

BUSINESS PROCESS REENGINEERING: STRATEGIC TOOL FOR MANAGING ORGANISATIONAL CHANGE AN APPLICATION IN A MULTINATIONAL COMPANIES

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ABSTRACT:

We are in a century of change. The thought of “the only constant is change” implies this truth. Whatever the circumstances are, both organizations and managers need to keep up with these changes in order to survive and compete better. Increased competition and globalization compels most organizations to become innovative and adopt approaches based on change. In literature, there is an abundance of information available on organizational change. Researchers have written numerous articles, papers and books in this topic and they have several different approaches to how organizations should manage change. Knowing how to adopt and change successfully has become a critical and timeless challenge for any organization. Business Process Reengineering (BPR) is one of these most popular change management approaches which have attracted great attention in this world of change recently. Even though there have been successful and unsuccessful cases stated in the literature, BPR has been touted as a vital management tool in order to achieve dramatic improvements and organizational competitiveness by business circles if it is implemented properly and carefully. Within this context; in this study, BPR’s emergence as a management concept was looked over initially and several definitions of BPR in literature along with its principles and factors which make reengineering projects successful were also alluded. After that, multinational corporations Ford Motor, IBM Credit, Kodak and Mutual Benefit Life which have fruitfully put reengineering into practice, were analyzed; their experiences on reengineering were discussed. Finally, the conclusion places the findings of this study and outlines the benefits of BPR.

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INTRODUCTION:

If anything has remained constant in the history of organizations, it has been change. The first decade of the new millennium has been forecasted to be a period of tremendous change in the workplace. Since the 1990s Process Redesign or Business Process Reengineering (BPR) has been embraced by organizations as a means to cut non-value-added activities and to improve competitiveness. For decades, organizational change has been the domain of many disciplines such as management, organizational development and organizational behavior; researchers and practitioners have written numerous articles, papers and books about organizational change and they establish several different approaches to how organizations should manage change successfully. Although organizational change is well documented in literature, there is always more to search and discover about change.

During the past years, as a management concept, business process reengineering (BPR) has gained considerable attention in the world of change management. Because BPR has been touted as a vital management tool in order to achieve dramatic improvements and organizational competitiveness by business circles if it is implemented properly and carefully and also to re-invent themselves to achieve performance improvements within this continually changing business world and marketplace. It involves reinventing processes by abolishing the old ones and finding imaginative ways of accomplishing work while designing completely and radically new processes.

