

**BUSINESS PROCESS REENGINEERING (BPR) IN
CONTEMPORARY ORGANIZATIONS: CONCEPT,
SUCCESS FACTORS AND CHALLENGES**

NGIGE CHIGBO D.*

ABSTRACT

This paper provides a comprehensive view of Business Process Reengineering (BPR) in contemporary organizations: concept, success factors, and the challenges that can make BPR implementation in the business world to be a failure. It is basically an exploratory analysis and thus reviews the literature relating to the concept of BPR, the success factors and the challenges to the BPR implementation efforts. Finally, it explains that these factors and challenges can act as checklist by which organizations undertaking or planning to undertake BPR efforts can ensure that their BPR-related change efforts are comprehensive, well-implemented and have the minimum chance of failure.

* Ph.D., LECTURER, DEPARTMENT OF BUSINESS ADMINISTRATION FACULTY OF MANAGEMENT SCIENCES, ANAMBRA STATE UNIVERSITY, IGBARIAM CAMPUS, NIGERIA

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INTRODUCTION

Today organizations have to consider their structure and behavior in order to support their evolution and adaptation in a dynamic and rapidly changing environment. Change has always been constant, but although in the past it was predictable, incremental and evolutionary; but today it is unpredictable, rapid and revolutionary. The rapid deployment of new technologies, the globalization of markets/business operations and the continuously changing customer expectations are the main forces guiding this change and transformation. Contemporary organizations in order to successfully face these difficult operating conditions, should redefine their key strategies focusing on minimizing the cost of services and products as well as improving customer satisfaction, service quality and job satisfaction.

Consequently, there has been an evolution from function-oriented organizations to process-centered ones. Function-oriented organizations are organized around functions (e.g. sales, production, procurement or product development); while process-oriented organizations are organized around processes (e.g. process a client's application for a loan). Davenport and Short (1990: 11-27) are of the view that business processes are a set of logically related tasks performed to achieve a defined business outcome. Thinking in process terms, business process reengineering is becoming increasingly important as a success factor for contemporary organizations; i.e. as a means to improve their performance and enhance their competitiveness.

In view of this, the concept of reengineering was adopted by private sector organizations in the USA in the early 1980's, while its use by the public sector to increase productivity started in the late 1990's (Hales and Savoie, 1997: 17-19; Pollitt and Bouckaert, 2000). To Hammer and Champy (1993) business process reengineering (BPR) is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed. The incredibly new developments in the technology adopted by contemporary organizations have made the demand and markets much more dynamic than ever before. Organizations are now thinking on how to survive the intense competition in today's business environment and the solution ultimately lies in BPR. In such a dynamic, fluctuating, ever-changing, hypercompetitive business environment as we have today, most organizations are fighting for survival using BPR; but in trying to apply BPR they fail to work properly with the elements of BPR and this results in failure. BPR is ideal

for every firm that uses it both in the public and private sectors of the economy. It is equally applicable in the service sector as well as in production-oriented firms.

BPR requires time and proper planning before its introduction, otherwise there are great chances of failure. Zairi and AL-Mashari (1999: 87-112) are of the view that 70% of BPR fails during the implementation because of lack of planning and proper measures. The causes of failure include not only the improper implementation and high expectation of BPR, but people's resistance and poor management. However, for successful implementation of this radical change process it is necessary to ensure that the change is properly communicated, human workforce of the firm are totally involved or taking on board, teams that are going to perform BPR are empowered to ensure proper teamwork, the workforce is trained and educated about the change, committed and strong leadership, and adequate resources are provided to make sure the process runs smoothly. To Huang and Palvia (2001: 276-284) change management and corporate culture have played important roles in BPR and ERP (i.e. Enterprise Resource Planning) acceptance in a variety of countries. Thus, factors affecting BPR execution results can be national and environmental, and organizational and internal.

THE CONCEPT OF BPR

A contemporary management approach to greater business efficiency is business process reengineering. This approach to reinventing organizations is otherwise termed "reengineering the corporation", as Michael Hammer and James Champy titled their book in 1993.

