



# ***Business Process Reengineering***

## ***Class Session 2 – Fall 1385***

***Reengineering the Corporation***  
***Hammer & Champy***  
***Chapters 1-4 & Chapters 12-13***



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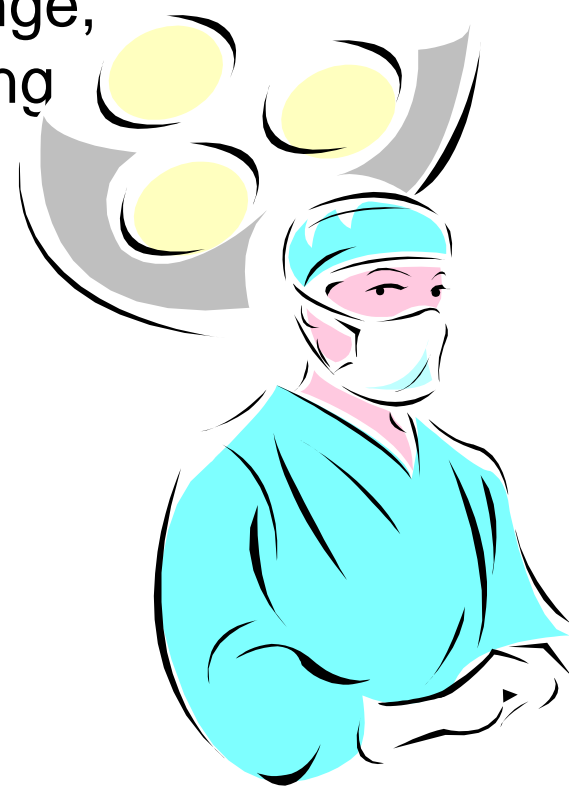
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**The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.**



# Disease or Symptom?

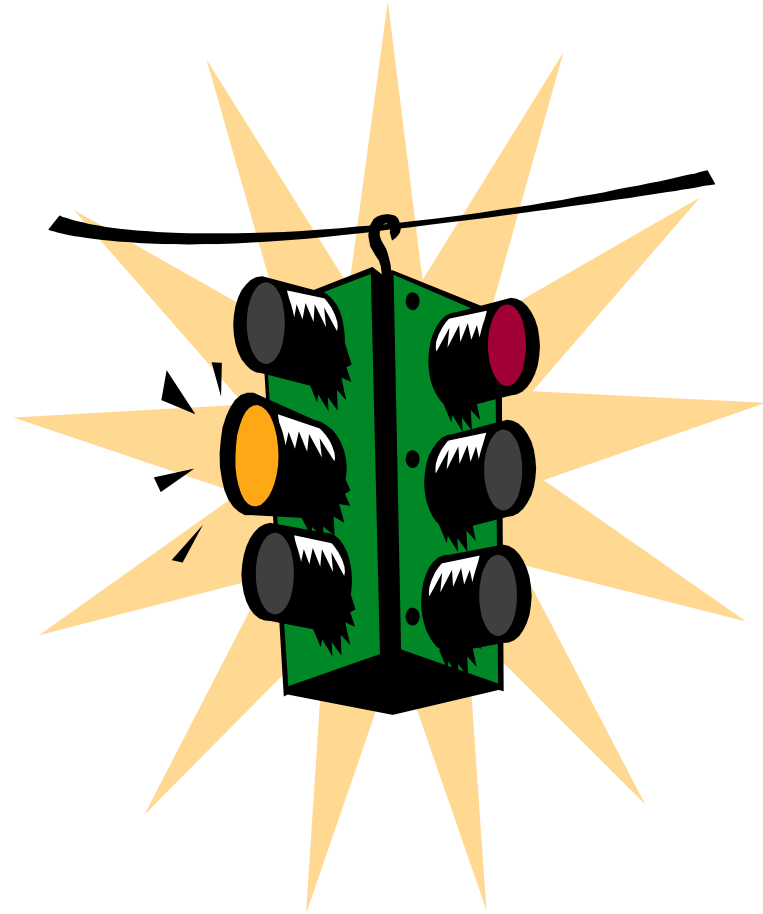
- Extensive information exchange, data redundancy and re-keying
- Excessive Inventory, buffers and other assets
- High ratio of checking and control to value adding work
- Rework and iteration
- Complexity, exceptions, and Special cases





