



ENGINEERING BUSINESS PROCESS

Business Process
Reengineering

INTRODUCTION

The world is driven by 3 C:

1. Competitor
2. Change
3. Customer

REENGINEERING

“The fundamental rethinking and radical redesign of core business processes to achieve dramatic improvements in critical performance measures such as **quality, cost, and cycle time**”

BUSINESS PROCESS REENGINEERING

**Michael Hammer : “Fundamental,
rethinking, and radical redesign of
business processes to bring about
*dramatic improvements in
performance*”**



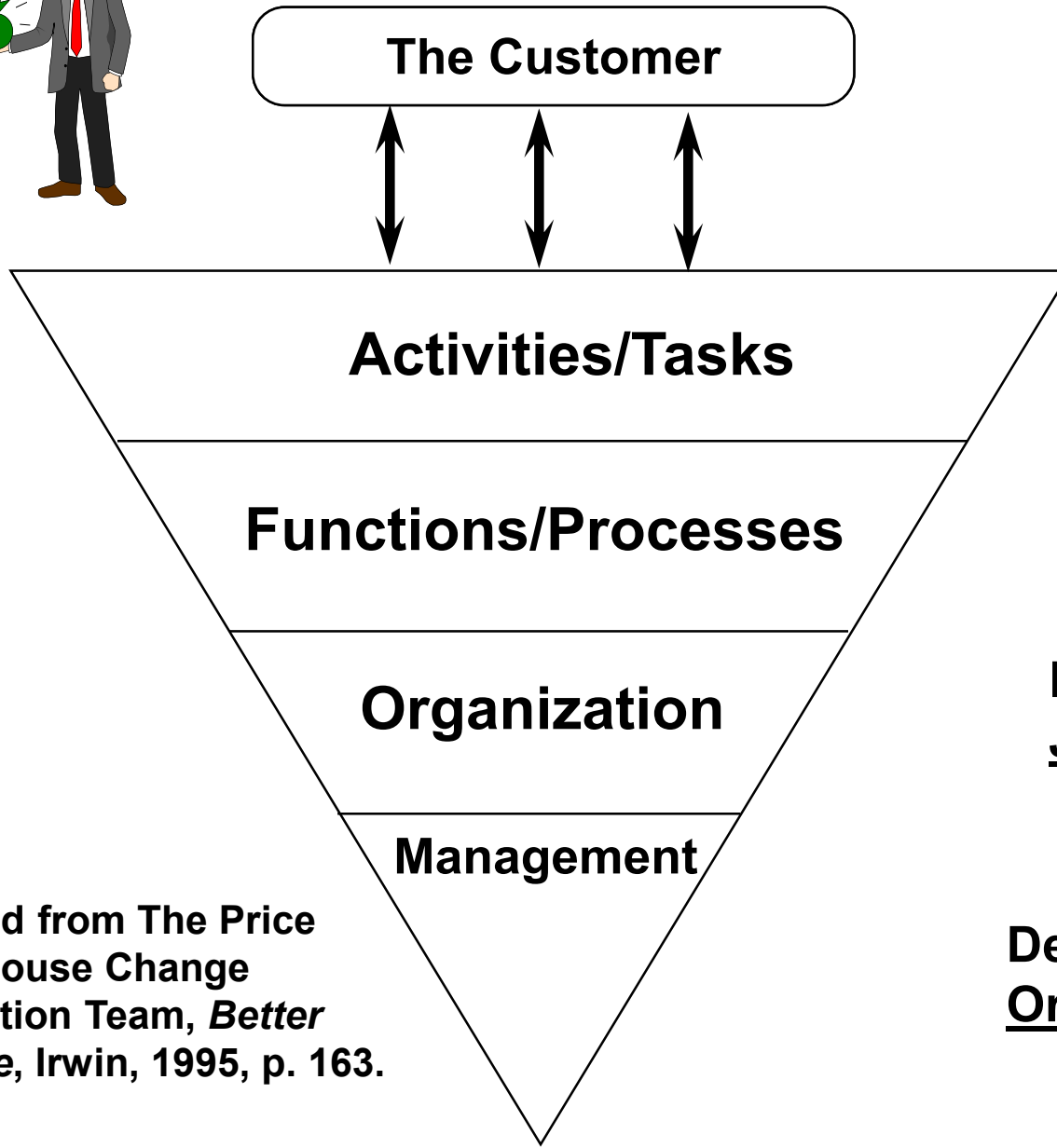
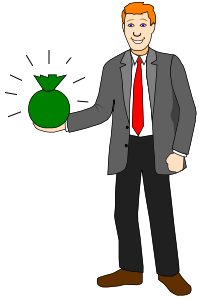
BUSINESS PROCESS REENGINEERING