To Hammer and Champy (1993: 32) BPR is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed. To Harmon (2003:461) reengineering emphasizes starting from a blank sheet (from scratch) and completely reconceptualizing major business processes and using IT in order to obtain breakthrough improvements and performance. Another view of BPR is that it is a philosophy of management which aims at achieving breakthroughs in performance by redesigning the organization around most important business processes, starting from scratch (i.e. without any previous knowledge).

BPR is thus a method of improving the operations and therefore the outputs of organizations. It involves discovering how business processes currently operate, how to redesign these processes to eliminate the wasted or redundant efforts, improve efficiency, and how to implement the

process changes in order to gain competitiveness or rather competitive advantage. Put another way, BPR means that organizations have to reengineer their processes, i.e. reinvent the way they do things or rather offer a particular product or service in order to remain competitive and stay afloat in the fierce economic competition of the market place.

In reengineering, fundamental rethinking addresses the reasons as to why certain actions are performed rather than accepting the status quo, while radical redesign means disregarding all existing structures and procedures and inventing completely new ways of accomplishing work. Processes are a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer. It implies a strong emphasis on how work is done within an organization. BPR usually concentrates on selected vital processes. Examples of processes include; developing a new product or service, ordering goods from a supplier, buying, manufacturing, delivery and invoicing (Ngige, 2008: 150).

In rethinking a key business process such as improving service delivery in a bank/company; the bank or company employing the BPR approach has to put its existing arrangements mentally to one side, and then question everything about the process, for example; how the customer wants the service, what it is he wants, why he wants that way, who deals with the customer, how, and in what order. The idea is to go back to the basic principles and completely rethink the process in question. It is in this way that the Automatic Teller Machines (ATM) of the banks came into being in order to improve service delivery and add value to the customer.

Reengineering is not the same thing as restructuring the organization. Reengineering is a wider concept, and restructuring the organization is a possible outcome of it. Reengineering focuses on redesigning vital business processes in a radical manner, and in this process restructuring the organization cannot be ruled out.

Reengineering is a customer focused, top-down approach to establish real advances in business performance. Reengineering completely reinvents how an organization does business. The purpose of reengineering is to create new, different and effective operations, not simply to automate or improve existing processes. It is to find new ways to organize tasks, organize people and redesign information technology so that the processes support the organization's goals. It means analyzing and altering the business processes of the organization as a whole. Reengineering is based on customer research, competitive and economic analyses, and benchmarking. Reengineering goes further than work simplification and aims to achieve a more

radical change at a higher level, question the value of a process rather than simply trying to eliminate steps or tasks and incorporate IT. The end result of reengineering should be significant cost savings and productivity benefits together with improved quality, and faster time to market (Mckay and Radnor, 1998: 926). BPR will thus offer organizations the opportunity to outperform competitors, take market share away from competitors and meet customer demands.

SUCCESS FACTORS OF BPR IMPLEMENTATION

There are many approaches to BPR {e.g. Hammer and Champy Approach, Davenport and Short Approach, Process Analysis Design Method (PADM), and the Jacobson's Approach (Object-Oriented BPR)}, but independently of the one that is followed, a BPR initiative is a risky undertaking and several factors have to be considered for a successful effort. Thus, a very important success factor is top management sponsorship. A BPR project usually requires many resources, money and leadership, which can be assured only by a strong and consistent top management sponsorship. In other words, commitment and leadership in the upper echelons of management are often cited as the most important factors of a successful BPR project (Hammer and Stanton, 1996; Jackson, 1997: 34-36).

Another important success factor is the alignment of the change/transformation effort with the organization's strategic direction demonstrated from the perspective of financial performance, customer service, associate employee value, and the vision of the organization. Therefore, a consideration of the strategic context of growth and expansion, creating a top-level strategy to guide change (Carr, 1993), and careful alignment of corporate strategy with BPR strategy (Jackson, 1997; Brass and Roos, 1993: 57-64) are all crucial to the success of BPR efforts.

