Business Process Reengineering

Outline

1	Introduction	government transformation
2	Change Management	steps in government transformation
3	Strategic Management	Balanced Scorecard system
4	Performance Management	management by objectives
5	Business Process Reengineering	transformation towards value creation
6	Strategy Implementation	strategies through programmes
7	Structural Change	structural changes and ICT support
8	Summary	summary of concepts

Motivation

Business Process Reengineering is a management approach aiming at improvements by increasing efficiency and effectiveness of processes:

1) Within public organizations
2) Across public organizations
3) From public organizations to businesses
4) From public organizations to citizens
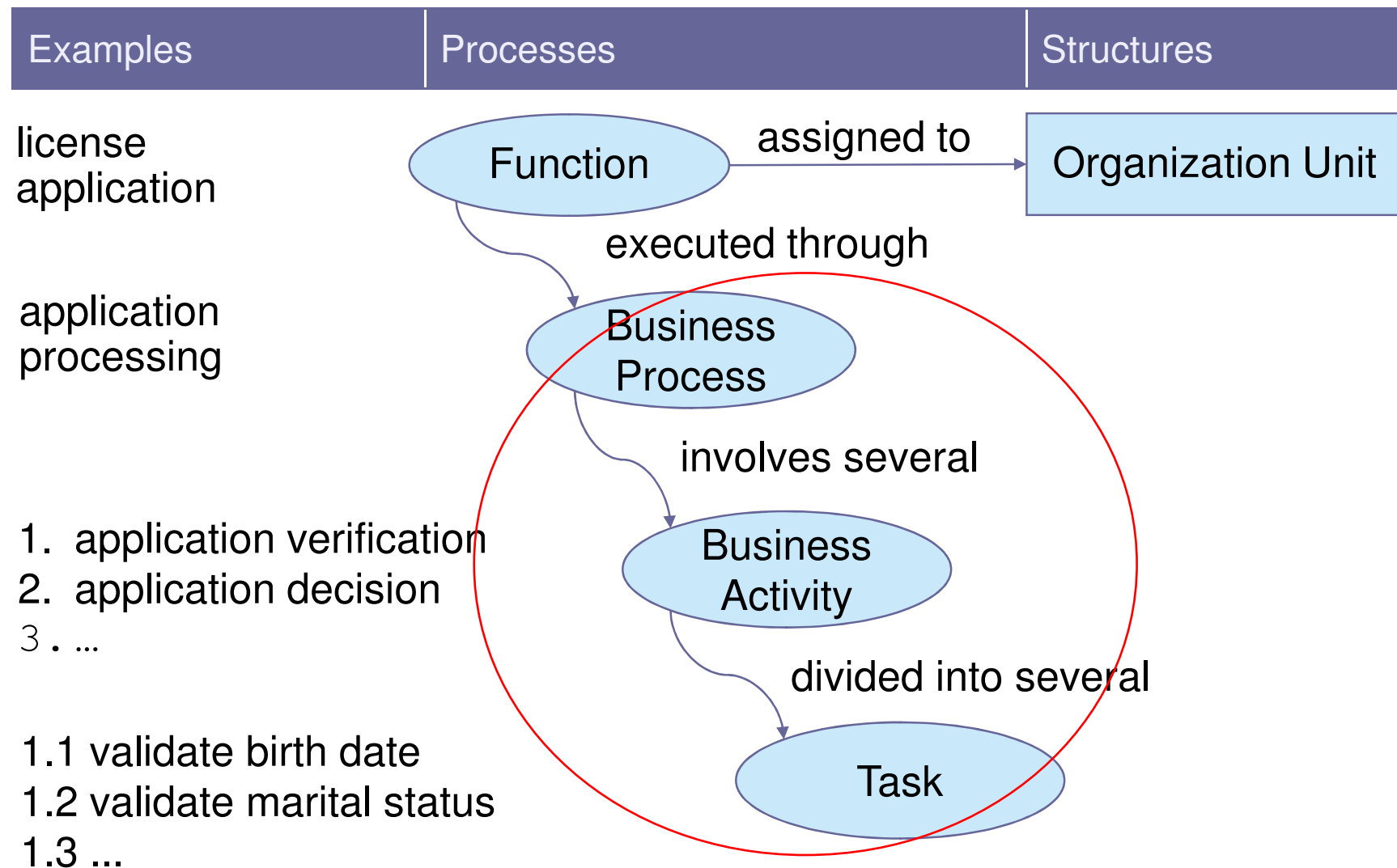
BPR is applied when designing G2C, G2B and G2G e-services.

