

## Chapter 8

# Change Management Approach in Implementing BPR

### 8.1 Objective

The title of this chapter is *BPR Implementation Steps and People View*. The first section of this chapter would deal primarily with the nitty-gritty of business process reengineering implementation in any organization. We intend to explore the implementation steps to a great level of detail. In other words, the objective here is to understand the implementation of BPR at a granular level.

The second section of this chapter would cover the *people* aspect of any change initiative within an organization. The focus would be primarily on BPR-related change initiatives. We would like to identify the issues that crop up due to the resistance shown by employee and the ways of dealing with them.

The final section of this chapter would be a case study of an Indian organization where one of the major BPR initiatives stumbled upon a roadblock created by the resistance and noncooperation displayed by its employees. This case would illustrate the importance of *people* for the successful completion of any project.

### 8.2 Background

The term *business process*, in its truest sense, was first used by Adam Smith in 1776. Since then, it has become a global standard. All the activities carried out within an organization are logically grouped together (based on their business outcome) and documented. Each such group of activities is termed as a *business process*.

As an organization advances in its life cycle its business processes no longer remain adequate. This happens due to the following reasons:

- As time progresses, the business requirements change. This makes the old processes either inefficient or obsolete.

- Some of the processes become redundant with time, hence leading to nonproductive utilization of resources.
- If the organization expands, organically or inorganically, its business processes require a drastic change.

An organization can handle such situation in two different ways as follows:

- *Process improvement process*  
Process Improvement Process or PIP leads to an *incremental improvement* in the process outcome. It is generally carried out when any stable process needs modifications to suit the changing business or organizational requirements.
- *Business process reengineering*  
In contrast to PIP, process reengineering aims at a *transformational improvement* in the process outcome. It involves going back to square one and reinventing the wheel. Business process reengineering attempts to bring about dramatic results in terms of cost, quality, or speed. BPR usually takes place in the later stages of the organization's life cycle when the processes become mature and start to decay.

The origin of the term *BPR* dates back to 1993, when Michael Hammer and James A Champy defined it as “*Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.*”<sup>1</sup>

Since then, business process reengineering has become a popular topic in the business circle. With the advancements in information technology, BPR has reached a new pedestal altogether. BPR, when combined with technology-enabled automation, has the potential to provide drastic improvement in the process performance.

However, in the early years of BPR, the entire focus was on the technology aspect of it. The *people* aspect was, more often than not, being ignored. This led to the failure of BPR initiatives in a large number of organizations where the employees presented hostility and resistance to such initiatives. As a result, in the later years, change management became an integral part of the BPR. In this chapter we would be dealing with the people aspect in considerable detail.

Several methodologies have been prescribed by different academicians and practitioners for the successful implementation of BPR in an organization. In this chapter, we have tried to provide an implementation approach by taking clues for all of them and pulling together the best features from each one of them.

### 8.3 BPR Implementation

From contemporary literature, there are several methodologies available for implementing BPR in an organization. However, we have tried to consolidate them and develop a framework that contains the best features from each one of them. The framework is as below.

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<sup>1</sup> <http://www.easy-strategy.com/michaelhammer-and-Jameschampy.html>.

### 8.3.1 *Initiate Strategic Change*

As said by many “*if you fail to plan, you plan to fail*,” planning is an integral part of any reengineering initiative. This step prepares an organization for BPR by asking questions like

- Is BPR needed? If yes, what are the objectives?
- Who would be impacted by the reengineering activity?
- How much effort would be required to carry out BPR? Who will be involved?
- How would the success of the initiative be measured?

Each of the sub-steps is described in detail below:

#### 8.3.1.1 Define Project Organization Structure

A project organization structure (pos) is a composition of people (or positions) who would be directly involved in any project effort. A POS is similar to an organization chart, except that it deals with only one project. It defines the *reporting* as well the *escalation* structure for a project. A typical POS would look like

Defining a POS before the project starts offers several advantages:

- The POS facilitates smooth implementation and coordination of the project efforts.
- It reduces the possibility of any ambiguity, disruptions, or conflict.
- It encourages communication amongst team members by laying down proper chain of command.

#### 8.3.1.2 Identify Stakeholders and Their Objectives

Before initiating any reengineering activity, it is crucial to identify all the stakeholders involved in that process. Typically, the stakeholders for any process are the process-owner, other employees, and the customer(s) who derives value from that process. It is important to understand the expectations of each of these parties and identify the areas where the process is falling short of those expectations. Only after doing this gap analysis, the objectives of the BPR exercise should be set.

#### 8.3.1.3 Align the Goals to the Vision and Mission

In order to obtain significant results, it is imperative that the goals of the reengineering activity are in perfect alignment with the vision and mission of the organization. In other words, the project goals should be in sync with the strategic goals.

Such alignment would help in attaining outcomes that are of strategic importance to the company as well as to the customer. Apart from that, it would be easier to garner the support of the top management on BPR activities if the project goals fit perfectly into the bigger picture.

#### **8.3.1.4 Define Critical Success Factors**

The elements that would determine the ultimate success or failure of any project are called the critical success factors or the CSFs. CSFs are the areas that must be given continued attention and special by the BPR team.

The identification of the CSFs for any BPR activity should be done in the first stage itself. This would ensure that none of these crucial elements is ignored or overlooked at the later stages of implementation.

#### **8.3.1.5 Solicit Consulting and Technology Partners**

The organization, undergoing BPR, may lack the domain or technical expertise required to carry out the change. If so, they must solicit external partners for the project. Such solicitation is a time-taking process as it involves several steps like sending request for proposal (RFP), evaluating proposals, and awarding the contract. Hence, it should be carried out in the planning stage of the project. The company must exercise due diligence in choosing a partner. The partners should be selected based on their expertise and cultural fit with the organization.

### **8.3.2 Current Process Diagnosis**

Not all practitioners agree to this, but it is critical to understand the current state of the processes before making any attempt to reengineer them. Unless the current processes are well documented and understood, the reengineering team might overlook some of the process details. Such fallacy can lead to disastrous results. Hence the process owner (along with his/her team) should be involved in this step to ascertain that none of the details are left out.