Additionally to the above factors, the selection of the right methodology/model or approach that meets the needs of the project and is understood and supported by the project team is very important. A BPR methodology sets the framework for undertaking a BPR effort. It is used to support related activities to reengineering such as; the definition of the project boundaries, the selection of the right people to empower the BPR team, the definition of a project manager, the selection, definition and analysis of the business processes that are candidates for reengineering, and so on. There exists a large number of BPR methodologies/approaches, none of which is a panacea or rather offers solution to the problem. The challenge in structuring a BPR project is to select the methodology/approach based on a contingency flavor, i.e. selecting the approach that

is best suited to the situation in hand, taking into account organization objectives, capabilities and economic or competitive requirements. In other words, appropriate use of methodology and using a sound methodology entails establishing a disciplined approach for BPR (Carr, 1993: 16-21; Benjamin and Levinson, 1993: 23-33) which is one of the prerequisites for BPR success. Thus, a BPR methodology should be designed or selected creatively to satisfy the current needs of the organization (Klein, 1994: 30-35).

Furthermore, besides the right selection of the type of model or approach that will aid the BPR project; the computer assisted tool that will support the modeling, analysis and redesign of the process is another crucial factor for the success of a BPR project. The role of a computer assisted tool in the success of a BPR effort should not be underestimated. There are a lot of tools available in the market and their functionality varies from simple drawing tools to more complex ones that provide simulation analysis and integration with workflow management systems.

The point being emphasized is that factors related to information technology (IT) infrastructure are equally important success factors of BPR efforts (Malhotra, 1996; Broadbent and Weill, 1997: 77-92). These factors include; effective alignment of IT infrastructure and BPR strategy, building an effective IT infrastructure, adequate IT infrastructure investment decision, adequate measurement of IT infrastructure effectiveness, proper IS integration, increasing IT function competency, and effective use of software tools. These factors are among the most important factors that contribute to the success of BPR projects (Zairi and AL- Mashari, 1999: 87-112).

However, it should be noted that important success factors of BPR described by authors varies from each other. To HerzogHerzog, Polajnar and Tonchia (2007) components/factors of effective BPR play an important role in successfully achieving organizational goals and fulfillment of expectations from BPR. BPR does not guarantee profits unless these success factors is properly worked out, and they include; top management commitment (sufficient knowledge about BPR projects realistic expectation of BPR results, frequent communication with BPR team and users), change in management systems (new reward system, performance measurement/management, employee empowerment, timely training and education), use of information technology (the role of IT, use of up-to-date communication technology, adoption of IT), collaborative working environment (friendly interactions, confidence and trust, teamwork performance, cooperative environment, recognition among employees), and egalitarian leadership (shared

vision/information, open communication, confidence and trust in subordinates, and constructive use of subordinates ideas).

Nevertheless, Ahmad, Francis and Zairi (2007: 451-469) in a study on identification of important success factors of BPR in higher educational sector found that common success factors were; teamwork and quality culture, quality management system and satisfactory rewards (motivational incentives), change management (very difficult to deal with HR), less bureaucratic and participative styles, IT/IS, project management and adequate financial resources. However, it has also been confirmed that these success factors are equally important for the success of BPR regardless of sector, firm or departments. In a recent study by Habib and Wazir (2012: 172-185), it was observed that educating employees and providing them proper training help in successful implementation of BPR in the public sector. Similarly, another study by Habib (2011) found that developing cross-sectional teams and encouraging teamwork is a source for successful implementation of BPR.

CHALLENGES INVOLVED IN BPR IMPLEMENTATION

Besides the success stories of BPR, there is a list of challenges that can make BPR implementation in the business world to be a failure. Some of the common challenges identified by authors Zairi and Al-Mashari (1999), Hammer and Stanton (1996), Belmiro, Gardiner, Simmons and Rentes (2000) include;

Poor Management/Challenges related to Management Support:

BPR requires the coordination of people, processes and technology and can only be achieved with clear vision and values. Top management sometimes is rigid in this regard and fails to bring harmony and integration in the key components. In addition, often times, there is a lack of sustained management commitment, support and leadership, and even lack of support from line managers to the BPR effort; and this represents a challenge to the successful implementation of BPR in organizations.