# Common Themes

- ✓ Process Orientation
- ✓ Ambition
- ✓ Rule Breaking
- ✓ Creative Use of IS&T
- ☒ Automation
- ☒ Software Reengineering
- ☒ Down-sizing
- ☒ Quality Improvements





# نگرش جدید کار

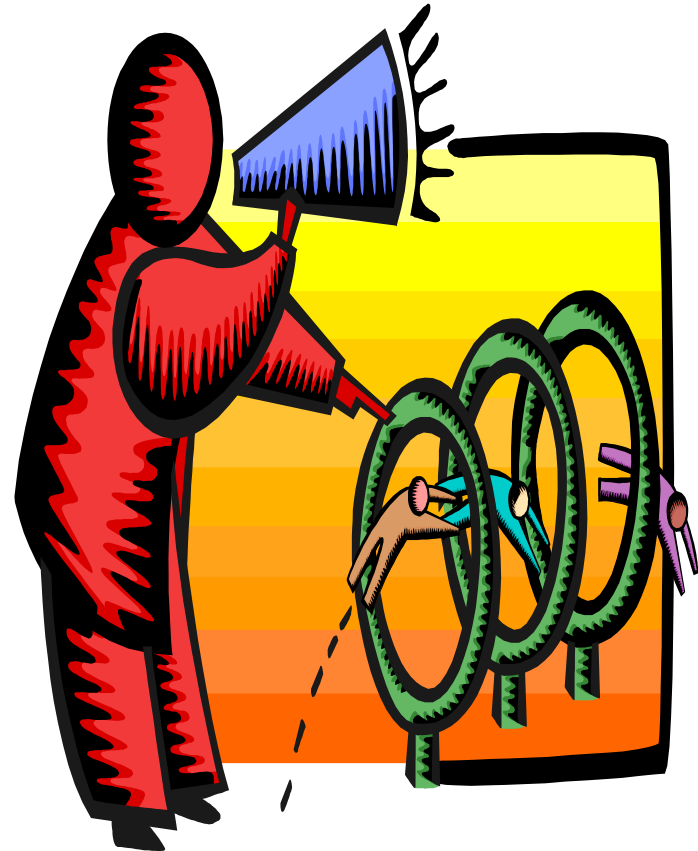
- Workers make decisions
- Process steps are performed in the natural order
- Several jobs are combined into one function
- Work is performed where it makes the most sense
- Reconciliation minimized





# نگرش جدید کار Continued

- Processes have multiple versions
- Checks and controls are reduced
- Case manager provides single point of contact
- Hybrid centralized-decentralized operations





# حرکت به سمت فرآیند محوری





# بازنگری ریشه ای سازمان

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# بازنگری ریشه ای سازمان

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## Managers as Leaders/Role Models Management by Walking Around

