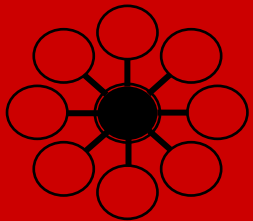


Business Process Re-Engineering



"The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it."

Michelangelo



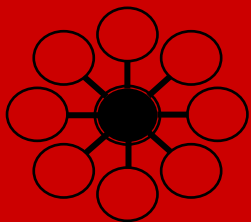
Overview

- Types of BPR project
- Process/systems architecture
- Principles of BPR
- Approach to BPR
- BPR methodology
- Critical Success Factors

“One of the biggest mistakes you can make in life is to accept the known and resist the unknown. You should, in fact, do exactly the opposite.

Challenge the known and embrace the unknown.”

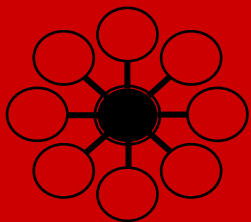
Guy Kawasaki,
Co-Founder Apple Computer, Inc., 1996



Types of BPR Project

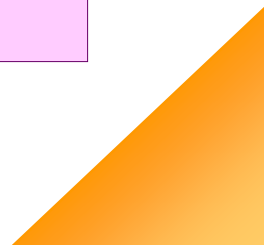
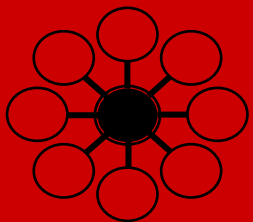
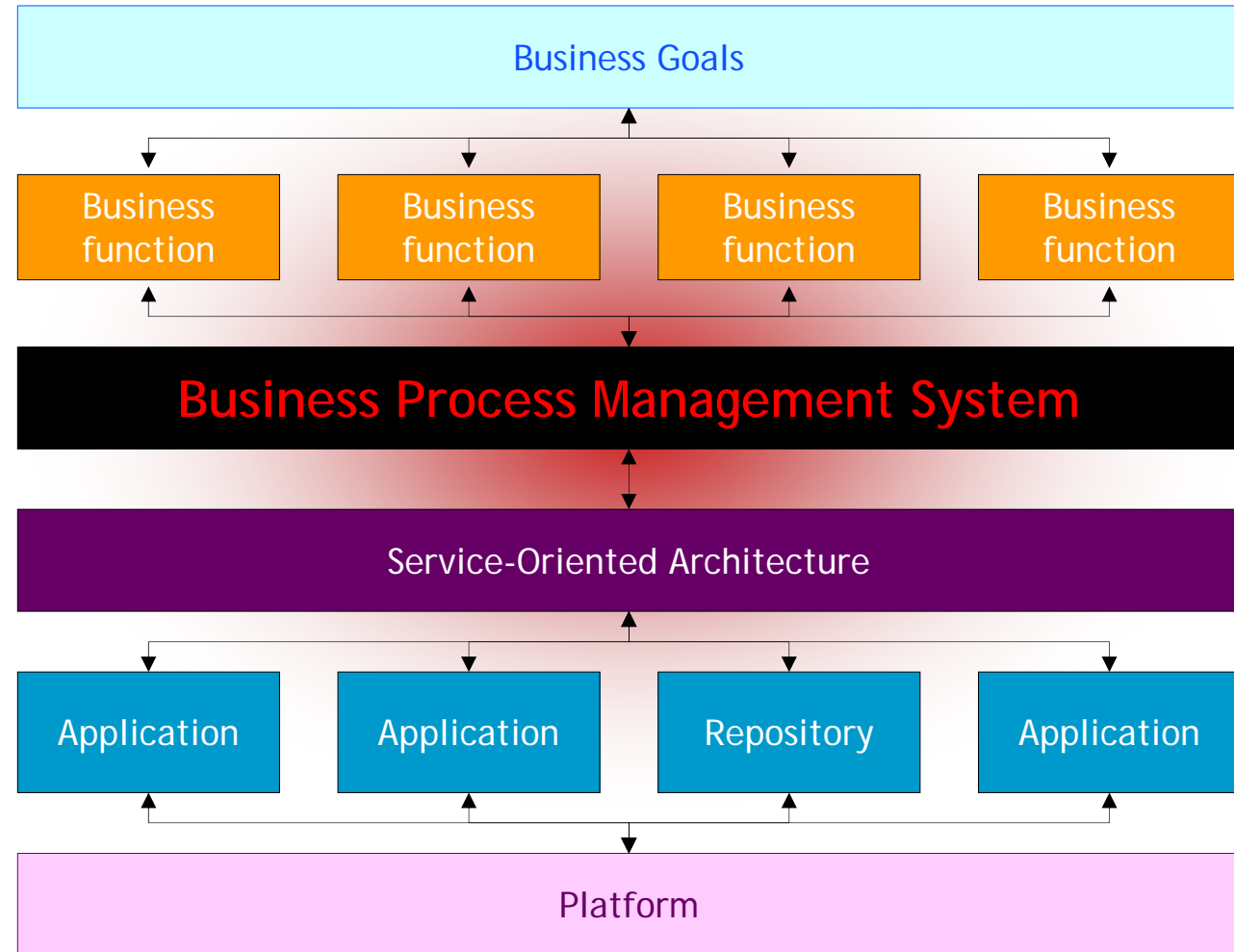
BPR can be used to address the full range of business improvements.

