Business Process Reengineering (BPR) Key Success Factors

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ABSTRACT

Several authors and researchers have questioned the effectiveness of business process reengineering (BPR) as a holistic organizational approach especially after the demise of giant organizations all over the world. However, at a time of economic turbulence and uncertainty, BPR becomes instrumental in helping organizations reengineer existing processes and optimize them to better stay competitive and accelerate business. This paper addresses this criticism and proposes a framework that encompasses key factors that must be considered in any BPR initiative in order to ensure its success. As well as providing executives with a practical guide to consult when starting, planning, implementing and controlling the different activities needed to complete a reengineering project. The paper also identifies and elaborates on the key success BPR factors: 1) Organization wide commitment, 2) BPR team composition, 3) Business needs analysis, 4) Adequate IT infrastructure, 5) Effective change management, and 6) Ongoing continuous improvement. These key factors are presented in light of supporting literature.

Keywords: Business Process Reengineering (BPR), Corporate Downsizing, Process Management, Process Modeling, Quality Management, Reorganization, Restructuring

1. INTRODUCTION

BPR does not only mean change, but rather dramatic change. What constitute this drastic change are the overhaul of organizational structures, management systems, employee responsibilities and performance measurements, incentive systems, skills development, and the use of IT. Business process reengineering (BPR) is defined as a radical redesign of processes in order to gain significant improvements in cost, quality, and service (Özcelik, 2010). Confusion exists about what exactly constitutes BPR and how it is perceived (Herzog, et al., 2007). BPR can potentially impact every aspect of how business is conducted today. In fact, redesigned processes should bring considerable savings or profit increase (above 50%) in order to be considered successful (Jovanić, 2010). Change on this scale can cause results ranging from enviable success to complete failure. In spite of the depth of change involved in undertaking BPR efforts, anecdotal evidence suggests that many organizations gained benefits from BPR

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Successful BPR can result in enormous reductions in cost or cycle time. It can also potentially create substantial improvements in quality, customer service, or other business objectives. The promise of BPR is not empty; it can actually produce revolutionary improvements for business operations. It can help an aggressive company to stay on top, or transform an organization on the verge of bankruptcy into an effective competitor. The promise of substantial financial gain has motivated numerous firms across a wide range of industries to adopt major process change initiatives, with some achieving significant benefits (Ramirez, et al., 2010).

On the other hand, BPR projects may fail to meet the inherently high expectations of reengineering. In 1998, it was reported that only 30% of reengineering projects were regarded as successful (Galliers, 1998). More recent studies revealed that BPR success has been increasing (Jafari, et al., 2012). There are several justifications and reasons for reengineering projects failure. Researchers argue that there is still a need to better measure BPR implementations through objective measures, and to relate them to organizational performance in the context of other variables that may also affect performance (Ozcelik, 2008).

Although some researchers claim that the earlier promise of BPR has not been fulfilled as some organizations have put forth extensive BPR efforts only to achieve marginal benefits, there is solid evidence that shows that the implementation of BPR has been successful in the recent decade (Jafari, et al., 2012). There is no doubt that reengineering involves some risk. However, business organizations are still pursuing BPR to implement change and improve efficiency. BPR is regarded by many as being able to achieve a high degree of success for organizations implementing reengineering initiatives (Najjar, et al., 2012).

Many unsuccessful BPR attempts may have been due to the confusion surrounding BPR, and how it should be performed. This lack of success has been attributed to the lack of tools and methods for managing change while others have attributed it to a lack of connection between BPR efforts and the corporate goals (Rao, et al., 2012). Organizations were well aware that changes needed to be made, but did not know which areas to change or how to change them. As a result, process reengineering is a management concept that has been formed by trial and error or, in other words, practical experience. One failure factor is the focus on the steps in the business process (e.g. business process diagrams) at the exclusion of the environment within which the process is carried out. Another factor is that although there are a number of tools for modeling the business processes, many of these tools only support diagrammatic and mathematical modeling (Rao, et al., 2012). In order to achieve lasting benefits, companies must be willing to examine how strategy and reengineering complement each other. It is possible to reevaluate present business goals and strategy, to determine key BPR success factors to create a strategy of change (Sujovaa & Rajnohab, 2012).

Many BPR researchers have focused on key factors in the BPR process that enabled a successful outcome. Recent studies on BPR initiatives have revealed interesting findings for academics and practitioners (Jaafari, et al., 2012). Many lessons were learned and many elements were identified as essential to the success of a BPR activity. Some important BPR success factors, include, but are not limited to the following:

1. Organization wide commitment;
2. BPR team composition;
3. Business needs analysis;
4. Adequate IT infrastructure;
5. Effective change management;
6. Ongoing continuous improvement.

2. ORGANIZATION WIDE COMMITMENT

There is no doubt that major changes to business processes have a direct impact on processes, technology, job roles, and workplace culture
Business Process Reengineering a Sustained Trend?: An Analysis About the Practice in Major German Companies


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