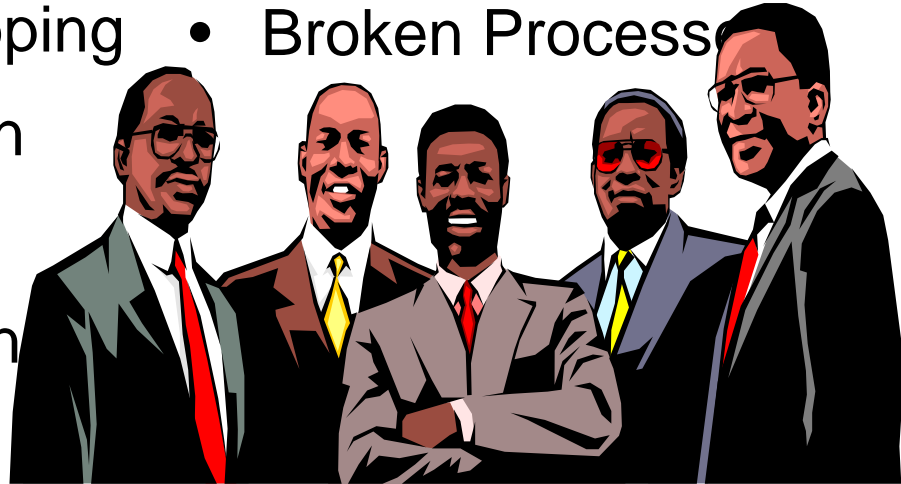
- Managers are most difficult to change
- Managers are causes of most BPR failures
- Middle managers add little Value after BPR





# تمرکز جدید مدیریت

- Process Development
- Process Reengineering
- Process Management
- Process/Flow Mapping
- Process Simulation
- Process Analysis
- Process Innovation
- Missing Processes
- Bottleneck Processes
- Non-value-add Processes
- Broken Processes





# Example: IBM Credit



- A 5 department, 14 persons, 6 day process
- Highly clerical, all serial, repetitive activities
- Equipment sale depended on credit approval
- Highly competitive and non-loyal market

***BPR → 1 Step Loan Specialist → 90 Min Process***



# Example: Ford Motor

- Accounts Payable Department: 500 Personnel  
(400 after improvements, vs. 15 at Mazda)
- Enormous paperwork, non-matching data  
Purchase Order, Receiving Document,  
Invoice

***BPR → Just-in-time Purchasing  
Eliminate Non-value-adds  
→ Handle Exceptions (5%)***



# Example: Kodak

- New Product Development Process: 70 weeks
- Intense competition from Fuji's new products
- Serial, manual, individual, error-prone process

***BPR → Concurrent Engineering  
Integrated Database***

***→ 24 weeks, 60% cost***

# One Company's Experience - Hallmark Cards



- Just fine, Preemptive Competitive Strike
- Reduce dramatically time to produce cards
- Market fragmenting, demanding tailored products
- Make ready time to Run time ratio changed, resulting low capacity, for more variety cards
- Low window of opportunity, fast replenish time
- Solution: company-wide radical reengineering
- The Journey (corporate transformation): write and codify beliefs, values, strategic goals, priorities

# One Company's Experience

## - Hallmark Cards (2)



- What would not change: core values & beliefs
- Chairman/Founder communication/meetings
- Operating committees, with significant time
- Formulated business priorities and objectives
- Improving performance in Time, Cost, Quality
- Communicate: not work harder, work smarter
- Decision Support: with sales information system
- Now know what sells and doesn't, w. retail data
- Time money, slash queue time, do right first time



# One Company's Experience

## - Hallmark Cards (3)



- Problem: sequential process, 90% time in wait
  - Solution: re-group and end throw-over-the-wall
  - Artists can see final form early, review together
  - New IS technology for point-of-sales information
  - Driven top-down, articulate clearly & sell to all
  - Culture & Satisfaction, Empowering people
  - Stay course, deal w. unanticipated problems
  - Need to communicate to everyone to get it
1. Top management commitment, give best people
  2. Set clear goals early, BPR Journey not Project

# One Company's Experience



## - Taco Bell

- Company was sick, getting smaller/less profitable
- CEO Martin inherited leadership, needed change radical enough and soon enough to save company
- Top-down command driven, management layers
- Process of processing was complex and very busy
- Micromanage business, forgot customer's input
- Business in small niche, Competitors years ahead
- Started with aggressive vision: Giant in the industry
- Up or Out, greatest enemy: traditional bound ideas
- Assumed what customers wanted, without asking<sup>8</sup>