#### **8.3.2.1 Map Current Processes**

There are several tools available for the purpose of mapping processes. Most powerful of them are *process maps* and *activity charts*. A process map has a detailed description of what the process does, who is responsible for what, and how the success of the process is measured. An activity chart is a diagram that shows all the operations or tasks involved in a process. The employees who are accountable for the process should be involved in the BPR at this stage.

#### **8.3.2.2 Perform Cost Analysis**

This step deals with an in-depth analysis of each activity within a process. Firstly, the time taken by each activity for completion should be assessed. Secondly, the

cost of each activity in terms of resources should be measured at this stage. There are tools and simulation methodologies available to carry out this assessment.

#### **8.3.2.3 Perform Gap Analysis**

Once the above step is completed, the BPR team would be able to weigh the current performance displayed by the processes against the desired performance. This step is crucial in the sense that, when the reengineering team designs the To-Be processes they would make sure that the gaps and disconnects identified here are bridged.

#### **8.3.2.4 Identify Value-Adding Processes**

The organization evolves with time, so do processes. With the change in the business requirements and other external factors, the value delivered by a process changes. As a result, not all processes within an organization are value adding. Some of them are either obsolete or redundant. This step of BPR implementation aims at classifying the process as either value adding or non-value adding (NVA). NVAs are dropped in subsequent stages.

### **8.3.3 *Process Redesign***

The objective of this step is to establish a desired end-state for the process undergoing the reengineering initiative. This step involves a few critical decisions that the BPR team has to make in terms of choosing a To-Be process from the available alternatives and developing metrics for measuring the success of the reengineered process.

#### **8.3.3.1 Study Best-in-Class Processes**

The first step in redesigning a process is to benchmark it against other similar processes carried out elsewhere. Benchmarking can be done either internally (other departments or business units within the same organizations) or externally (not necessarily against competitors or within the same industry). The outcome of the benchmarking exercise is a set of best practices being followed by the benchmarking partner(s).

#### **8.3.3.2 Design New Processes**

In this stage, the reengineering team evaluates the various alternatives generated by the benchmarking exercise. Based on the compatibility with the organization's stra-

tegic goals, one of the alternatives is selected. The chosen process is then adapted to the norms of the organization undergoing BPR. Fresh process maps and activity charts are prepared at this stage.

#### **8.3.3.3 Validate New Process Against the CSF**

As mentioned earlier, CSFs are critical to the overall success of the project. Hence, at this stage the new process is evaluated for its adequacy on all the critical success factors. If not, the process is modified in order to accommodate all the CSFs.

#### **8.3.3.4 Conduct Cost–Benefit Analysis of Reengineered Processes**

The order of implementation of the reengineered processes is decided based on the benefits accrued and the costs involved in each of them. The processes that provide the maximum benefits in a short run are the first ones to get implemented.

#### **8.3.3.5 Develop KPI Metrics**

The degree of success of any process is determined by certain metrics known as the key performance indicators or the KPIs. At this stage of BPR, the KPI metrics are developed for the reengineered processes. The KPIs, developed here, would play a very crucial role in the final stage of the BPR where the process-performance would be monitored.

#### **8.3.3.6 Assign New R&R**

The reengineered process might require a deviation from the current team structure and existing chain of command. The BPR team, at this stage, would define new roles and responsibilities in order to execute the reengineered processes.

### ***8.3.4 Plan the Implementation and Go Live***

This is the phase where the reengineering efforts face the maximum resistance, from hostile antagonists to passive adversaries, all determined to kill the effort. This is the reason why the change management programs to create a culture of acceptance have to be started in parallel with the BPR implementation. In this stage we focus on developing a project plan to implement the new redesigned processes in form of a work breakdown structure. Here, we need to focus on developing the relationship with the implementation partners so as to ensure a smooth transition from old to new processes in order to minimize the change resistance and deliver as promised.

#### **8.3.4.1 Evaluate Automation Areas**

With the advancement in technology, it can be safely said that no BPR initiative these days is complete without evaluating where technology can play a key role in providing a key strategic advantage. The redesigned processes should be evaluated to ascertain where technology can be used to provide an automated solution. This may involve anything from developing small in-house applications to using an off-the-shelf ERP system. Choosing the technology, the subsequent vendor and the implementation partner will play a key role in how the project unfolds.

#### **8.3.4.2 Develop Project Plan**

The project plan must take into consideration the project organization structure, information systems, business procedures, organization policies, and people along with the newly designed processes. The requirements for the construction of the new processes should be organized in the form of a work breakdown structure (WBS). The WBS should account for all the roles and responsibilities for every task.

#### **8.3.4.3 Synchronize Plan with Partners**

This is a crucial stage in the implementation wherein all the stakeholders sign and agree upon the WBS. The statement of work (SOW) agreement is signed between the organization and the implementation partner. The SOW clearly states the different roles of the design and technical support teams, and their responsibilities along with the different service-level agreements between both parties. This signifies the beginning of the actual implementation.

#### **8.3.4.4 Create Prototypes and Simulate Plans**

This phase practically prepares you to go live. Here, we prepare for the transition from the old processes to the new ones. Based on the WBS, the prototypes of the new systems/processes are created and tested against the CSFs. This phase is kept in place so as to simulate or test the transition from old process. During the process we check for problems that may arise during actual transition, check how people react to the new prototypes, try to mitigate risks associated with the transition, and build the system as working parts. This phase is also used to perform one-time activities like data migration. This ensures that the employees are slowly and steadily exposed to the new processes, roles, and responsibilities and do not face a sudden shock when the entire set of new processes go live.

#### **8.3.4.5 Initiate Training**

Training of the employees on the actual new processes begins along with the development of the prototypes. Employees are already exposed to the new system through theory sessions on the new designs and expected roles before these sessions. Here, they get a practical exposure to the new processes and work hands-on on these new prototypes. This ensures that once the system goes live the employees are completely ready to perform their expected roles right from inception of the processes.

#### **8.3.4.6 Prioritize Plan and Go Live**

It is very essential to phase out the implementation based on the importance of the processes. The processes can be prioritized based on vision and mission, business benefits, importance to stakeholders, cost of implementation, number of employees affected, etc. These factors may vary based on the organization's needs and policies. The processes are implemented according to the priority. It is important to conduct an organization-wide feedback to understand where the implementation process could be improved.