Business Process

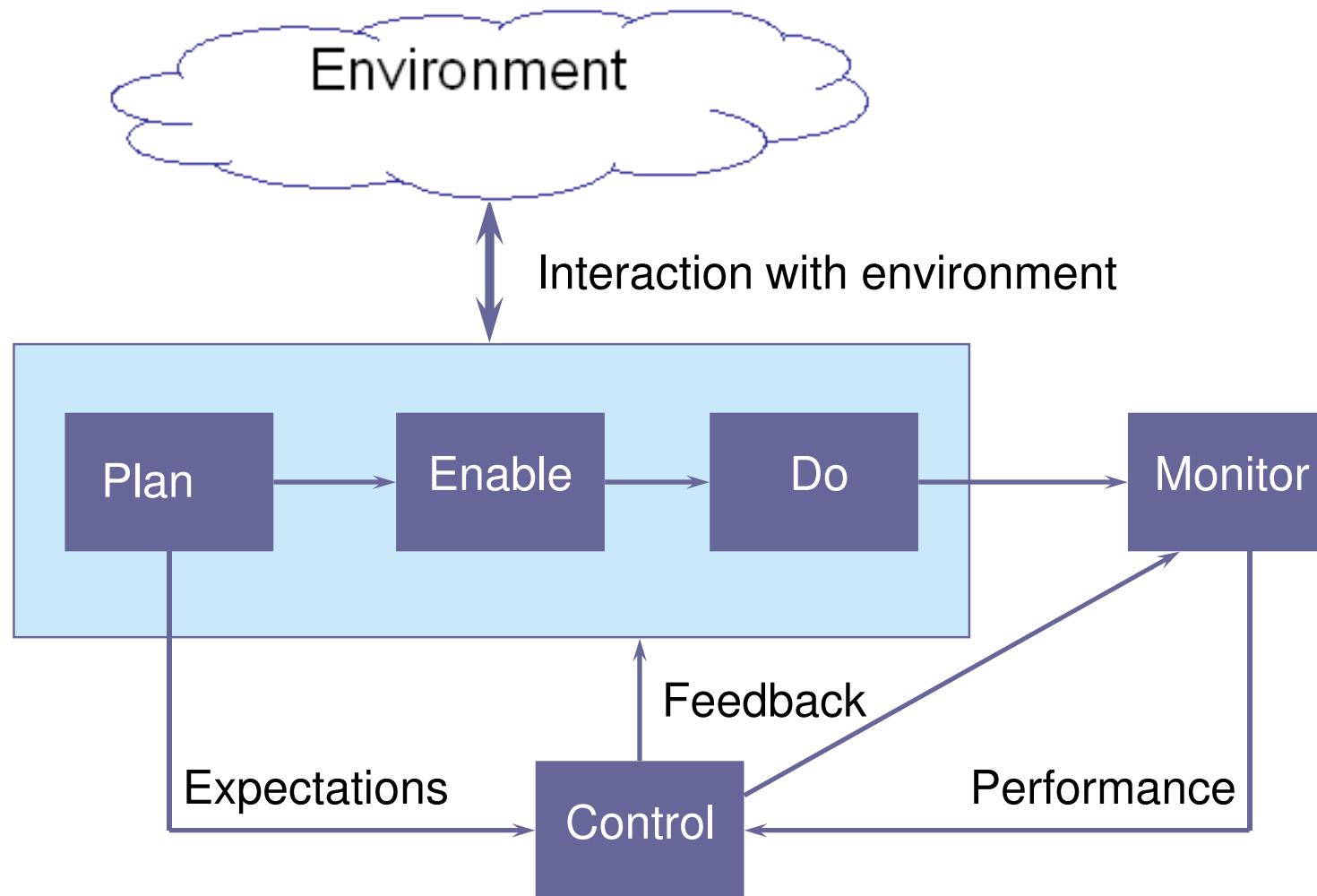A business process is a sequence of related tasks which make up a business activity.

o   Public agencies should be organized to optimally carry out its functions (structure follows function)

o   Functions are managerial control units with responsibility for and authority over a series of related activities

