1- INTRODUCTION
CHAPTER - 1

INTRODUCTION

1.1 REENGINEERING: The fundamental rethinking and radical redesign of business processes to bring about dramatic improvements in performance.\(^1\)

Reengineering isn't another idea imported from Japan. It isn't another quick fix that American managers can apply to their organizations. It isn't a new trick that promises to boost the quality of a company's product or service or shave a percentage off costs. Business reengineering isn't a program to hike worker morale or to motivate the sales force. It won't push an old computer system to work faster. Business reengineering isn't about fixing anything. Business reengineering means starting all over, starting from scratch.\(^2\)

Business process reengineering originated in the 1950s as large firms began to explore the potential impact of computers on the efficiency and effectiveness of their business processes. Many approaches, methods, and techniques have since appeared and constitute the foundations of BPR, as it is presently known. Six areas, which influenced the emergence of BPR: the total quality approach, industrial engineering, the systems approach, the socio-technical approach, and the diffusion of innovations, and the use of information systems for competitive advantage.

As one business leader has put it to, "you don't reengineer unless you have to," and these days, almost everyone has to. In Reengineering the Corporation, the driving forces behind reengineering were characterized as the three Cs: customers, competition and change. Customers have become much more sophisticated and demanding; they have a much greater range of alternatives, are much more knowledgeable about their own needs, and are exerting ever-greater pressure on their suppliers.

Competition, which was local earlier and relatively gentle, has become global and cutthroat whether in geopolitical realities, technology, or Customer preferences, the pace of change is dizzying. What was unthinkable yesterday is routine today.

In a world of rapid flux, organizations must change their priorities from a traditional focus on planning, control and managed growth, to emphasize speed, innovation, flexibility, quality, service and cost. It is virtually impossible to retrofit organizations into this new reality. Reengineering is the only solution.

1. Michael Hammer
2. Michael Hammer and James Champy
Many people think that it is a fad or too technical to be of lasting importance to the modern manager. But reengineering is more than a fad, more than technically tuning the organization (reengineering is about the creative destruction of the organization as we have known it and the creative construction of the IT-enabled network organization structure of the Information Economy. Every organization is involved in this creative destruction. And, the reengineering that is going on will in some way, impact every manager in the 1990s. This is all about being an active "player" in reengineering versus a passive spectator.

An individual’s primary responsibility is to perform specific tasks and one’s contribution to the organization is individual, depending primarily on personal expertise, experience, and action. But this role changes with time. This then changes the primary responsibilities to supervising others as well as directly performing specialized tasks.

Reengineering is the way businesses today are redesigning themselves to compete for future. The existing paradigm of management and organization has been found deficient and a new paradigm is needed.

The concept of reengineering traces its origins back to management theories developed as early as the nineteenth century. The purpose of reengineering is to "make all your processes the best-in-class." Frederick Taylor suggested in the 1880’s that managers use process reengineering methods to discover the best processes for performing work, and that these processes be reengineered to optimize productivity. BPR echoes the classical belief that there is one best way to conduct tasks. In Taylor’s time, technology did not allow large companies to design processes in a cross-functional or cross-departmental manner. Specialization was the state-of-the-art method to improve efficiency given the technology of the time.³

Reengineering in many environments may not be optional, as it does not guarantee success. Since the writing of, Reengineering the Corporation motion by James Champy and Michael Hammer’s, reengineering has been applied to profit and non-profit, manufacturing and service, national and international organizations.

³ Lloyd, Tom, Giant with Feet of Clay/ Tom Lloyd Offers a Contrasting View of Business Process Reengineering, Financial Times, December 5, 1994; Pg. 8.
1.2 PRE-REENGINEERING

Pre-reengineering management practices hearken back to the early 1900s, when corporations changed from owner leadership to professional managers who began to run companies like controllable, predictable machines. Now those corporations have taken pains to reengineer their operational processes, the management processes must change in accordance. In order to do so it would be pertinent to take a view of the model given below.
Business Re-Engineering improves all three areas essential to business effectiveness: Business Plans, Business Processes and Business Information.

Reengineering -- changing the traditional and outdated organization, processes and culture of a company -- is corporate WORLD'S greatest challenge today. "Revolutionary change depends as much on reengineering management processes as business processes." Dana G. Mead, Chairman and CEO, TENNECO, Inc.

Applications and benefits that an organization would derive by a successful Reengineering exercise are:

- An operational definition of reengineering.
- The goals and objectives of reengineering.
- Making the case for reengineering.
- Identifying what, when, and where to reengineer.
- How to reduce wastes and improve productivity.
- How to produce more output with less input.
- How to develop a practical action plan for reducing waste and improving the ability of ones' processes to meet or exceed your customer's demands.
- How to put everyone in ones' organization to work revitalizing your organization.