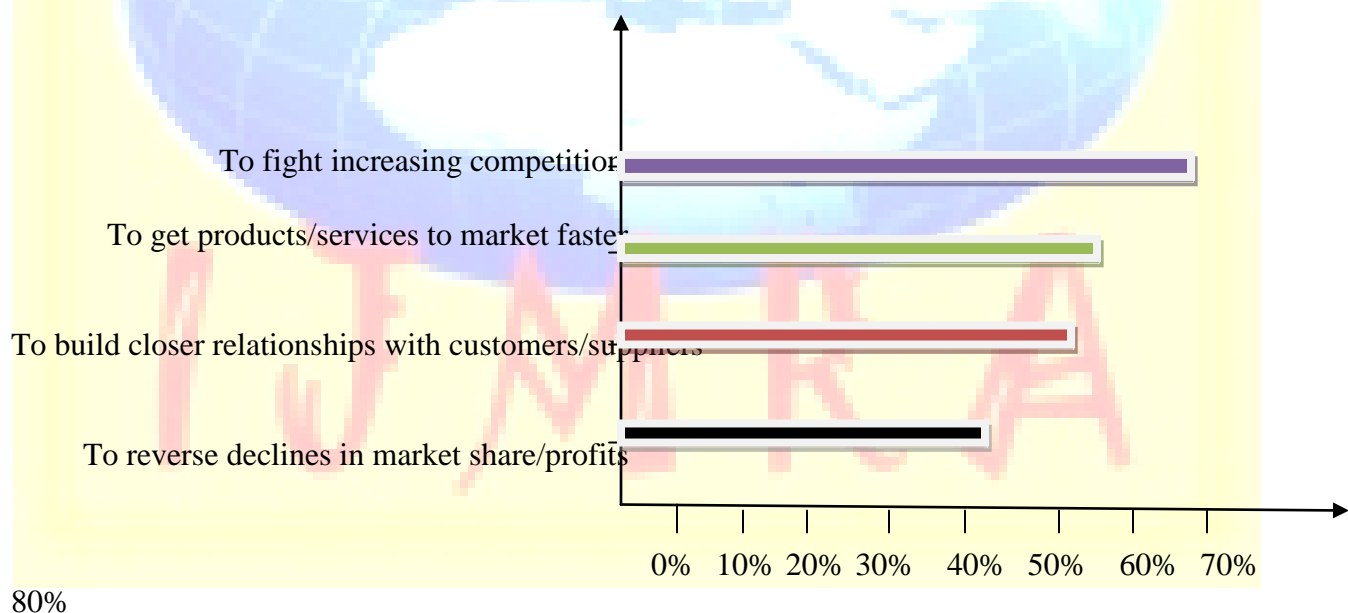
In today's business environment, there are so many reasons that force organizations go through change. Kotter and Schlesinger (1979) explained that with the increasing demands of government regulations, growth, competition, technological developments and changing workforce, most companies find that they must undertake moderate organizational changes at least once a year and major changes every four to five years. After 32 years, this statement is still valid, but also has a stronger value in truth. Recent studies point out that companies are driven to reinventing the corporation by one of three forces; desperation or crisis (60% of cases); foresight (30%); ambition (10%) (Hammer,1990). Among all, the changing economic environment has led to an increasing interest in business process reengineering by progressive firms around the world.

One study shows that about 87% of firms surveyed were either engaged in BPR projects, or indicating their intention to take up BPR projects in the next few years

The principal aim of BPR is to design techniques to allow simulate and check different sets of processes that could improve its own organization. In the view of Doomun and Jungum, BPR is an organizational initiative to fundamentally re-examine and redesign business processes with the objectives of achieving competitive breakthrough in quality, responsiveness, cost, satisfaction and other critical process performance measures.

COMPANIES IN NEED FOR BUSINESS PROCESS REENGINEERING

According to Hammer and Champy there are three possible situations that a company takes on reengineering:



Firstly, the company may be in a desperate situation. For instance, the company's costs may be higher than the competitors or than the one the business model allows. The customer service it provides may not be good enough and may not appeal to the customers in the market. The

products the company offers may have a product failure rate higher than the competitors'. In other words, if the company needs dramatic improvement to survive, it needs reengineering.

Secondly, the company may be doing quite well, but management may anticipate and expect some serious and threatening problems or competition in the near future.

Finally, the company may be doing well and being in a peak condition, but the ambitious and challenging management may want to do better and make it more difficult for others to enter into the competition

LITERATURE REVIEW

S. No.	Year of Publication	Topic	Author	Findings
1	1999	Business Process Reengineering : A review of recent literature	Peter o'Neill Amrik S. Sohal	<ol style="list-style-type: none"> The review shows that considerable confusion exists as to exactly what constitutes BPR. Paper examines a number of definitions of BPR. BPR is much more radical than TQM. Confusion in the literature as to what constitutes BPR, several researches should b undertaken to remove this confusion.
2.	1999	BPR implementation process: an analysis of key success and failure factors	Majed Al-Mashari and Mohamed Zairi	1)BPR strategy should align with Corporate strategy, BPR strategy accordingly, guides the alteration of tasks and flows into Integrated processes, and variance in how