o   Functions are executed through business processes

o   Activities involve one or more entities and are performed to directly or indirectly fulfill one of the objectives of the organization
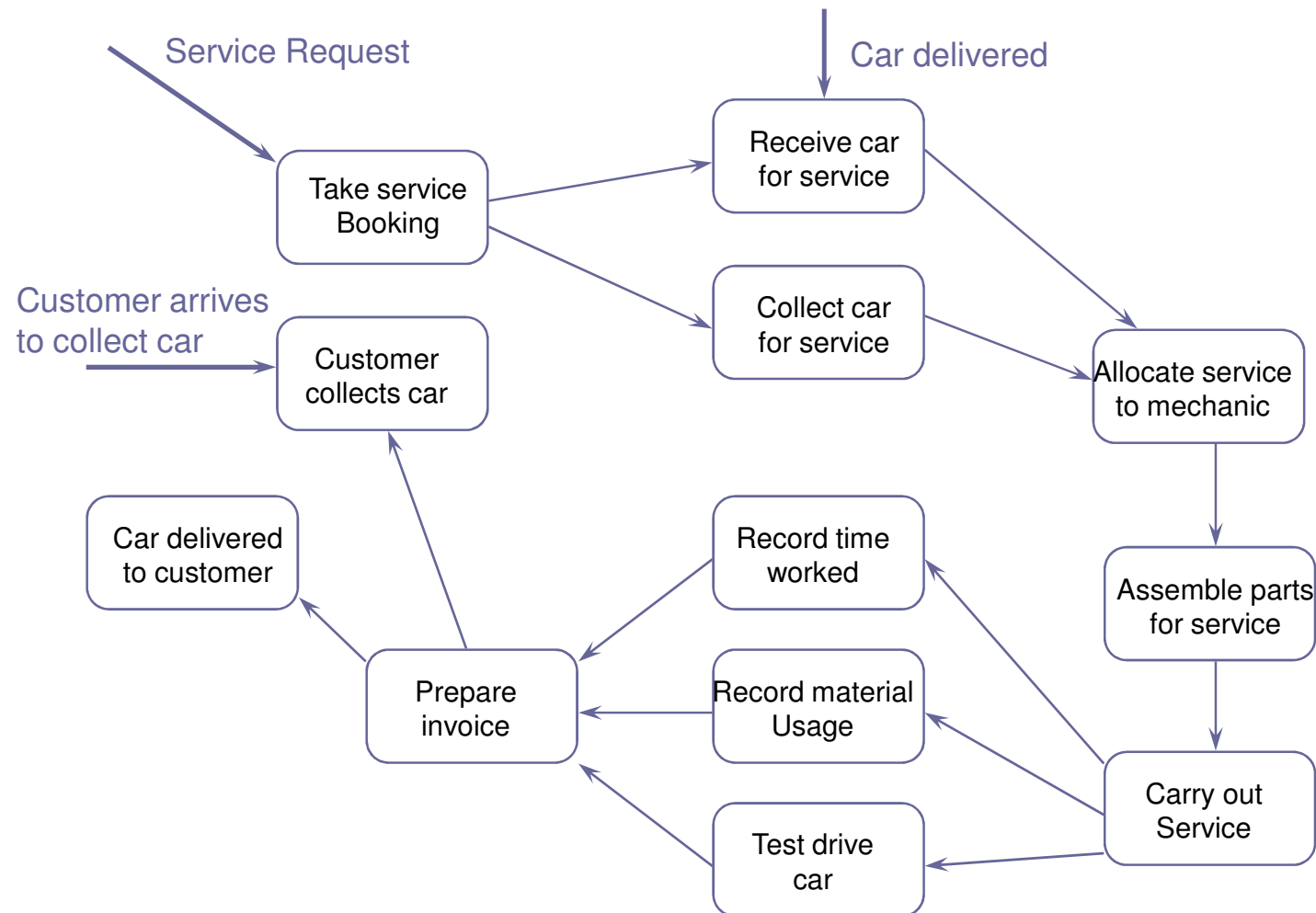
Relating Concepts

Examples	Processes	Structures

license application

application processing

1. application verification
2. application decision
3. ...

1.1 validate birth date
1.2 validate marital status
1.3 ...

Function — assigned to → Organization Unit

executed through

Business Process

involves several

Business Activity

divided into several

Task

Types of Business Activities

Environment

Interaction with environment

| Plan | → | Enable | → | Do | → | Monitor |

Expectations

Feedback

Control

Performance

Modelling Business Activities

Activities can be described and designed by using business activity models.

Service Request

Car delivered

Take service
Booking

Receive car
for service

Customer arrives
to collect car

Customer
collects car

Collect car
for service

Allocate service
to mechanic

Car delivered
to customer

Record time
worked

Assemble parts
for service

Prepare
invoice

Record material
Usage

Test drive
car

Carry out
Service

Modelling Business Activity

Activities can be described and designed by using <u>business activity models</u>.

Social Benefit Request → Plan new social benefit → Design new benefit → Advertise new benefit → Publish benefit bulletin board

