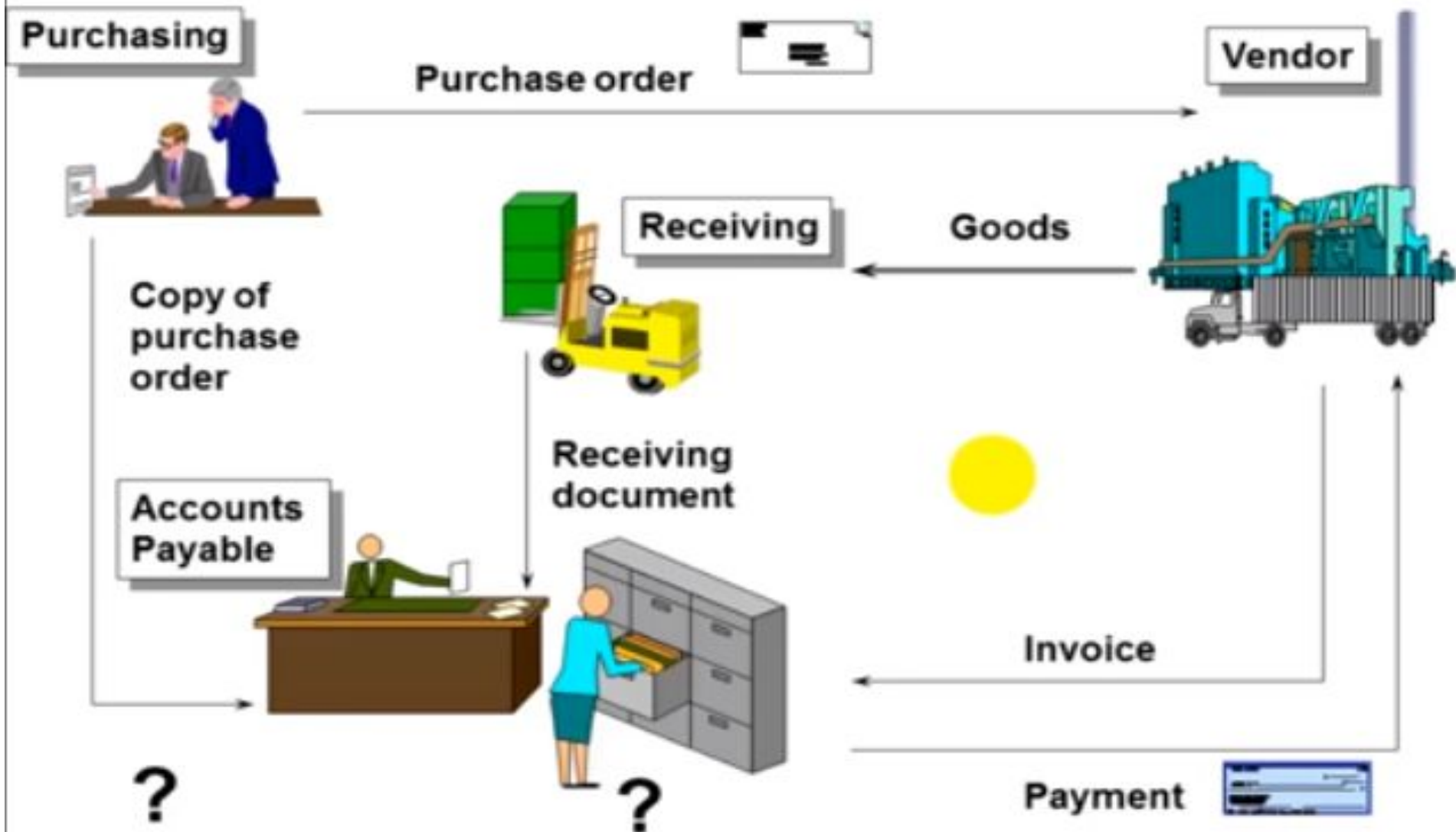


# **BPR Case Studies**

- **Ford: Accounts Payable**

# ***Ford Accounts Payable Process\****

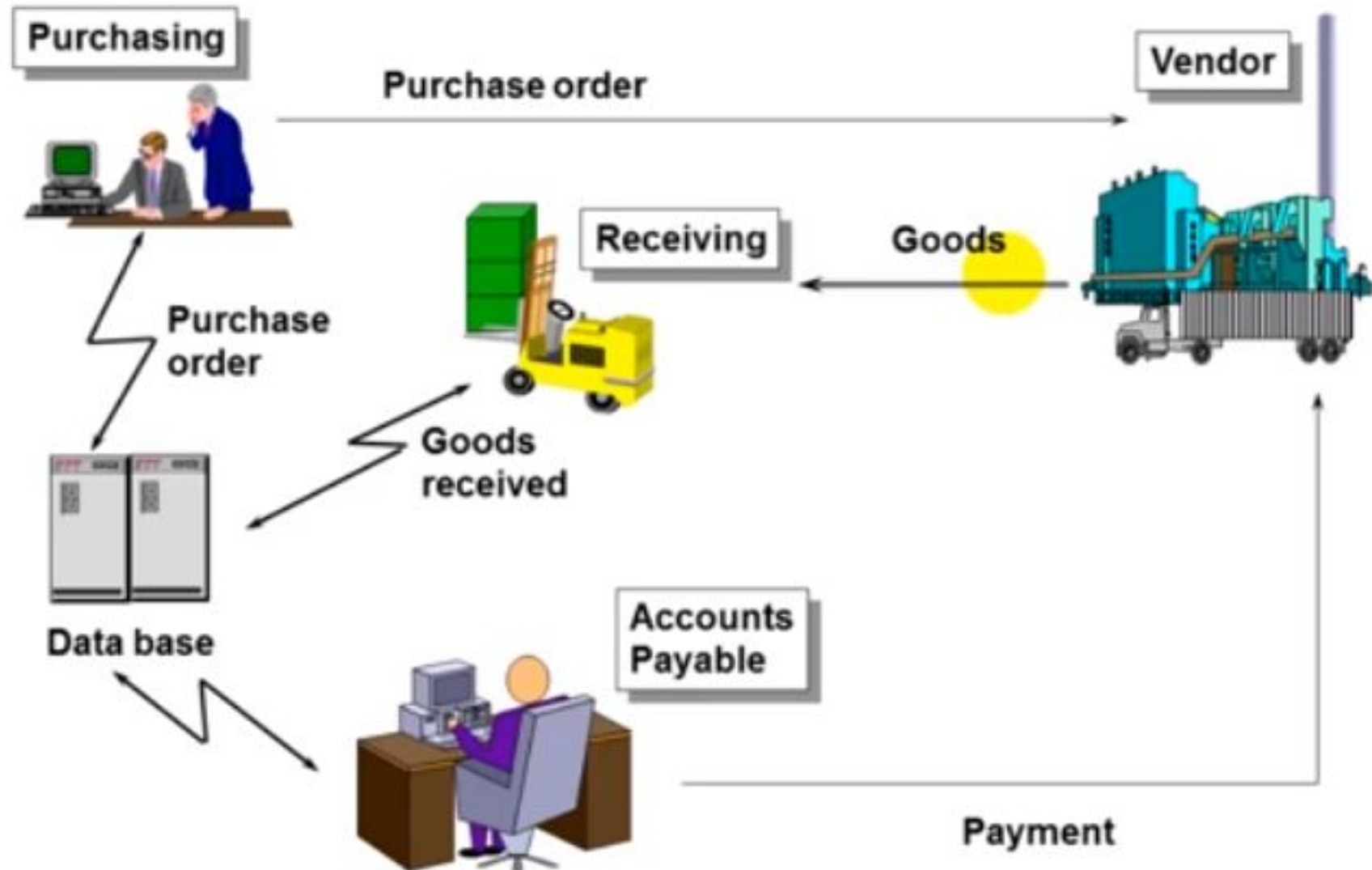


## ***Trigger for Ford's AP Reengineering***

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- **Mazda only uses 1/5 personnel to do the same AP.  
(Ford: 500; Mazda: 5)**
- **When goods arrive at the loading dock at Mazda:**
  - **Use bar-code reader is used to read delivery data.**
  - **Inventory data are updated.**
  - **Production schedules may be rescheduled if necessary.**
  - **Send electronic payment to the supplier.**

# Ford Procurement Process




## ***Ford Accounts Payable***

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### ***Before***

- More than 500 accounts payable clerks matched purchase order, receiving documents, and invoices and then issued payment.
- It was slow and cumbersome.
- Mismatches were common.

