

"BUSINESS PROCESS TRANSFORMATION: MANAGING INNOVATIVE ORGANIZATIONAL CHANGE"

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FUTURE

As we move into the 21st Century, change has and will continue to be the norm in both the private (business) and public (government) sectors. Changes in organization, management and technology are becoming more frequent; the world has become more complex and fluid. Change is one of the foremost, if not THE most important business topic today. Today's change activities are ubiquitous and increasingly more participative. Yet from an information technology perspective, we also continue to face the "productivity paradox" in which investments in information technology continue to show little or no meaningful impact on business productivity.

More so than ever, information technology is as much an integral part of our lives as the automobile and airplane. Therefore, one of the primary responsibilities for any enterprise is the effective development, management and use of its information and information technology infrastructure. Yet, the management of information technology will also continue to undergo revolutionary, not evolutionary, change. Future changes to a fundamentally new way of thinking and managing will be driven not only by technology advances, but also by business and social directions, including emphasis on people issues, cost-effectiveness, information dispersal, reporting relationships, and better alignment and effectiveness of business and information technology processes.

To address these rapidly changing critical organizational, management, and technology issues, Business Process Reengineering (BPR) has become the preeminent innovative business performance technique over the past seven years. To make a "positive and successful difference" in their organizations, executives and managers must have the courage to begin and the will to succeed at Business Process Reengineering.

To effectively lead in this era of constant change, both business and information technology people need to educate themselves on the strategic implications of information technology to ensure more productive, effective and profitable enterprises through the strategic use of information and information technology. Executives and managers must also encourage their employees to actively participate and positively contribute to the Business Process Reengineering efforts within their organizations.

PROCESS TRANSFORMATION CONCEPTS

Through their extensive research, Michael Hammer and James Champy (Reengineering the Corporation, 1993) have done an excellent job in developing the basic tenets for business process reengineering, which emphasize fundamental rethinking, radical redesign, strategic and value-added business processes, dramatic improvements, and critical performance measurements. Others, including Thomas Davenport (Process Innovation: Reengineering Work through Information Technology, 1993) and Ray Manganelli (The Reengineering Handbook, 1993), have also done extensive work in developing and refining the fundamental concepts of reengineering. Using these reengineering principles as a framework, organizations can strive for excellence in providing high-quality products and services at fair prices and reasonable cost in order to fully meet the needs and expectations of both their internal and external customers. They can, determine a better way to do work through their organizational structure, their work processes, their people, and information resources.

In implementing business process reengineering, organizations must realize that, on one hand, tiptoeing through the reengineering maze one process at a time and in a "vacuum" will be most difficult at best. On the other hand, casting reengineering within and throughout the organization as the way of life -- a life-time journey to be traveled by all in the organization -- will ensure, although extremely difficult, that all changes as a result of the reengineering effort, all process redesigns, will fit together.

FAILURES IN TRANSFORMING BUSINESS PROCESSES

Evidence suggests that many organizational efforts to reengineer business processes have failed -- why? To begin, managers, in general, in both the private and public sectors have only focused on:

- * Reorganizing: Moving "boxes" from one side to the other, up or down on the organizational chart,
- * Downsizing: Major reductions in staff just to cut costs to meet quarterly profit/cost goals,
- * Automating: "Paving over the cowpaths", doing the wrong things efficiently,
- * Improving: Incrementally, one step at a time through quality circles.

But, is this reengineering -- ABSOLUTELY NOT! Then, perhaps, is breakthrough thinking, as embodied in business process reengineering, something so overwhelmingly and intoxicatingly new? NOT HARDLY, these ideas have existed for centuries. But, business process reengineering is NOT a miracle cure. It offers no quick, simple or painless fix to organizational, managerial or technological challenges. It does entail difficult and strenuous work; and it still raises many questions, including the effective use of information resources, both information and technology.

But, in business process reengineering efforts that have not succeeded, the following categories do represent key reasons for reengineering failures:

- * Undertaking a "project" or change effort in the name of reengineering, but not following the concepts or principles of reengineering.
- * Lack of understanding of reengineering concepts and principles by key executives -- bury reengineering efforts in the middle of the "corporate" agenda; unrealistic expectations and lack of adequate resources.
- * Half-hearted reengineering attempt -- Lack of positive leadership and continuous support, commitment and involvement by executives.
- * Reengineering effort seen as another cost-cutting, downsizing effort, emphasizing technology over people issues.
- * Focusing on only a single reengineering effort as a short-term, narrowly-defined project; settle for minor results; neglect people values and beliefs.
- * Not giving the organization or reengineering team a chance to succeed.
- * Improper identification and use of process change enablers.
- * Not using a structured, disciplined reengineering methodology.

By example, a large telecommunications company attempted to undertake a massive reengineering effort, focusing primarily on the consolidation of its many data processing centers. At the same time that they were implementing over 450 BPR projects, spending over \$1 billion, they also undertook several new major business initiatives, as well as continued a major downsizing effort -- separate and distinct from their BPR efforts. This company tried to do too much, too fast, commingling many different and critical projects on their corporate agenda. Their senior executives failed to resolve this "forest versus trees" syndrome, which severely hampered their reengineering efforts. They completely lost focus on their customer. During their reengineering effort, they also decapitated and

reassigned many of their executives. As a result, their reengineering efforts have floundered , never achieving the necessary changes that were initially envisioned. Obviously, there are many lessons to be learned from this case in order to succeed at reengineering.

BUSINESS PROCESS TRANSFORMATION CRITICAL SUCCESS FACTORS

In examining the reasons for failed reengineering efforts in business processes and considering the above critical issues within organizations, five critical success factors have evolved on which organizations must focus in order to be more effective in reengineering their business processes and various sub-processes. These factors include:

1. Educate all the organization's executives, both business and IT, on reengineering.
2. Evaluate your organizational environment for reengineering.
3. Effectively identify and use key process change enablers.
4. Effectively use a structured, disciplined reengineering methodology.
5. Implement positive and dynamic change management process and procedures.

MANAGING INNOVATIVE PROCESS TRANSFORMATION

Reengineering can be done and done successfully. However, as a "new" pioneering tool with many uncertainties, management must have the knowledge to understand, the courage to begin, and the will to succeed at business process reengineering if they are going to make a "positive and successful difference" in their organizations. To do so, managers must be able to move from having great thoughts about reengineering to making these ideas happen.

Successfully managing innovative change within the reengineering framework will require a heavy dose of the 4 C's: commitment, coordination, communication, and cooperation. All levels of management must be fully committed to the reengineering efforts. Internally, they must work very closely together, engaging in active dialogue, ensuring full and active participation, and actively and positively supporting the reengineering effort. Externally, managers must actively communicate with their organization's stakeholders to gain their support and cooperation.

Lastly, to be successful at business process reengineering through the use of a sound methodology and the effective employment of key dynamic process change enablers, including information resources, management at all levels must exercise positive and dynamic leadership. They must maintain a high degree of flexibility and bring a dose of common sense to the "reengineering" table. And, above all, they must always focus on their people as the most important resource -- the most important process change enabler -- to address within their reengineering efforts.