Applicant applies → Receive application form → Check Eligibility → Prepare tentative list → Publish tentative list → Receive appeals → Process appeals → Prepare definite list → Issue benefits → Notify Applicants
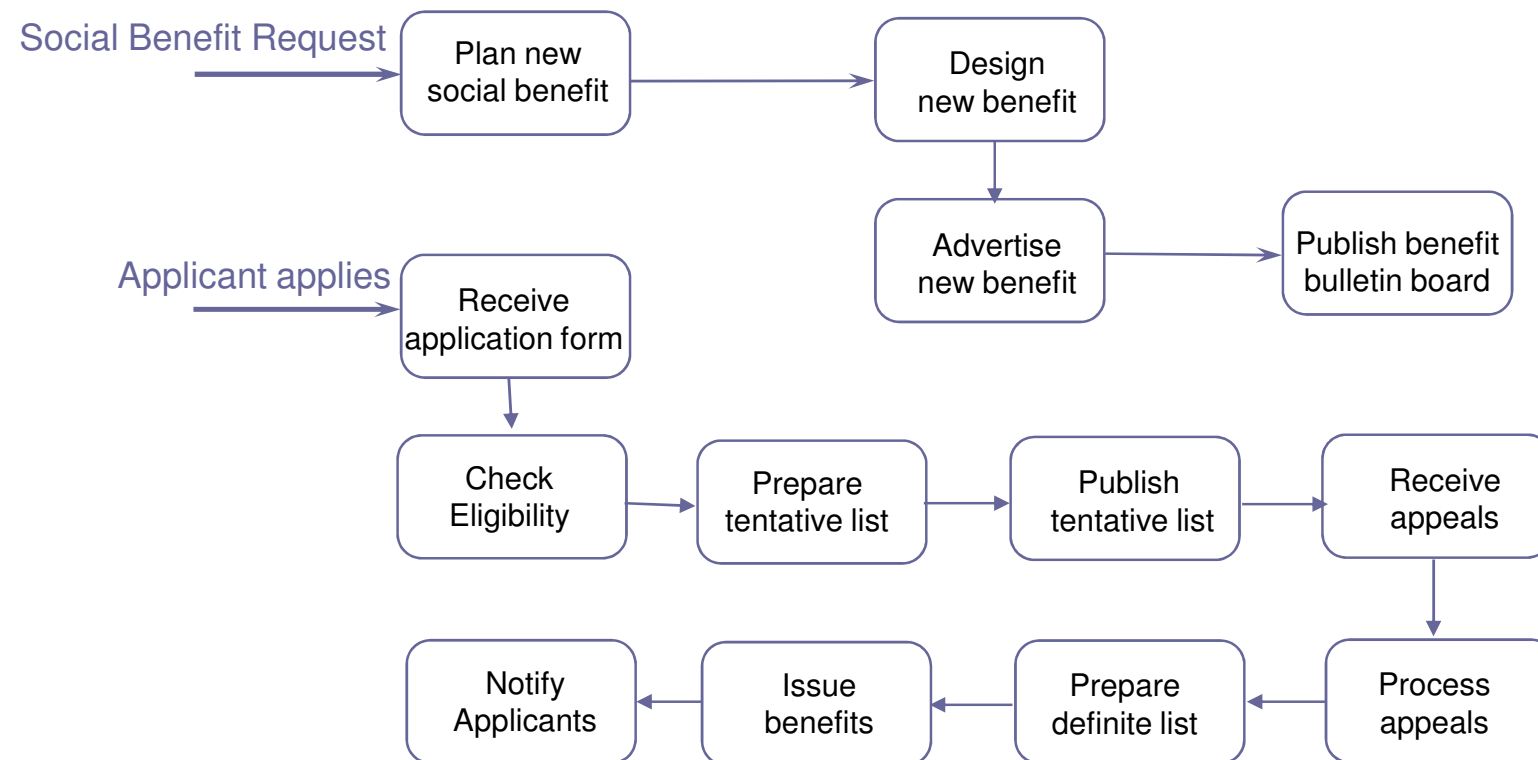
Business Process Reengineering

Business Process Reengineering (BPR) involves 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. [Hammer and Champy]

A reengineered organization is process oriented, where:

1) Processes are identified and named,

2) Everyone is aware of the processes they are involved in,

3) Process measurement, i.e. monitoring and control, is performed

Public Administration and BPR

1) Investments in the computerization or automation of business processes by governments in the past have yielded limited benefits

2) The quality of internal and external services provided by a government agency largely depends on the quality of its business processes

3) Governments have difficulties meeting the expectations of stakeholders

4) e-Government is about rethinking government processes and incorporating beneficiaries within the design and execution of these business processes

Applying BPR

Can BPR be applied to government?

1) BPR is traditionally undertaken in the private sector

2) Government and the public sector are (usually) characterized by stability and risk aversion

3) BPR calls for drastic changes rather than incremental changes in organizations → e-Government comprises drastic changes

4) Classical BPR considers cross-functional processes and radical redesign of such processes → e-Government not only explicitly considers cross-functional processes but embeds businesses and citizens into processes

BPR is therefore a must when developing and implementing e-Government !

Recent Trends in Public Sector

BPR is widely used in the public sector.

Re-inventing democracy	Treating citizens as stakeholders and clients and including them in the governance process
Information Technology	Providing dramatically better ways of simplifying government and involving citizens through ICT
Alternative mechanisms for government (services delivery)	Increasing the use of quasi-autonomous non-governmental organizations (quangos)
Outcomes and performance	Defining and measuring desired outcomes and holding governments accountable for them
Partnerships	Creating intergovernmental, public-private and labour-management partnerships

Public Sector BPR - Process Steps

1) Set up a steering committee and a project team

2) Analyze and document current processes including information flows

3) Consult stakeholders/beneficiaries to detect problems/opportunities

4) Identify change opportunities and present them to the steering committee - get agreement on where and how to proceed

5) Define new business processes, analyze and document the required organizational changes and impacts

6) Obtain approval from the steering regarding proposed changes

7) Implement

8) Monitor outcomes and anticipated benefits

9) Adjust and fine tune as required

Critical Success Factors

Critical success factors when implementing e-Government programs with comprehensive BPR components include:

1) Well informed investment decisions
2) Effective engagement with stakeholders
3) Knowledge of the supplier marketplace
4) Knowledge of the delivery chain
5) Effective risk management
6) Knowledge about operations
7) Active management of intended outcomes and benefits
8) LEADERSHIP!

