

# Reengineering service operations: a longitudinal case study

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## Abstract

Examples of business process reengineering efforts have tended to emphasize manufacturing applications over service operations. This paper reports on a recently completed *longitudinal* reengineering project conducted by the authors in a *service* context. Key lessons learned from the experiences of the case study are presented in the form of propositions. Based on these propositions, a *process model* for successfully planning and implementing business process reengineering efforts is offered. In the process model, key influencing factors for each stage are identified. The process model can be helpful in overcoming risks of failure associated with business process reengineering initiatives. © 1998 Elsevier Science B.V. All rights reserved.

*Keywords:* Business process reengineering; Service operations; Longitudinal case study; Participant-observation research

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## 1. Introduction

The focus of this paper is reengineering *service operations*. The importance of reengineering in service operations stems from the following reasons. First, overall growth of the service sector and its importance as a strong complement to the manufacturing sector in the overall economy are likely to continue. Second, there is *less* published research on reengineering service operations compared to reengineering manufacturing operations. Notably, within service operations, reengineering applications involv-

ing not-for-profit organizations (such as federal and state government agencies) are rare. Third, reengineering in services is different from manufacturing in two main aspects: planning of BPR projects, and execution of BPR projects.

A review of the literature failed to identify previous work based on field study that addresses these unique aspects of reengineering service operations. This paper is an attempt to fill this gap in the literature. Specifically, the paper addresses the following questions of interest:

- Are there unique aspects of service operations that lead to differences in the way a reengineering project should be carried out in a service context? If yes, what are they?
- Can these differences and their impact be characterized in terms of reengineering methodology, process, data collection and analysis?

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- What strategies seem to be effective for managing change and implementing reengineering recommendations?

In addition to these research questions, we were interested in assessing extant methodological tools and developing enhancements that are particularly useful in a service context. These questions are also relevant to understanding risks of failure in BPR projects. The process model discussed later in the paper is an attempt to identify key influencing factors that need to be considered to avoid risks of failure.

## 2. Literature review

Existing literature on business process reengineering has primarily dealt with three main aspects: benefits of BPR, implementation of BPR and, tools and methods of BPR. For example, a case study involving a division of General Dynamics dealt with the benefits of reengineering which included: reduction in the number of process activities, process times, order backlog, and headcount (Gilberto, 1993). A longitudinal analysis of 20 business process reengineering initiatives in CIGNA reported the following benefits from reengineering: savings of more than US\$100 million, reduction in operating expenses by 42%, cycle times improvement by 100%, improvements in customer satisfaction by 50%, and quality improvements of 75% (Caron et al., 1994).

The implementation aspects of reengineering projects in more than 100 companies were examined by Hall et al. (1993) in a recent paper. This study found that redesigning processes is difficult to plan and implement and BPR projects often fail to achieve real business-unit impact. Maull et al. (1995) reported on the implementation of business process reengineering (BPR) programs in 25 companies. They found that six key issues affect the way in which BPR programs are carried out: the change proposed (radical or incremental); the performance measures used; the impact of information technology; the impact of human factors; the presence or absence of a process architecture; and the link between BPR and corporate strategy. In another reengineering project

involving Southern California Gas, the following five-phase approach was used: planning; internal learning; external learning; redesigning the process, and implementing changes (Goldwasser, 1994). This study suggested the use of following guidelines for successful BPR implementation: (1) select a project manager; (2) organize the effort; (3) select project team members; (4) define the scope; (5) set project objectives and targets; (6) set role of consultants; and (7) establish continuous learning. The author did not focus on identification of core processes or the need for extensive data collection and analysis. In terms of tools and methods of BPR, Veasey (1994) proposed the use of ‘process architecture’ models to manage business process reengineering projects in a diversified business enterprise. Process architecture allows the projects to be scoped properly and provides an appropriate context for achieving synergies through sharing resources for different processes. The ideas and principles gleaned from our longitudinal case study add detail and definition to the general discussion contained in these studies.

While the three aspects of BPR alluded to above—benefits, implementation, and tools and methods—are important, the unique aspects of BPR in *service* settings offers a rich context for additional learning, with implications for service operations management. Reengineering service operations is not just the use of a technique or methodology, it is a process encompassing planning, organizing, designing and implementing a value-added service strategy that is responsive to customer needs. Such a view requires the incorporation of service management principles in the planning, design and execution of business process reengineering efforts.

We explicate a *service operations* view of business process reengineering by means of a longitudinal case study. The usefulness of case study research for construct development has been stressed by other researchers (see for example, Eisenhardt, 1989). The participant-observation approach to data collection afforded by our involvement in this longitudinal case study facilitated the development of insights.

A number of case studies have appeared in the OM literature to address a variety of research issues ranging from implementation of specific technologies to the linkage between operations strategy and firm performance (see McCutcheon and Meredith,

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