**BPR advocates company go back to the
"ROOT"**

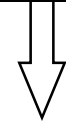
Know the customer wants and hopes

BPR doesn't believe small change

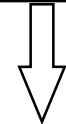
THINK FROM THE CUSTOMER BACK



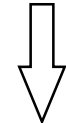
Define Outcomes



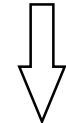
Redesign Outputs



Determine Activities



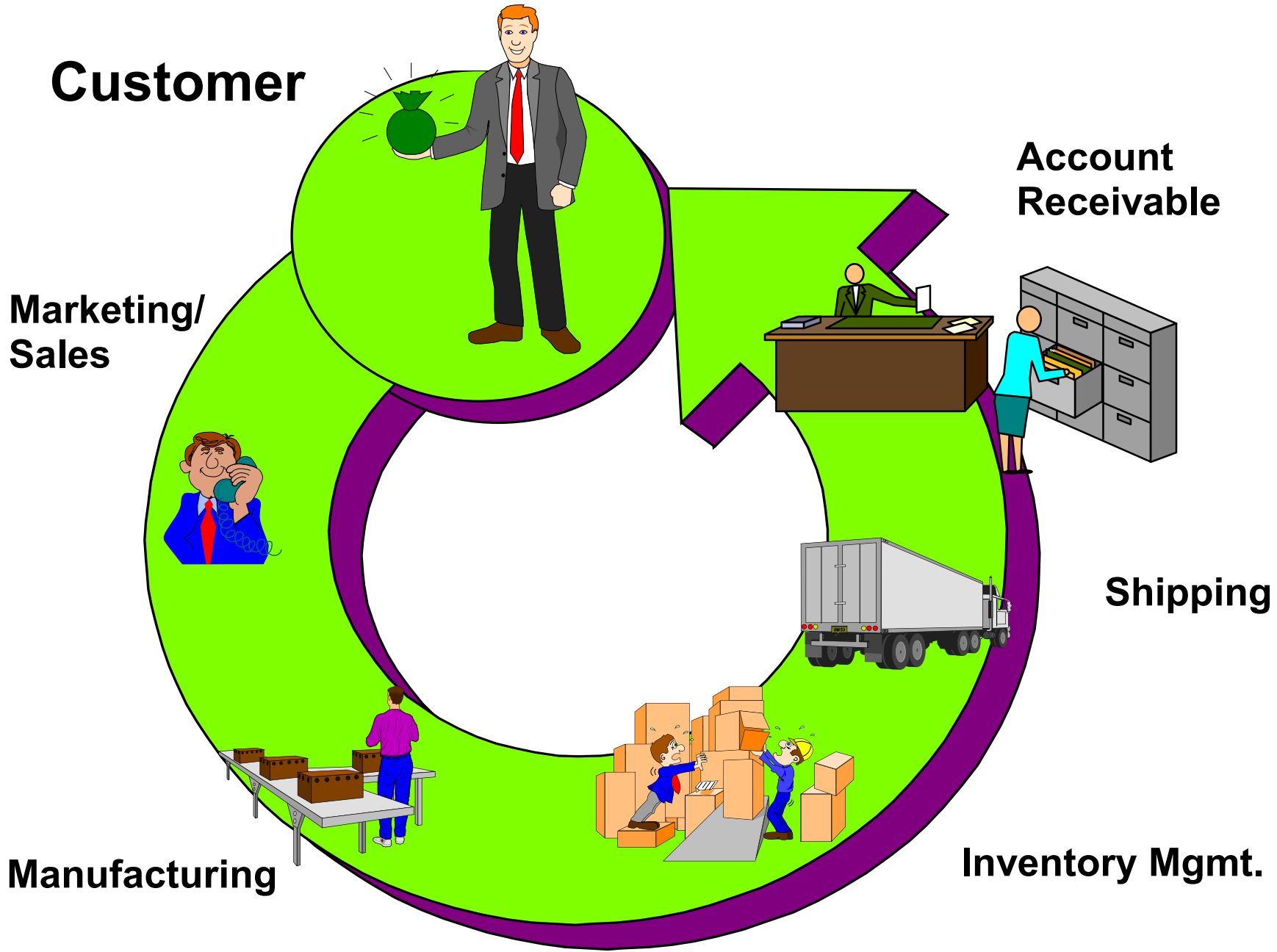