BPR - Methodology

1) <u>Envision new processes</u>

2) Initiate change

3) <u>Process diagnosis</u>

4) Process redesign

5) Reconstruction

6) Process monitoring

1 - Envision New Processes

1) Ensure management support

2) Identify reengineering opportunities

3) Identify enabling technologies

4) Align with organizational strategy

2 - Initiate Change

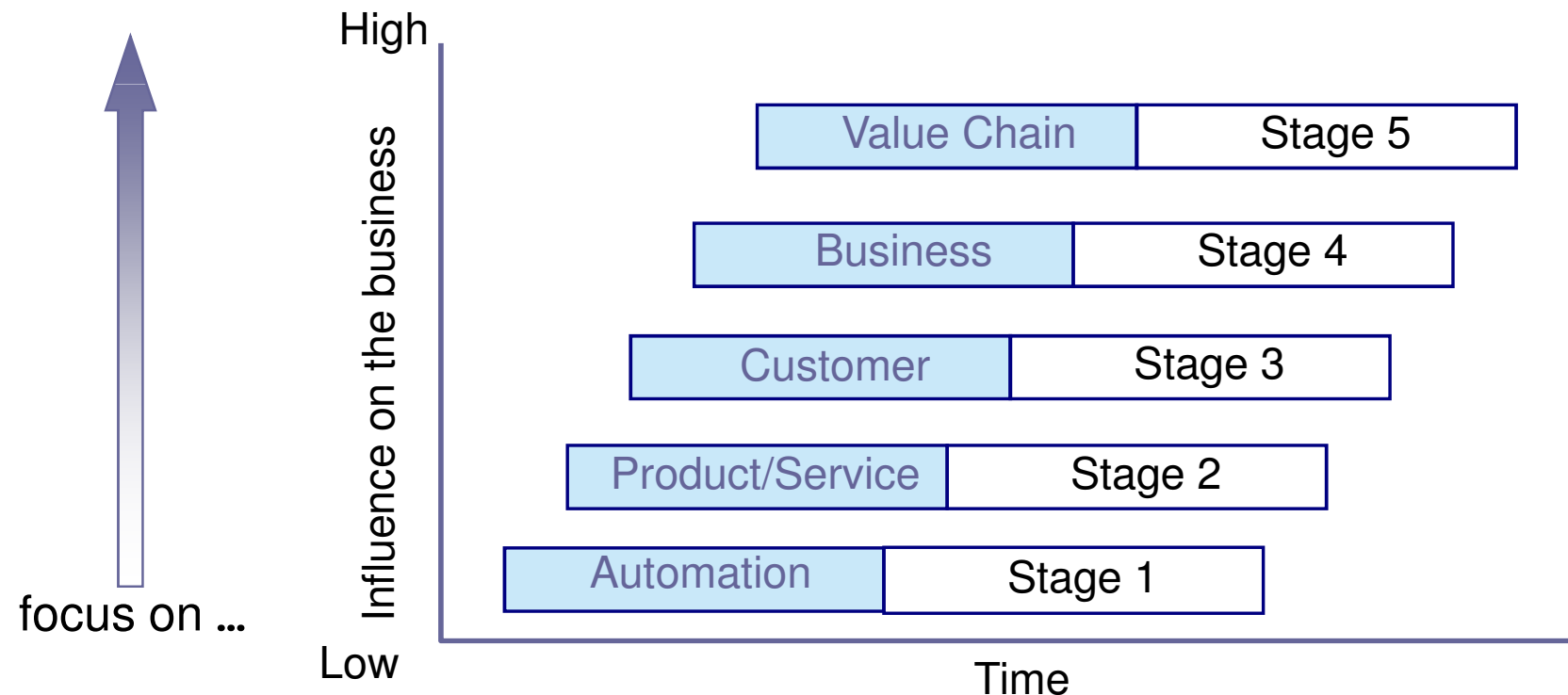1) Set up the reengineering team

2) Outline performance goals

3 - Process Diagnosis

An assessment must be done about how IT is aligned to creating value for the business.

A maturity model for assessing IT organization includes five stages.

Transforming IT Organization

Each growth stage represents a transformation of the IT organization:

Changes in people	Skills and competencies
Processes	Ways of workings
Steering	The goals and results to be realized
Attitude	The values and beliefs and the way in which IT behaves towards the business and IT users
Interactions	Degree of interactions between IT and the business and stakeholders

Growth is done step by step.

Not every IT organization needs to be at the highest level.

4 - Process Redesign

1) Develop alternative process scenarios

2) Develop new process design

3) Design human resource architecture

4) Select IT platform

5) Develop overall blueprint and gather feedback

Process Redesign - Project Scope

Projects attempting large-scale change have a much lower probability of success than those attempting less ambitious change.

Delivery of <u>smaller components</u> will therefore be:

