Management of Business Processes through Reengineering

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Abstract: The paper's main objective is to improve management and business processes through re-engineering. Throughout the paper we approached a number of aspects on the management of business processes in relation to the ISO 9000 quality management system model, the relation between the innovative potential and the performances of the business process and the redesign of a business process in order to gradually or radically improve it.

We put emphasis on the radical redesign of processes through re-engineering and we presented the main benefits of re-engineering at organizations level, resulting mainly through increased competitiveness and economic performances.

Keywords: re-engineering, business processes management, innovation, quality, competitiveness.

1 Introduction

In the current economic context marked by globalization phenomena and the global financial crisis, the need to revisit the business processes in order to ensure the improvement of the organizations' capacity to react at sudden changes of business environment is increasingly recognized. Thus to meet the challenges in a dynamic environment, constantly changing, business process re-engineering is an imperative need to transform firms into modern companies.

Re-engineering aims to redesign the processes, the current activity of all those who contribute to creating value and has been invoked as a major means of flexibilizing and modernizing of the companies economic processes by radical redesign. Michael Hamer and James Champy [5] have introduced the concept of re-engineering, meaning fundamental rethinking, radical redesign of business processes to achieve dramatic improvements in critical performance measurement indicators, such as quality, cost, service and speed.

In these circumstances, great importance is given keeping control of all company by the processes, step facilitated by the concerns of implementing a quality management system model promoted by ISO 9000 international standards, based on the principle of procedural approach to work [9].

Although the difficulties regarding a procedural approach are many, a series of benefits of an orientation based on processes may be highlighted, starting with improvement of operational efficiency, to the assurance of an increased profitability or of a higher level of competitiveness.

On the other hand, it's appreciated that the process innovation - determinant factor in generating competitive advantages for a company, alongside promotion of principles and techniques specific to continuous improvement strategy - can minister to ease the operation processes and better use of the results, in connection with the particularly dynamic demands of the business environment. Also, innovation is one of the elements that generate opportunities, helping to overcome the crisis and implementing changes [1] [9] [7].
Achieving sustainable competitive advantages requires radical and continuous changes as following of re-engineering impact. This enhances the value of mutual commitments from both managers and employees. The company, through managers, commit to look in an aggressive way for ideas, services, products, markets and new customers, helping to form an organizational culture based on goodwill, improve work processes, maintaining fair, equitable and open relationships with company staff. Employees in turn, undertake to contribute to the development of ideas, services, products, markets and new customers, to participate actively in shaping the organizational culture of the company, to maintain fair, equitable and open relationships between coworkers.

2 Considerations on the management of business processes in relation to the model of quality management system ISO 9000

In the context concerns on the implementation of the quality management system model promoted by the ISO 9000 international standards, a special emphasis is put on the procedural approach to all activities of an enterprise [9] [12].

According to one of the definitions, business process management is a structured method for collecting, documenting, modeling, analysis, simulation, implementation and ongoing change regarding the business processes and all the relevant resources, in relation with the ability of an organization to bring more value to carried activities [2]. The concept of business process management is complex, integrating the methodologies and techniques related to: business process re-engineering, process innovation, kaizen, lean management, total quality management, six sigma, benchmarking etc.

Business process management is associated with the introduction and use of technology for a better management of the processes within the company. Of the above concepts, business process re-engineering and total quality management represent the expression of a certain emancipation of management techniques, by highlighting the issues of difference between the two concepts were born the business processes management principles, that emphasizes procedural perspective as a result of a holistic approach [2].

Procedural perspective involves monitoring every stage of the chain mechanism for transmission of appropriate information and data, wanted objectives being the reaching of an operational efficiency level and obtaining competitive advantage. In these circumstances, the creation of a management team that monitors the way in which a process generates value and it is modified on its way to achieving a department of the company, is required [2].

Process management seeks, among other things, optimal satisfaction of all parties who have various interests in a process, but keeping a balance with the interests of the staff working within that process.

The interests of each part of the process are specific:
- the clients: buy and use the products and services resulted from the process; it is very important that the organization monitors their satisfaction level;
- the suppliers: provide supplies for the process, that generally consist in materials and data; suppliers aim for strong partnership relations, exclusivity, constant growth of income and on time payment;
- higher authority: is an entity outside the process, which sets the rules, requirement, standards, constraints and budgets regarding the process development; interests include compliance, low risk operations, achievement of operational and commercial objectives and process stability, higher authority is most often the expression of functional management of the company;
- investors: finance process operations with money, equipment, machinery; as providers of resources, they are not only interested to earn profits from the investment, but also all the benefits to earn profits from the investment, but also from all the benefits inherent in the process itself.

The following figure illustrates the four sides, except employees who have a relationship or interest in the success and performance of the process: customers, suppliers, higher authority and investors:
Procedural approach brings among itself many benefits:
- Better economic efficiency;
- Higher profits;
- Better relations with customers (a procedural type organization contributes to better meet customer requirements in comparison with a functional type one);
- All activity optimization;
- Higher grade of competitiveness.

3 The relationship between the innovative potential and business processes potential

Innovation is one of the elements that generate opportunities, helping to overcome the crisis and facilitate change[9]. In overcoming the critical moments, reviewing holds an important place, respectively redefining of processes and introducing innovative technologies in the development of the company activities in general.

In this context process innovation combines two aspects: procedural approach of a business, using a new method or an improved one during the processes of the company, involving technological and/or software changes[9].

Innovation process thus contributes to the implementation of a change in all business measures (figure 2), forming a foundation in obtaining and maintaining a competitive advantage.