Define Job Responsibilities



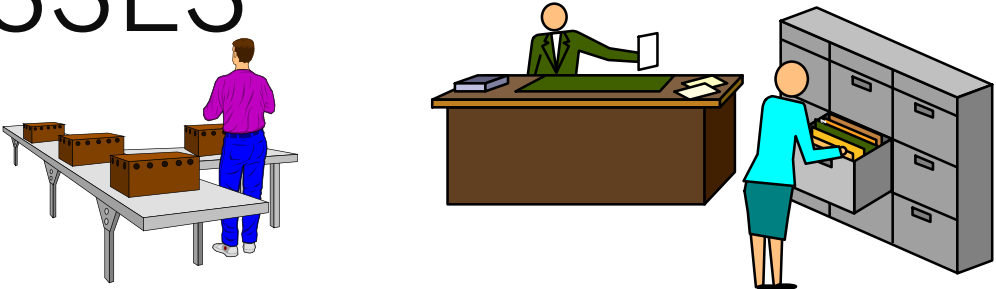
Develop Organization Structure

* Adapted from The Price Waterhouse Change Integration Team, *Better Change*, Irwin, 1995, p. 163.

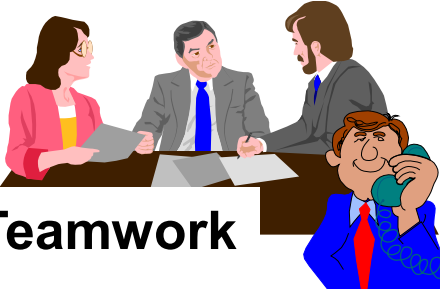
END-TO-END PROCESSES



EMPOWERED CUSTOMER-FOCUS PROCESSES

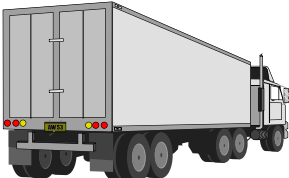
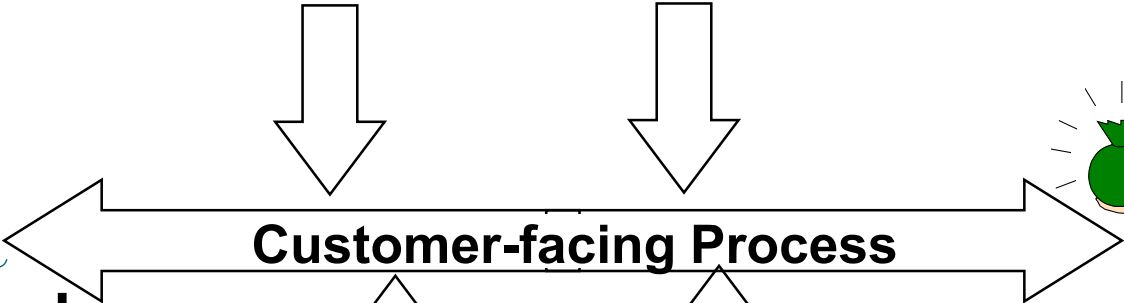


