



BPR - Business Process Reengineering

Perceive & Plan

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BPR - Perceive

- 1. Define company's strategy and goals**

Top-down approach

- **One strategic vision is needed**
- **Top management must identified few core targets**
- **Company “mission” must be declared**
- **Reengineering effort must be focused on:**
 - **Wants**
 - **Needs**
 - **Demands**

Operational leaning

- **Individuate strategic goals and be specific about targets definition :**
 - **Ex. Goal:**
 - To increase market share
 - To improve our quality
 - **Ex. Targets:**
 - To deliver our product every day before 11.30 am

Customer oriented

- **Must be defined:**
 - **What our company is making**
 - **For which customers/market**
 - **With which characteristics/performances**

Company mindset

- **“Reactive mindset”:**
 - **Marketing analysis**
 - **Customer satisfaction**
 - **Benchmarking**
 - **.....**

Company mindset

- “Innovative mindset”:

Which are users' hidden needs?

BPR - Plan

2. Determine “new” process requirements

Plan the reengineering effort

- **Determining “new” process requirements involves uncovering what customers and the marketplace require and focusing in on own operating requirements: that’ where is necessary to start**
- **This information will fuel other decisions to make regarding the re-engineering effort**

What the customers want?

- **Successful reengineering project realign processes to satisfy customers demand**
- **Are you in tune with your customers want?**
- **Organizations that use BPR approach propose the standard credo “the customer comes first”**

Identifying your customers

- **First of all you have to know who the customers of your process are**
- **That's easy if the customers are external but the task becomes a bit more difficult if you have to search internal customers**
- **Work with your team to brainstorm a list of possible customers for the process being reengineered. Ask to team members two key questions:**
 - **Who is affected by this process?**
 - **Who depends on this process for information, products, service?**

Zeroing in on customer concerns

- **Once the customer has been identified it's necessary the team brainstorm what think about the customer requirements**
- **Customer “requirement areas” often encompass some of the following: timeliness, cost, accuracy, functionality, responsiveness, follow-through, quantity, thoroughness, dimension, yield, price, availability**

Soliciting customer input

- **If it's possible could be interesting to to develop interview/survey questions and solicit customer input**
- **Knowing what your customers want, helps you reengineer a process correctly: you shouldn't undertake process reengineering just because the CEO thinks the process should be done differently or because your biggest competitor is reengineering the same process**
- **It's also helpful to forecast future customer requirements: ask your customers what they would like to see you provide down line**

What is the marketplace providing?

- **How does your organization compare with the competitors?**
- **It's necessary to keep up with the marketplace offers:**
 - **Know what's out there (don't live in a bubble)**
 - **Keep close eye on your competitors**
 - **Be open to new ideas, services and/or products**

Benchmarking

- **Benchmarking is a process used in strategic management, in which organizations evaluate various aspects of their processes in relation to best practice, within their own sector.**
- **This then allows organizations to develop plans on how to adopt best practice, usually with the aim of increasing some aspect of performance.**
- **Benchmarking may be a one-off event, but is often treated as a continuous process in which organizations continually seek to challenge their practices.**

Benchmarking

- **Knowing that competitors are doing better than you is one thing; knowing how they do it better is quite different**
- **Benchmarking can provide you with the inside information you need to reengineer the process: you choose successful operations performed by other organizations and try to adapt their processes to your own**
- **Benchmarking is critical because it provides targets and help you designing your new process**

Benchmarking procedure

- 1. Identify your problem areas**
 - informal conversations with customers, employees, or suppliers
 - exploratory research techniques (ex. focus groups, marketing research, quantitative research, surveys, questionnaires, reengineering analysis, process mapping, quality control variance reports, financial ratio analysis)
- 2. Identify other industries that have similar processes**
- 3. Identify organizations that are leaders in these areas**
 - Look for the best in any country
 - Consult customers, suppliers, financial analysts, trade associations, and magazines to determine which companies are worthy of study.
- 4. Survey companies for measures and practices**
 - Companies target specific business processes using detailed surveys of measures and practices used to identify business process alternatives and leading companies.
 - Surveys are typically masked to protect confidential data by neutral associations and consultants
- 5. Visit the "best practice" companies to identify leading practices**
 - Companies typically agree to mutually exchange information beneficial to all parties in a benchmarking group and share the results within the group.
- 6. Implement new and improved business practices**
 - Take the leading practices and develop implementation plans which include identification of specific opportunities, funding the project and selling the ideas to the organization for the purpose of gaining demonstrated value from the process.

What are your operating requirements?