### **8.3.5 Monitor Process and Feedback**

This phase begins after the implementation is complete. This phase however does not have a fixed time limit in the WBS/project plan like the other phases. This phase is rather a continuous process indicating that never stop trying to improve our processes. Here, we firstly measure how successful the implementation has been and check whether the CSFs as defined before the start have been achieved. We check this on a periodic basis and keep track of the ROI gained. Apart from this we also evaluate all the employees as per the KPI's definition for their roles. This helps us keep a track of the usage of the new process. Constant feedback is solicited from the employees, industry best practices research is conducted, and changing market demands are considered in order to constantly gauge the need of improving the processes.

#### **8.3.5.1 Measure Success and Track KPI Progress**

Here, we focus on measuring the success of the BPR implementation. The KPIs defined in the earlier stages are reviewed on a periodic basis to track how we have performed. Apart from this, we also solicit feedback from all the affected employees to understand how well we have delivered on our promise. The employees give feedback not only on the BPR implementation cycle but also on the *culture change*



*management program* that had been running in parallel. This is a stage in evaluating our performance as implementers and would go a long way in improving the future BPR implementation cycle.

### **8.3.5.2 Review Performance Against CSF**

The objective here is to evaluate whether the whole BPR initiative has made business sense and to evaluate if we have achieved what we had set out to achieve. We periodically cross-check the outcome with the critical success factors as decided before the project began. The ROI is measured on a periodic basis and the business benefits accrued are presented to all the stakeholders.

### **8.3.5.3 Conduct Usage Reviews and Evaluate R&R**

The objective here is to evaluate the *culture change management program*. The progress is measured by evaluating how many people feel more informed, how well the top management is satisfied with the change, and how well the new teams have adapted to the new processes. A way to achieve this is to carry out attitude surveys and discrete chats with employees in key roles. It is important to involve all the stakeholders in the surveys even if it means involving customers or suppliers if they are directly affected by the change. An important aspect is to tie up the evaluation of the employees as per their new system usage with the appraisal process to ensure we track this aspect at an individual level.

### **8.3.5.4 Conduct Compliance Audits**

Compliance audits must be planned on a periodic level to gauge the usage levels of the system on a periodic basis. Compliance audits check at a granular level whether the process is being correctly followed. Following each and every step in the process is of at most importance in order to ensure quality and efficiency. Compliance audits score each team on their compliance with the newly defined processes. Awards for leaders and penalties for the defaulters can be associated with these audits in order to ensure that the processes are being followed to the tee. The compliance audits can also evaluate whether individuals are performing their assigned responsibility.

### **8.3.5.5 Conduct Process R&D**

Business nowadays is constantly changing due to ever-changing demands of customers. It is therefore imperative that an organization always has one hand on

the pulse of the market and is quick to react to market changes. Technology is another important dimension that is evolving constantly, enabling organizations to better serve their customers. It is hence important that an organization continuously studies the best-in-class processes, industry standard practices, and benchmarks its own processes against these. This continuous research and development, market pulse, and feedback from employees would help organizations to constantly think about improving the existing processes.

### 8.3.6 *The Iron Triangle*

Traditionally, to be successful any organization has focussed on three important dimensions—the people, process, and technology. These dimensions form the foundation pillars for managing change, risk management, or even managing entire projects. Referred to as the *Iron Triangle*, an organization must integrate these three aspects seamlessly in order to be successful.

The organization must focus on each of these aspects in the following order of importance:

*People:* Understanding the needs of the people and driving them to be committed to your strategy is of prime importance. It is also important to have well-defined roles and responsibilities.

*Process:* The process details the steps through which the people perform daily tasks in order to achieve the larger objectives of the organization. The organization must develop its capabilities and processes to deliver maximum value to the customers. The organization also needs to develop internal processes to ensure smooth coordination and functioning of all its employees.

*Technology:* With the people aligned and the process developed, technology can be applied to ensure consistency in the application of the process and provide guidelines to keep the process on track. Technology should make it easier to follow the process.

These three dimensions must be aligned strategically to the business objectives of the organization. When any organization undergoes BPR, the two dimensions of the *Iron Triangle* that are changed are mainly the *process* and possibly the *technology*. It is thus imperative that the *people* dimension should also be of focus in order to maintain the balance in the organization. The employees in the organization are bound to be affected by the shift in status quo and it is important that this shift sets in gradually so that the people are made ready to accept change rather than reject it. The following sections explain ways and means to gradually bring in the change and work towards aligning the mind-set of people to maintain the equilibrium in the golden triangle of the organization.

8.3.7 Managing Change

Managing organizational change in a large BPR initiative is not just a scientific process, but it is also an art that requires constant subjective judgments. That does not discount the fact that the change effort must be scientifically modularized into well-defined sets of activities for key stakeholders in the organization.

Our change management framework (Fig. 8.1) demonstrates the human aspects of change and its impact on operational output of the firm while also suggesting key