Manager as Coach

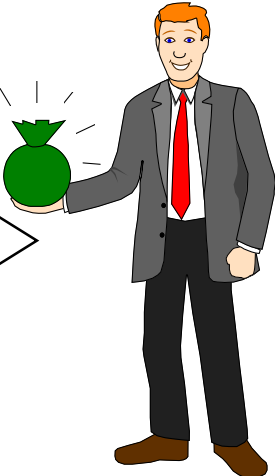


Teamwork

**Empowered
Font-line
worker**



**Values and Quality
delivered to
Customers timely**



FORD PROCUREMENT PROCESS

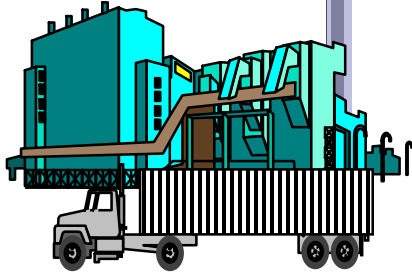
Purchasing



Purchase order



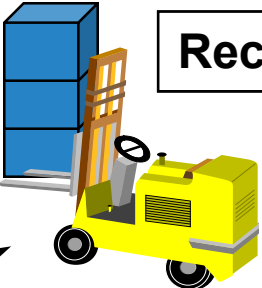
Vendor



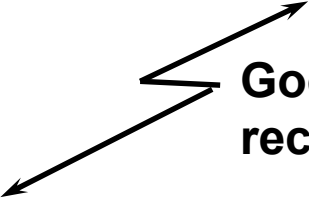
Goods



Receiving



Goods received



Purchase order



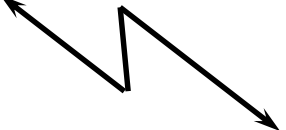
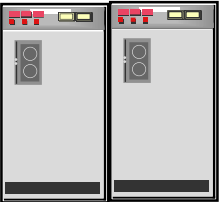
Accounts Payable



Payment



Data base



Before

FORD ACCOUNTS PAYABLE

More than 500 accounts payable clerks matched purchase order, receiving documents, and invoices and then issued payment.

It was slow and cumbersome.

Mismatches were common.

After

- Reengineer “procurement” instead of AP process.
- The new process cuts head count in AP by 75%.
- Invoices are eliminated.
- Matching is computerized.
- Accuracy is improved.

BPR PRINCIPLES

- ❖ Organize around outcomes, not tasks.
*E.g decreasing market share, revenue,
innovation, new product/services*
- ❖ Have those who use the output of the process perform the process.
- ❖ Subsume information-processing work into the real work that produces the information.

BPR PRINCIPLES

- ❖ Treat geographically dispersed resources as though they were centralized (cross functionalized)
- ❖ Link parallel activities instead of integrating their results.
- ❖ Put decision points where the work is performed and build controls into the process.
- ❖ Capture information once and at the source.