# One Company's Experience

## - Taco Bell (2)



- New Customer Focus: Cheap, fast, good food
- Problem: cut cost of food, for marketing etc.
- Paradigm shift: focus on food, drop old thinking
- Reorganization & operational system redesign
- Eliminated district managers, you are in charge!
- Created market manager, for 1-2 B\$ a year
- Manage by exception: solve not create problem
- Some managers left, saying change will not work
- Change painful, by product of growth & success
- Enhance those value to customers, omit else

# One Company's Experience

## - Taco Bell (3)



- Reengineers building: 30%/70% operation/seats
- Space reduction helped productivity and costs
- Out of box thinking, alternative ways of business
- K-minus system: retail not manufacture food!
- Less work and control: more quality and service
- MIS sophistication and technology for people
- New distribution centers, outside the walls
- High profit increase and market share increase
- Start with customers, work backward from there
- Expect resistance and prepare to deal with it



# طراحی مجدد در ایران

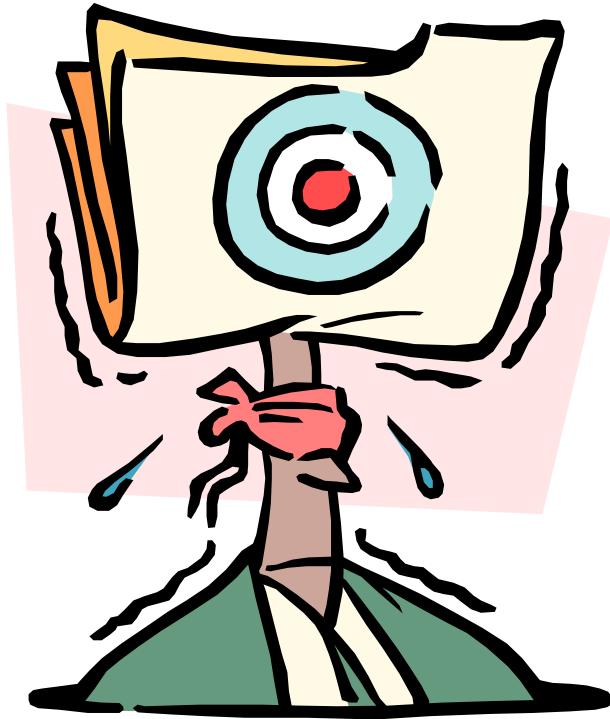
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# طراحی مجدد در ایران

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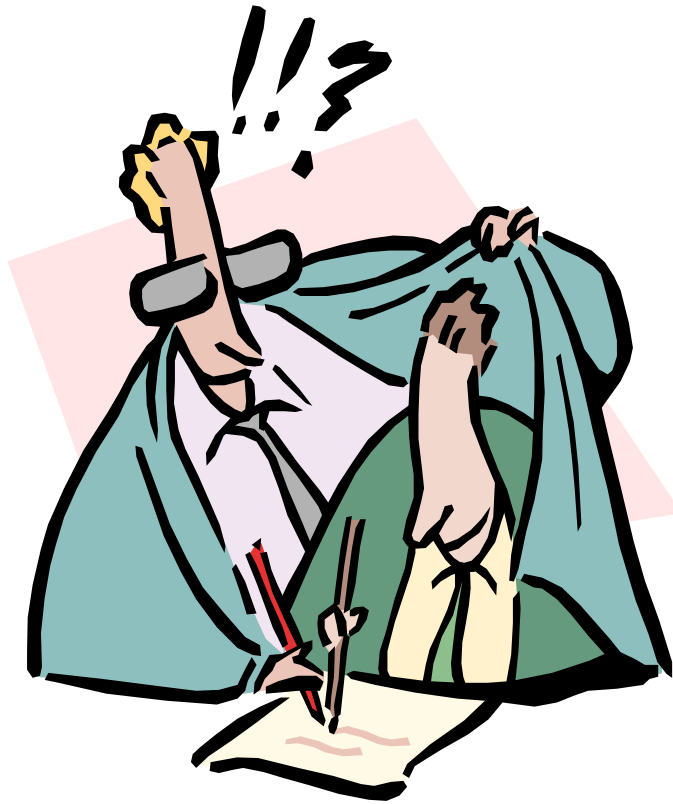