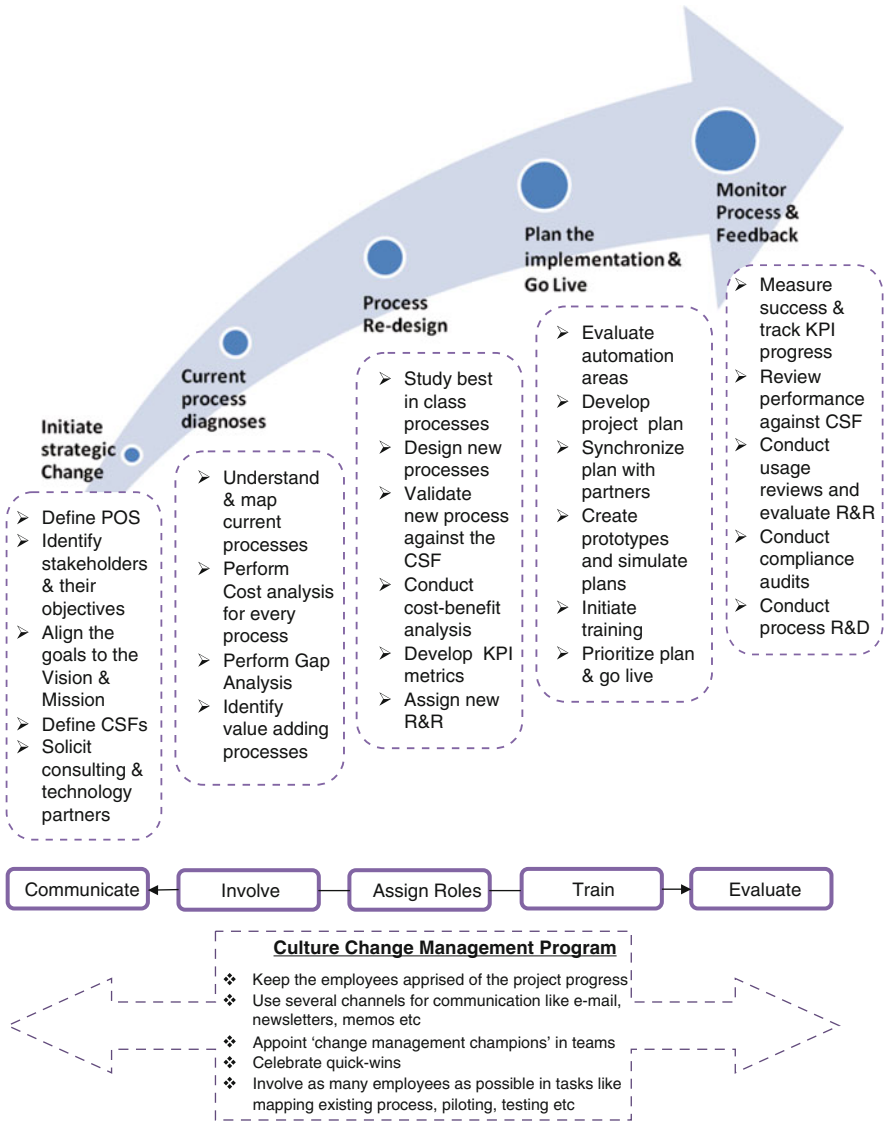


Fig. 8.1 Change management framework

steps that must be taken to increase the probability of success and reduce the pain associated with change.

Each of these steps needs to be detailed out based on the specifics of the organization and the business processes being reengineered. As an illustration, the first-level breakup is provided below. Further breakup will be contingent upon the characteristics of the BPR target and the actual tasks being executed.

### 8.3.7.1 Initiate Communication for Change

Clarify key questions to impacted stakeholders:

- What is the intent of the exercise?
- What is the plan like in terms of people and timelines?
- What is expected of me?
- How does it impact me?

As an illustration, a typical organization-wide communication sent at the initiation of a BPR exercise is sampled (Fig. 8.2).

### 8.3.7.2 Assess Change Areas

- Create a cross-functional team of *change evangelists*.
- Understand targets and impact from key employees.
- Collaboratively create a change plan that is mutually agreed upon.
- Clearly define a target To-Be state.



**Fig. 8.2** A typical Project Organization Structure

A number of tools and templates are used by various organizations to provide a structure to the assessment process. Depending on the kind of business processes being reengineered, it could be a combination of financial assessment, motion and time study, quality process assessment, operations review, audits, etc.

The outcome of this phase must include a To-Be process map and a To-Be financial model that elaborates the impact of this initiative on the business unit's earnings.

### 8.3.7.3 Communicate Change Execution Plan

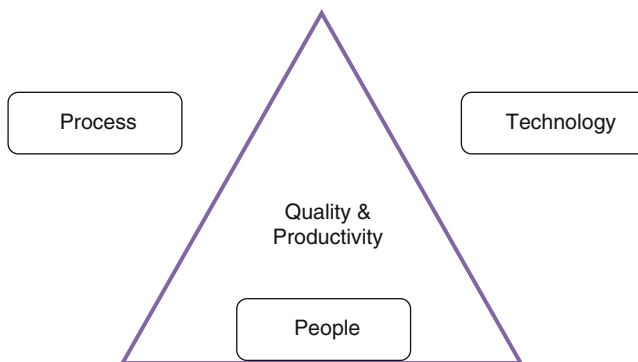
- Communicate change execution plan in nontechnical readable format to staff.
- Solicit potential issues and pitfalls from impacted groups.
- Address identified issues.
- Finalize plan and the desired To-Be operating model.

### 8.3.7.4 Execute Change

- Create a strong program management office (PMO).
- Clearly define roles and responsibilities of key stakeholders (ref. Fig. 8.3)
- Measure progress against predefined success criteria.
- Logically conclude and announce success.

### 8.3.7.5 Stabilize Operations

- Measure, analyze, improve, and control.
- Define continuous improvement targets.
- Remove any auxiliary support utilized during transformation.
- Validate operational effectiveness through end-user surveys/feedback.



**Fig. 8.3** An Iron Triangle

Message from the CEO

As part of our ongoing initiative to improve our effectiveness and streamline operations, I have asked Sanjiv Kumar, who heads our global operations to lead an effort to conduct a Business Process Redesign Project. This effort is scheduled to begin in the first week of the new year and will continue until the second quarter of FY'12. The objectives of this effort are to:

- o Identify opportunities to streamline our factory operations and supply chain processes from supplier to consumer.
- o Create standard processes, where possible, across factory locations, SKUs and across markets.
- o Develop the ideal operating model that defines the organizational structure, process, roles and technology to support a world-class factory model.

We have engaged Black Consulting Group to augment our team and put structure and industry best practices around the execution of this project.

The project team will primarily be working from our Detroit site offices, and will visit our other locations and interview selected suppliers on a need basis so please make yourselves available should your time be requested by the project team. I expect that many of you will be participating from both an information sharing and a solution design perspective.

I am very excited about the opportunities that we have ahead of us, and I encourage each of you to think creatively on how to improve our business and better serve our customer and share the same with the project team. Please join me in making this project successful.

Please let me know if you have any questions and thanks in advance for your support.

Sincerely,  
Bob Williams  
CEO and MD  
Detroit Machine Tools

Stabilizing operations is about minimizing the instances of the process breaching control limits. Thus well-defined control limits for the To-Be processes are prerequisite for this exercise. It involves substantial amount of data collection and analysis in this step. As an illustration, Fig. 8.4 shows the data collected from clients during the stabilization phase to measure completion of the reengineering exercise.