CRITERIA FOR SELECTING PROCESSES

Broken

Bottleneck

Cross-functional or cross-organizational units

Core processes that have high impacts

Front-line and customer serving - the moment of the truth

Value-adding

New processes and services

Feasible

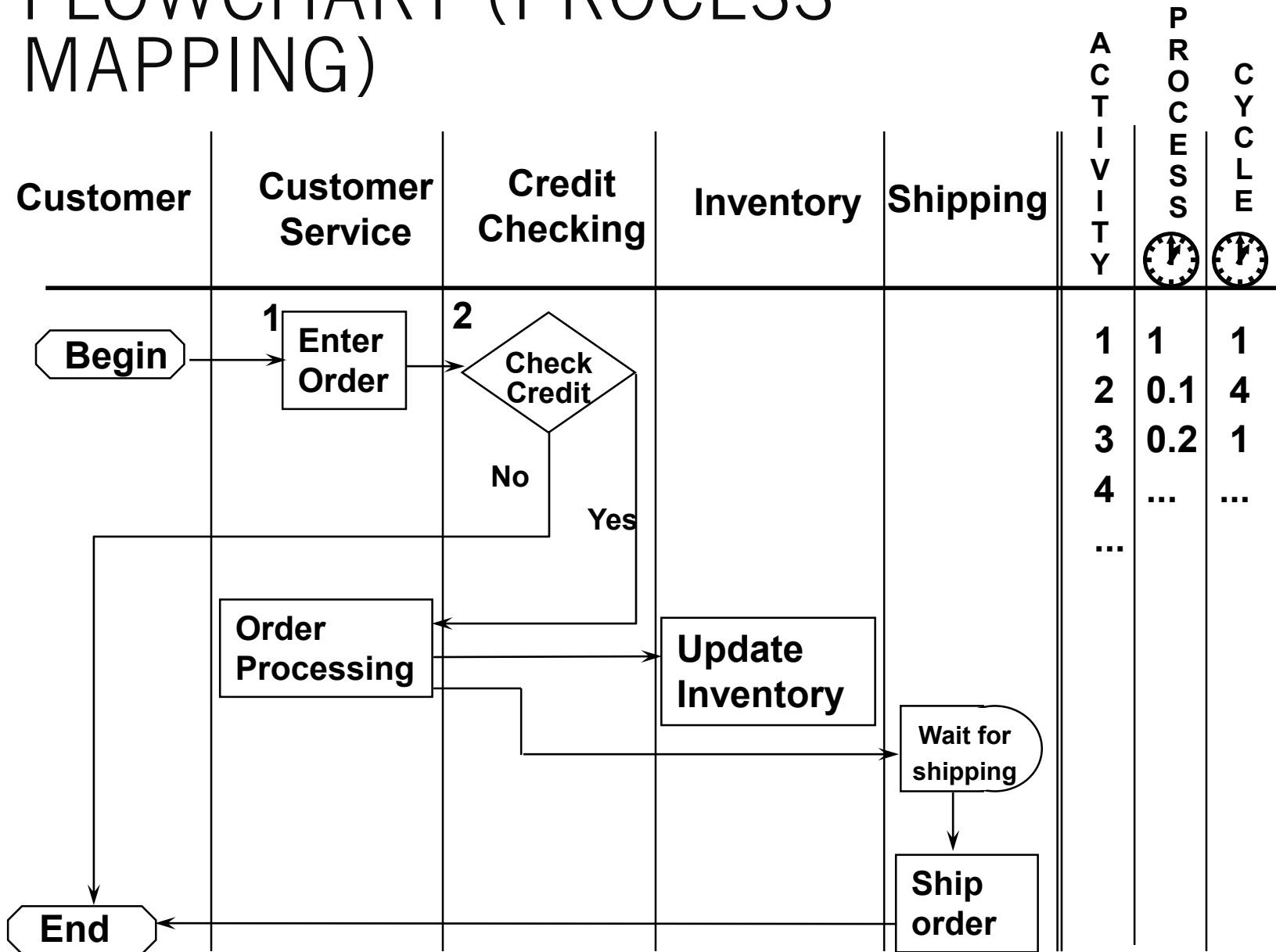
WHAT TO REENGINEER?