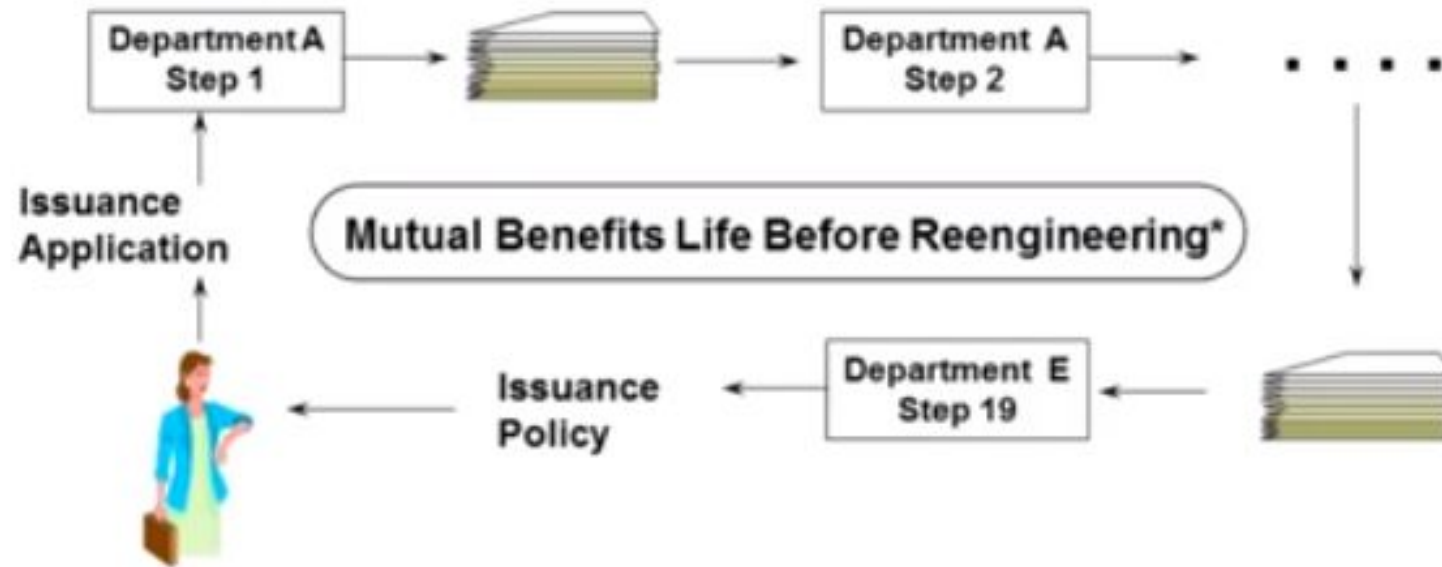
### ***After***

- 
- Reengineer “procurement” instead of AP process.
  - The new process cuts head count in AP by 75%.
  - Invoices are eliminated.
  - Matching is computerized.
  - Accuracy is improved.