**R = Responsible** (the role responsible for performing the task)

**A = Accountable** (the role with overall responsibility for the task)

**C = Consulted** (the roles that provide input to help perform the task)

**I = Informed** (the roles with vested interest who should be kept informed)

Tasks / Activities	Program Director	Relationship Manager	Project Managers	Consultant / Advisor	Contracts Manager	Metrics Controller	Financial Controller	Legal Advisor	Human Resources	Compliance	External Supplier
Finalize governance framework	A,R	C							I		A,R
Identify key roles and responsibilities at organizational, functional, and operational level	A,R	C,I	I	I	I	I	I	I	C,I	I	I
Establish meeting frequency for Steering Committee (SC)	A,R	C	I	I	I	I	I	I	I	I	C
Establish meeting frequency of Program Management Office (PMO)	A	A,R	C	I	I	I	I	I	I	I	C
Establish status report template for SC and PMO	A,R	C	I	I	I	I	I	I	I	I	C
Understand contractual elements having impact on the BPR viability	R	A,R	R		R	R	R	R			C
<<Add additional activities here>>											

**Fig. 8.4** Raci matrix illustrated

### 8.3.7.6 Share Rewards of Success

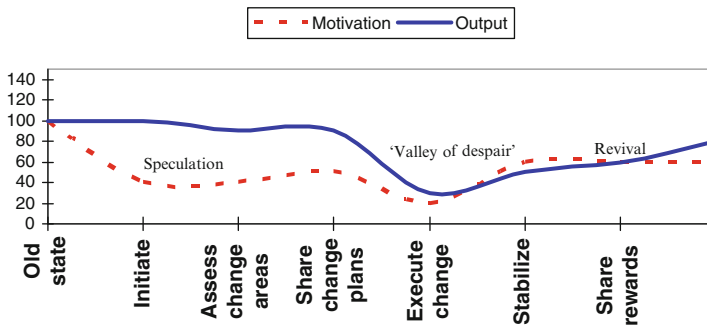
- Create excitement, celebrate success, and let employees know of the outcome.
- Implement benefit-sharing mechanisms with key stakeholders—employees, clients, etc.

### 8.3.7.7 Potential Issues

Typically, organizational reengineering exercises end up with a suboptimal outcome and have to undergo a prolonged revival process to eliminate the issues and then get the benefits from the BPR.

User Satisfaction Survey Form		
<i>Please mark "X" in the boxes</i>	<i>Part #:</i>	<i>Customer name:</i>
<b>Q1 Overall Experience with DMT</b>		<b>Q4 Clarity of the shipping label on the consignment</b>
5.Very Satisfisd		5.Very Satisfied
4.Satisfied		4.Satisfied
3.Neutral		3.Neutral
2.Dissatisfied		2.Dissatisfied
1.Very Dissatisfied		1.Very Dissatisfied
<b>Q2 Quality of the part against specifications</b>		<b>Q5 Speed of shipping the consignment</b>
5.Very Satisfied		5.Very Satisfied
4.Satisfied		4.Satisfied
3.Neutral		3.Neutral
2.Dissatisfied		2.Dissatisfied
1.Very Dissatisfied		1.Very Dissatisfied
<b>Q3 Quality of packaging of the shipment</b>		<b>Q6 Regular information provided by DMT about your consignment</b>
5.Very Satisfied		5.Very Satisfied
4.Satisfied		4.Satisfied
3.Neutral		3.Neutral
2.Dissatisfied		2.Dissatisfied
1.Very Dissatisfied		1.Very Dissatisfied





**Fig. 8.5** Data collected from clients during the stabilization phase to measure completion of the reengineering exercise

The outcome of a typical BPR cycle along with its impact on employee morale can be seen in Fig. 8.5.

As seen in the above illustration, the organization is struggling to cope with the issues related to change and is unable to clearly complete the stabilization phase. The issues facing the organization are primarily derived from the initial lack of change management and are compounded by subsequent absence of a robust program management office. Some issues that could typically lead organizations to this route are the following:

- During the initial set of communications with employees, key questions were left unanswered leading to speculation and reliance on grapevine in the organization.
- The impacted groups of key employees and managers were not included in the decision-making process; hence the change plan was at best theoretical and not tenable.
- Limited communication and secretive approach ensured that employees do not open up to potential issues and pitfalls that may arise in course of the implementation.
- Unmanaged change, with a purely top-down approach caused loss of workforce, disruption to business, and fire fighting to restore client confidence.
- The stabilization stage could not focus on leading the organization into continuous improvement; instead this phase becomes more of an exercise in meeting pre-transformation SLAs.
- Bad experience with transformation eventually results in loss of key employees, and inability to sustain business at pre-transformation levels.

### 8.3.7.8 Case: BPR of Inbound Customer Call Center for a Mobile Service Provider

#### Part 1: Case History

Hawk Telecom (all names changed) is a telecom service provider having GSM service licenses in 18 states across India. The company has been in the business for 10 years and has the third largest customer base in the country.

Hawk operates an inbound customer call center from Faridabad, which is a suburban town close to the Indian capital city of Delhi. All calls to the Hawk customer service helpline from across India are routed to this call center. After every customer call, the customer is sent an SMS text query seeking feedback on the quality of the helpline. The helpline has consistently delivered between 85% and 90% satisfaction rates until about a year ago.

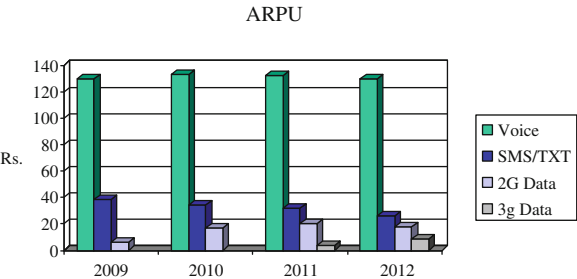
It has been observed that since late 2010 the call satisfaction rates of Hawk have been progressively going down, and are now hovering around 75–80%. Additionally, Hawk’s net subscriber addition has been flat or near-zero, despite a telecom market that is growing at 12% per annum. The company’s management believed that reducing customer satisfaction is the primary factor for exodus of its existing customers, but was unable to pinpoint the real problem that is resulting in the reduced customer satisfaction ratings. The subscriber base also has a relatively higher average age than many of its competitors, and some people believe that the firm has not been aggressive enough in tapping non-voice VAS (value-added services) and has only been following its competitors in areas of GPRS and 3G.