Business process

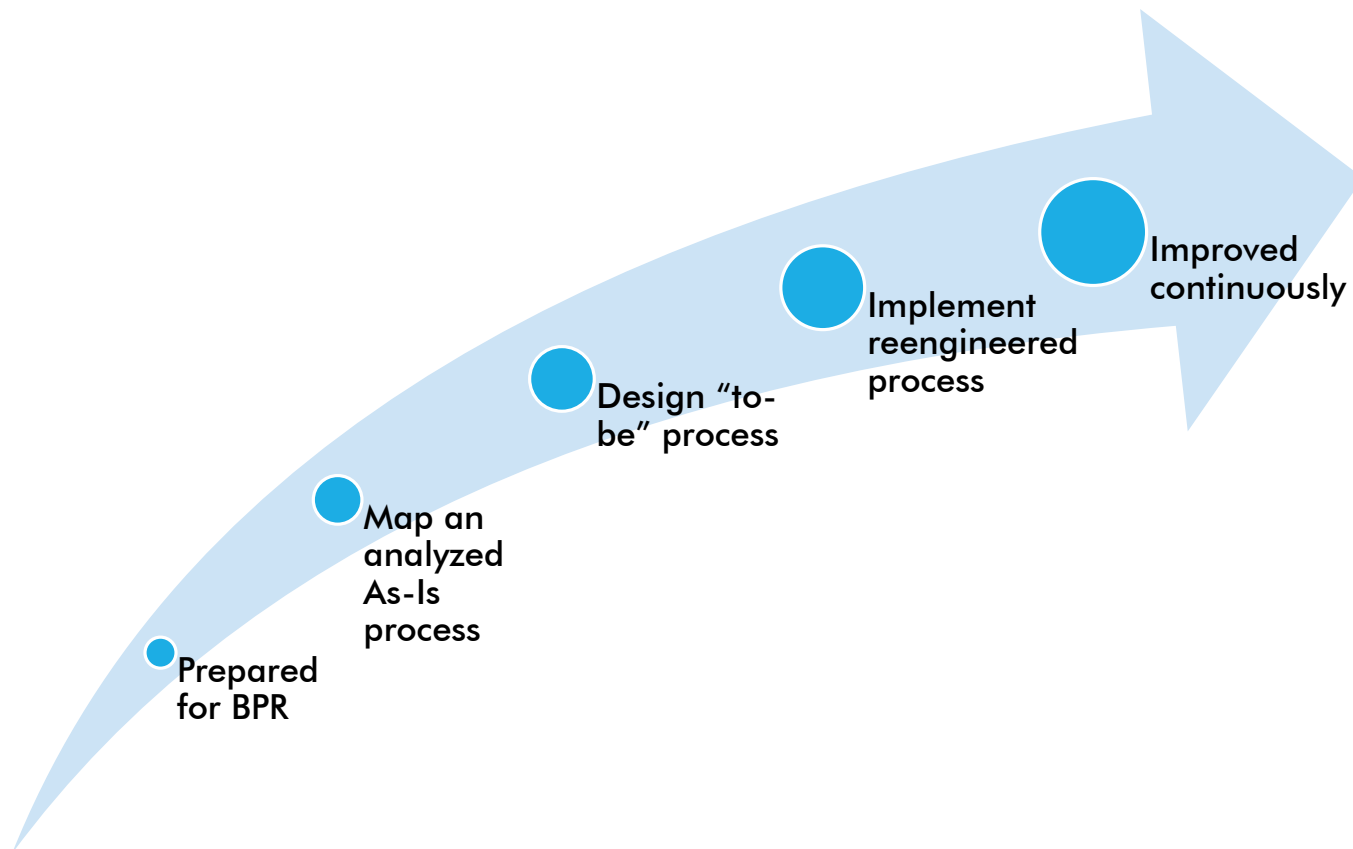
Know the process map

--A picture flow of how work flows through the company

EXAMPLE: FUNCTIONAL FLOWCHART (PROCESS MAPPING)