# **BPR Case Study # 2**

- **Mutual Benefit Life: New Life Insurance Policy Application**

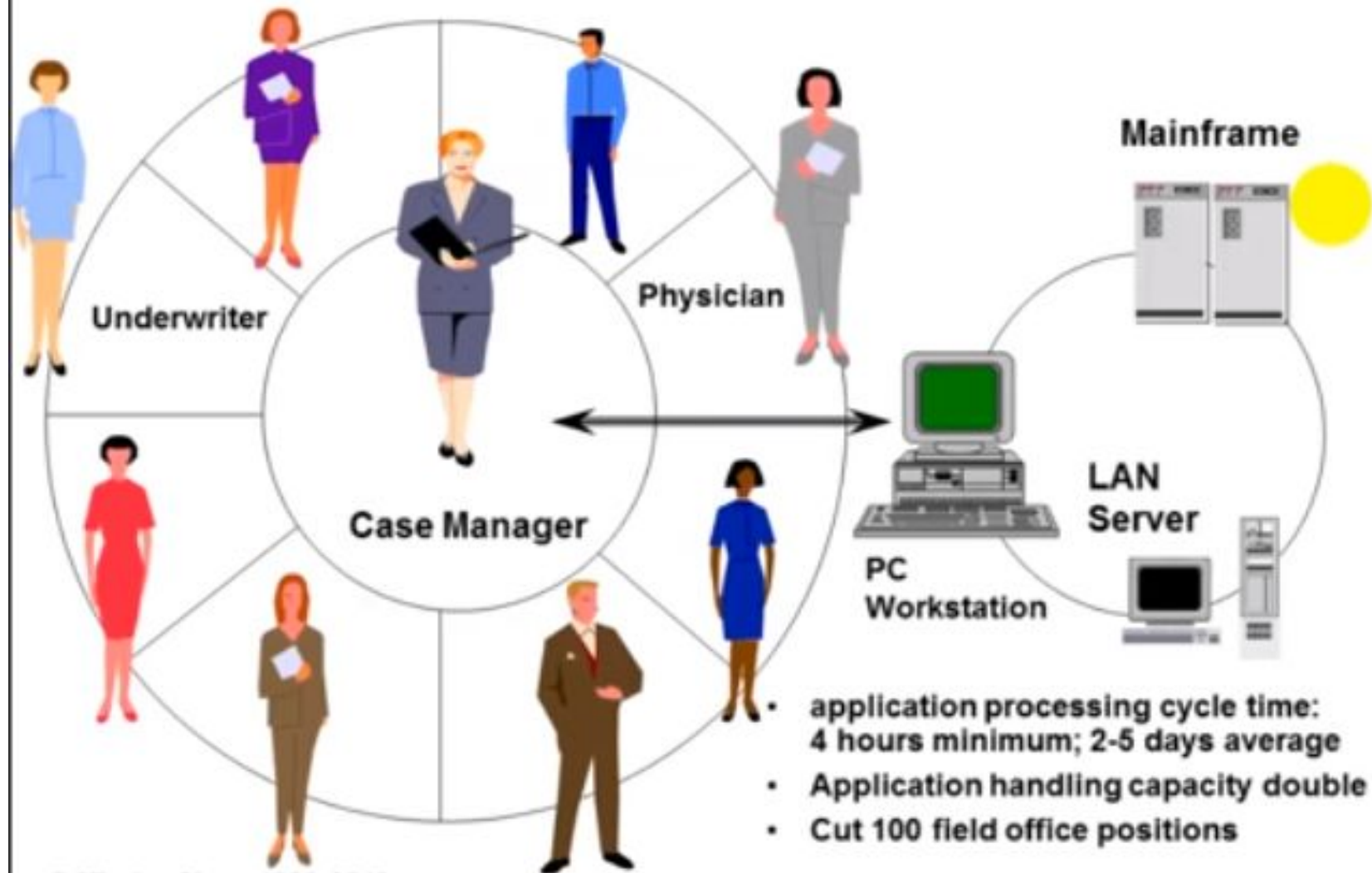
## New Life Insurance Policy Application Process at Mutual Benefits Life Before Reengineering\*



- 30 steps, 5 departments, 19 persons
- Issuance application processing cycle time: 24 hours minimum; average 22 days
- Staple yourself to the order: only 17 minutes in actually processing the application ( Processing time / cycle time )



## The New Life Insurance Policy Application Process Handled by Case Managers





# Case study # 3

*Capital Holding Co. - Direct Response Group<sup>3</sup>*

## **Capital Holding Co. - Direct Response Group<sup>3</sup>**

- A direct marketer of insurance-life, health, property, and casualty-via television, telephone, and direct mail.
- In 1988, DRG president Norm Phelps and other senior executives decided that for our company, the days of mass marketing were over.
- Need to strengthen DRG's relationships with existing customers and target our marketing to those potential customers whose profiles matched specific company strategies.
- A new vision for DRG: The company needed to be exactly what most people didn't expect it to be an insurance company that cares about its customers and wants to give them the best possible value for their premium dollar.

<sup>3</sup>Source: Adapted from *Capital Holding Corporation-Reengineering the Direct Response Group*, Harvard Business School case 192-001, 1992.

## ***Capital Holding Co.: Vision***

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### **Caring, Listening, Satisfying... one by one**

Each of us is devoted to satisfying the financial concerns of every member of our customer family by:

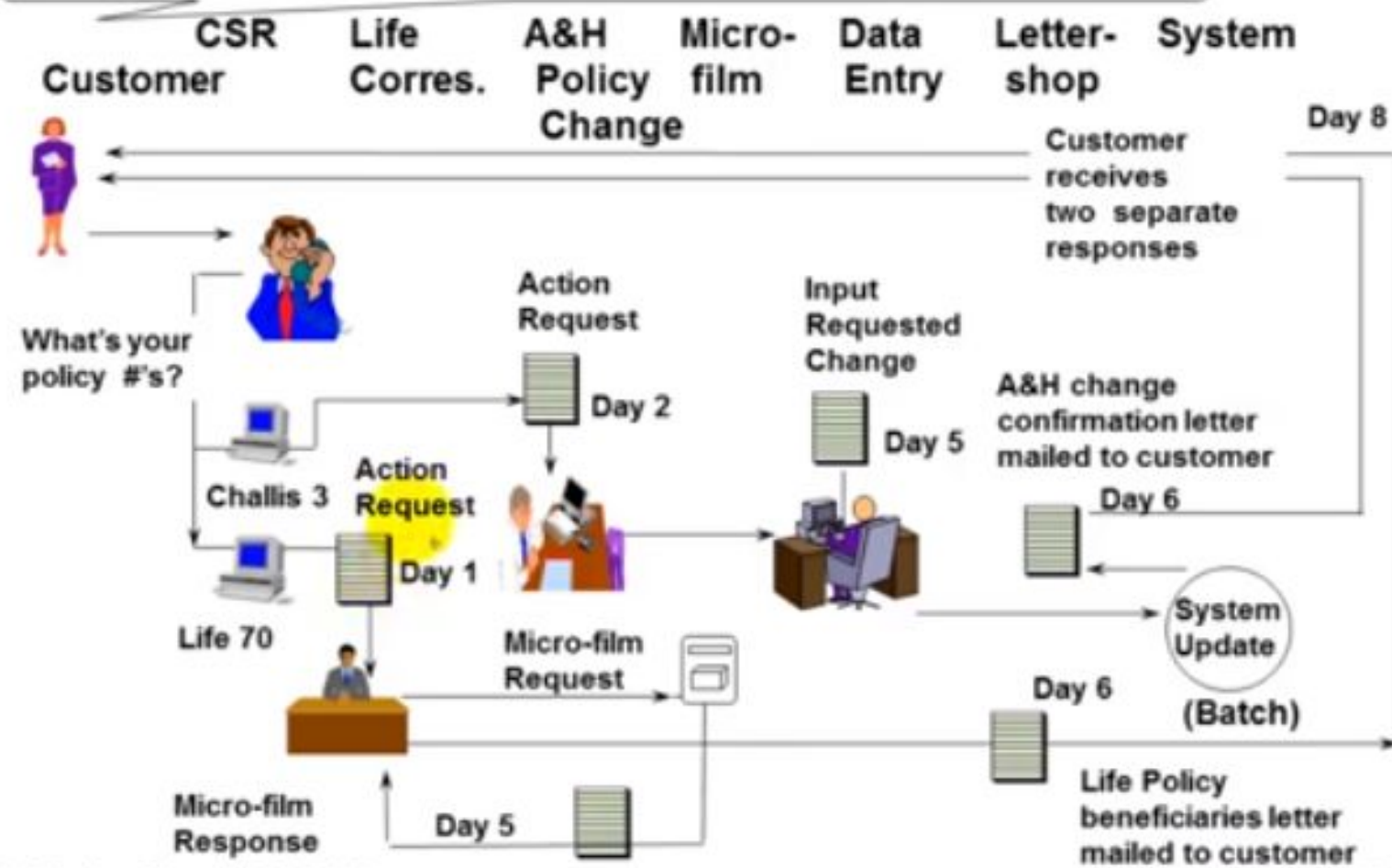
- Deeply caring about and understanding each member's unique financial concerns.
- Providing value through products and services that meet each member's financial concerns.
- Responding with the clear information, personal attention and respect to which each member is entitled.
- Nurturing an enduring relationship that earns each member's loyalty and recommendation.