At this point, the firm decided to undergo a business process reengineering across its various business units, starting with the customer call center to fix the problem of reducing customer satisfaction and to improve net subscriber addition. The BPR exercise was owned by John Peer, who had joined Hawk recently as the chief strategy officer from the second largest mobile service provider in the USA.

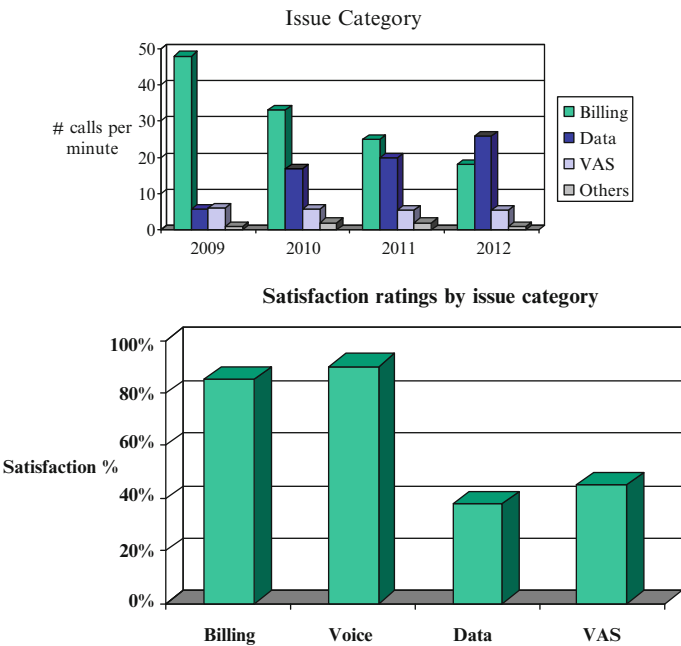
Part 2: Assessment

John initiates the project with a high-level assessment of the company’s revenue streams and a detailed assessment of the customer call-center operations. He forms a team that interview the CFO and the floor-operations manager of the call center. Some of the data obtained is presented below.

Average Revenue per User (ARPU)



Issue category for which customers are calling the help desk:



*Note:* Customer satisfaction ratings have not been stored for previous years so the above data is only for 2012.

Part 3: Analysis

Analysis of the subscribers’ spend pattern showed a marked increase in spend on data and related services over the last 3 years. Consequently, the number of data-related issues coming from customers has increased at a disproportionately high rate, and has now surpassed billing-related issues that used to be the primary issue that the call center dealt with. Subsequent analysis of the customer satisfaction ratings showed that customers are least satisfied with the agent’s resolution of data-related issues. All the above facts provided ammunition to John to further dig out facts.

A skill profiling of the agents on the floor was conducted. Eighty percent of the agents felt they had only a general understanding of mobile data, and do not consider the training they received sufficient enough to address customer queries. While the same agents felt that they are well equipped to resolve billing- and voice-related issues. Upon deeper inspection, it was observed that most of the agents came from a mathematics or commerce background. But the remaining 20% who were comfortable with mobile-data-related queries are the ones who had joined recently and were from more diverse backgrounds ranging from physical sciences to industrial training.

When a call comes in, it is routed to the agent to the first available agent, with all agents defined in a round-robin sequence. There is a single queue for all calls, and

only the complex billing issues are forwarded manually by the agent to the finance department that operates out of an adjacent facility.

### Part 3: Recommendation

Industry best practices suggest that calls should be routed to the right agent depending on their skills. And given that data has been picking up market faster than what Hawk has been able to deliver, there is a need to focus more on data-related calls. Consequently, the following recommendations were made:

1. Add capability in the IVR to differentiate between the category of calls—billing, voice, data, and VAS.
2. Create a separate round-robin queue for mobile-data-related calls.
3. Enhance the mobile-data support team by enabling additional members with technical training.
4. Add a second-level support team for mobile-data that would take care of more complex issues, in the lines of finance support team to manage complex billing issues.
5. In steady state, the mobile-data support team and the remaining team should be equal in size, to be in alignment with the actual call volumes.

### **8.3.8 Managing the Change: People Focus**

Conducting BPR involves adopting new processes, adapting to new technology, and accepting new areas of responsibility. For a manager, this environment throws forward a gamut of challenges to manage the expectations of the various stakeholders affected by the change. This section aims at providing different strategies to manage this process of change so as to involve all the users affected by the change and suggests ways to support them throughout this process of change. This can also be viewed as running a *culture change management program* parallel to the BPR implementation.

#### **8.3.8.1 Versatile Engagement: Choosing the Right People Ready to Change for the Change**

Here, the focus is on choosing right candidates to spearhead the change. Candidates that are flexible and are ready to accept the challenges put forth by change. The idea is to choose candidates who believe in the process and are ready to champion the cause of BPR in the organization. Only such people should be chosen to represent the employees in the process of change. While choosing the people factors such as age,

interests, knowledge areas, and technical aptitude should be taken into consideration. It is also of equal importance to identify the employees who harbor negative feelings towards the change and steps should be taken to alleviate their concerns.

For the purpose of distinction let us call these employees as *pilot employees* and *roadblock employees*. It is important to identify these employees and address separate needs of these users to leverage their capabilities in a better way.

#### 1. *Pilot Employees*

Distinguishing characteristics of these users are as follows:

- Want to take lead in BPR initiatives.
- These users trust the BPR initiative to be a positive and necessary change.
- Are knowledgeable about existing processes.
- Knowledge of BPR is an added advantage.

Action items

- Give them the responsibility of mentoring other employees and creating a culture of acceptance for change right from the outset.
- Give responsibility to champion the BPR cause and drive new implementations forward.
- Select them in the leadership roles while forming the project organization structure.

#### 2. *Roadblock Employees*

Distinguishing characteristics of these users are as follows:

- These users do not like the BPR initiative and consider it as a roadblock.
- Feel ignored in the process of change yet are users of the new processes.
- Some may remain silent about their feelings, posing a larger threat to the process of identifying pain areas.