| | Process Improvement | Best-In-Class | Break-Point |
|----------------------|---|---|--|
| Intrafunctional | Eliminate procurement paperwork by e-mail system. | Reengineer procurement to ensure that the lowest cost suppliers are selected. | Introduce self-service invoicing system for simple requirements. |
| Interfunctional | Create simplified, one-page form for procurement requests up to £50k. | Introduce self-directed work teams to the order management process. | Procurement function replaced by intranet 'cafeteria' system. |
| Inter-organisational | Link with single-source vendor for technical data and parts delivery. | Integrated delivery process between a manufacturer and all its parts suppliers. | Comprehensive automated supply chain system. |



Process/Systems Architecture

Enterprise-scale BPR demands business process integration via an enterprise-strength BPMS.

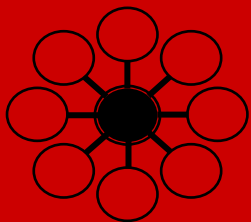


Principles of BPR: Business

The **only** function of processes is to realise the business's goals.

- The **direct** function of **all** core business processes is to satisfy your customers.
 - This includes only things that customers value.
- The **indirect** function of all business processes is to deliver your business' objectives.
 - Such as ROI, profit, compliance, growth, etc.
- The sole justification for **support** functions is that they support these requirements.
 - And should be explicitly **designed and validated** in these terms.

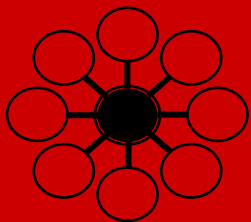
If a process does not demonstrably do at least **one** of these things, **stop doing it.**



Principles of BPR: People

No, people really are our greatest asset!

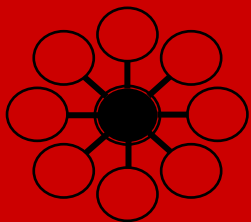
- Work is more fun than fun - if people actively want to do it.
- Harness people's potential:
 - Traditional work methods bring out the absolute minimum in human beings.
 - Empower users to initiate process change.
 - There is infinitely more to people than their job.
 - Use active innovation management.
- Manage human emotions:
 - Harness passion, enthusiasm, aspiration and hope.
 - Eliminate fear, indifference, frustration and anger.
- Help people work smarter, not harder.
 - Create creative working environments.
 - Encourage, facilitate + demand development.
 - Equip everyone to do what is expected of them.
 - Eliminate irrelevant hindrances.



Principles of BPR: Organisation

Expecting great things from processes without upgrading the organisation is like trying to train a tiger to be a vegetarian.