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# طراحی مجدد در ایران

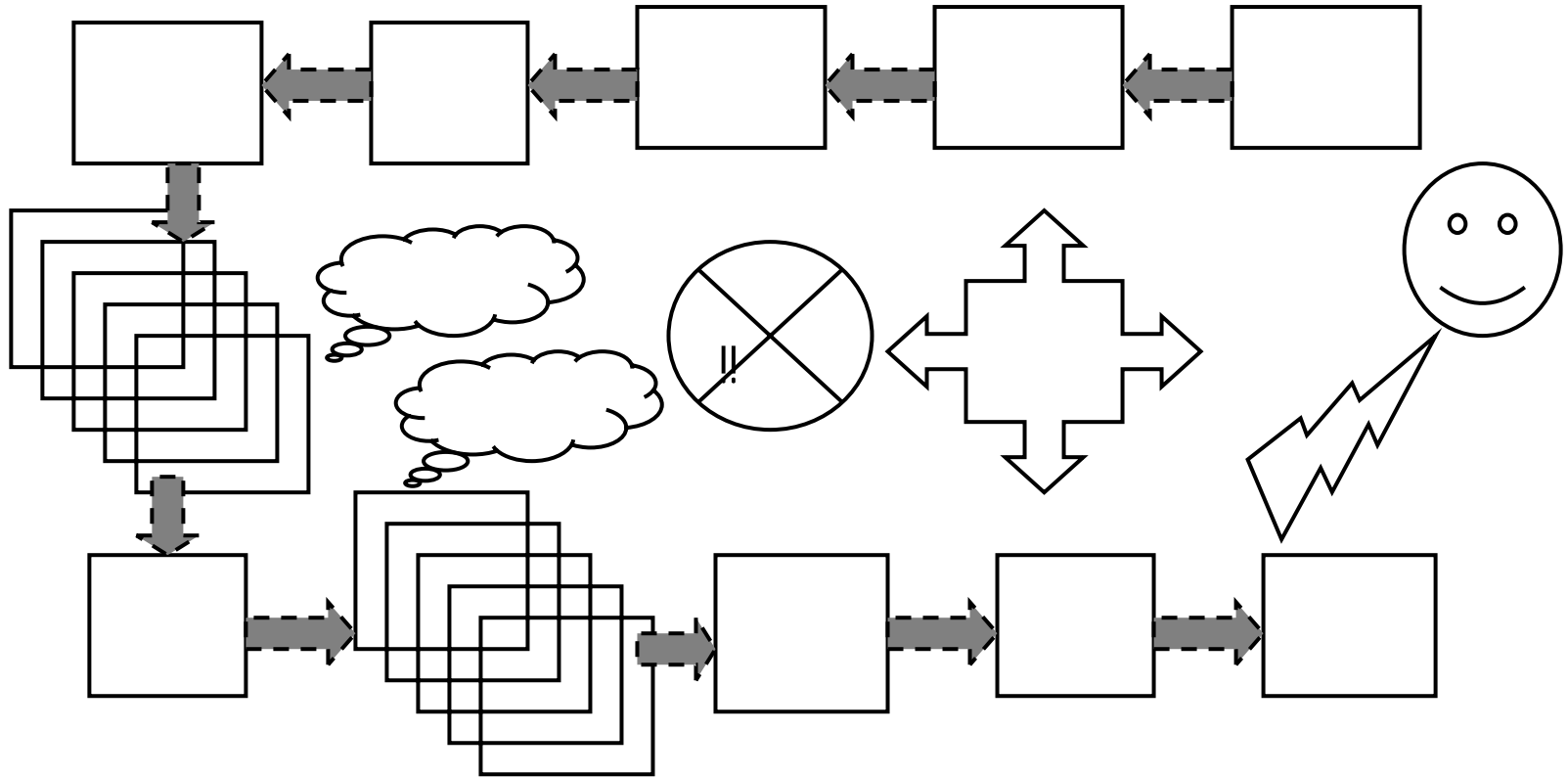
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