Word	Definition
Accounting	**Accounting** is the systematic process of recording, summarizing, and reporting a company's financial transactions. It provides data to evaluate performance and decision-making. **Example:** After BPR, accounting data helps measure how much process cost and efficiency improved.
Accounts Payable (A/P)	**Accounts Payable** represents money a company owes to its suppliers for goods or services purchased on credit. Efficient management ensures timely payments and strong vendor relationships. **Example:** Ford's reengineered A/P process eliminated invoices by using database matching.
Accounts Receivable (A/R)	**Accounts Receivable** is the money customers owe a firm for delivered goods or services. Faster collection improves cash flow and liquidity. **Example:** Online billing systems after BPR shorten A/R cycles.
Assets	**Assets** are resources owned by a business that provide future economic benefits, such as cash, equipment, or patents. **Example:** In BPR, replacing manual machines with software creates longer-term digital assets.
Automation	**Automation** means using technology to perform tasks with minimal human input. It increases speed and accuracy but only counts as true reengineering if the underlying workflow changes. **Example:** Installing self-service kiosks automates ordering but becomes BPR when the workflow itself is redesigned.
Automation vs Digitization vs Digitalization	**Automation** lets machines do work automatically; **Digitization** converts analog data to digital; **Digitalization** redesigns processes using digital tools. **Example:** Scanning paper invoices (digitization) vs building an online approval system (digitalization).
Break-even Point	**Break-even Point** is where total revenue equals total cost, showing when a business starts to profit. Lowering fixed or variable costs moves it sooner. **Example:** BPR can reduce processing costs, lowering the break-even threshold.
Benchmarking	**Benchmarking** compares a company's processes or performance to industry best practices to spot improvement gaps. **Example:** Comparing IBA's fee-payment process with a fully automated university portal.
Bottleneck	**Bottleneck** refers to any stage that slows overall workflow due to limited capacity. Removing it increases throughput. **Example:** In BPR, automating a single approval step can remove a critical bottleneck.
Budgeting	**Budgeting** is planning future income and expenditures to control financial performance. **Example:** BPR outcomes are evaluated against planned budgets to ensure savings are realized.

Business Model	**Business Model** describes how a firm creates, delivers, and captures value from customers. **Example:** Moving from dine-in to mobile-ordering is a business-model innovation driven by BPR.
Business Process Reengineering (BPR)	**Business Process Reengineering** is the fundamental rethinking and radical redesign of processes for dramatic gains in cost, quality, service, or speed. It means rebuilding workflows from scratch, not merely automating them. **Example:** Ford removed invoices entirely; Starbucks' app removed the POS step.
Capital Expenditure (Capex)	**Capital Expenditure** is one-time spending on long-term assets such as machinery or software. Smart firms balance Capex (upfront) and Opex (recurring) when planning reengineering.
Cash Flow	**Cash Flow** tracks inflows and outflows of cash in a business, showing liquidity and operational health. **Example:** Shorter processing cycles after BPR speed up cash inflows.
Centralization vs Decentralization	**Centralization** keeps decision-making at the top; **Decentralization** distributes it to lower levels. **Example:** BPR often moves toward decentralization to empower cross-functional teams.
Change Management	**Change Management** is guiding and supporting people through organizational transitions so new processes are adopted successfully. **Example:** Training staff after reengineering ensures smooth implementation.
Competitive Advantage	**Competitive Advantage** is a unique strength that lets a company outperform rivals—through cost, quality, or innovation. **Example:** Starbucks' loyalty app is a competitive advantage created by digital reengineering.
Core Competency	**Core Competency** is a firm's distinctive capability that provides sustained advantage. **Example:** Tesla's battery design or Starbucks' supply-chain reliability are core competencies BPR should strengthen.
Cost-Benefit Analysis	**Cost-Benefit Analysis** compares total expected costs with total expected benefits to judge if an investment is worthwhile. **Example:** Always performed before starting a reengineering project.
Customer Relationship Management (CRM)	**Customer Relationship Management** involves managing interactions with existing and potential customers using data to improve satisfaction and loyalty. **Example:** Starbucks' loyalty app is a CRM tool integrated through digital BPR.
Depreciation	**Depreciation** is the gradual loss of value of a fixed asset over time due to use or obsolescence. It spreads the asset's cost over its useful life. **Example:** A coffee machine's value decreases each year; BPR may replace such assets with durable software solutions.

