

Business Process Re-engineering

Based on: Teng, Grover & Fiedler, Business Process Reengineering: Charting a Strategic Path for the Information Age,

Facilitators for BPR

IT

- shared databases
- imaging

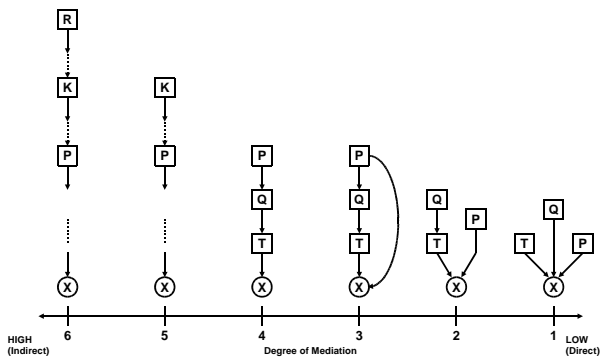
Telecommunication

- LANs
- E-mail & Bulletin Boards
- groupware

Others

- Quality movement (continuous improvement V drastic change)

Degree of Mediation Dimension of Business Processes

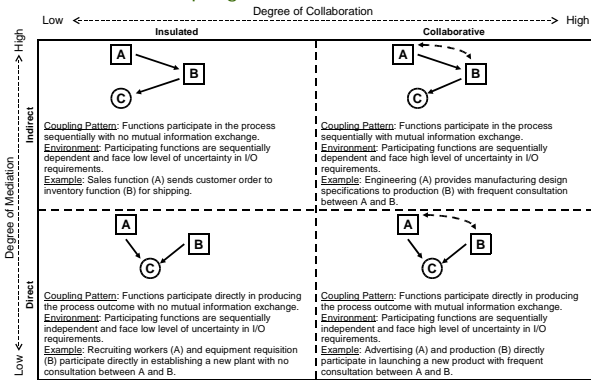


Reducing Mediation through IT

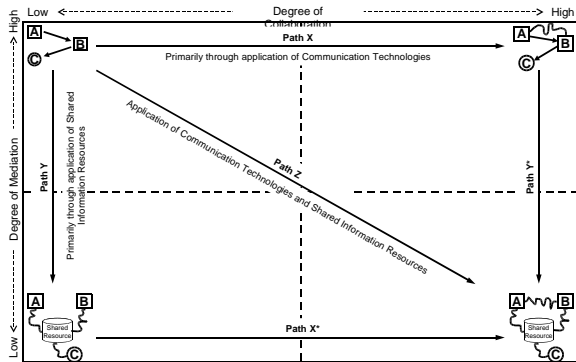
Ford Motor Corp.

- **Old process** involved 3 functions - purchasing, inventory and accounts payable
- participated *indirectly*
- sequential document flow
- **New process** uses shared database
- every function participates *directly*
- 75% reduction in work-force (500 -> 125)

Functional Coupling Framework of Business Processes



Application of IT in Alternative Paths for Process Reengineering



IT creates a "public good"

Resource that can be accessed by many functions.

- Shared information resource is not "used up" by usage, and retains its value for other users.
- Provides comprehensive information that facilitates accomplishment of process objectives on a more global basis.

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Other enablers

Behavioural & organisational techniques:

- self-directed teams
- process generalists
 - + Kodak example
 - + IBM Credit

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IBM Credit

IBM Credit Corporation finances the computers, software, and services that the IBM Corporation sells.

five steps:

1. On a request from an IBM field sales representative an operator in the central office wrote down the request on a piece of paper.
2. The request sent to credit department where a specialist checked the client's creditworthiness, wrote the result on the piece of paper and sent it to the business practices department.
3. The business practices department customised the standard loan covenant to the client. Special terms attached to the request if necessary.
4. Request went to the price department where a pricer determined the appropriate interest rate.
5. Administration department wrote a quote letter for the field sales representative.

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IBM Credit - gains

- Turnaround reduced from six days to four hours.
- Dramatic performance breakthrough by making a radical change to the process - i.e. reengineering.
- IBM Credit did not ask, "how do we improve the calculation of a financing quote? How do we enhance credit checking?" It asked "How do we improve the entire credit issuance process?"
- In making its radical change, IBM Credit shattered the assumption that every request needed specialists.

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