BPR was really only developed in the early nineties. The core principles of the BPR approach were however developed through the work of quality guru Joseph Juran in 1964 when he approached the analysis of organisations through the processes in which they operated as opposed to their functions.

If administered correctly the approach offered by the BPR exercise produces fast and effective results and is easy to understand for all involved. For these reasons therefore the approach is very attractive to senior management of both public and private sector organisations and can be an extremely effective tool.

The principles of BPR

The key to a successful BPR project is to understand the fundamental purpose of each process involved and radical thinking of the review team. With a tight hold on why things are done, what they are ultimately meant to achieve and the ability to look at things with a 'blank' mental sheet of paper, radical improvements will be found.

Business Process Re-Engineering has a variety of

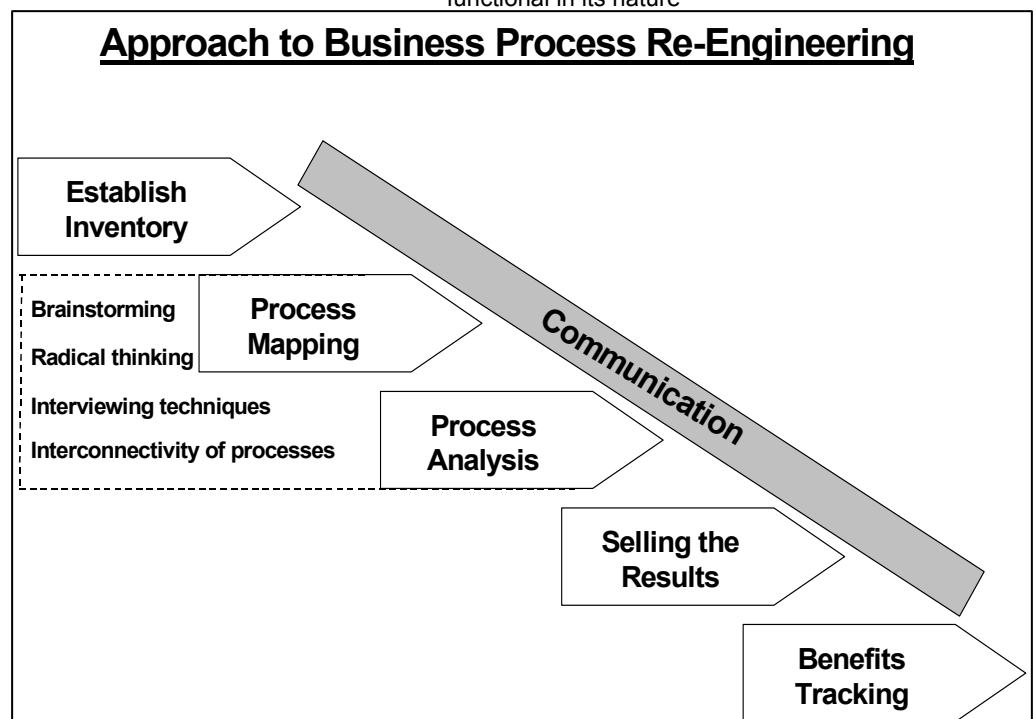
different characteristics. The following are ones that we feel are most important and form the corner stones of projects we undertake:

- The project is strategic in concept
- The main focus should be on client facing aspects, both internal and external
- The project should identify and analyse only the key business processes
- The project is cross-functional in its nature

- Success depends on clear communication, visibility of issues and senior management commitment.

Approach to BPR

Through the experience of undertaking a number of BPR projects throughout a variety of organisations we have developed a generic framework to complete them. The approach is summarised below:



STOP PRESS: DfES appoint DMC to their Consultancy Framework contract. More in our next newsletter

Establish inventory

Target areas for the initial review need to be established from the outset. These areas can be selected on the grounds of likely savings, known problems or areas affected by change. The areas chosen should cover as large an area as possible, because the larger the analysis, the bigger the likely improvements will be.

Before looking at the nuts and bolts of the work, start backwards with what the internal and external customers actually want from the areas, in other words why is the work done at all. In summary the project team need to establish who the customers are, what the customers value, what are the products of the work, what processes are involved and who the senior managerial "owners" of the processes are.

Once established then this information needs verifying throughout the levels of the organisation. This will enable the measurement of eventual proposals against an agreed framework, and will help you sell the benefits to those who will decide what is finally implemented.

Process Mapping

At this stage we need to find out everything that happens before, during and after an identified process. An agreed system should be established to record the findings. It is common practice to record such findings using flow-diagramming techniques. The flow chart must show what the activities are, in what order they happen, what decision points determine activities, at what points the process "waits" pending some other action or decision, what volumes of transactions are involved, how long every activity and wait takes and the total process time.

Detailed, structured interviewing techniques are required to ensure the full extent of information is recorded; if a document is sent for authorisation by a

supervisor then how is it sent? How long is it in transit? How long does it take to review? What is the total authorisation time and what would be the consequences if the authorisation were not undertaken?

The final maps, should be reviewed by the project steering committee and the operational teams to ensure accuracy and to provide an agreed starting point for the process analysis in the next stage.

Process Analysis

Once the processes have been identified there are two different levels of analysis to be carried out. The first level is process re-design and involves the following two key areas. Firstly the project team must look at each activity to see if it adds value and secondly look for ways in which activities that do not add value can be scrapped.

The second level of analysis to be carried out is re-engineering. This areas is more radical and takes a fresh look at how the process should run with respect to the required outputs. At this stage stakeholders in the process may gather in a workshop scenario and "brainstorm" for ideas for improvement. The group must be asked among other questions, how would you design the process from scratch? Can the operation be run more efficiently?

During the process analysis stage evaluations will be made of available technology to aid the re-engineering of the process. Once any changes to the current processes have been identified, as being required then these should be evaluated against existing resources and timescale to produce feasible recommendations.

Selling the results

In an ideal world the recommendations of the BPR project would be welcomed with open arms by all

organisational stakeholders. In practice however this is unlikely. You can't keep everyone happy all of the time but in order to maximise positive response to the project effective communication is essential.

The project sponsors and steering committee must be kept updated at all times. A series of presentations to report interim findings and proposals should be built in to the project plan in order to convey the surrounding issues and reduce the surprise factor for project sponsors upon final presentation.

In order to present a full picture to the project sponsors recommendations should be presented with a business case including management summary, current processes and issues, proposed changes, costs, benefits, implications and an implementation plan for the recommended changes.

Once the benefits have been agreed these should be communicated to other project stakeholders including employees, unions, customers and suppliers. This will require an agreed communications plan and strategy.

Benefit tracking

Benefit tracking is the identification and (where possible) the quantification of benefits expected as a result of the BPR exercise followed by the measurement of benefit realisation. This stage is needed to prove that there has been an improvement,

measure progress against any project targets, identify any areas where the expected improvements have not been made and prevent double counting of savings etc by other improvement initiatives which may be running. It requires considerable thought and calculation to produce a benefits estimate, and it will need to be supported by both project sponsors and the local managers. It is also important to liaise with those in charge of other improvement initiatives to prevent conflicting timetables and objectives.

Summary

In summary this approach to BPR projects has been used by us to produce quantum improvements in organisational performance. We believe that we have proved that the BPR approach, if used correctly, can be an extremely valuable tool for any organisation. BPR projects can help to improve organisational efficiency, reduce costs, and increase profits and lead to increased customer satisfaction, both internally and externally.

NEXT ISSUE

How Corporate 'Universities' can improve organisational performance.

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