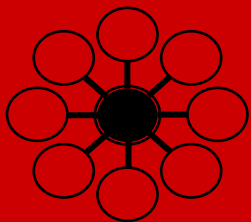
- Creating value is more valuable than creating control.
- Managers should empower, coach and facilitate, not command and control.
 - This requires the dispersal of power, from planning and quality to spending real money.
- Encourage involvement and participation - and error-tolerant leadership. Say **Yes**, not **No**.
- Design for dynamic, evolving, self-organising virtual organisations, not fixed structures and functions.
- Implement self-defining work teams and case managers throughout.
- Shift discretion and authority towards the customer.



Principles of BPR: Processes

Process-driven business is the very antithesis of 'business as usual'.

Not least because it ensures that there is no such thing...



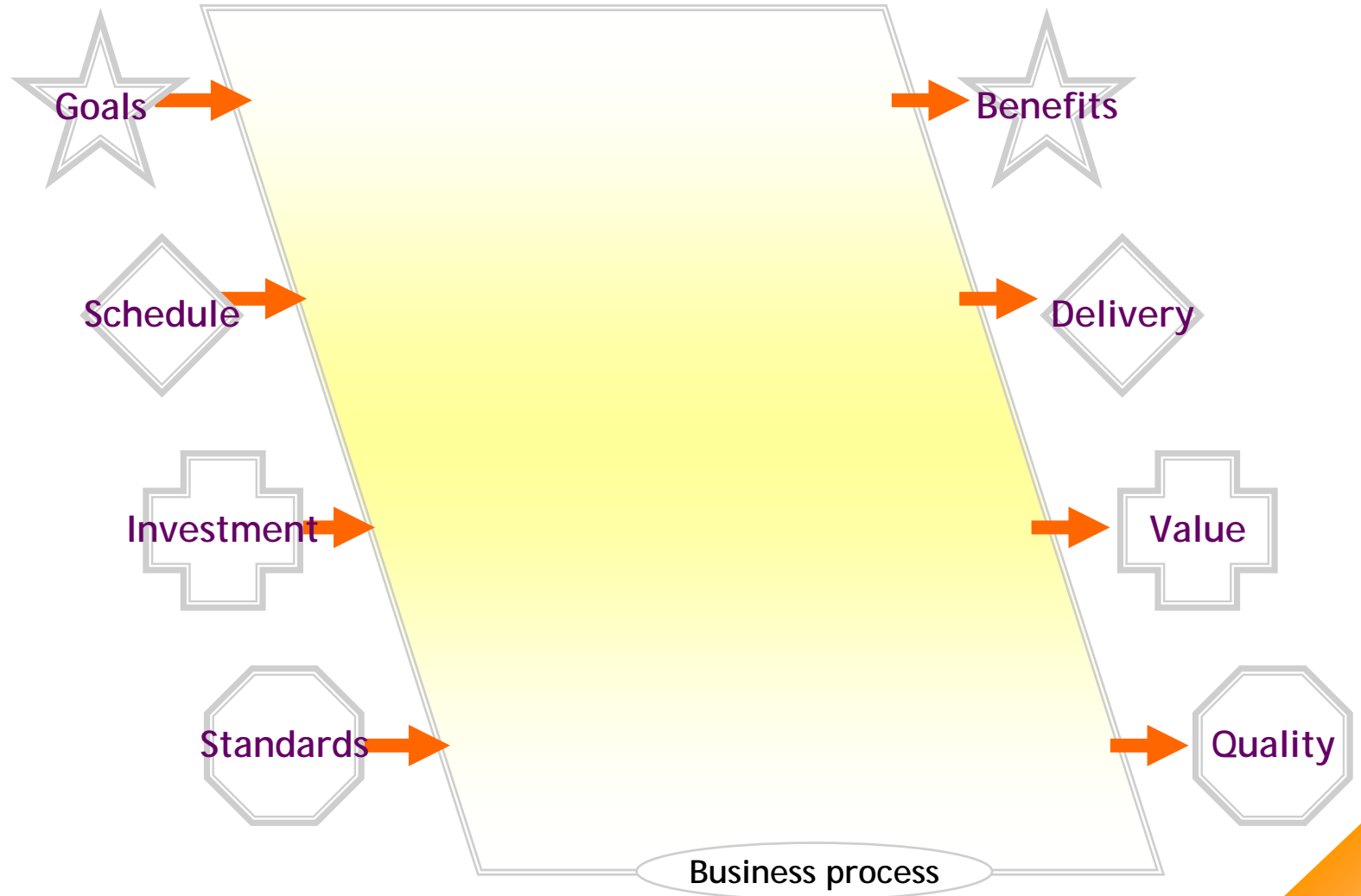
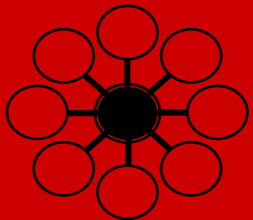
- Focus on end-to-end **flows**.
- Define processes by **outputs**, not inputs.
- Keep the number of core processes to a minimum.
- Link **measurement** to customer-related outputs.
- Link **rewards** to customer-related outputs.
- Make process owners responsible for delivering **value**.
- **Build in** continuous improvement.
 - Learning, renewal, and short feedback loops.
 - Measure rate of improvement too.
 - Define a clear maturity strategy.
- Include **active** performance **management**.
- Learn from **others**:
 - Customers, competitors, benchmarking, research.