1) easier to manage

2) easier to implement

3) easier to accommodate internal and external changes – political and financial environment, requirements, technological change, …
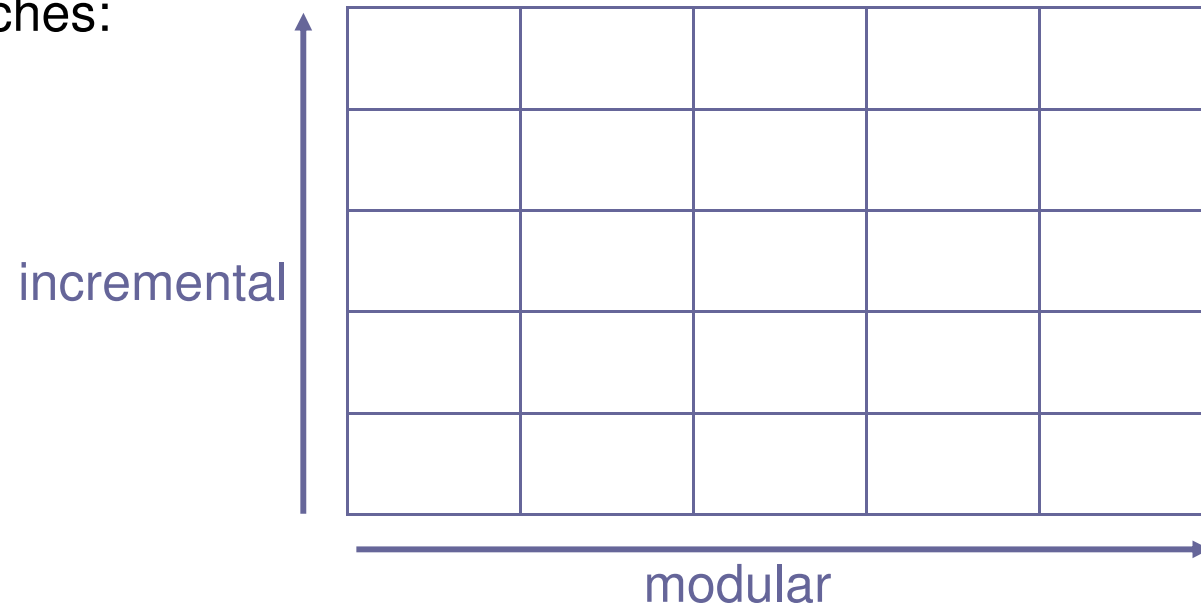
Process Redesign – IT Support

Two dimensions to IT-enabled business change projects:

1) Range of business functions that they seek to support
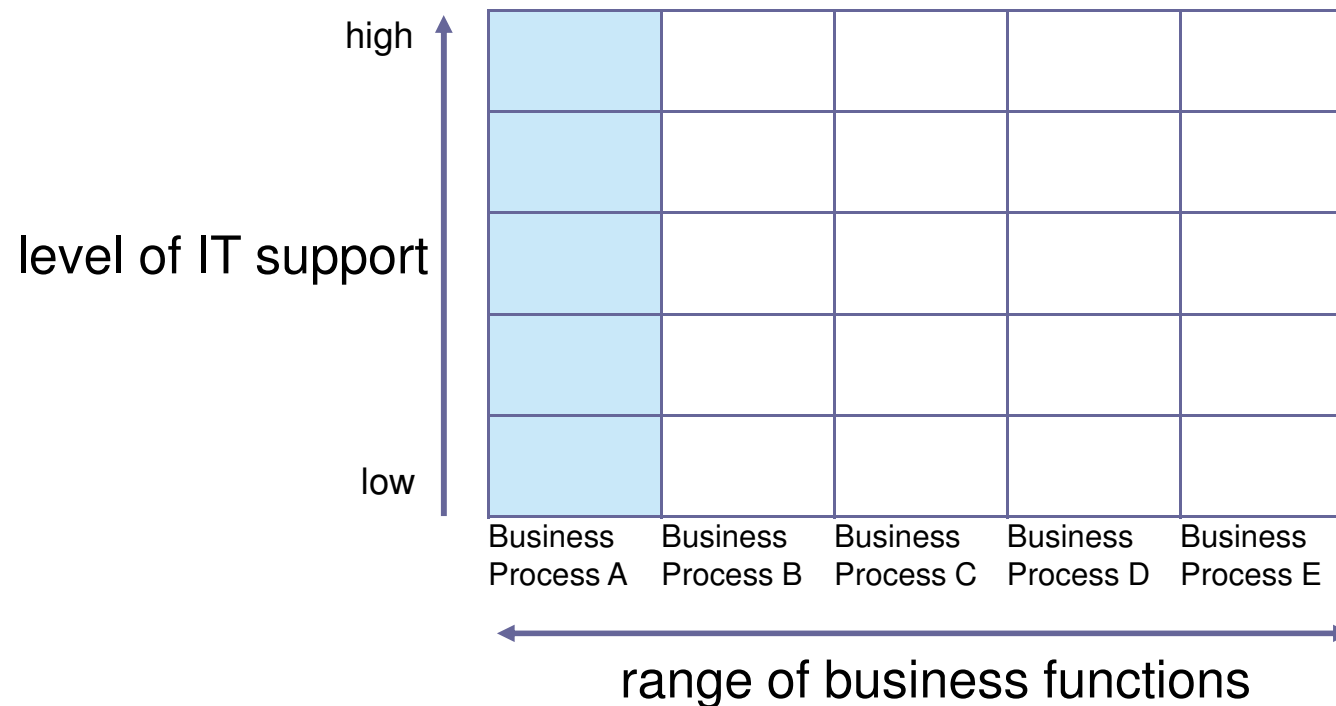2) Level of support that they offer to those business functions