Digital Transformation	**Digital Transformation** integrates digital technologies across all business areas to change operations and value delivery. It enables new business models and efficiency. **Example:** BPR provides the process redesign framework, while digital transformation supplies the technology.
Elasticity	**Elasticity** measures how responsive demand or supply is to changes in price, income, or other factors. **Example:** Coffee demand is price-inelastic—people still buy it even after a small price rise—so BPR efforts may target cost control instead of pricing.
Equity	**Equity** is the owner's residual interest after liabilities are subtracted from assets. It shows how much of the firm truly belongs to shareholders. **Example:** Efficient BPR that increases profits boosts retained earnings, raising equity.
Expenses	**Expenses** are the costs incurred in running a business to earn revenue—such as rent, wages, or utilities. **Example:** Reducing unnecessary process steps through BPR directly cuts expenses.
Firm	**Firm** is an organization that transforms inputs like labor and capital into outputs such as goods or services. **Example:** BPR focuses on optimizing this transformation for higher efficiency.
Fiscal Policy	**Fiscal Policy** involves government taxation and spending to influence the economy. **Example:** Tax incentives on automation encourage companies to reengineer production lines.
GDP (Gross Domestic Product)	**GDP** is the total value of all goods and services produced in a country within one year. **Example:** Firms invest in reengineering when GDP growth signals expansion opportunities.
Hierarchy	**Hierarchy** refers to the arrangement of authority levels within an organization. **Example:** BPR often flattens hierarchies to speed up communication and decision-making.
Industry	**Industry** is a collection of firms producing similar goods or services. **Example:** The coffee retail industry includes Starbucks and Dunkin'; BPR compares performance across such peers for benchmarking.
Inflation	**Inflation** is the sustained rise in the general price level of goods and services over time. **Example:** Rising wages and input costs push firms to reengineer workflows to maintain profitability.
Innovation	**Innovation** turns new ideas into useful products, services, or processes that add value. **Example:** BPR depends on innovation to achieve measurable breakthroughs.
Interest Rate	**Interest Rate** is the cost of borrowing money or the return on savings, set by markets or central banks. **Example:** High rates discourage capital-intensive reengineering such as kiosk deployment.
KPI	**KPI** is a measurable value showing how effectively a process achieves its objectives. **Example:** Wait time, cost per order, and customer satisfaction are KPIs tracked after BPR.

Lean Management	**Lean Management** promotes continuous, incremental improvement by eliminating waste of time, effort, and materials. **Example:** Lean focuses on gradual change, while BPR delivers radical redesign.
Liabilities	**Liabilities** are obligations a business owes to others, such as loans or accounts payable. **Example:** Streamlined payment systems through BPR can reduce liabilities and delays.
Macroeconomics	**Macroeconomics** studies entire economies—growth, inflation, employment, and fiscal or monetary policy. **Example:** During economic downturns, firms reengineer to lower costs and remain stable.
Market Structure	**Market Structure** describes how competition functions in an industry—perfect, monopolistic, oligopoly, or monopoly. **Example:** Coffee retail shows monopolistic competition; BPR helps differentiate through efficiency.
Microeconomics	**Microeconomics** examines decision-making by individuals and firms within markets. **Example:** BPR acts at this micro level, improving a company's internal processes and resource allocation.
Mission	**Mission** defines why an organization exists—its purpose or reason for being. **Example:** "Deliver premium coffee experiences efficiently." BPR realigns workflows to fulfill the mission.
Monetary Policy	**Monetary Policy** is how central banks control money supply and interest rates to stabilize the economy. **Example:** Cheap credit encourages investment in automation and process redesign.
Opportunity Cost	**Opportunity Cost** is the value of the next best alternative forgone when a choice is made. **Example:** Spending on kiosks means losing the chance to train staff; BPR weighs such trade-offs.
Operating Expenses (Opex)	**Operating Expenses** are ongoing costs of daily operations—rent, salaries, utilities. **Example:** BPR cuts Opex through automation and workflow simplification.
Organizational Culture	**Organizational Culture** is the collective behavior and values within a firm. **Example:** A flexible culture encourages adoption of new BPR changes.
Profit	**Profit** is the surplus remaining after expenses are subtracted from revenue. **Example:** Reengineered processes boost profit margins even without price increases.
Recession	**Recession** means two or more consecutive quarters of negative GDP growth. **Example:** During recessions, firms pursue BPR to cut costs and sustain operations.
Return on Investment (ROI)	**ROI** measures profit relative to the cost of an investment. **Example:** Automation improving transaction volume increases ROI by using the same assets more efficiently.
Revenue	**Revenue** is income from a company's main operations.

	Example: Faster customer service after BPR leads to higher sales revenue.
Scarcity	**Scarcity** means limited resources versus unlimited wants, forcing choices. **Example:** Scarcity drives BPR to decide which processes deserve automation first.
Six Sigma	**Six Sigma** is a statistical method to minimize defects and variability in processes. **Example:** Used after BPR to maintain consistent quality.
Stakeholders	**Stakeholders** include everyone affected by business actions—employees, customers, suppliers, investors, and regulators. **Example:** All stakeholders gain from efficiency improvements under BPR.
Strategy	**Strategy** is a long-term action plan to achieve organizational goals using resources effectively. **Example:** BPR serves as a strategic initiative for transformative change.
Supply & Demand	**Supply and Demand** describe producer willingness to sell and consumer willingness to buy at given prices. **Example:** Rising demand for mobile orders triggers BPR toward digital, app-based systems.
Sustainability	**Sustainability** means meeting current needs without compromising future generations. **Example:** Eco-friendly BPR processes reduce waste and energy use.
Tactics	**Tactics** are short-term actions that execute a larger strategy. **Example:** Adding express pickup counters is a tactical step in reengineering.
Total Quality Management (TQM)	**TQM** is a continuous, organization-wide effort to improve quality. **Example:** Unlike TQM's gradual approach, BPR creates one-time radical redesign.
Utility	**Utility** is the satisfaction or benefit gained from consuming a product or service. **Example:** Faster service increases customer utility and loyalty.
Value Chain	**Value Chain** is the sequence of activities that add value from raw input to final delivery. **Example:** BPR examines each step to remove non-value-adding activities.
Variance Analysis	**Variance Analysis** compares planned results with actual outcomes to identify gaps. **Example:** Used post-BPR to evaluate improvement effectiveness.
Vision	**Vision** expresses where the organization aims to be in the long term. **Example:** BPR aligns redesigned processes with the vision, such as becoming "the fastest service chain."