2 – REVIEW OF LITERATURE
CHAPTER - 2

REVIEW OF LITERATURE

The following is an overview of what 'business process design' means. One definition is to "redesign our business processes in order to achieve dramatic improvements in their performance".  

Traditional management deals with the following boundaries of organizations: vertical hierarchical levels of staff; horizontal functional areas; external outreach relations; and geographic realities. Ashkenas Ron provides tools to measure the strength of current boundaries and identifies means of eliminating the boundaries.

The concept of renewal encompasses everything Motorola does - its technology and its employees. Through continuous learning and education programs coupled with an increase in the level of trust between individuals and their managers.

There are nine major assessment issues listed in the guide covering a wide range of activities. Together they provide a general framework for assessing a reengineering project from initial strategic planning and goal-setting to post-implementation assessments.

Carr, David & Harry suggest that an organization should be customer-focused, market-driven in its external relations, process-focused and team-oriented in its internal-operations.

Noting that reengineering has not fulfilled the promise he predicted in 1993, Champy asserts that the fault is not with technology but with management itself. He urges managers to consider four issues: What is this business for? What kind of culture do we want? How do we do our work? With what kind of people do we want to work? In today’s world, employees want to work together in a collaborative and participative environment rather than in an authoritarian and controlling manner, and they want to work with people who learn, listen, and communicate and work as a team.  

The Courtney, Hugh & others introduce a basic vocabulary for talking about strategies: three strategic postures including shaping, adapting, or reserving the right to play; and three types of actions to implement strategy: big bets, options, and no-regrets moves. The choice of a strategic posture and accompanying actions can be highly dependent on the level of uncertainty facing the organization.

It calls for communicating organizational change to employees with the help of graphic metaphors so that the employees can form mental pictures of what is happening. Visual mental models allow organizational members to form a common vision for the organization and find a common ground for planning and dialogue.

Davenport, Thomas H. Business process reengineering: where it’s been, where it's going. 1995. Davenport suggests that by embracing a selection of process management issues, organizations can focus on eliminating needless work so that employees can emphasise on value addition.

This is timely and deals with process innovation, a new approach that fuses information technology and human resource management to dramatically improve business performance. Davenport brings out clearly the requirements a BPR effort by describing the tools and techniques used in analysing how organizations carry out their business.

11. Cripe, Edward J. *Use graphic metaphors to communicate organizational change.* *Communication World* December 1996
Davenport speaks of integrating human behaviour into information systems and, at the same time, changing employee behaviour to meet technology halfway.  

Daavenport, Thomas, Sirkka & others suggest that organizations choose reengineering approaches which reflect the type of knowledge work, organizational culture, and the project's business requirements. Viable approaches to improving knowledge work is needed; & suggest ceding day - to - day task control to the professional worker while maintaining control and direction over strategic issues. 

Case managers tend to increase organizational efficiency, timeliness, and customer satisfaction by integrating the organization's response.

Davenport, Thomas & Lawerance examine all types of organizations to see how they analyse, measure, and manage their intellectual assets. In the process, they consider the key cultural and behavioural issues managers must address to effectively use knowledge; what are the best ways to incorporate technology into knowledge work; and, what does a successful knowledge project look like, how do you know whether it has succeeded? 

Organizations must adopt a more enlightened approach to assessing and managing company performance or they will have increasing difficulty in coping with the challenges they confront in meeting the goals they set.

Gohlke & Annette defines benchmarking as a TQM tool to measure and compare the work processes in one's organization with those in other organizations.

17. Evans, Hugh, Gary Ashworth, Jeff Gooch and Roger Davies. Measures that matter. 1997
Many organizations underwent major changes in structure and management practice in order to be viable in today's competitive environment. Grover and team developed a framework for process change showing how functional activities may be fundamentally reconfigured through the reduction of physical coupling and the enhancement of information coupling.  

Process Reengineering Life Cycle (PRLC), is a new trend in business management, and the article details the exact process and methodology necessary to redesign the office within PRLC standards.

Gulledge & team in their study intend to identify private sector success factors applicable to public sector reengineering efforts. They believe that technology is changing organizational structures and management practices in public sector organizations. The size of many public sector organizations and diffuse management control make implementation difficult. They suggest that several key processes should be selected for change; only when success is demonstrated should additional processes be selected for innovation.

Hammer believes that the radical character of reengineering is not a significant aspect. Instead, the return to an emphasis on business processes rather than the specialised tasks, which developed, as a result of the Industrial Revolution is the critical aspect of BPR. He suggests that routine tasks are being automated and what is left is exacting and substantive work.

Hammer and Champy believe that corporations must begin a radical reinvention doing business. They believe that new business processes need to be implemented in order to produce results that have value.

Conceding that reengineering is a difficult task, Hammer and Steven A. Stanton bring out the basic necessities for starting a reengineering project and the basic techniques for problem solving.\textsuperscript{24}

The realisation that business processes are the key to error-free performance was the important quality breakthrough in the 1980s, according to Harrington, H. James.\textsuperscript{25}

According to Kaplan, Robert S. and David P. Norton, the Balanced Scorecard evolved from an improved measurement system to a core management system. For the first time a systematic process to implement and obtain feedback about strategy had been outlined. This is an excellent introduction to new management styles.\textsuperscript{26}

Herein the positions of BPR innovation as a multiplicative interaction among three innovation meta forces: organization culture, organization learning, and knowledge sharing interventions. Klempa, Matthew J. discusses managerial application of the model.\textsuperscript{27}