				<p>tasks are performed and the flow of material, people, and information becomes a source of competitiveness.</p> <p>2)BPR failure factors are: Inadequate communication of need to change, resistance to change, lack of education & training.</p>
3	2001	Managing Change in the NHS	Valerie Iles, Kim Sutherland	<p>1. NHS initiatives attempting to apply redesign techniques need both the bottom-up commitment and initiative of clinicians and also top-down commitment from senior managers if they are to succeed.</p> <p>2. Acc. to author Levermant his case study found that Highlights a number of controversial issues unique to health care professionals Particularly in the areas of job redesign, multiskilling, and empowerment.</p>
4.	2006	Toward Developing a Framework for Measuring Organizational Impact of IT-Enabled BPR: Case Studies of Three Firms	Rajiv Kohli Ellen Hoadley	<p>1. Organizations engage in measurement of IT-enabled BPR efforts at multiple levels of the process.</p> <p>2. Firms that focus on both operational costs and market strategy improve the success of their IT-enabled BPR projects.</p>

				<p>3. Preliminary measures of the process redesign were:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Customer satisfaction <input type="checkbox"/> Competition rating for quality of service <input type="checkbox"/> Elapsed time of the process <input type="checkbox"/> Process cost through elapsed time per department <input type="checkbox"/> Process cost through account personnel time usage <input type="checkbox"/> Accuracy
5.	Management Journal (2007)	Business Process Reengineering: Critical Success Factors in Higher Education.	Hartini Ahmad, Arthur Francis, Mohamed Zairi	<p>1. Seven critical factors for successful implementation of BPR: Teamwork and quality culture, Quality management system and satisfactory rewards, Effective change management, Less bureaucratic and participative, Information technology/information system, Effective project management and Adequate financial resources.</p> <p>2. Human factor could become one of the obstacles for the change to happen.</p>
6.	2008	BPR at Ford Motor Company, India	rpkp8584	The new reengineered process cuts head count in accounts payable by 75%, eliminates invoices and

				improves accuracy. Matching is computerized.
7.	2010	Is The Business Process Reengineering proved itself to be a trustable change management approach for Multinational Corporations?	Dr. Ash Erim Dr. Ozalp VAYVAY	<ol style="list-style-type: none"> 1. BPR is an effective management approach if it is implemented properly and carefully can have very successful results. 2. BPR is a team work. 3. Top management participation is vital. 4. IT is a major enabler in most BPR projects.
8.	2010	Is The Business Process Reengineering proved itself to be a trustable change management approach for Multinational Corporations?	Dr. Ash Erim Dr. Ozalp VAYVAY	<ol style="list-style-type: none"> 1 BPR is an effective management approach if it is implemented properly and carefully can have very successful results. 2 BPR is a team work. 3 Top management participation is vital. 4 IT is a major enabler in most BPR projects.

9.	2012	Business Process Reengineering: Strategic Tool for Managing Organizational Change an Application in a Multinational Company	Asli Goksoy, Beliz Ozsoy, Ozalp Vayvay	<ol style="list-style-type: none"> 1. There can be success and failure in BPR. 2. Two-thirds of BPR attempts fail. 3. Critical to fully understand human side of BPR in order to implement it successfully 4. Before implementation pilot version should be performed. 5. 6.7% of SMS employees strongly agree that empowerment has increased after the implementation of reengineering
10.	2012	Total Quality Management, Business Process Reengineering & integrating them for organizations' improvement.	Farshad Gouranourimi	<ol style="list-style-type: none"> 1) First understand the need for changing the organization. 2) Managers should improve their management quality to effect quality management positively. 3) The organizations which utilize TQM & BPR are enjoying coordinated and consolidated organizational activities.

A thorough review and survey of related literatures forms an important part of research. It deals with the critical examination of various published and unpublished works related to the present study. Knowledge of related research enables the researcher to define the frontiers of her field. Above I highlighted the review of various works of various authors.

According to Rajiv Kohli Ellen Hoadley it is important to have intermediate variables and primary project focus on Productivity Profitability Customer value while measuring IT-enabled BPR .And, Asli Goksoy, Beliz Ozsoy, Ozalp Vayvay's research gave me insight into implementation patterns and whether BPR can be successful or failure. In Dr. Ash Erim Dr. Ozalp VAYVAY research paper various points were informative and interesting like Business Process Reengineering can be an effective management approach if top management is involved as BPR is a team operation activity.

