6 – CONCLUSIONS AND BENEFITS
Business Process Re-Engineering

Conclusion and Benefits

6.1 THE CHALLENGE

The realities of globalization, deregulation, and increased competition have forced companies to alter radically the way they do business. Incremental enhancements, achieved through continuous improvement programs, were no longer sufficient to help them remain profitable and competitive. The companies under study, who were otherwise successful companies recognized the need to reorganize the way business was conducted, including personnel infrastructure and the access to and utilization of information.

The objectives of business process reengineering were to increase the speed of product delivery, improve customer service levels, and reduce operating costs by rethinking high-leverage processes. The following signs were taken as bare characteristics of a process ready for reengineering:

- Redundant activities make up the process
- Idle time slows process completion — long process cycle time
- Inefficient use of information technology — no IT at all
- Process is reactive—addressing, rather than preventing, problems
  - No clear process owner exists
  - Over-management complicates the process — bureaucratic set up
  - Requisite information is not collected at the process source, or it must be converted from another data format

A standardized and proven approach to business process reengineering includes the Key deliverables such as:

- A reengineered operating vision
- Redesigned business processes
- Information technology architecture and plans — IT as an enabler of BPR
- Program management and transition plans
- Software selection, design, and implementation — e.g., ERP—SAP etc.
### 6.2 Benefits that the Companies Under Study Achieved by Reengineering Their Business Process Are:

<table>
<thead>
<tr>
<th>Reduced activity and cycle times</th>
<th>Leading to</th>
<th>Reduced operating costs</th>
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<tbody>
<tr>
<td>Increased availability of resources</td>
<td>Further led to</td>
<td>Improved service to end customers leading to increased customer satisfaction</td>
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<tr>
<td>Decreased processing time; Elimination of unnecessary and duplicative steps;</td>
<td>Directly affected performance which led to</td>
<td>Increased efficiency,</td>
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<td>Increased employee involvement in the work performed</td>
<td>Saved Time and money, information generation points became focused which led to</td>
<td>Elimination of multiple data entry points, and</td>
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<td>Enhanced productivity</td>
<td>Played a significant role in</td>
<td>Decreased dependency on specific individuals</td>
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<tr>
<td>Improved Supply Chain management</td>
<td>Led to</td>
<td>Efficient materials management at all company location</td>
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### 6.3 The Human Element

All the companies in the research study recognized the importance of the human resource and all very strongly felt that "companies were not asset portfolios, but people working together to invent, sell and provide service." Though in the initial stages of reengineering at these companies, there was a tendency to hoard information and barely acknowledge the customer – the situation is just the opposite today laying more stress on the new values of teamwork and cooperation.
6.4 The People
In executive and management circles, the talk about process re-engineering usually focused, appropriately, on customer value and reducing costs. But among employees, re-engineering triggers an immediate concern about large-scale change and loss of jobs -- concerns that a company must address if re-engineering is to succeed.

From the outset, management of the companies under study was very candid with their employees. The objective of process re-engineering, they stated plainly, was to insure the future of the company by rethinking work processes, improving efficiencies and providing value to the customer. They emphasized that work force reduction was often a result, but not the purpose, of re-engineering. An amicable atmosphere was created all around to ensure smooth sailing of their BPR Processes. The whole exercise was kept highly transparent for all to see for themselves the benefits and to invite suggestions at all stages of implementation.

The outcomes of the business process reengineering were: a highly efficient structure and increased efficiencies, improved services to customers, decreased job stress, and this assisted the organization in meeting future growth potential. Most important of all, because of reengineering their process, the companies’ clients now had a renewed sense of pride in the quantity and quality of work they produced.

6.5 INFERENCE DRAWN FROM DATA ANALYSIS
All the above benefits are well reflected in the data gathered from the companies under study. Questionnaire apart, interviews too helped gather information, which were the basics on which the conclusions were drawn. (As already explained in chapter – 5)

The findings from the analysis of the processes were positive, i.e., the processes after reengineering were greatly improved.

To explain further: the analysis of the data collected through the questionnaire throws light on the facts that the companies under study were able to achieve excellence in many fields such as:

Processes – Prior to BPR the processes employed involved too much manual intervention during the manufacture. The Process cycle time was too long and the process of material movement was not streamlined. Online rejections were frequent. There were no process optimization studies performed for increasing productivity and the processes employed in its service area were such that time to execute an order was kept to a minimum.
Post BPR: The scenarios of the processes in the companies under study after BPR show a marked improvement. By improving this they were able to obtain heightened levels of productivity – of men and machines.