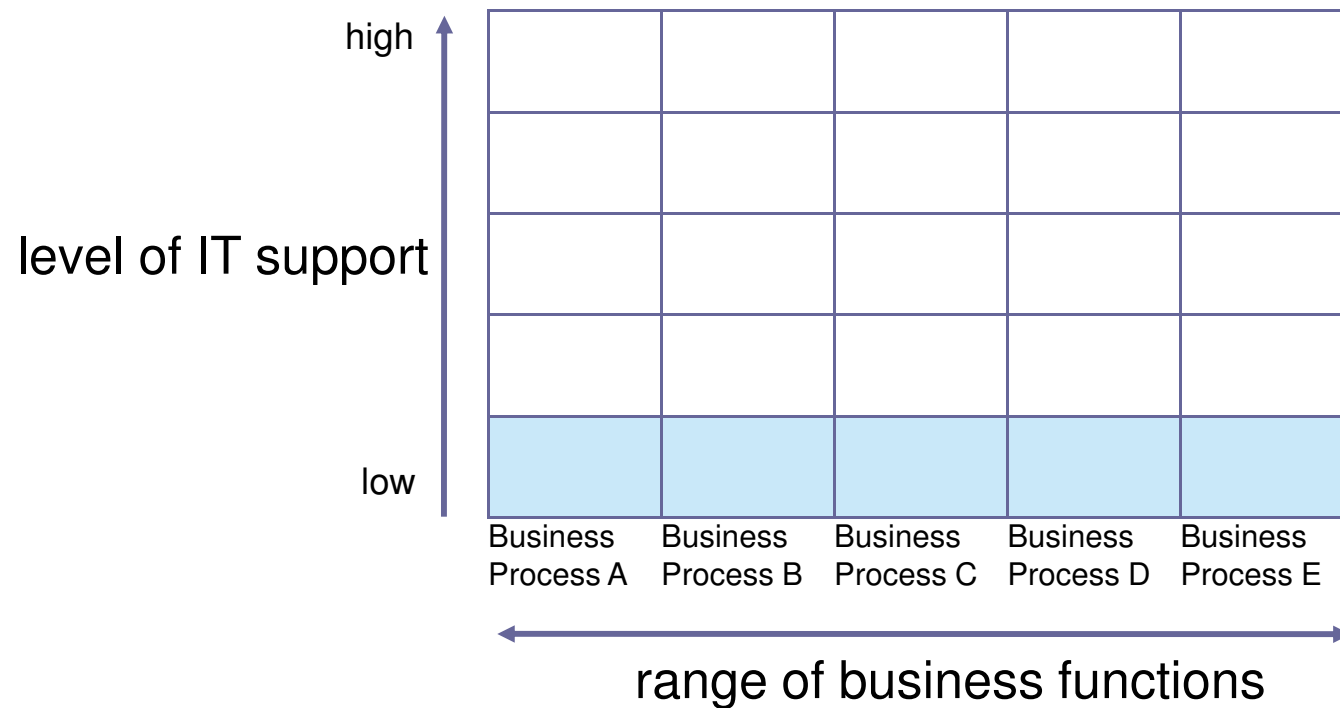Two delivery approaches:

incremental

modular

Modular Approach

1) IT support in modules supporting limited set of business requirements
2) Delivers an independent part of a overall program whose application offer value to the organisation, even if the other parts are not complete

level of IT support — high / low

Business Process A | Business Process B | Business Process C | Business Process D | Business Process E

range of business functions

Incremental Approach

1) Delivers increasing levels of support in a series of smaller projects
2) Is valuable where requirements are likely to change due to environmental factors - legislative /policy change or improvements on IT
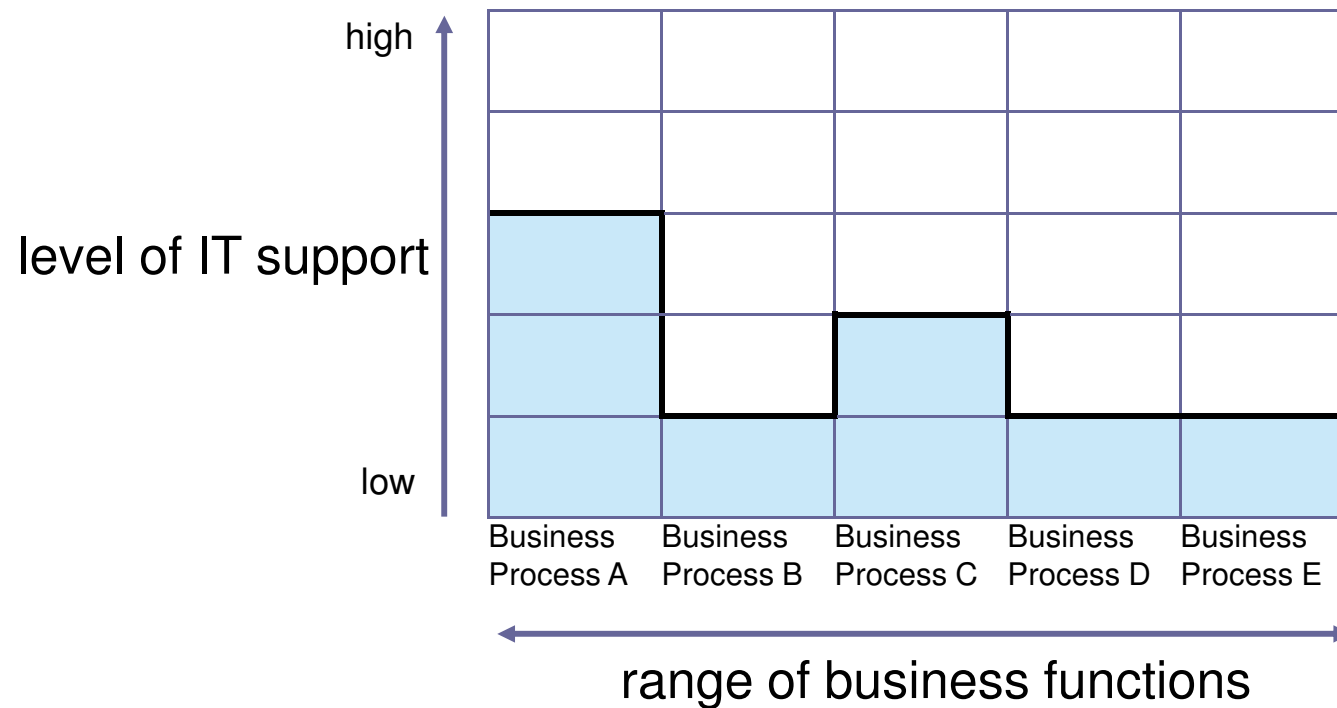
high

