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CONCEPT OF REENGINEERING AGAIN RETURNS IN ACTUALITY

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Abstract

Although it was released in the summer of 1990, the concept of reengineering returns in actuality, because in the social and economic conditions that we are experiencing at the moment, to face the increasingly fierce competition more and more companies have to resort to redesign the processes. Throughout this article, after a brief introduction, we will present the factors that contributed to the occurrence of reengineering; trying to highlight what involves this concept, the characteristics of the processes resulted from the reengineering, the importance and methods to prepare a process map, and the method to launch the process redesign. Finally we have issued several opinions and have made a number of recommendations that will lead to achieving a qualitative leap targeted by the companies which resort to reengineering.

INTRODUCTION

Reengineering is a term increasingly used, but not increasingly better understood. The term was launched by Michael Hammer, in a high resonance article in Harvard Business Review, the issue of July-August, 1990, entitled “Reengineering Work: Don’t Automate, Obliterate”. The idea of reengineering is focused on the economic and financial processes, information, organization, production, research and development, commercial, etc.

The object of reengineering is to achieve a qualitative leap in performance that can be by entirely new processes and structures, aimed at reducing the costs, achieving high levels of customer satisfaction and the organizations’ flexibility in all aspects. The key to reengineering is abandoning the outdated theories for organizing the work, such as division of labour, the necessity of meticulous control, hierarchy management, etc., that are no longer valid in a world of global competition and continuous changing. Thus, the concept of “process orientation” appeared and means rethinking of the activities that create value for the customer. Basically, Business Process Reengineering (BPR) is to take everything from the beginning, from scratch.

Reengineering can not be done in small and cautious steps, because here it's about “all or nothing” attitude, which leads to spectacular results are often impressive.

1. FACTORS THAT CONTRIBUTED TO THE REENGINEERING APPEARANCE

The first and most important factor is represented by the customers. Since the 80s, in the developed economies, the dominant force in the producers-customers relationship moved by the latter, they having the last word, in the sense that they began to tell to the suppliers what they want, when they want, how they want and when they want to make the payment. Thus, the customers were waiting the products according to their needs, delivery terms according to their plans and the payment terms to suit them. The customer expectations about the automobile market began to grow when the Japanese invaded the market with new models of cars at low prices and high quality, but accompanied by an after sales service.

The second factor is the competition. When the trade barriers began to disappear, the national market of some companies could not be protected against the competition from abroad, so that, those of the best performance put off the lower from the market because the lowest price, best quality and best service offered by any of the manufacturers, has quickly become the standard for all.

Change represents the third factor that led to the concept of reengineering, becoming inclusive and unavoidable, more, even normality. Reengineering

goes into the heart of the company's activity, based on the premise that if a company is better than others in the fundamental aspects of its business, inventing new products, producing and selling them, honouring the orders and satisfied the customers, these will win the competition.

2. WHY REENGINEERING COMES BACK IN ACTUALITY

If we quickly defined the concept of reengineering, the answer would be “get everything from the beginning” because this concept doesn’t refers to here and there existed changes or to make gradually changes, it means to remove old systems and get everything from the beginning.

Basically, reengineering is “the fundamental rethinking and radical redesign of the business processes to achieve some spectacular improvements of the indicators considered critical in the performance evaluation, such as cost, quality, service and speed” (Hammer M., p 2, Fig 1, Annex 1, 1996).

The most common feature of a process resulted from the reengineering is that many jobs or tasks that were previously separate are integrated and compressed into one. Companies that have passed to reengineering have compressed the processes not only horizontally but also vertically, so in the points where before the workers must reach the upper echelons of the managerial hierarchy to get an answer, then they are the ones taking the decisions, executing that part of the activity which was previously performed by managers. The processes resulted from reengineering make possible exploiting the natural succession of phases of work and not those artificial introduced by linearity. When a process is passed through reengineering, people, who did what they had been said before, now they are choosing the solutions and taking the decisions on their own responsibility.

In a company that has been subjected to reengineering, the control will be the task of those who running the process and all the employees must have beliefs like following:

- Customers are the ones who pay our salaries, so we must do whatever is necessary for them to be satisfied;
- Each post in the company is essential and important, so what they do is important;
- It is not enough to be seen at work; I am paid according to the value I create; must accept responsibility and act to solve the problems;
- I am part of a team, so we succeed together or we fail together;
- Nobody knows what tomorrow will bring, so the continuous learning is part of my responsibilities.