Approach to BPR: Address Stakeholder Expectations

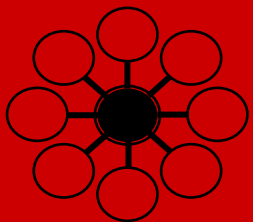
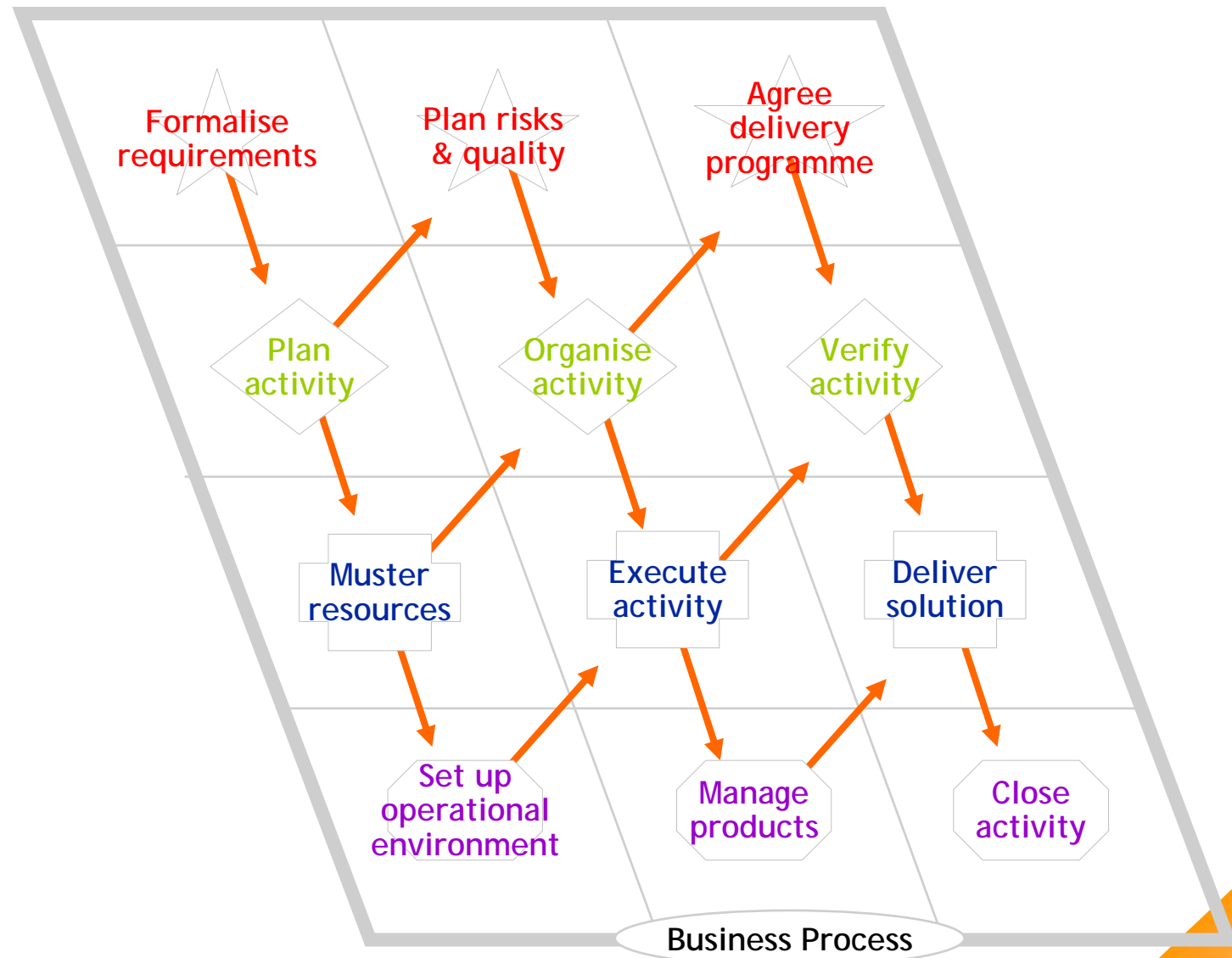
All processes should realise all their customers' expectations...