- **When you know what your customers want and you've identified what the marketplace offer you're ready to look at what you need to achieve to meet the wants and demands of those driving your reengineering project**
 - **Brainstorm with your team and identify what the process should do based on the customers and marketplace information**

Two ways of thinking

- 1. Focus on “key factors”**
- 2. Focus on “process performance index”**

1. Focus on key factors

- **High impacts on key factors identify critical process**
- **Typical key factors:**
 - **Service**
 - **Quality**
 - **Time to market**
 - **.....**

Process/key factors matrix values

Key factors Process	Quality	Service	Delivery time	Time to market	Tot
Integrated logistic	5	8	9	2	24
Product development	3	2	1	10	16
Product delivery	6	4	10	5	25
Financial planning	1	0	6	3	10

2. Process performance index

- **Low performance in key index identify critical process**
 - **Quality rate evaluation index**
 - **Time spending index**
 - **Cost trend index**
 - **Flexibility rate index**
- **Benchmarking find right values**

BPR - Plan

3. Uncover “breakthrough” opportunities

New vision

- **Are you ready to discover if process reengineering will help your organization scale great heights of performance improvement?**
- **You will look at your current process to determine what it is accomplishing, create a vision of what the “new process” should be like, and figure out the difference between the two**

Analyze “as is” capability

- **Unless you know how the process is currently performing, you can't state with any degree of certainty whether or not process reengineering will benefit your organization**
- **Process reengineering is usually quite complex. All major aspects of a process must be defined and then measured to achieve the greatest breakthroughs**

“As is” process

- **Begin by documenting the “as is” process. You need to define and map out all the task in the process**
- **By doing so, you will have a clear and realistic view of the process**
- **It will also provide you with information that will help when you begin the designing phase**
- **The two basic steps involved in documenting a process are:**
 - **List the major process tasks: list the major tasks and decision required to translate inputs into outputs**
 - **Create a process flow chart: create a visual diagram of how the process currently works. Use it as an ongoing working document**

List the major process tasks

- **List the determine what are input and output involved in the process**
 - **If you are analyzing the process of preparing market reports, the input would be the gathered data; the output would be the actual reports. Everything in between would be the tasks involved in the process**
- **Next, list the major tasks and their decision points. And after the major tasks have been identified, determine what smaller subtasks and decisions link the major tasks together.**

Questions

- **Ask yourself questions along the way to help with this section of analyzing “as is” capability**
- **Possible questions include:**
 - **What really happens next?**
 - **Does someone need to make a decision before this task?**
 - **What approvals are required before proceeding?**
 - **Is there anything missing in these tasks?**

Process flow chart

- **Creating a process flow chart allows to see what happens at each step of the process**
- **Try to limit the detail in your flow chart: too much detail defeats your purpose**
- **After you have documented the process you're ready to measure it**
- **Measurement clears up any discrepancies and provides an opportunity for comparison after your reengineered process has been implemented**

Data

- **Look at the major process tasks in your flow chart and gather data for each necessary task or section of the process**
- **The data you gather depends on what you wish to measure**
- **Be sure to measure the “as is” capability of your current process in order to compare actual process performance to the “new” process requirements**

Envision desired state

- **This planning step builds on your work accomplished in determining “new” process requirements**
- **If everything is working as it should, what would things be like?**
- **You’ll be looking at your strategic goals**
 - **Ex.**
 - **Your doctor has discovered that you’re overweight and have out-of-sight cholesterol**
 - **He recommends that you change your way to eat and encourage you to start exercising**
 - **He has listed the results he want you to accomplish (reduce weight by 10 Kilos and cut cholesterol level from 260 to 200)**
 - **You analyze your present way of eating (milk, fast-food, coca cola, beer, sweets,) and your amount of exercise (walking to your garage, clicking the TV remote control ...)**
 - **Now you have to imagine your new regimen (process) and forget the current process**

Questions

- **Ask yourself:**
 - How will the new process help the customer?
 - How will it help the organization?
 - How will the organizational environment change?
- You have to prepare a “current limitations list” that detail all the factors that constrict your current process

Current limitations list

- **Some of the items on your list may include:**
 - Organizational structure
 - Technology
 - Regulations
- **Each of these factors may be limiting your process' potential, forget it and start to envision your new process, unencumbered by limitations**
- **Brainstorm not only with team members but also with employees involved in the process reengineering effort.**
- **Their insights could enlarge the picture of the desired state: this is your chance to dream**

Identify process performance “Gaps”

- **Once you have envisioned your desired state you have to return to reality and identify the difference between the current process and your ideal process**
- **You’ll use the data gathered to measure the current process and compare it with your description of the ideal process**
- **If this performance difference (“gap”) is slight, don’t reengineer, consider CPI instead, but, if the gap is great, prepare for a major effort**

Remember the “old“ process

- **You must consider that some of the tasks in your old process already work very well and is an advantage to include them in the reengineered process**
- **Other tasks might be so detrimental to your organization that it's worthwhile remembering them so you don't design them into the new process**

Targets definition

- **Targets definition is necessary to evaluate resources needed and results achieved**
- **Are defined by strategic evaluation like:**
 - **Benchmarking analysis**
 - **Customer satisfaction interviews**
 - **Business evaluations**

Existing process goals

- **Targets are defined in term of process performances improvement**
- **“Ambitious” or “reasonable” goals?**
- **BPR suggestions:**
 1. **High performance targets emanate high motivations**
 2. **Limited process are easily controlled**

Flexible goals

- **Re-engineering process could involve:**
 - New operational procedures
 - New competitive factors
 - New strategies
- **BPR is typical process “in progress”**

Targets definition is always changing