A particular importance in the process of reengineering is the preparation of the processes map. The firms can draw their own maps of processes that reflect the way of achieving the activities, thus creating a “vocabulary” that helps people to discuss about reengineering (Mirea G., p 64, Fig. 2, Annex 1,2012).

Process of strategy development transforms the market requirements into a business strategy that identifying the sales markets, as well the products and services to be offered. Process of products development uses this strategy as input to provide new product projects. Processes of designing for the client and his support create so-called “special” projects as output, using as input the standard project for the product and the customer requests. Process of production capacity development has as input the strategy and has a production line or a factory as output, while the communication process with the client has the client's demands and requests as inputs and as outputs the increased interest for the company's products and clear answers for the clients' questions (Burdu E., p 97, 2000).

Once the processes were identified and traced on this map, the companies will use three criteria to assist them in making a decision on the processes that require reengineering and the order in which they should be approached.

The first criterion is malfunctioning (which of processes are in the most difficult?), the second criterion is the importance (which of processes have the greatest impact on the firm's clients?), while the third criterion is the feasibility (which of processes currently suited to a successful redesign?).

To identify the dysfunctional processes the most obvious processes to be considered are those which company managers already know that having problems. Regarding the importance, the firms can establish the problems that concern the most clients (e.g. product cost, timely delivery, product features, etc.) and these issues can be correlated with processes that have a major influence on them, to compose a list of priorities, of the processes that require redesign. The third criterion, feasibility, requires consideration of a number of factors that determine the probability that a particular effort of reengineering to be successful. In this regard it should be noted that, for example, the high cost reduces the feasibility, and the more extensive process, involving several organizational units, the greater scale is.

After a process has been selected for reengineering, after being appointed the process owner and it was constituted the team, the next step is to understand the current process, thus the knowledge of what makes the client of the process, or in other words, which are the actual requirements of the clients, what they say they will and what they really need

(note the two issues may be different), whereas the effective aim of the process redesign is to create one to satisfy better the client's requirements.

The next step is to understand the process itself, that is what gives it (what and why?). In this sense, the observation and participation to achieve the old process represent the best way of understanding. At the disposal of the reengineering teams stand and another instrument, namely, the benchmarking, that means seeking the companies that make the best thing and learning how they achieved it, in order to overcome them. This standardization can be practical the starting point for the new ideas within the team. However, if it is used the yardstick it must start from the best companies in the world, not in the field. So, the reengineering team studying the existed processes in order to learn and understand their critical points, because the more thoroughly team members know their real objectives, the better they will be able to redesign.

3. LAUNCHING OF THE REDESIGN PROCESS

Redesign is the most creative of the whole process of reengineering, it not being able to perform according to some algorithms, thus requiring imagination, inductive thinking and something crazy. Identifying and formulating the principles that underlying the redesign processes is one of the major efforts of the team. In general, it should be considered in making a process that should involve as few people as possible.

Finally, the team must move on from the issue of the ideas to put into practice, and this part of the reengineering process is no longer as fun as it because now it appears a great difficulty to convince people from an organization to adopt the perspective of a major change. In this respect, it is necessary to conduct a campaign of education and communication, from the beginning to end of the reengineering process, which primarily should focus on explaining the need for this process. Therefore, it must be given to people the clear messages that they understand on the one hand, where the company is at that time and why it cannot afford to stay there, and on the other hand, what kind of firm it should become. The first message must provide that the process of reengineering is essential for the survival of the company, because the employees are not convinced of the need for changes, they will not be inclined to tolerate or even being able to prevent it, while the second message must inspire employees to achieve a specific objective. Basically, the first of the messages can be defined “motivating the action” and the second “declaration on the perspective vision”. Both messages should be concise, understandable and impressive and the used arguments to be persuasive based on evidence and highlight what the consequences will be if it does

not move on to reengineering without exaggeration (Dan V., p 130, 1993).

Motivate the action must present the major competitors, what they are doing, business context, describing what is happening, what is changing and what has recently become important, in the environment in which the firm operating. Also it must show the problems that have become sources of concern of the company and performance requirements of the market, which the firm cannot meet. Diagnosis should clearly specify why the firm cannot meet the new requirements and why the common techniques, thus producing gradual improvements, are not adequate. Motivate the action must necessarily end with a section on the costs of inaction, which warn of the consequences if they do not make reengineering (Davenport, T.H., p 126, 1994).

Declaration on the perspective vision should describe how the company will operate and highlight the nature of the results to be obtained, being a the qualitative and quantitative formulation of the company before and during the process of reengineering, as a reminder of the redesign objectives, as a unit of measurement for measuring the progress and as support for the continuation of reengineering activity. Vision must ensure a continued convergence of the efforts, to constantly remind to the people what the company wants to change and not least to remind the company which the processes are that have been acted on.