... stated or otherwise.



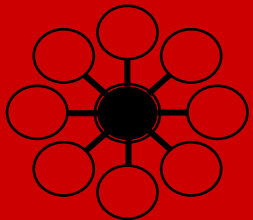
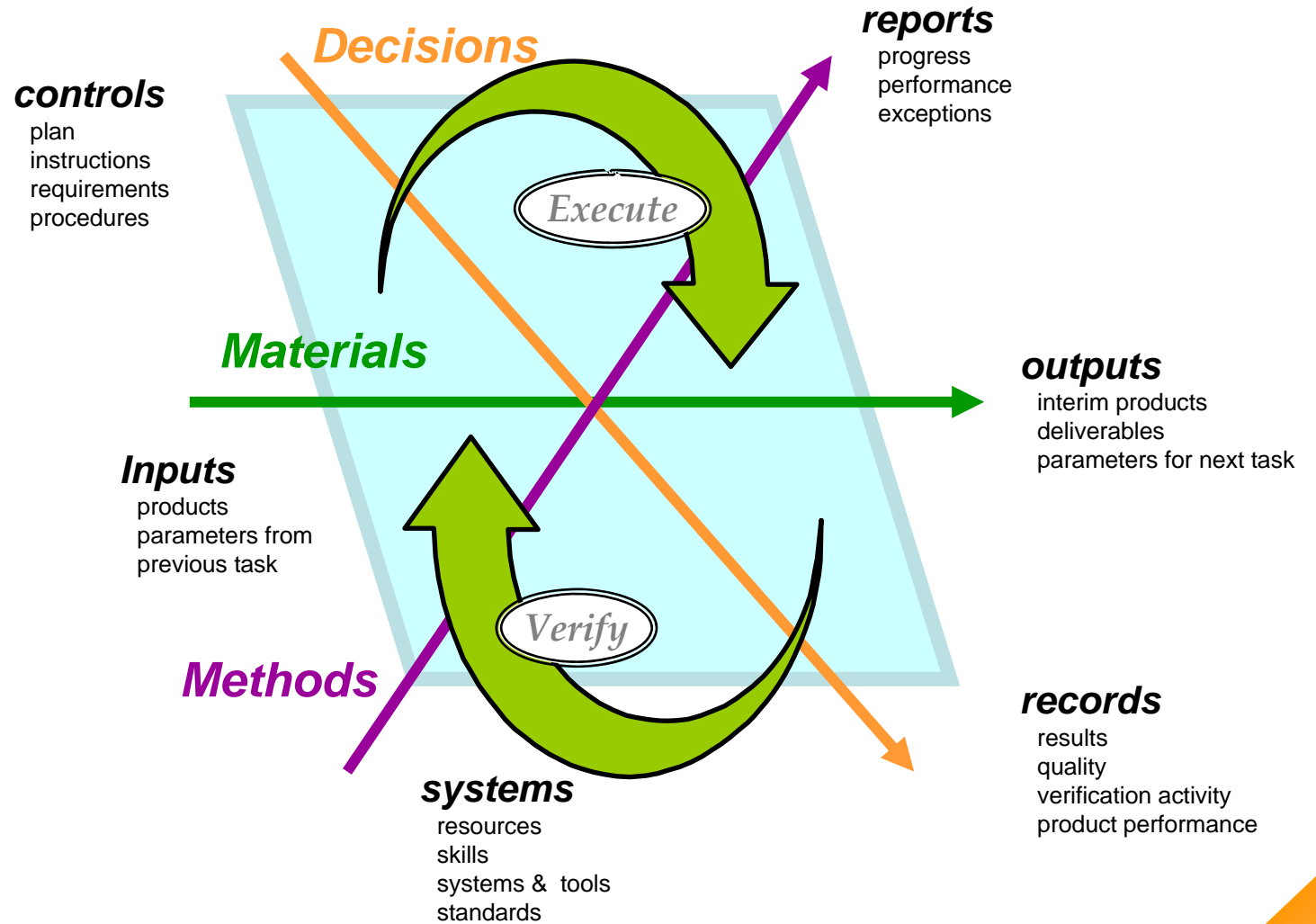
Approach to BPR: Define a Generic Process Map