The five stages of rapid reengineering are preparation, identification, vision, technical design solution, social design solution, and transformation.\textsuperscript{28}


Developed as a map for seeing where the government is and where they hope the government will go, Osborne, David and Ted Gaebler give examples of various government models that have worked. They offer 10 principles as a blueprint for agencies that have not started a reengineering process. Their goal is to show an entrepreneurial process can work for the government.29

Pisano, Gary P, differentiates between learning-before-doing (anticipating and proactively identifying potential problems and designing solutions to problems right at the beginning) and learning-by-doing (receiving feedback through actual experience and improving through constant iteration). Their analysis indicates that the approach taken depends on the nature of the organization’s knowledge environment.30

In the search for a structured, systematic approval to improvement, this author reminds the reader of the need to make sure that processes are defined, controlled, effective, efficient, and adaptable.31

Reengineering is addressed as a method that reduces transaction costs and improves service levels, including analysis and response time. Managers using the reengineering techniques improve the efficiency of transactions.32

In working with organizational change issues, Sastry proposed additions to the Tushman and Romanelli’s theory of organizational change to account for punctuated organizational transformations. The original theory claimed that organizations undergo occasional dramatic revolutions or punctuation’s to overcome inertia and set a new course. He claims that while external events may set the pace of some organizational changes, under turbulent conditions successful change requires internal pacing.33

31. Reid, Leigh. Management Accounting 1992
Siew Kien, Sia and Boon Sion Neo discuss the question of whether traditional management controls have been eliminated, compromised, or rendered irrelevant amid such dynamic organizational changes, and, if so, how the management control function in a reengineered organization evolves. They suggest a restructuring of control dependency through automation and co-operation with external agencies. A shift in management practices toward a more refined segmentation of control practices and greater leverage on back-end control, and increased reliance on outcome control.34

Current organizational designs attempting to move away from traditional function approach and focus on the processes of each department. Simon, Kai Arthur argue that although a change towards processes has started, the basic organization is still structured and suggest an integrated and hierarchical processes.35

Most companies going in for BPR get disappointed with the results due to problems associated with BPR. They could be due to a lack of a theoretical basis, inadequate methods, and processes are not being put into action appropriately. Simon, Kai Arthur sees a waste of resources if BPR is not handled correctly.36

Sissell, Kara suggests that management should look closely at human resources and re-skilling, improved incentive systems, new performance measurements, and a more flexible organization that can accommodate rapid change.37

There is a growing realisation in organizational theory that successful change depends on leadership, not management. Sternberg maintains that leaders, are those who achieve important goals, possess what he calls successful.38

Stewart provides a practical framework to economic value-added (EVA) measures of planning and finance, that shows that a reliable economic model is needed in analysing business processes and information technology, previously looked at as expenses. He looks at the capital dynamics of information technology & business processes in coming to grips with process investment and process-payoff.39

The existing paradigm of management and organization has been found deficient and a new paradigm is needed. According to Sugarman, Barry, his paper, a collection of short essays on key topics in the relationships between organizational theory, learning organizations, and organizational learning, can serve as a "reader’s guide" to the field, as well as a "notebook" of ideas.40

Topping argues that we have evolved to a comprehensive view of leadership that identifies the relationship of three critical factors: personal characteristics, the unique demands of varying situations, and actual human behaviour. Topper and his colleagues have identified ten basic, common ingredients for effective leadership; these elements combine personal qualities with skills and knowledge, but the list does not include intangibles such as visions, plans, and values. At the Daniel Management Centre, they have developed a Leadership Competencies for the 21st Century 41

To reap lasting benefits, companies must be willing to examine how strategy and reengineering complement each other. By learning to quantify strategy (in terms of cost, milestones, timetables); by accepting ownership of the strategy throughout the organization; by assessing the organizations current capabilities and processes realistically; and by linking strategy to the budgeting process. Otherwise BPR is only a short-term efficiency exercise. 42

41. Topping, Peter A. On being a leader. Business & Economic Review (University of South Carolina) 1997
42. Berman, Saul, Strategic Direction: Don't Reengineer Without It; Scanning the horizon for Turbulence, Planning Review, Nov. 1994; Pg. 18
THE PRICE OF EXPERIENCE

Why are so many companies still eager to experiment with reengineering, even when they have experienced previous failures themselves? Companies such as American Express and Amoco were able to learn from earlier reengineering failures, and succeed on later attempts. It seems that "experience, more than the possession of the right approach or methodology, is the key to reengineering triumph."  

This acknowledgement may help explain the increasing interest in reengineering, despite the high failure rate.

Wheatley, on the other hand, describes the appeal of reengineering as a sign of "collective desperation." She notes "when a star is in its death stage, about to collapse on itself, it burns at its brightest, with tremendous energy and fury. Reengineering is the supernova of our old approaches to organizational change, the last gasp of efforts that have consistently failed."  

MICHAEL HAMMER: Re-engineering will be finished when the world stops spinning. Fundamentally, re-engineering is about adapting to a New World. The need to keep up with technological change means that organizations will have to re-engineer on a recurring basis as the demands on their industry change. In the telecommunications industry, you may do a great job re-engineering today and find that, in five or 10 years, you're going to have to do it again, because the world has changed once again.  

Peter Drucker has written of how the company of tomorrow is the one that has time as the critical element of competitive advantage. The company that translates ideas into products, processes and market presence quickly is the one that will grow and succeed. For this, a new organizational culture and ethos was needed.

43. Brown, Tom, De-engineering the Corporation, Industry Week, April 18, 1994; Pg.18.
45. Michal Hammer
46. Peter Drucker