level of IT support

low

| Business Process A | Business Process B | Business Process C | Business Process D | Business Process E |

range of business functions

Combining Approaches

In most programmes both approaches are combined:

Tutorial Discussion

Can you provide examples of implementations following any of these approaches?

BPR - Methodology

1) Envision new processes
2) Initiating change
3) Process diagnosis
4) Process redesign
5) [Reconstruction](#)
6) Process monitoring

5 - Reconstruction

A checklist before cut-over to new capabilities includes asking:

1) Is the organisation ready?
2) Is the staff ready?
3) Are businesses and/or citizens ready?
4) Is contract management in place?
5) Is service management in place?
6) Is benefits management in place?
7) Is performance management in place?
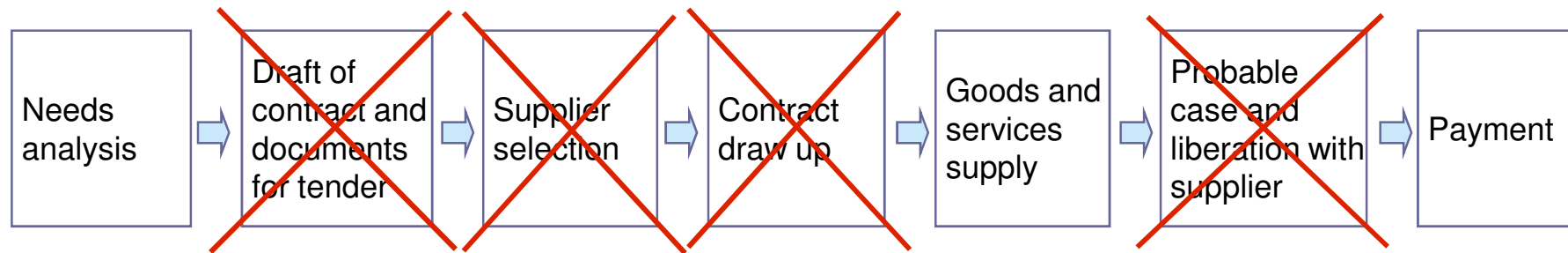8) Are changes ahead been thought through

6 - Process Monitoring

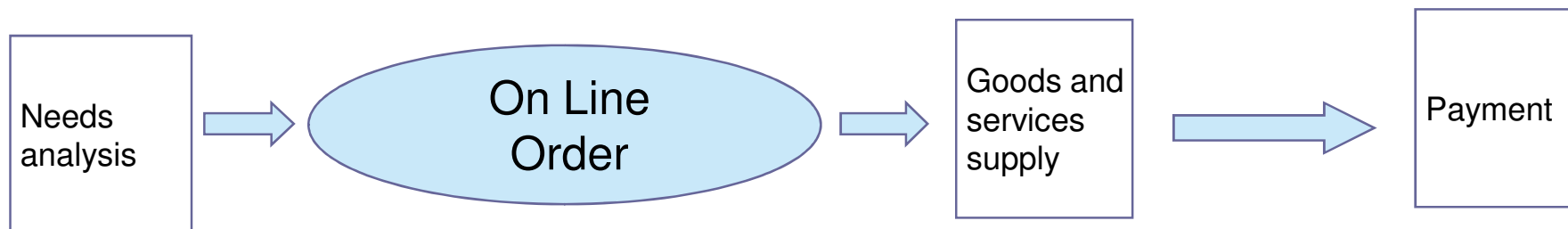A checklist of key issues after transitioning to e-Government services includes asking:

1) Was the business case justification realistic?
2) Have changes throughout the project compromise our original intentions?
3) Have we done a post-implementation review?
4) Do we have enough qualified personnel to manage operations including fulfilment contract with third parties?
5) Are we actively seeking to improve performance?
6) Are we measuring performance?
7) Are we setting maturity targets?

Example – Reengineered Process

Traditional Process of Goods and Services Procurement:

| Needs analysis | → | ~~Draft of contract and documents for tender~~ | → | ~~Supplier selection~~ | → | ~~Contract draw up~~ | → | Goods and services supply | → | ~~Probable case and liberation with supplier~~ | → | Payment |

New Process of Goods and Services Procurement:

| Needs analysis | → | On Line Order | → | Goods and services supply | → | Payment |

[Courtesy – UNPAN , Transforming Government]