OBJECTIVE:

1. To study Business Process Reengineering as a strategic tool for managing Organizational Change in Multinational Companies.
2. To study Critical success factors of BPR.
3. To relatively analyze multinational corporations like Ford Motor, IBM Credit, Kodak and Mutual Benefit Life reengineering principles and factors which make reengineering projects successful

RESEARCH METHODOLOGY

In order to achieve the objective present study has taken secondary sources. The secondary data is mainly congregated from published and unpublished works on the related topics. I read several research papers based on the above research objectives and relevant references in the literature, the research framework is an attempt to investigate the effects of BPR in production division and the implementation process in a multinational company. For this I collected Case Studies of 4 multinational corporations namely Ford Motor, IBM Credit, Kodak and Mutual Benefit Life. The organizations I selected represent different industries where research has shown accelerated productivity. I describe how organizations measured the effectiveness and impact of their BPR projects at the organizational level. Specifically, we determine:

1. Whether there is a primary project focus on profitability, productivity, or customer value,
2. Whether the firm sought improvement from redesign or radical transformation,
3. Whether intermediate and process-level variables are measured,
4. Whether process-level measures are aligned with the organizational level variables, and
5. Whether the organization viewed the project as successful.

DATA COLLECTION AND ANALYSIS

In this research, descriptive research is used for collection and analysis of data, because this research is all ready done by other researchers we only add value on that research. Descriptive research is used to obtain information concerning the current status of the phenomena to describe "what exists" with respect to variables or conditions in a situation can be either quantitative or qualitative.

For descriptive search I selected 4 above mentioned firms which represent distinct industries.

FORD MOTOR COMPANY

It is the world's second largest manufacturer of cars and trucks with products sold in more than 200 markets. The company employs nearly 400,000 people worldwide, and has grown to offer consumers eight of the world's most recognizable automotive brands.

In the early 1980's, Ford, like many other American corporations was exploring for ways to reduce overhead and administrative costs. One of the places Ford believed it could lower costs was in its accounts payable department, the organization that paid the bills submitted by Ford's suppliers. At that time, accounts payable in North America alone employed more than 500 people. Ford's management thought that by automating the existing process and by using computers the head-count could be reduced by % 20. 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 organization that engages and integrates customers, suppliers, and employees.

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 enhanced the customer buying experience through redesigned and more user friendly Web sites.

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

KODAK

Kodak Electron (Shanghai) Corporation Limited is an all-foreign-investment subsidiary company in Shanghai attached to The American Kodak Company. It was set up in march, 1997 and now has more than 400 employees. This company is mainly responsible for the producing of Kodak Camera, and Shanghai HQ of Kodak company takes charge of its sales. The main products of this company are APS camera, CBIO camera and disposable camera etc. At the beginning of the existence of this company, a traditional function-oriented organization structure pattern taking function as tropism was adopted.

Another example of re-engineering was executed in the production development process of Kodak in response to a competitive challenge. In 1987, Kodak has no competitive offering against Fuji's newly announced 35 mm single use camera which the customer purchases loaded with film. To cut its time -to- market, Kodak decided to re-engineer its product development process. Kodak reengineered its product development process through the innovative use of a technology called computer aided design/computer aided manufacturing (CAD /CAM). After BPR, the product managers no longer manage certain functional department. They assume the whole management work from the output and input of a certain product to the satisfaction degree

of the customers. The whole process is not the fragment joint of segment, but a whole. Customers who are ignored in the former producing progress are foregrounded in the new process. After BPR, Kodak electron (Shanghai) corporation, limited has made a great improvement in many aspects such as production quality, productive efficiency, enterprise image and customers 'satisfaction and so on.

