Reengineering Work: Don’t Automate, Obliterate

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Innovation as a Response to Change in Market and Technology

Technological Opportunities

Advances in Technology

Socio-political Changes

Market Needs

New Products and Services

Market

Time

INNOVATION
What is Business Process and Business Reengineering?

- **Business process**: A set of logically related tasks performed to achieve a defined business outcome.
- **Business reengineering** means radically changing how people work - changing business policies and controls, systems and technology, organizational relationships and business practices, and reward programs.

Principles of Re-engineering (by Michael Hammer)

- Organize around outcomes, not tasks.
- Have those who use the output of the process perform the process.
- Include information processing work into the real work that produces the information.
- Treat geographically dispersed resources as though they were centralized.
- Link parallel activities instead of integrating their results.
- Put the decision point where the work is performed.
BPR

Radical Change = New organization + IT

Types of Organizational Strategies = Industry Structure + Competitive Strategies + Cooperative Strategies

BUSINESS REENGINEERING STEPS:

1. Develop business vision, process objectives
2. Identify process to be redesigned
3. Understand, measure performance of existing processes
4. Identify opportunities for applying information technology
5. Build PROTOTYPE of new process
Reengineered Accounts Payable Process (from Hammer[1])

**Before**
- Copy of Purchase Order
- Purchasing
  - Accounts Payable
  - Payment $
- Vendor
  - Invoice
  - Goods
- Receiving Document

**After**
- Accounts Payable
  - Purchase Order
- Database
  - Payment $
  - Vendor
  - Goods
- Receiving
Deconstruction of the newspaper industry

Old newspaper industry value chain

Journalists → Editors → Printers → Distributors → Readers

Columnists

New newspaper industry value chain

Journalists → Editors → Internet → Readers

Columnists

Implementing Re-engineering

- The key activities of re-engineering can be organized into three phases referred to as the 3R’s Re-engineering
  - Redesign
  - Retool
  - Reorchestrate
Tools for BPR

- Simulation
- Flow diagrams
- Work analysis
- Application development
- Workflow software

Risks of Radical Redesign

- Research shows some of the common reasons why companies fail to reach their goals:
  - Lack of senior management support.
  - Lack of coherent communications.
  - Introducing unnecessary complexity.
  - Underestimating the amount of effort needed.
  - Combining reengineering with downsizing.

Source: Managing and Using Information Systems, Pearlson and Saunders, p. 144
The C’s related to Organization Re-engineering Projects

The 3C’s of organization Re-engineering:
- Customers
- Competition
- Change

The 4C’s of effective teams:
- Commitment
- Cooperation
- Communication
- Contribution

BUSINESS ENVIRONMENT

MANAGERS IS PROFESSIONALS

ENVISION DESIGN BUILD OPERATE MANAGEMENT IS DEVELOPMENT

SDLC ANALYSIS DESIGN IMPLEMENTATION MAINTENANCE

INFLUENCE CAPABILITY LEADERSHIP CONTROL