The process map should be validated against both its specific objectives and a generic model.



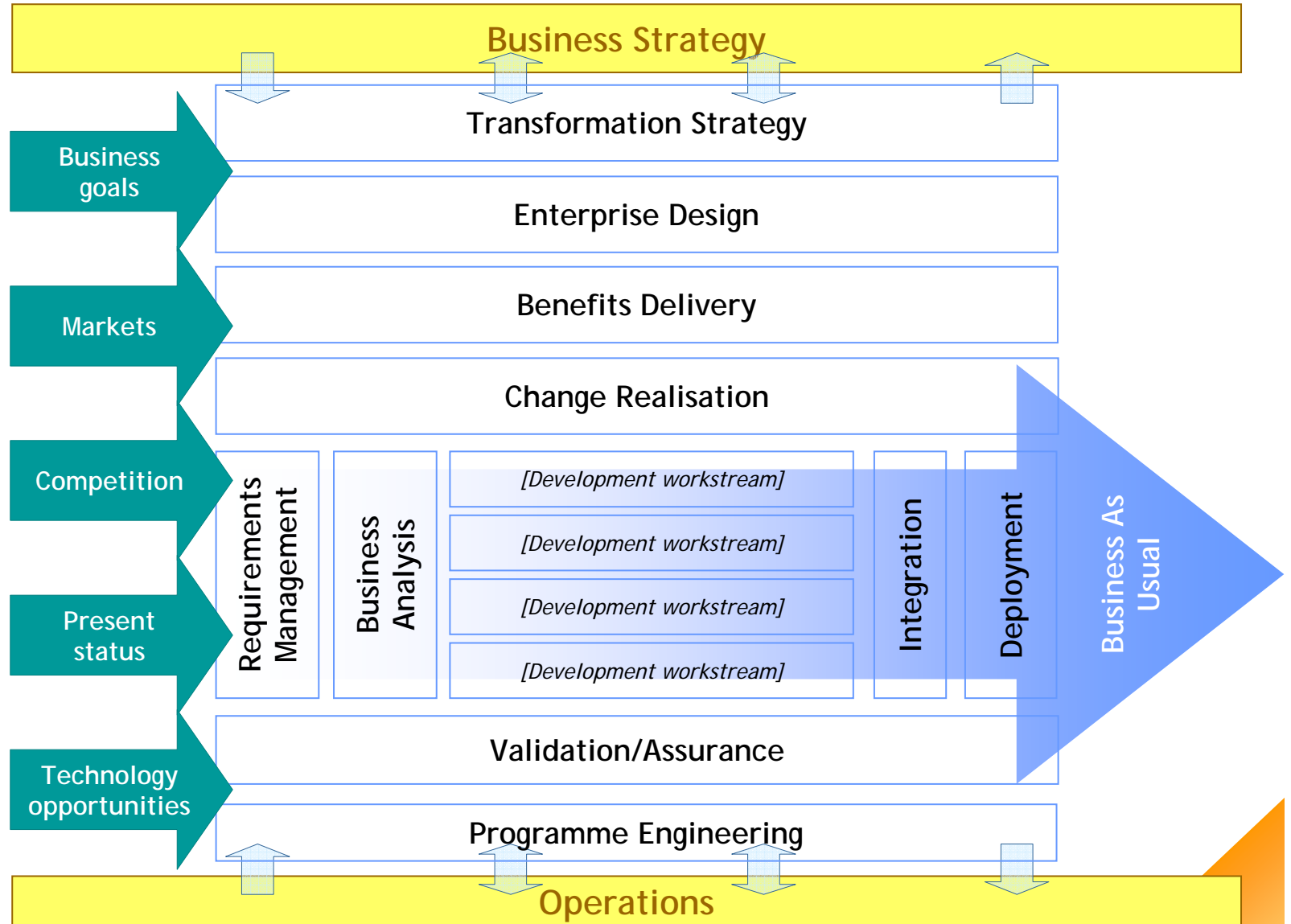
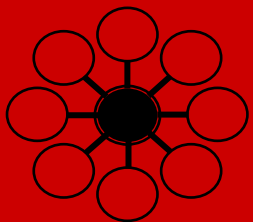
Approach to BPR: Define a Generic Process Model