Action items

- Need to identify their major pain areas and address them as quickly as possible.
- Need to overcommunicate the need of change to them to solicit their support.
- Constant support such as training should be given to these employees.
- Eventually let go of such employees and reassign responsibilities if they do not show characteristics of pilot users even after sustained support.

It is advisable to have a separate team responsible for reaching out to people, identifying issues, alleviating problems, communicating the change, conducting the training, and creating a culture of change acceptance within the organization.

### 8.3.8.2 Organized Communication: Involving All the Users and Spreading the Right Culture

The objective here is to create a continuous connection with the end users of the processes so that they feel involved with the change and feel that they are an important part of the change. Here, a threefold communication strategy is suggested. The prime objective of following this threefold communication strategy is to make the users aware of the change well before the change occurs. This will help in preparing the users for the change and would lead to a better acceptance of the change.

- *Encouraging Communication*

This form of communication is informative and is made in order to sensitize the user about impending BPR initiative. This communication should reach the user a few months before the actual change is rolled out. The format may be mass-mailers or charts put up in the common areas of the organization.

*Objective:* This form of communication is informative and is made in order to sensitize the user about impending BPR changes.

*Contents:* The contents of the communication should convey the need for change and the advantages of the change in order to create a positive feeling about the change.

*Period:* During stages 1 and 2 (plan and design) of BPR process. This communication should reach the user a month or two before the actual changes are rolled out.

*Format:* E-mail to all users or poster put up in common area. Innovative and involving methods like street plays in cafeterias are also being used.

*Example:* In future while implementing a *manager's dashboard* system, in the requirements gathering phase itself, an e-mail can be sent to all the managers communicating the plan of such a system. This e-mail should carry all the advantages of the system so as to create a positive feel around it so that the managers can look forward to actually using it.

- *Supportive Communication*

This communication invites the users to seek guidance once the new processes are up and running. This communication is made to guide the users through the process of learning a new system and should contain pointers to using the new system or information about ways to seek guidance.

*Objective:* This form of communication is made to consolidate the link created between the designers and the end users. The objective is to reach out to the users and help them accept new processes.

*Contents:* This communication invites the users to seek guidance from support team. This communication is made to guide the users through the process of learning a new system and should contain pointers to using the new system or ways to seek guidance.

*Period:* When the training is in progress post roll-out/go live stage.

*Format:* E-mail to all the users inviting them to raise questions and participate in the trainings. Personalized attention given by mentors to trainees.

*Example:* Proactive coordination of the user requests

E-mail asking for feedback on new implementation

E-mail asking for queries and doubts regarding the new system

- *Forthright Communication*

The objective of this communication is to convey to the users the demand to change and make the usage of the new system compulsory. This strong message should be sent out only if usage of the new processes is not up to the mark. This message is sent selectively only to those employees who do perform as per the set KPIs and fall short of the usage levels that are set as standard for the organization.

*Objective:* The objective of this communication is to convey to the users the demand to change and make the usage of the system compulsory.

*Contents:* The contents of this communication convey a strong message for the users as a final ultimatum to accept the new processes. This message should be sent out only if required.

*Period:* Post roll-out and training if the usage levels of system are still low.

*Format:* E-mail to the *defaulters* only

### **8.3.8.6 Learning Through Feedback: Soliciting Participation in the Process of Change**

The objective here is to involve the as many people as possible. Feedback should be sought before and after each BPR implementation. Before implementation feedback would give us a broad idea about the expectations of the end users. And after implementation feedback would give us a good opportunity to understand where we fell short of people's expectations and make hence amend our process in a way that suits

the end users in a better way. This will also create an impression of a movement where everybody who is involved with the change is a part of the change and makes some contribution to towards the change.

#### **8.3.8.7 Continuous Training: Constant Flow of Knowledge and Experience**

It is important therefore to continue the process of training, retraining, and sharing knowledge throughout the BPR implementation phases. Monthly refresher sessions must be organized for users. Apart from this, the manager should also find out the pain areas and learning gaps on a monthly basis and conduct refresher sessions for the same. This will also help in standardizing the usage of new system across the organization.

#### **8.3.8.8 Appraise the Progress: Measureable Targets and Periodic Reviews**

It is important to track the usage of new system. Targets in terms of number of users or in terms of number times the system is used or accessed must be set for each business unit. These KPIs must be tracked and reviewed on a regular basis. The managers must also track the usage, link it to employee appraisals, and identify ways to maximize the usage. Apart from maximizing the system usage the manager must identify new ways of leveraging the system or improving the process.

#### **8.3.8.9 Share Your Success: Focus on Cross Business-Unit Standard Practices**

It is very essential to have cross business-unit standardization of the usage of the new system. With this objective in mind it is very important to set up a process of constant sharing of knowledge and experience between different business units. Also, users must constantly look for areas of improvement and automation in their work sphere and discuss such breakthroughs in a common forum consisting of representatives from each business unit. This forum can be used to deliberate on the applicability of deploying such successful automations or best practices of one business unit in other business units.

This will enable cross business-unit learning and sharing of best practices and will go a long way in standardizing/increasing the usage of the new system across the organization.



### **8.3.9 A BPR Case Study**

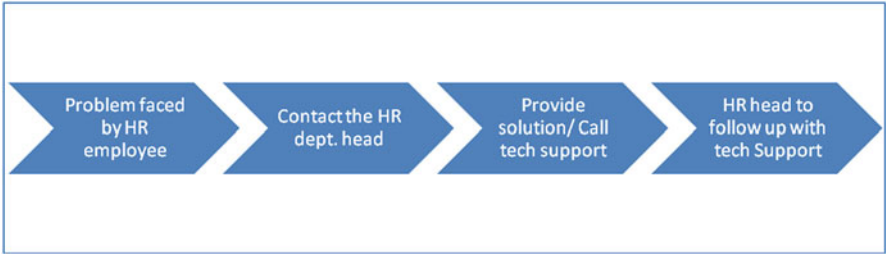
ABC Ltd. is an old company set up in 1954. It is an Indian engineering company in the industrial and manufacturing sector. Based on traditional and age-old policies and methods of functioning the company has recently in the past few years experienced a change in the CEO. Due to its mastery in its area of operation, the company is able to solicit big projects in India and abroad. However, it lacks a technological edge to deliver efficiently and compete in the global market. The new CEO has chalked out a new vision and mission for the organization. To achieve this vision, the company is undergoing massive initiatives to upgrade its technologies and has a new focus on improving productivity and cutting costs using technology.