Challenges related to Organizational Structure

Lack of cross-functional project teams is among the challenges related to organizational structure for poor BPR implementation efforts in organizations. Thus often times, most companies fail to build proper teams and because of the need for cross-functional teams, it creates problem for management in BPR implementation. Other challenges related to

organizational structure include difficulty in finding suitable teams members, lack of IS staff credibility and involvement in reengineering teams, inadequate communication among members, and even inadequate team skills and lack of training for BPR teams.

Lack of Proper Training for Organizational Employees

Besides the challenge of lack of proper training for BPR teams and the inadequate team skills for BPR teams, lack of proper training among other organizational employees, i.e. the rank and file employees often represents a challenge to the successful implementation of the BPR efforts. In this regard, when BPR is implemented, most of the jobs and functions change. Therefore, employees need to gain the new skills, but companies pays less attention to provide the necessary training.

Vague Methodology

The adoption of the proper methodology or approach is essential for the success of radical change processes, but companies when adopting BPR often fails to choose the right method/approach for introducing the change.

Challenges related to Goals and Measures

Lack of clear performance objectives and milestones for BPR projects are among the challenges related to goals and measures in the successful implementation of BPR in organizations. Other challenges related to goals and measures include; poorly defined needs, difficulty in establishing performance goals, difficulty in measuring BPR project performance, using only quantifiable and easy measures, spending too much time in analyzing existing processes, and even absence of strategic focus and focusing on planning rather than on doing.

Focus on Short-term Objectives

Similar to the challenges related to goals and measures is the focus on short-term objectives which is now increasingly becoming a major challenge to BPR efforts in contemporary organizations. In this regard, sometimes companies expect that BPR will deliver results soon in the short-term, but it is not the case. BPR is a long-term process due to the fact that change is enduring and it takes much longer time than the Total Quality Management (TQM) and the Value-Chain Process (VCP) to provide results.

Challenges related to BPR Resources

Lack of required resources for BPR efforts is another major challenge facing BPR implementation in contemporary organizations. Other challenges related to BPR resources include; unsound financial condition, not understanding the total financial impact, and difficulty in forecasting human, financial, and other resources. This observation has found prodigious research and intellectual support in Ranganathan and Dhaliwal (2001: 125-134) who are of the view that besides lack of executives support, vision and inflexible organizational structure that lack of financial resources, and human resources and insufficient IT infrastructure are among the challenges facing BPR implementation in contemporary organizations.

Challenges related to Information Technology (IT) Infrastructure

The challenges related to Information Technology (IT) infrastructure are among the major challenges facing successful BPR implementation efforts in modern organizations. The challenges related to IT investment and sourcing decisions is among these challenges related to IT infrastructure, and they include; optimizing lower-level processes that can be outsourced for cheaper cost and less efforts, premature IT outsourcing, and costing models failing to consider the totality of system elements (Tilley, 1996). In addition, improper IS integration is another challenge facing BPR efforts in contemporary organizations. Under improper IS integration can be found; inadequate treatment of compatibility issues, insufficient telecommunication infrastructure capabilities, insufficient database infrastructure capabilities, and insufficient IS application infrastructure capabilities.

Peoples Resistance to Change and New Ideas/Creativity

People's resistance to change and new ideas (creativity) are among the challenges posited by He (2005: 153-167) posing as stumbling blocks to the BPR efforts in organizations.

CONCLUSION

This paper has reviewed business process reengineering (BPR) in contemporary organizations: concept, success factors, and the challenges that can make BPR implementation in the business world to be a failure. Thus, the outline and the discussion of the success factors and the challenges facing BPR implementation as given by this paper can be used as a checklist by which organizations undertaking or planning to undertake BPR efforts can ensure that their BPR-

related change efforts are comprehensive, well-implemented and have the minimum chance of failure.

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