Individual processes should be validated against both its particular requirements and a generic model.



BPR Methodology: Overview

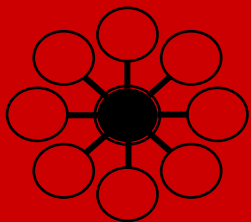
It is essential that the scope and scale of your BPR methodology match that of your ambition.



BPR Methodology: Defining the Project

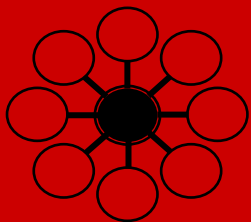
It is crucial to start correctly.

- Agree vision, scope, stakeholders, values.
- Agree the project's purpose
 - Objectives, process, deliverables, schedule, resources.
- Agree boundaries:
 - Exclusions, authority, priorities, resource access, etc.
- Agree strategy:
 - Incremental vs breakthrough change.
 - Deliverables, milestones,
 - BPR process, programme, resources.
- Identify team
 - Champion, Project Manager, BPR team, SMEs, support.



BPR Methodology: Evaluate To-Be Model

- Confirm strategic fit:
 - What is the basis for your vision?
 - Will it meet customer needs in 3-5 years?
 - Will it provide a competitive advantage?
 - Have you fully capitalized on existing processes?
- What specific benefits will the new process deliver?
 - What, where, when, how much?
- Evaluate against trends:
 - Sector, functional, technological.
 - Markets, customers, competitors.
- Build credible CBA.
- Prototype + pilot.



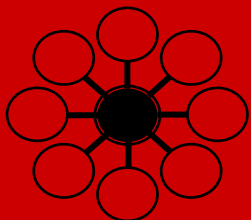
Critical Success Factors: Vision

BPR must be grounded in a genuine corporate vision.

Business, operational, technological.

"I can't understand why people are frightened of new ideas. I'm frightened of old ones."