IBM CREDIT

IBM Credit is in the business of financing the computers, software, and services that IBM Corporation sells. The IBM Credit's operation comprises of five steps. This entire process was taken six days on average. From the sales representative's point of view, this turnaround was too long that another computer vendor could possibly attract the customer.

To improve this process, IBM Credit tried several fixes. They decided, for instance, to install a control desk, so they could answer the sale representative's question about the status of the request. That is, instead of forwarding the request to the next step in the chain, each department would return the request to the control desk where an administrator logged the completion of each step before sending out the request again. This fix did indeed solve the problem. at the expense of adding more time to the turnaround. Eventually, two senior managers at IBM Credit took a request and walked themselves through all five steps. They figured out that performing the actual work took only ninety minutes in total. Clearly, the problem did not lie in the tasks and the people performing them, but in the structure of the process itself. As a result, the management decided to re-engineer the overall credit issuance process. In the end, IBM Credit replaced its specialists - the credit checkers, pricers and so on - with generalists. The new turnaround becomes four hours instead of six days. The company achieved a dramatic performance breakthrough by making a radical change to the process - i.e. the definition of reengineering.

MUTUAL BENEFIT LIFE

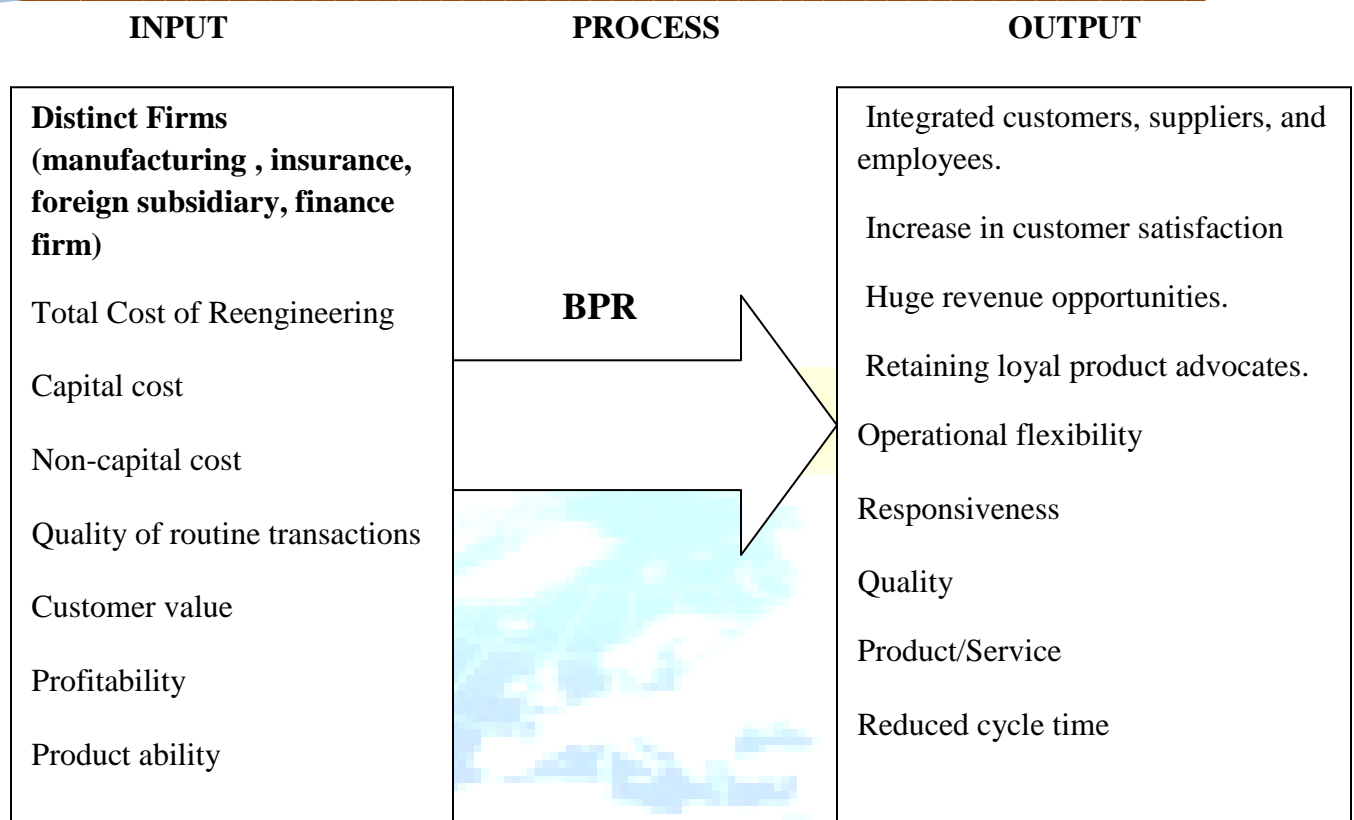
Mutual Benefit Life (MBL) is an insurance company which reengineered its processing of insurance applications. Before reengineering, MBL handled customers' applications as its competitors did. The long, multi step process involved credit checking, quoting, rating, underwriting, and so on. An application would have to go through as many as 30 different steps, reaching 5 departments and including 19 people. At the very best, MBL could process an application in 24 hours, but in reality it was taking 5 days to 25 days. Since the MBL's rigid, sequential process led to many applications the president of MBL decided that an improvement in customer was needed and demanded a %60 improvement in productivity.

