

# Business Process Reengineering

## A review of recent literature

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### Abstract

The purpose of this paper is to help demystify the confusion on Business Process Reengineering (BPR). This is achieved through a review of the literature covering the period from the late 1980s to 1998. Articles published in the leading business journals and the more popular business magazines were included in the review, as well as books published on the topic. The paper first discusses the need for reengineering and then reviews the literature under the following headings: definition of BPR, BPR tools and techniques, BPR and TQM co-existence, understanding organisational processes, the reengineering challenge, and organisational redesign using BPR. The review shows that considerable confusion exists as to exactly what constitutes BPR. Authors place different emphasis on the definition of BPR and the many outcomes possible with BPR. The paper concludes with suggestions for future research relating to BPR. © 1999 Elsevier Science Ltd. All rights reserved.

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### 1. Introduction

For almost a decade now there has been considerable discussion in the literature on Business Process Reengineering (BPR) and today there still remains considerable confusion, particularly amongst managers, as to exactly what constitutes BPR and how it is different from other change initiatives such as Total Quality Management. This paper presents a review of the existing literature on BPR and based on the literature review, proposes a number of topics that can be developed as potential research projects. The aim is to provide the reader with an understanding of what constitutes BPR and to assist in the better adoption of BPR amongst businesses. The review covered articles published in the leading academic journals and professional business magazines as well as covering books that are commercially available. The period covered was from the late 1980s to 1998.

A further aim of this paper is to identify areas for future research. Over 100 references are cited and listed at the end of this paper. In reviewing the literature, we

identified six major issues worthy of discussion in this paper. These are:

1. *The definition of BPR.* This section examines a number of definitions of BPR and the kinds of companies that undertake reengineering projects.
2. *BPR tools and techniques.* This section identifies the common tools and techniques used in reengineering business processes.
3. *BPR and TQM co-existence.* This section examines the similarities between BPR and TQM and their co-existence in an organisation.
4. *Understanding organisational processes.* This section discusses the importance of understanding the whole process.
5. *The reengineering challenge.* This section identifies the major management challenges relating to BPR.
6. *Organisational design using BPR.* This section discusses the redesign of processes and some of the risks perceived in embarking on a BPR programme.

Before discussing the above issues, the paper first discusses the radical changes that are taking place in businesses and in the market place. The need for a different approach to process management and the need for reengineering are also discussed. The paper ends with some

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concluding remarks and identifies potential research topics relating to BPR. It is clear from this review that more empirical research is necessary. Based on the literature review presented here, we identify a number of areas for future research relating to BPR.

## 2. The need for reengineering

To be a truly world-class organisation, the company needs to work as a team and all the functional areas of the business need to be properly integrated, with each understanding the importance of cross functional processes. As the basis of competition changes from cost and quality to flexibility and responsiveness, the value of process management is now being recognised. The role that process management can play in creating sustainable competitive advantage was termed Business Process Reengineering (BPR), and was first introduced by Hammer (1990); Davenport and Short (1990). These authors outlined a new approach to the management of processes, which, it was claimed, was producing radical improvements in performance. The three driving forces behind this radical change are an extension of Porter's (Porter, 1980, 1985, 1990) work on competitive advantage, and were summarised by Hammer and Champy (1993) as:

- customers who can now be very diverse, segmented, and are expectant of consultation,
- competition that has intensified to meet the needs of customers in every niche, and
- change that has become pervasive, persistent, faster and in some markets a pre-requisite.

Customers, competition, and change have created a New World for business, such that organisations designed to operate in one environment are inadequately equipped to operate well in another. Companies created to thrive on mass production stability, and growth cannot be simply improved to succeed in a world where customers, competition, and change demand flexibility and quick response. This is also what Drucker (1969) termed the "Age of Discontinuity" or the challenge to the traditional assumptions of business.

In today's marketplaces, it is no longer a question of caveat emptor, but rather caveat factor. Customers today are characterised by their relentless demands in quality, service, and price; by their willingness to act on default of contract and by their disloyalty. In fact, the new power and freedom of the customer has destroyed many of the managerial assumptions of the early Management Revolution (Drucker, 1954). There is no longer unearned brand loyalties, no more complicity among rivals in the same markets; no more passing on of rising wages and benefits in the form of higher prices; no more easy reliance on high entry costs to keep out upstart competi-

tors; and reducing protection by national governments. Still, as far as managers are concerned, the most powerful of the new stakeholders is the customer. The reward for managers who can earn their respect is not only repeat business but also willing investors. The aim of reengineering in this environment should be to facilitate the match between market opportunities and corporate capabilities, and in so doing, ensure corporate growth. To achieve these goals, downsizing and outsourcing will be by-products of reengineering, but they do not define reengineering, nor are they the purpose of reengineering.

Internally reengineering functional hierarchies into teams to facilitate work processes will lead to the elimination of most management layers and will teach managers to do far more with much less. Drucker's (Drucker, 1993) view, and one which we support, is that reengineering represents a radical shift away from the tradition in which performance was primarily rewarded by advancement into managerial ranks, that is, the future holds very few "control" positions. In the ideal, hierarchy should disappear from the reengineered company, and be replaced by the idea of purposeful value added interaction. A change of this magnitude raises many challenges for those managers left to develop, motivate, reward, and affirm employees.

Hammer and Champy (1993) have found within struggling US companies the long held belief that all would be all right if only they had the correct product and service at the right time. This thinking in a *change* environment is obsolete due to the limited life span of products. The decision to be made is whether to adopt a radical reengineering approach to change or a more gradual continuous improvement approach based on Total Quality Management (TQM). The choice depends on the magnitude of the needed change, the feasibility of it, and the resources required to accomplish it (Davenport, 1993a, b). Both reengineering and TQM approaches share certain principles and adopt a process perspective, so it is possible to make some general propositions on managing change that will enable a company to reinvent its competitive advantage (Jaworski and Kohli, 1993). They are:

- strategy that is not only linked to vision, but one that continuously questions what is being done, why it is being done, and how can it be done differently,
- top management commitment, to vision, strategy and objectives both at the organisational and functional levels,
- where change is necessary, clear goals, with projects broken down into manageable parts,
- promotion of cross-functional activities, shared objectives, and externally oriented thinking, and
- the decentralisation of decision making to a point as close to the customer as possible.

Above all it is the value adding processes that enable long-term success for an organisation. Achieving these

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