John Cage

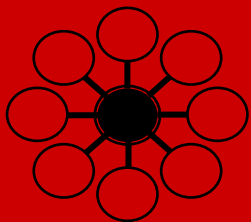


- The scale of re-engineering demands it:
 - Strategic direction.
 - Organisation-wide involvement + commitment.
 - Return on investment.
 - Sustainable design.
- Radical 'breakthrough' requires a broad context.
- Conflicts of interest, priority + action cannot otherwise be resolved.
- Local designs become conflicting + unfocused.
- Directing a large-scale programme is impossible without it.
- Demands of implementation will require the special motivation vision provides.

Critical Success Factors: Linking to Business Strategy

Business processes must be designed both to implement your strategy and to respond to its success.

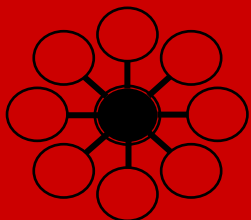
- Processes must be derived from specific business requirements.
- Process parameters must be informed by business intelligence:
 - Eg, competitor analysis, market intelligence, product performance, etc.
 - Eg, customer feedback, market performance, throughput costs, etc.
- SLAs + performance measures must be defined in terms of measurable business targets.
- Process reporting must be in terms of contribution to business:
 - Targets, objectives + goals.



Critical Success Factors: Common Barriers

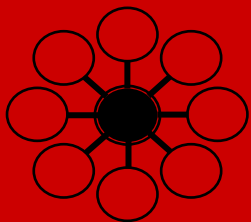
There are many kinds of barrier that must be overcome.

- Business resistance:
 - Customers, suppliers, public.
 - Impacted functions.
 - Non-impacted functions.
 - Related projects.
 - Shareholders.
- Financial barriers:
 - Over-commitment to past investment.
 - Under-investment in BPR.
- Legal/regulatory barriers:
 - Requirements hinder end-to-end processes.
 - E.g., data protection regulations.
- Organisational barriers:
 - BPR too narrow/shallow to overcome organisational inertia.
 - Corporate culture conflict with BPR means/ends.
 - Team members retain 'day job'.
- People barriers:
 - Staff perceive change as threat:
 - Business objectives.
 - Job losses.
 - Value - role, status, skill, etc.
 - Specific change design.
 - Failure to communicate change:
 - Unexplained/unjustified.
 - Imposed.
 - Personal resistance:
 - Low individual tolerance to change.
- Project barriers
 - Lack of resources + integration:
 - Location, communications, access, priority, stakeholder involvement, empowerment...
 - Consultants impose anomalous attitudes, values and methods.
 - Poor communications generates fear and uncertainty.
 - Long, rigidly programme may ignore changing business realities.



Critical Success Factors: Winning & Losing BPR Teams

A BPR programme is only as good as the team that carries it out.

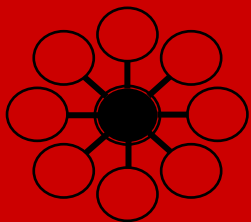


| Winning Teams | Losing Teams |
|---|--|
| Are constantly oriented to clear business goals. | Lack clear, consistent or verifiable goals. |
| Maintain active relationships with their stakeholders. | Focus exclusively on the plan. |
| Retain a healthy independence and commitment to mutual success. | Allow team and corporate politics to dominate activity and experience. |
| Re-size to meet the changing needs of the project, and co-opt users and SMEs. | Remain rigidly structured. |
| Maintain a full suite of complementary skills. | Are not assigned for their skills and do not acquire new skills as required. |
| Value input, regardless of rank. | Accept ideas only from superiors. |
| Successfully manage internal conflict. | Conflict and flight are common and unresolved. |
| Celebrate individual successes. | Punish individual failures. |
| Explain and justify their goals, methods, plans and accomplishments. | Impose rigid, pseudo-technical methods + 'solutions'. |
| Cultivate aspiration + innovation. | Ignore fear, uncertainty and doubt. |

Critical Success Factors: Continuous Improvement

Transformed processes will not look after themselves unless you design them to.

- Failure to build in continuous improvement model results in 'flash-in-the-pan' results.
- Built-in continuous improvement short-circuits need for future change programmes.
- Built-in continuous improvement empowers and motivates.
- Built-in continuous improvement minimises future disruptions.



If you would like to know more...

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