As part of the new initiatives the company implemented SAP HCM in its HR department to improve productivity of HR team and in turn improve the quality of work-life for other employees. The company was structured as three core business units which in turn had three to four departments. Each department had its own HR team. The SAP HCM system was a completely new technology for the HR department who earlier relied on excel-sheets, e-mails, and manual filing for their daily work. The average age of the HR employees across all departments was closing 45; however as per directives from the new CEO, the company had begun recruiting fresh talent in the HR department of each business unit.

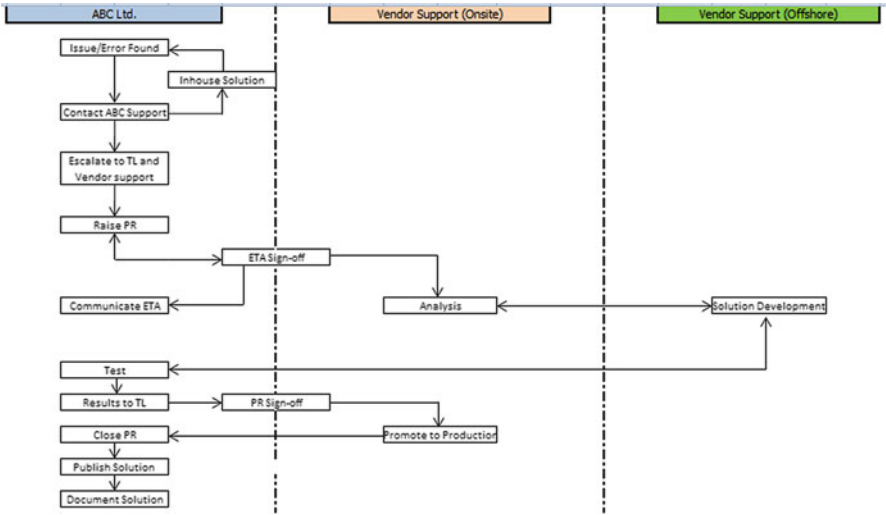
The SAP HCM system was implemented and was completed successfully partnering with a well-known Indian IT consultant. However, the company was not able to achieve its productivity targets that it set before SAP HCM was implemented. In fact the productivity of the HR employees fell drastically. The usage levels of the new SAP HCM system were abysmally low and hence compliance to the HR processes and policies too was on a down slide. When asked for justification, the users constantly complained that the support they received for using the new system was not adequate, their problems were never solved, or when solved they were solved too late. Seeing the experienced employees suffer, the new recruits refrained from using the system.

Traditionally, when the HR employees faced a problem with the excel-sheet-based system they would consult the HR department leader who would solve it or direct them to the in-house technical help. This same support process was retained even for the SAP HCM system. The HR heads faced severe load of SAP HCM support requests which they were unable to handle. This increased their non-value-adding tasks and created pressure on the HR heads to deliver on their day-to-day activities. Due to their lack of expertise on SAP HCM systems, the HR heads hardly ever solved a problem and due to the bulk of requests pending, faced grave difficulties in coordinating these issues with the technical support for SAP HCM. This support process was seen as a major candidate for BPR in the ABC Ltd.

8.3.9.1 Existing Process for ABC Ltd.



8.3.9.2 Process After BPR



- Salient features of new process design:
- New role created for coordinating support requests between users and the SAP HCM support team. This ensured that HR head was relieved the NVA tasks and could focus on core HR activities.
  - Formal agreement was made with vendor to support the HR employees from onsite as well as offshore locations. This agreement clearly defined the SLAs for support which ensured that support requests were promptly attended to.
  - The entire process was automated using IBM help desk off-the-shelf solution which provided a very simple interface to log support requests. This tool usage was an additional responsibility for the HR employees and they received adequate training for the same.
  - Special dashboards were created for department heads to keep track of the ongoing support requests and SLA status.

- The SLA data collected for the support requests was used to check the key performance indicators like SLA missed percentage, tool usage percentage, open request, etc. on a periodic basis.
- Database of common support requests was created which greatly reduced the time to solve queries.

### 8.3.9.3 Result

Before the BPR initiative was undertaken, the following were the critical success factors:

1. Productivity to increase by 15% within the first 6 months
2. SAP HCM tool usage to increase by 25% within the first year

The actual results as measured after BPR was done were as follows:

1. Productivity increased by 25% in the first 3 months and by 40% within the 1st year.
2. SAP HCM tool usage increased 100% within the 1st year.

## 8.4 Summary

This chapter titled *BPR Implementation Steps and People View* had three sections. The first section dealt with the business process reengineering implementation. The entire implementation procedure was divided into five steps, namely,

- Initiate strategic change—Planning stage of BPR
- Current process diagnosis—Mapping of current processes
- Process redesign—Selecting the desired end state of the reengineered process
- Plan the implementation and go live—Realization of reengineered process
- Monitor process and feedback—Evaluation of the process performance

The second section of this chapter covered the *people* aspect of BPR initiatives. We termed it the *culture change management program*.

Conducting BPR involves adopting new processes, adapting to new technology, and accepting new areas of responsibility. For a manager, this environment throws forward a gamut of challenges to manage the expectations of the various stakeholders affected by the change. We tried to provide different strategies to manage this process of change so as to involve all the users affected by the change and suggest ways to support them throughout this process of change. The strategies revolve around the following key initiatives:

- Choosing the right people ready for the change to lead the change
- Involving all the users and spreading the right culture
- Soliciting participation in the process of change

- Constant flow of knowledge and experience
- Setting measureable targets and conducting periodic audits
- Focus on cross business-unit standard practices

The final section of the chapter is a case study. The case study is about an old manufacturing organization trying to cope with the challenges for using new technology. The process for technical support to employees underwent BPR to give dramatic results for the company. The productivity and efficiency saw an exponential increase after the BPR initiative.

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