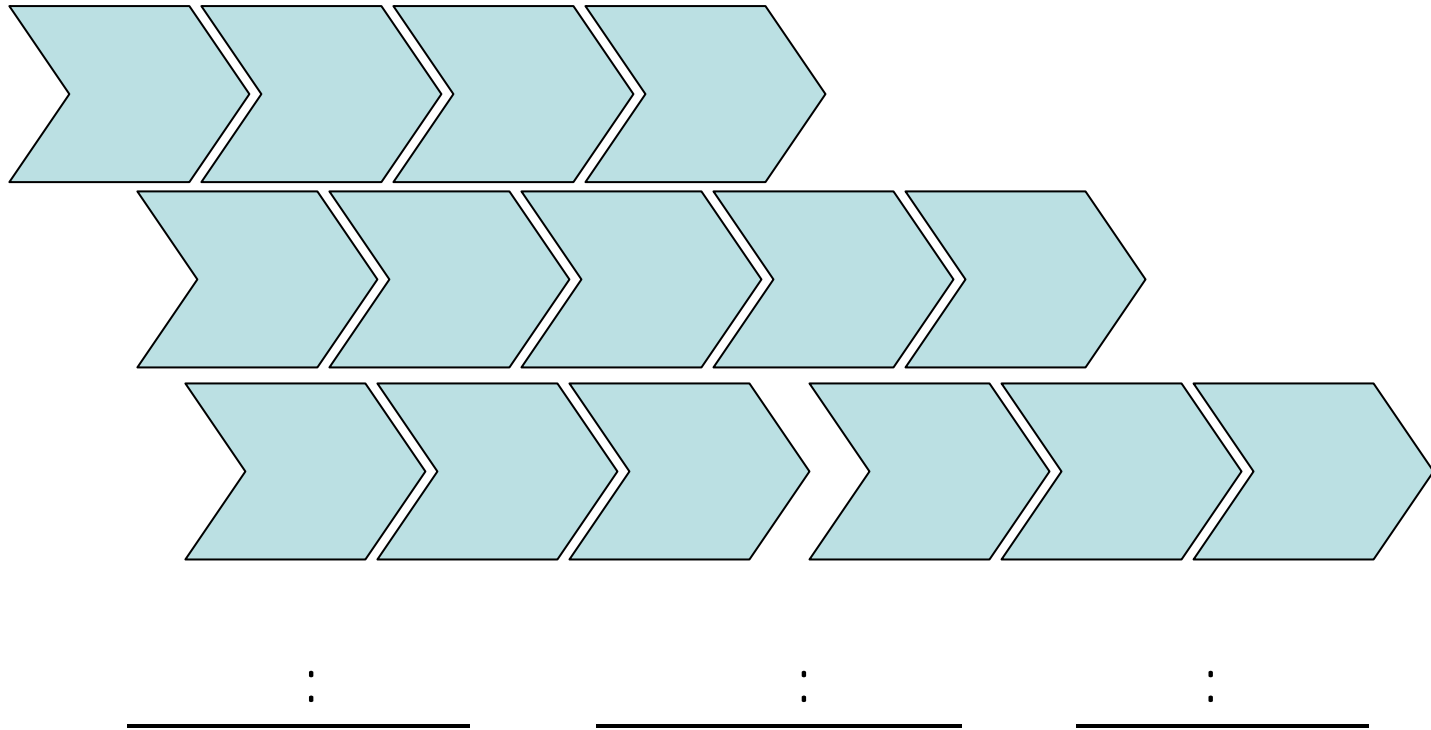


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# AT&T







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