Business process reengineering (Hammer and Champy, 1993) is essentially value engineering applied to the system to bring forth, sustain, and retire the product, with an emphasis on information flow. By mapping the functions of the business process, low value functions can be identified and eliminated, thus reducing cost. Alternatively, a new and less costly process, which implements the function of the current process, can be developed to replace the current one.

The big problem, however, it that the typical implementation of business process reengineering (BPR) in America is an excuse for management to lay off the people with the experience needed to provide quality to the customer and to grow the enterprise for the future. In direct opposition to Demings warning (Deming, 1986), as typically implemented, BPR drives fear into the organization and destroys the social dimension of the sociotechnical system which produces the product or service. Under these conditions, BPR will lead to a reduction in value to the customer and hence to a reduction in the value of the enterprise. Lalli (1996) cites convincing evidence that downsizing reduces the long term value of a companies shares unless considerable effort is put into training the employees left, and thus treating them as valuable assets.

BPR does not have to lead to fear or to layoffs. Business processes may be reengineered with a humanistic focus within the sociotechnical system, as Japan has done. The much needed experience can be applied to further process improvement (Monden, 1992), market penetration, product improvement, and even market development. Post war Japan has been able to handle associated downsizing with attrition. The reduction in enterprise value in America due to fear and layoffs resulting from the use of BPR is due totally to American management mindset.
Scherkenbach (1986) notes that "As Dr. Deming's philosophy is instituted and organizations begin on the road to continuing improvement, there will be a reduced need for all incoming resources because of a reduction in waste. ... As we reinvest in our other resources, we must reinvest in our most important asset, our people. Management must make it perfectly clear in the beginning that they will reinvest in their people. If they cannot make the commitment to lifelong employment, they must commit to using attrition for reduced people requirements. They will not get the necessary cooperation unless they make it clear that their people will not be working themselves out of a job."

Mazur (1995) indicates that quality function deployment (QFD) grew out of the need in Japan to reengineer their processes. Using QFD, the reengineering occurred within the span of total quality control without destroying the social system necessary for business survival.

Carr and Johansson (1995) note that "BPR can and should be used to extend the gains in employee empowerment and teamwork created under any TQM effort."


Yes, business process reengineering can provide major cost reductions. However, there is no need to kill your prospects for long term survival by improper implementation of the reengineering process. On the other hand, it can also be used to bring about major internal and external quality increases, thus increasing value for both for the employee and the customer.

From the perspective of competitive advantage, the major guideline is to think about and understand all outcomes before you apply BPR!

From my personal perspective, humanistically focused BPR, aimed at win-win-for-all solutions, should be an integral part of your quality process as it is under total quality control. I also believe that Davidson (1993) offers a path through which BPR can become a very important phase within a much greater positive business transformation.

Business Process Reengineering should be viewed as a part of the more general and less dehumanizing topic of activity based management.

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