Therefore, I believe that a vision declaration should focus on three key issues: first on the operational aspects (we shall deliver parts), than, it must include the measurable objectives and measuring system (we shall deliver the next day, after 10:30), and thirdly, if it is really strong, it has to change the basis of competition in the field (from unspecified or long delivery times to guaranteed delivery for the next day). Basically, this form sends to the company's employees the message that they need to organize their work in such a way as to ensure achieving of this objective.

Personally, the leader is responsible for formulating and communicating of these messages, the management team is the first publicly for them, and then, they must be communicated throughout the organization.

CONCLUSIONS AND PROPOSALS

Essentially for any action of reengineering, the starting point must be the client. Another finding is after the actions of reengineering the process changes draw total changes in the organization.

The reengineering is not simple, clear and straightforward, but it begins with an overview that is modified and perfected over time.

We should draw attention to the importance of two elements, which if not considered, can lead to failure of a reengineering process. The first element

is represented by the human resources and the organizational infrastructure of the company, and the second is the computer technology in the company. Both elements are important levers of the changes and while none is the essence of the reengineering process, both must support it in order to have success.

Changes that occur when a firm submits its processes to reengineering are mainly the following: items are changing as professional evolution of the employees, their relationships with managers, how the work is measured and rewarded, the role of managers and staff of management and even what is happening in the minds of workers. Basically, reengineering changes everything that refers to the company because all the above topics - people, jobs, managers, and values - are interdependent.

The redesign of the process is not just creating an abstract concept, because it must be able to materialize, the ideas must be tested, and the organizational and human problems must be taken into account in new projects.

The specialists experience shows that around 60% of organizations have engaged in a reengineering effort, did not reach the spectacular results they were intended, so, the first step to success would be to identify the common mistakes and the ways to avoid them. In this context, I would recommend avoiding some of the common mistakes identified by me in the reengineering approach:

- in many cases, it was tried "repairing" of the process, instead changing it from scratch;
- problems have not been clearly defined, and the activity was not seen from the perspective of the processes;
- insufficient attention for the values and beliefs of the employees;
- abandon the reengineering or reduce the scale of the process, at the first signs of difficulty;
- trying to make reengineering from bottom to top, the management considering an affront the application process from top to bottom;
- underinvestment in resources provided to the reengineering program;
- dissipation of the effort in several simultaneously programs, the reengineering is just one of them;
- exclusive focus on the redesign, looking that reengineering means implementation of the new projects in practice;
- Inability of some managers to predict and plan measures for the inevitable opposition of employees to the reengineering process.

Also, it should be mentioned that reengineering is a stressful time for all the company's staff, and the extent of the process over a period of time, can cause discomfort. Experience has shown that twelve months are more than enough for a firm to move from the "motivating action" to the first implementation of a redesigned process.

Finally mention that reengineering does not promise any miraculous "treatment" and does not offer the fast cures, simple and free of pain, on the contrary, it means hard work and strenuous effort, demanding that all the staff of the company to change their way of thinking and replace old practices with others completely new.

NOTE

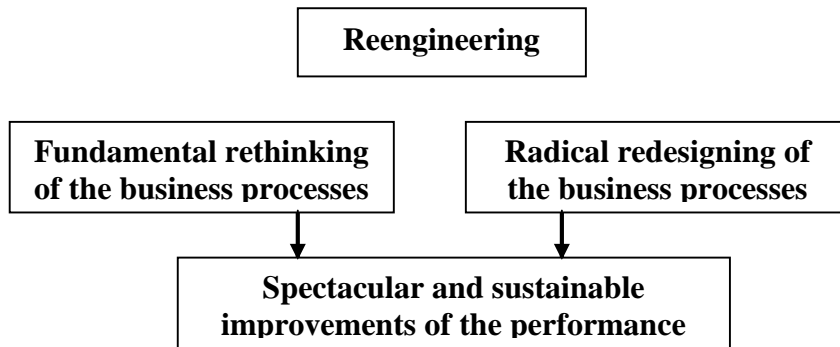
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Annex 1

Figure 1 - Defining the concept of reengineering



Source: Hammer M., Champy J., 1996, *Business Reengineering, Manifesto for a business management revolution*, Tehnica Publishing House, Bucharest;

Figure 2 - Example of preparing the map of the processes

Source: Mirea G. - *Doctoral Thesis - Contributions to measurement the processes performance in the automotive industry*, Bucharest, ASE 2012.