MBL gave up existing job definitions and departmental boundaries and created a new position called a case manager. Case managers work autonomously and have total liability for an application from the time it is received to the time a policy is issued. Because they are supported by powerful PC (Personal Computer) based workstations that run an expert system.

MBL can now consummate an application in as little as four hours and average turnaround takes only two to five days. The company has eliminated 100 field office positions and case managers can handle more than twice the volume of new applications the company previously could process.

FINDINGS AND CONCLUSION

Based on the literature and sample case studies, it can be established that BPR is an effective management approach adopted and applied widely by many multinational corporations and can have very successful results if it is implemented properly and carefully. The important point that needs to be highlighted is that BPR is not a simple approach to attain and it can be a congruent solution for a company only if it is implemented successfully and ambitiously after a well designed plan. And now the Actual Model of BPR can be designed.



Different industries/firms face different challenges to find out the problem in working conditions of their organizations, so, therefore according to their need and requirement Business Process Reengineering implementation takes place to resolve the problem of the specific organization.

There are several **CRITICAL SUCCESS FACTORS** which help in the successful implementation of Business Process Reengineering in an organization. Therefore every organization should follow some of the key factors given below:

Drive from top: Top management should be committed to the Business Process Reengineering Project and should be willing to express that commitment across the enterprise. 54.7% agree and 30.7% strongly agree that top management commitment and support has been ensured for the implementation of reengineering projects.

Communication: change should be communicated clearly to the employees and across the organization. 13.3% strongly agree that information sharing has increased after the implementation of reengineering.

Ensure that right sponsor is chosen: Choosing the right sponsor for the reengineering initiative is one of the momentous factors for the success of BPR.

Be clear about the purpose of the redesign: The vision set should be clear and reengineering initiative and purpose should be consistent with this vision.

Ensure that processes match the needs of the markets they are to serve: The starting point of most reengineering initiatives is markets. Companies direct their reengineering efforts by considering the needs and requirements of the markets they aim at. That's why the importance of a 'match' between the market needs and the processes that are to serve them is paramount.

Dedicate resources to the project: Consultants and academics can help, support and encourage the reengineering process.

Recognize that IT provides opportunities for new designs: Information Technology (IT) can be a key enabler of BPR and that's why organizations must constantly evaluate how both old and new technology can be used.

Treat BPR as a holistic philosophy: successful BPR requires action on a broad front.

LIMITATIONS:

- 1 Did not get enough time to research more on the topic.
- 2 Primary data was not available.
- 3 Data specific to the topic was difficult to collect.

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