# New Business Model: A Conceptual Breakthrough



# A High-Level Service Process Model Today

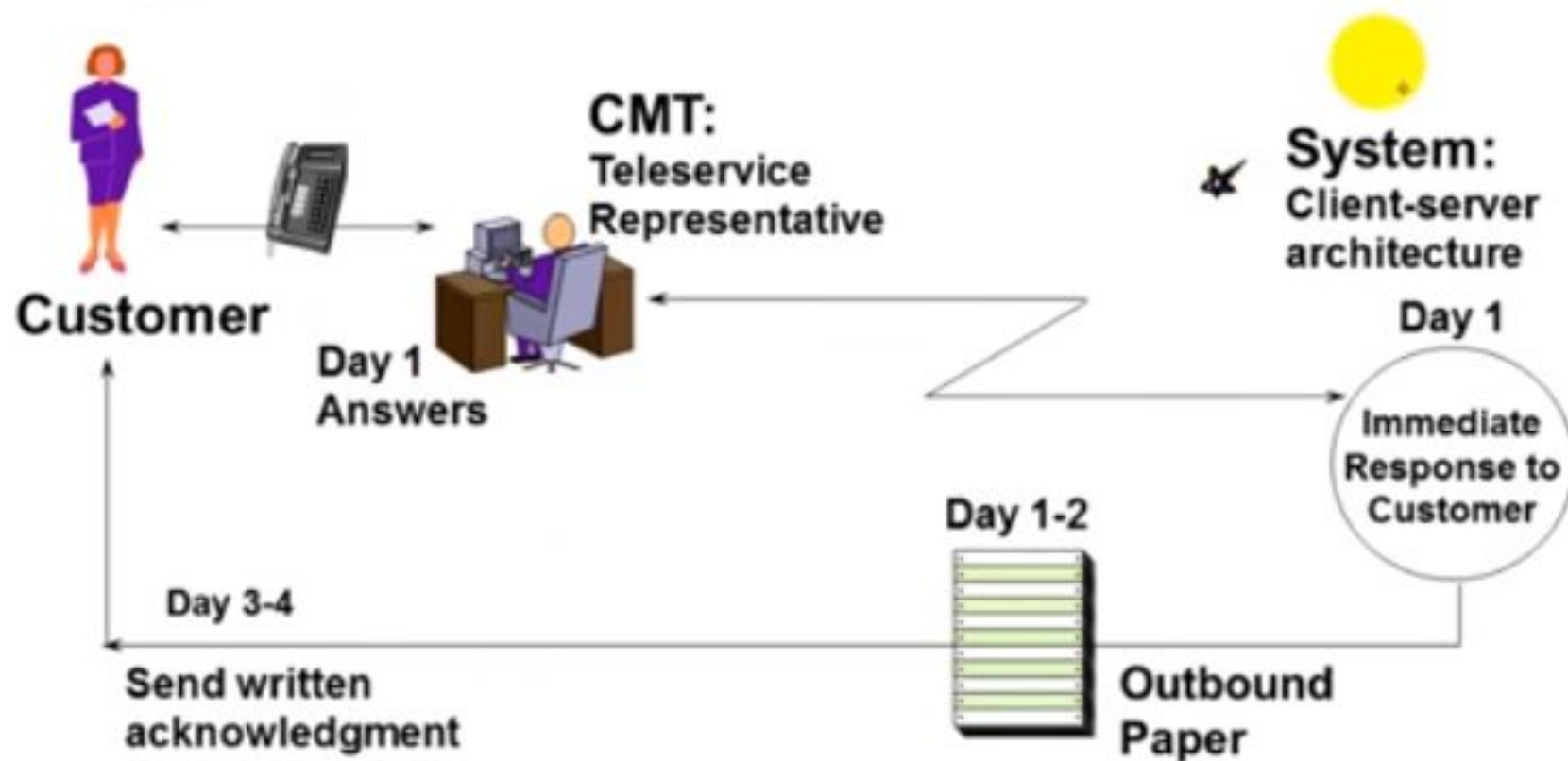
- Increase my A&H coverage
- Give me information about my Life Policy beneficiaries



*Customer Management Team (CMT):  
A Flavor of How DRG Service Process Will Change*

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- Increase my A&H coverage
- Give me information about my Life Policy beneficiaries



# Case study # 4

**Taco Bell\***



## ***Taco Bell\****

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- **“We were going backwards - fast ... If something was simple, we made it complex. If it was hard, we figured out a way to make it impossible.” -  
Taco Bell CEO, John E. Martin**
- **Customer buy for \$1 are worth about 25 cents. 75 cents goes into marketing, advertising, and overhead.**
- **Reengineering from the customer's point of view.  
“Are customer willing to pay for these ‘value-added’ activities?”**

## ***Taco Bell***

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- **Corporate Vision: “We want to be number one in share of stomach.”**
- **Slashed kitchen:**  
**Kitchens : Seating capacity**  
**70% : 30% ⇔ 30% : 70%**
- **Eliminate district managers. Restaurant managers are given profit-and-loss responsibility.**
- **Moving cooking of meat and bean outside.**
- **Boost peak serving capacity at average restaurant from \$400 an hour to \$1,500 a hour.**
- **\$500 millions regional company in 1982 to \$3 billion national company in 1992.**

# Activity: How to reduce queue time

## Exercise: Solving the Queuing Problem