Material loss too was reduced as the number of rejects in the companies under study went down considerably. The processes now bore a holistic perspective and were re-configured completely. Rework and Recalls were eliminated. Reengineering provided for integrated working amongst all functions company wide. The reengineering processes allowed for manufacturing multiple products simultaneously and yet meeting customer needs. The reengineered processes provided no margin for error and no complaints. This led to heightened customer satisfaction.

Quality – In the pre-reengineering era the quality was something a person could just talk about. Meeting customer demand qualitatively was usually a problem as the process was not error-free/defect-free, as the Quality specifications did not have a scientific rationale. The customer had no choice but to buy the product. This is led to dissatisfaction and loss of customer loyalty to other organizations.

The system of handling market complaints was not adequate leading to customer dissatisfaction. During reengineering these aspects were taken care of. The customer was and is considered King.

Post Reengineering: The companies under study realized that to remain in business they had to manufacture quality products for the domestic market as well as for export. Today all these issues have been taken care of and only quality products roll out of these companies -- leading to a satisfied customer. The specifications are regularly reviewed to meet customer requirements. Today provision for review and analysis of data generated at various stages of manufacture is inbuilt in the quality system. The manufacturing processes have been rationalized and quality specifications are based on scientific rationale. Internal and external feedback is used to bring about improvements and increased quality awareness amongst employees.

Human resources – Earlier the HR functions were not well integrated and suggestions were at the most met with criticism. HR did not play a strategic role in the decision making process of the company. There was not equity or dignity in relationships leading to reactiveness amongst employees. This led to low morale and a de-motivated workforce not contributing to the organization effort.
Post reengineering scenario is such that in the companies under study the situation has done an about turn. These companies prior to reengineering did an unimaginable thing - they lay their plans to reengineer open to all so that they could see what was in store for them and the organization as a whole. It was this that endeared the management to the workforce. This led to a synergistic approach to reengineering and the outcome is very clear – effort had a positive impact all around. The man productivity went up, people felt more satisfied with more meaning to their jobs. They now felt as a part of the greater team.

The HR now had a clear role to play in the strategic thought process of the organization. Today empowerment has a new dimension to the employees’ relationship with the management. The employees are more keen on team work than ever before. They use various problem-solving tools have rationalized working leading to improved productivity. Reengineering inspired self-learning which led to lifetime employability instead of lifetime employment. The level of commitment of employees has improved - to deliver quality, quantity and customer satisfaction and this has led to information sharing company wide.

Supply chain management: This is a common area, which if not taken care of can spell the doom of an organization. Before reengineering confusion prevailed all round as product specifications were not based on scientific rationale. The forecasts did not focus on the prime customers; instead, it was a general forecast leading to a situation of ambiguity. The supply chain management was complicated, unstructured and unsystematic. Access to real-time information amongst supplier-manufacturer-retailers was non-existent, making scheduling inefficient. This in turn led to loss of orders and hence revenue. Concept of buyer-seller-partnership did not exist and there was neither equity nor dignity in relationships.

Further the Production planning and control systems were not in line, leading to poor logistics. Knowing the customer profile was not considered important for SCM. (This was a direct consequence of inadequate customer database). The response to customers’ queries was poor and widened the communication gap. This was reflected in unsatisfactory customer service.

Inadequate SCM led to escalated manufacturing costs which were unrealistic and made pricing difficult.
After reengineering the Supply chain management improved leaps & bounds, and has enriched the bottom line considerably. The supply side was reengineered to have a forecast that was segmented across the customer profile rather being generic one. It focused more on the what, when, where, how factors wrt the customer, for achieving ultimate customer satisfaction/delight.

The reengineered view is that the customer is - all knowing and that the information supplied has to be correct besides being adequate. There must be an open channel to Customer queries besides an effective exchange of information between the company and the customer.

The question of customer quarries has been resolved and the gap between the company and the supplier as well as the end user/customer has been narrowed down to almost nil. The Planning section along with the market research wing have developed a well-integrated mechanism for producing desired results vis-à-vis forecasts and its demand and supply situation for producing desired results.

Access to real-time information amongst supplier-manufacturer-retailers has been made possible, thus making scheduling highly inefficient leading to efficient transactions and hence gain in revenue.

The supply chain has been evolved into an efficient system – making effective use of the data collected wrt, competitors on sales, market share, ROI, new investment and capacity utilization, thereby making effective use to optimize its SCM.

And finally Effective Supply Chain Management has improved Production Planning and Control leading to optimal utilization of all the three Ms (Man, Materials & Money).

Integration of information systems has enabled the company in evaluating its products vis-à-vis the competitor's, thus allowing the reviewing and fine-tuning the pricing strategies, from time to time. This helped the Company to remain ahead of the Competitors even in the harsh face of liberalization and globalization.