

# Aligning BPR to Strategy: a Framework for Analysis

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**B**USINESS PROCESS CHANGE LIVES or dies in the executive suite. Since the early 90s, innumerable companies have undertaken "strategy-driven process change" to cut cost, shrink cycle time and improve customer satisfaction. Under the auspices of restructuring, organizational transformation and the most famous approach, "re-engineering", many success stories have emerged: Ford Motor's parts acquisition process, AT&T's order management processes, Kodak's film processing operations, Hallmark's product development process and Rank-Xerox's management processes. Despite notable successes, the original excitement surrounding the potential payoffs from these process change programmes has been tempered more recently by a growing list of failures.

Surprisingly, even given setbacks and prognostications by some that re-engineering is "dying", research suggests that, down in the trenches, firms are moving ahead with business process change projects. For example, a survey of a 1000 U.S. Chief Financial Officers (CFOs) indicate that even given "lack of good methods to guide and measure the impact of re-engineering, this has not dampened their enthusiasm for radical change efforts."<sup>1</sup> Over 90% of those surveyed indicated that their companies would embark on new re-engineering efforts in the future. These senior executives state that future process change projects will move away from purely "paper" and overhead processes and begin to focus on money-making mega-processes such as new product development, integrated supply chain and financial management processes, including treasury, tax and risk management.

While still looking for proven methods and measures, these executives have learned from the results surfacing from early business process change cases. They realize that all projects are not alike. Efforts range in depth and strategic impact and these

**Business Process Change is maturing. Gone are the days of unbridled "Greenfield" re-engineering. Future benefits in process change will have to be carefully "mined" through planning and the use of sophisticated methods and techniques. While much has been learned to prevent re-engineering failures, firms are still looking for proven approaches and measures. Based on a study of 25 leading business process change methods, it was determined that successful projects aim at improvements along multiple "strategic" dimensions and focus on mega business processes that span across the enterprise, often linking inter-organizationally. This type of strategy-driven business process change, introduced in this article through the Business Process Re-generation (BPR) method, begins with "generation" and "cultivation" of innovative strategies. It has more to do with systematizing a business process view into strategic planning, than it does with "engineering." By significantly improving a firm's operating capabilities, Business Process Re-generation allows the implementation of new strategies and, even more importantly, leads to envisioning of entirely new strategic options.**  
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differences affect project success. For example, in a study of 20 re-engineering cases it was found that projects targeted at narrowly defined processes were less successful than broad cross-functional projects. Also, projects aimed at improvements along multiple



“strategic” dimensions such as time, cost, quality, satisfaction and product innovation were perceived to have higher pay-offs than uni-dimensional projects focussing only on cost reduction.<sup>2</sup> Such research shows that differences in re-engineering definition and methodology play an important role in determining implementation success or failure.

As strategic planners around the world now recognize, most process change initiatives are driven by environmental competitive factors such as deregulation, globalization, technical obsolescence, demands for better customer service and past failures, rather than merely the desire for internal productivity gains. When a process view is restrained to only the boundaries of a traditional functional area and has the primary objective of cutting costs, re-engineering projects tend to merely simplify and automate narrowly defined internal processes to “make them more efficient.” It is this perception of re-engineering, as being “narrowly focused” and “non-strategic,” that has received the brunt of criticism equating it to little more than downsizing.<sup>3</sup> However, as determined by the authors in a study of re-engineering methods practiced by 25 leading BPR consultants (See Appendix A), the contemporary view of re-engineering holds that it involves a fundamental and strategic analysis of the firm. New projects focus on mega business processes that span across logically related functions (and organizations) to achieve broad, strategically defined outcome. This type of strategy driven business process change, introduced in this article as Business Process Re-generation (BPR), begins with “generation” and “cultivation” of innovative strategies—it has more to do with systematizing a business process view into strategic planning, than it does with “engineering.” By significantly improving a firm’s operating capabilities, Business Process Re-generation allows the implementation of new strategies and, even more importantly, leads to envisioning of entirely new strategic options.

For example, Progressive Corporation, the ninth-largest car insurance company in the U.S.A., has been successful using BPR to target the market of high-risk drivers. Studiously avoided by other insurers, these customers are (profitably) welcomed by Progressive. For years Progressive’s secret was a re-generated underwriting process that was more detailed and precise than those of their competitors and that led to very precise pricing decisions. Eventually, Progressive’s larger competitors began copying their underwriting process and invading their niche. Progressive’s response was more BPR, this time of its claims process. By exploiting a technique called “immediate response,” Progressive can now dispatch an adjuster to examine a claimant’s car on the day of the accident—in many cases, going to the accident site itself. Having protected its competitive turf, Progressive then realized that its regenerated processes

allowed it to enter new markets (those of standard and low risk drivers). Progressive business strategy is now based on first-class business processes that provide high degrees of customer service. Progressive’s has also re-generated its pricing process to provide more detailed customer information—increasing satisfaction. BPR helped Progressive to poach on new territory, identifying unexploited strategic opportunities for unanticipated customer needs and types.

## The Business Process Re-generation Method

In response to senior managers’ pleas for better methods and measures, the authors undertook a study to help derive a generic planning and implementation guide incorporating leading BPR practice. Based on a survey of BPR consultants, the proposed Business Process Re-generation Method incorporates those project activities and tasks that have been most successfully employed by many of the leading consulting houses in conducting business process change. In deriving and validating the Process Re-generation Approach (See Box 1) the authors undertook case and field research as outlined in Appendix A. In sum, the authors conducted a series of semi-structured interviews with BPR consultants and market research firms to gain a systematic understanding of BPR methodology. Interview notes were compiled to develop descriptions for each methodology’s phases, activities and tasks.

Survey results indicate that the BPR consulting firms are evolving their methods to be more strategy driven with greater consideration of competitive factors in project planning. Reportedly, successful methods recognize resistance to change and attempt to minimize this through an assessment of cultural readiness and activities to establish project buy-in. Leading methodologies permit focus on mega business processes that span logically related functions and are often inter-organizational in scope. Where advantageous, surveyed methods attempt to leverage information technologies, (IT) capabilities for co-ordinating cross-functional activities, but unlike earlier re-engineering efforts, the methods surveyed are becoming less IT driven. As opposed to being cost or efficiency focused, the study indicates that methods accommodate measurement of performance gains that are more broadly and strategically defined.

Based on descriptions and analysis of 25 BPR methodologies surveyed, a composite Process Re-generation Method Framework was derived using an inductive process of pattern identification, incorporating those common activities and tasks reported important towards BPR project success (See Step 5 of Appendix A for more detail). A further validation

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