

# Best Practice in Business Process Reengineering and Process Design

*Expert knowledge means success*

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

## Introduction

A Benchmarking study carried out by ProSci (of Loveland, Colorado, USA) looked for best practices in BPR and Process Design. The study used the unique capabilities of the Internet and in the words of ProSci was “*extraordinarily successful*” - reaching 57 organisations in 26 countries on six continents.

Companies represented in the study ranged from car manufacturers to health care firms. They all had one common attribute: they were introducing radical change in the way in which they worked.

Business Process Reengineering (BPR) is concerned with change. To be effective, change management depends on recognising ways in which technology, practice and strategy can work together in harmony.

There are several competing definitions of what BPR is all about, which include:

- The fundamental rethinking and radical redesign of business process to achieve dramatic improvements in critical contemporary measures of performance;
- The analysis and design of team-based workflows and processes within and between organisations;
- A methodological process that uses information technology to radically overhaul business process and thereby attain major business goals;
- The overhauling of business processes and organisation structures that limit the competitiveness effectiveness and efficiency of the organisation;
- The design of a company’s core processes to yield breakthrough levels of improvement, laying the basis for continuous improvement.

Interactions play a crucial role in affecting the ultimate outcome of a BPR project. Frequently, BPR efforts run into serious difficulty. According to empirical research, 70% of BPR projects fail to reach their intended goals and a project that seeks to be a “House of Quality” more often than not becomes a “House of Cards”. Near misses from the goal target can often leave an organisation worse off than if the BPR initiative hadn’t been started at all!

## The ProSci Survey Results

A significant finding from the ProSci study was that barriers to success are constant across all industries and processes. The results confirmed six areas as critical to successful projects:

1. Building top management sponsorship
2. Ensuring strategic alignment
3. Choosing a strong team
4. Creating a business case for change
5. Using proven methodologies
6. Managing change effectively

Of the six areas listed above, top management sponsorship and change management were cited most frequently by the companies involved in the study as critical success factors.

The study results also provided a few surprises:

1. One-third of the participants did NOT create a business case for their project.
2. Success measures were weak: two thirds did not know how they would measure the effectiveness of the process they used in their project.
3. Participants appeared reluctant to judge their success - many of those who had completed their projects considered it “too soon to tell” how successful they were.
4. Nearly one-third did not have a clear view of their “next steps”, implying that they did not understand how their project fed into the organisation’s long term plans.

Customer service was the business process targeted most frequently, with future plans calling for process design work in the areas of information services and financial processes.

The top three reasons that companies were redesigning business processes included:

1. the need to reduce costs
2. competitive pressures
3. poor customer satisfaction

About one-half of the project teams reported their expected performance improvement to be 10 to 30 percent (significantly less than the 50 percent or greater improvement expectations reported in most literature just three to five years ago).

Productivity losses during implementation ranged from 10 to 30 percent for one-third of the companies that reported such losses during the deployment phase of their project.

Using a proven methodology was cited as important to project teams and most teams reported training and up-front preparation as a critical area for improvement for future projects.

More than one-half of participating companies thought that their change management programmes were poor (or only somewhat effective) and, when asked what they would do differently next time in re-engineering efforts, many companies cited change management as one of the top two areas for improvement.

The average time for a re-engineering project was 19.7 months, with nearly three months spent on planning, team selection and approvals throughout the process.

More than two-thirds of participating companies used consultants, primarily as advisors to the team. More than three-quarters rated their consultant's effectiveness as good or excellent, and felt that the consultant was critical to the success of the project. A majority of respondents who used consultants indicated they would use them again.

Most project teams ranged in size from four to nine members, with very few above twelve. An overwhelming majority of teams were either co-located or they strongly recommended co-location.

Only four out of every ten teams has full-time resources assigned to the project. Lack of dedicated resources for their project represented a major obstacle for many project teams, and most respondents cited dedicated resources as a "must do" for future projects.

When asked, "How critical was top-management support to the success of the project?", more than 90 percent said it was critical or very critical. In a ratio of almost 10:1 over other lessons learned, respondents cited top-management sponsorship as the key success factor.

The full report contains the detailed findings on:

- the critical role of top managers;
- the top-10 contributors to successful teams;
- use of consultants;
- communications tools used by participants;
- effective change management activities;
- selecting a methodology;
- the most important steps in the process, including "must do" and "must not do".

## Nothing stays the same for ever

There is an old saying: "nothing stays the same for ever". It's true in businesses as well. Sometimes, businesses *have* to change in very significant ways if they are to survive or to take advantage of opportunities that are available to them. The process of change has several different names. The terms most frequently used interchangeably to represent the phenomenon of change are:

- Process improvement;
- Business process re-engineering;
- Business transformation;
- Process innovation;
- Business process redesign;
- Business process change.

## Further Information

This guide is for general interest - it is always essential to take advice on specific issues.

We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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Publication issued or updated on:  
18 January 2012

Ref: 16