REENGINEERING PROJECT MODEL



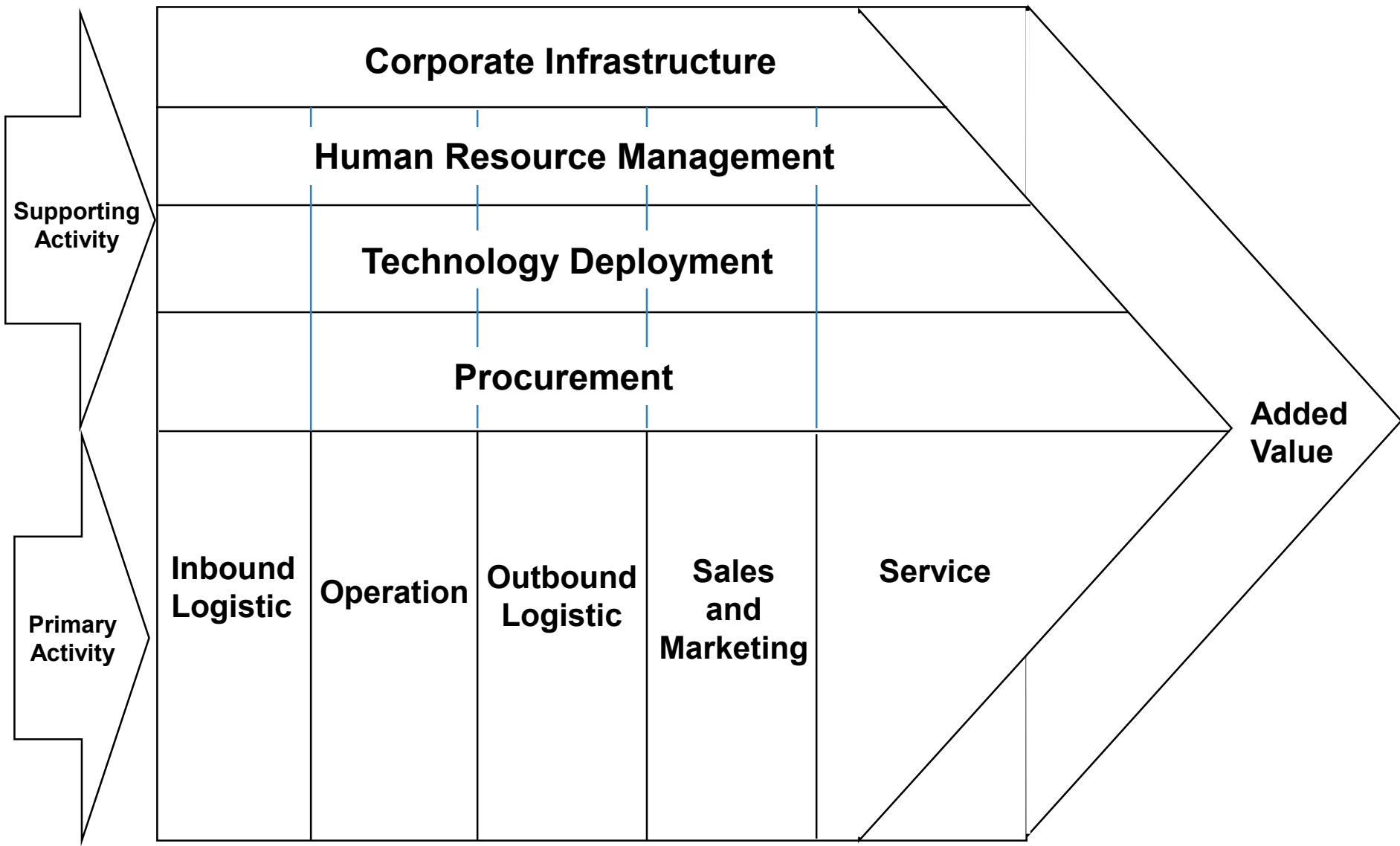
PREPARED FOR BPR

- ✓ Planning and prepare for BPR
- ✓ BPR is viewed as the project
- ✓ There should be significant needs that process should be reengineered
- ✓ Established cross functional team
- ✓ Understand your customer

MAP AND ANALYZED AS-IS PROCESS

- ❑ Understand the existing process
- ❑ Know well the process map
- ❑ The improvement should be dramatic result
- ❑ **An “as is” business process defines the current state of the business process in a organization.**
- ❑ Typically the analysis goal in putting together the current state process **is to clarify exactly how the business process works today, kinks and all.**

USING VALUE CHAIN TO IDENTIFY HIGH-LEVEL PROCESSES



MAP AND ANALYZED AS-IS PROCESS

'As-is' analysis is the assessment of the current situation in various aspects:

- 1. What is the problem?** The problem is usually defined from a customer perspective.
- 2. How are things done?** This relates to the actual business process but also to the incentive structure of an organization.
- 3. Where are the root causes of the problems?**

DESIGNED TO-BE PROCESS

Produces proposed design, find more than one alternative

You can use "benchmarking as the first step"

Perform simulation to analyzed cost and time involved

Performing trade-off analysis

IMPLEMENTED REENGINEERED PROCESS

This is the most challenging phase where engineering process effort meets the resistance

This is the most difficult one

Top management support

Implementation viewed as the sub project

The requirement To-Be process are equipped in WBS

Using prototyping and simulation

Training the workers, educate the people

IMPROVED CONTINUOUSLY

The process can be build and implemented overnight

Should be monitoring and controlling so intensively

Things should be monitored the progress of action and result

Progress of action:

How much more informed the people feel, how well management educate the people, how the big guys support and commitment

Progress of result:

Measure employee attitude, customer perceptions, supplier responsiveness etc