This view is reflected in the work of innovative small and medium enterprises in Romania, according to a survey based on 1099 questionnaires[8]. Thus in the top ten strengths of the enterprises in Romania is found the creativity and innovation activity, 21.07% of total respondents view this activity as a way to obtain performance. Innovation, based on the previous study, has materialized in the growth of the number of new products and upgraded services, greater opportunities to solve complex and various problems, favorable conditions to attenuate the economic crisis, encouraging the acquisition of competitive advantage by the companies.
Innovative companies are those who effectively "identify, interpret and apply knowledge", both explicit and implicit ones, throughout the organization [9]. The relationship between institutional and organizational framework within small and medium enterprises can be synthesized according to figure 3.

**Institutional domain**

<table>
<thead>
<tr>
<th>Innovative potential</th>
<th>Performance</th>
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<tbody>
<tr>
<td><strong>Strategy</strong></td>
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<tr>
<td>- Politics regarding innovation;</td>
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<td>- intention to cooperate</td>
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<td>- Ability to integrate across the value chain.</td>
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<tr>
<td><strong>Techniques and practices</strong></td>
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<tr>
<td>- best practices;</td>
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<td>- government-funded projects;</td>
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<td>- providers development;</td>
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<td>- networking.</td>
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<td><strong>Performance in business</strong></td>
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<tr>
<td>- turnover;</td>
<td></td>
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<tr>
<td>- income generated by innovation activities;</td>
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<td>- fund lucrativeness;</td>
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<td><strong>Operational performance</strong></td>
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<td>- use ability;</td>
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<td>- quality.</td>
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</table>

**Organizational domain**

Fig.3 Relația Relationship between the innovative potential and business performance[9].

The innovative potential is a link between an organization's strategic objectives and the techniques, respectively the practices adopted by the organization. The institutional domain designates the legitimacy of the practices and strategies applied by an organization.

The strategy networking and that of the practices and techniques used can not be made without regarding a procedural approach to capture as well as possible the practice and reactive aspects between the organization and the environment.
4. Reengineering and process redesign

It is essential for an organization that, before approaching the redesign of a process, it adopts a process management philosophy\[10\]. In this regard, being only to improve a process, even without spectacular performance target such as radical redesign through re-engineering, it is necessary to fulfill certain preconditions:

- the organization must believe that change is important and valuable for its future;
- there must be a vision to provide the desired future situation, which all employees to know, understand and accept;
- organizational barriers, cultural and regulatory, existing and potential, must be identified and removed;
- the entire organization must support the strategy to achieve the vision;
- organization's leaders must lead by example and be actively involved in the change process;
- must have organized training for the new required skills;
- performance measurement systems should be well established, so that results can be properly assessed;
- must offer continuous feedback for everyone;
- undesirable behaviors must be identified and corrected;
- must be implemented adequate systems of recognition and rewards.

Regardless of the approach on the re-engineering of a process, radical through re-engineering or gradual, will result the improvement of company performance provided they are clever implemented and in the spirit of achieving the organizational objectives.

The actual redesign of business processes is the most exciting action of the entire re-engineering action. Face to face with a blank sheet of paper, the re-engineering team has only one way to succeed: to act creative, giving free rein to imagination and abandon the old rules and procedures that the organization has developed so far. The processes can not be reconsidered correctly in the absence of fundamental principles, that are at the base of re-engineering. Ignoring them will lead at best to marginal improvements, but certainly not at obtaining spectacular performance. The principles considered in achieving a re-engineering project have a tridimensional component\[10\]:

- the project's organizational perspective, considering the traditions and way of working of the organization, defining business processes according to the organization's objectives and develop a vision of business processes that depend on the customer;
- processes autonomy, the merge into a single process of decision and control mechanisms;
- information integration, namely the unique and definitive source data entry, eliminating intermediate steps in finding information and identifying technological levers before redesigning business processes.

Although there is no clear suite of procedures, successful experiences so far in reinventing processes have enabled the identification of techniques for working with general applicability, based in particular on stimulating creative thinking of the re-engineering team. The most useful techniques and methods used in redesigning processes are those that aim \[10\] \[11\]:

- innovative approach to the principles of re-engineering, successive brainstorming meetings are very productive, involving the participation of the entire team animated by its leader;
- identify and abandon deep-rooted beliefs;
- unreserved use of the benefits of new technologies.

The main benefits of re-engineering that are highlighted in specialized literature are\[10\]:

- simplified organizational structure and enhancing the quality of coordination and organizational communication highlighted by the reduction of hierarchical levels, enrichments of tasks and reducing bureaucracy;
- organization's market growth, measured by the number of new products and services offered, sales and market share growth, widening of the customer database; acquiring leadership in the industry or even changing the rules of operation and defining excellence in the field based on new criteria;
- administrative costs and lower production, affecting the return on investment, personnel costs, operating costs and profit;
- higher quality of goods and services, measured by customer service and its satisfaction level\[6\];
- increase labor productivity by reducing errors and delays;
5 Conclusions

Re-engineering is considered to be a means of transforming the organization into a flexible, knowledge-based and structured to serve clients needs system and allows and allow fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in business indicators considered critical in evaluating performance - cost, quality, service and speed.

Conceptual and new model in the dynamic and diverse world of business, the re-engineering is a response to obvious reality of our time - all the more profound changes, sometimes radical or accelerated that marks the evolution of society.

Innovation as a process - determining factor in generating competitive advantages for a company, along with other techniques can help to facilitate business processes and implement changes necessary to resolve crisis.

References


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