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M.B.A. SYSTEM - II YEAR

DKY25 - BUSINESS PROCESS RE - ENGINEERING
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Unit I

   Historical background: Nature, significance and rationale of business process reengineering (BPR), Fundamentals of BPR.

Unit II

   Major issues in process redesign: Business vision and process objectives, Processes to be redesigned, Measuring existing processes, Role of information technology (IT) and identifying IT levers.

Unit III

   Designing and building a prototype of the new process: BPR phases, Relationship between BPR phases.

Unit IV

   Typical BPR activities within phases: Change management, Performance management, and programme management.

Unit V

   BPR and continuous improvement: Co-ordination and complementary efforts, IT capabilities and their organizational impacts, Implementation of BPR, Stages of implementation and critical aspects, Case studies on BPR.

References

Unit I

Historical Background:

HISTORY OF BUSINESS PROCESS REENGINEERING

Business process reengineering, also called BPR, is the redesign and analysis of workflow, in an effort to make it more efficient.

In the early 1990’s, Michael Hammer and James Champy published a book, “Reengineering the Corporation”, that stated that in some cases, radical redesign and reorganization within a company were the only way to reduce costs and improve service quality. To this end, they said, information technology was the key element for allowing this to happen.

Hammer and Champy said that most large companies made (now invalid) assumptions about their goals, people and technology that were impacting the workflow. They suggested seven principles that could be used to reengineer and help streamline workflows, thus improving quality, time management and cost.

Hammer and Champy suggested the following seven principles in their book.

1. Organize around outcomes, not tasks.
2. Identify all the processes in an organization and prioritize them in order of redesign urgency.
3. Integrate information processing work into the real work that produces the information.
4. Treat geographically dispersed resources as though they were centralized.
5. Link parallel activities in the workflow instead of just integrating their results.
6. Put the decision point where the work is performed, and build control into the process.
7. Capture information once and at the source.

Essentially, for a successful BPR effort, it is important to look at all the tasks that are working to achieve the same goal. This exercise can then allow several jobs to be combined into one. In addition, parallel processes leading to the same outcome should be connected within the process rather than just combining results at the end. Also, it is important to look at all available resources and place the actual work where it makes the most sense.

To make the process most efficient, the power to make decisions regarding it should be given to the people performing the process and any unnecessary control systems should be eliminated. Instead of having extra processes to record information relating to the process, a
resource within the process should provide all necessary data to increase accuracy and reduce redundancy.

**Development after 1995**

With the publication of critiques in 1995 and 1996 by some of the early BPR proponents, coupled with abuses and misuses of the concept by others, the reengineering fervor in the U.S. began to wane. Since then, considering business processes as a starting point for business analysis and redesign has become a widely accepted approach and is a standard part of the change methodology portfolio, but is typically performed in a less radical way than originally proposed.

More recently, the concept of Business Process Management (BPM) has gained major attention in the corporate world and can be considered a successor to the BPR wave of the 1990s, as it is evenly driven by a striving for process efficiency supported by information technology. Equivalently to the critique brought forward against BPR, BPM is now accused of focusing on technology and disregarding the people aspects of change.

**BPR Meaning and Definition**

Business process reengineering (BPR) is the practice of rethinking and redesigning the way work is done to better support an organization's mission and reduce costs. Reengineering starts with a high-level assessment of the organization's mission, strategic goals, and customer needs. Basic questions are asked, such as "Does our mission need to be redefined? Are our strategic goals aligned with our mission? Who are our customers?" An organization may find that it is operating on questionable assumptions, particularly in terms of the wants and needs of its customers. Only after the organization rethinks what it should be doing, does it go on to decide how best to do it.

Within the framework of this basic assessment of mission and goals, re-engineering focuses on the organization's business processes—the steps and procedures that govern how resources are used to create products and services that meet the needs of particular customers or markets. As a structured ordering of work steps across time and place, a business process can be decomposed into specific activities, measured, modeled, and improved. It can also be completely redesigned or eliminated altogether. Re-engineering identifies, analyzes, and re-designs an organization's core business processes with the aim of achieving dramatic improvements in critical performance measures, such as cost, quality, service, and speed.
Reengineering guidance and relationship of mission and work processes to information technology.

Reengineering recognizes that an organization's business processes are usually fragmented into sub-processes and tasks that are carried out by several specialized functional areas within the organization. Often, no one is responsible for the overall performance of the entire process. Reengineering maintains that optimizing the performance of sub-processes can result in some benefits, but cannot yield dramatic improvements if the process itself is fundamentally inefficient and outmoded. For that reason, re-engineering focuses on re-designing the process as a whole in order to achieve the greatest possible benefits to the organization and their customers. This drive for realizing dramatic improvements by fundamentally re-thinking how the organization's work should be done distinguishes the re-engineering from process improvement efforts that focus on functional or incremental improvement.

The most notable definitions of reengineering are:

- "The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary modern measures of performance, such as cost, quality, service, and speed."
- "Encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions."
BPR is different from other approaches to organization development (OD), especially the continuous improvement or TQM movement, by virtue of its aim for fundamental and radical change rather than iterative improvement. In order to achieve the major improvements BPR is seeking for, the change of structural organizational variables, and other ways of managing and performing work is often considered insufficient. For being able to reap the achievable benefits fully, the use of information technology (IT) is conceived as a major contributing factor. While IT traditionally has been used for supporting the existing business functions, i.e. it was used for increasing organizational efficiency, it now plays a role as enabler of new organizational forms, and patterns of collaboration within and between organizations.

BPR derives its existence from different disciplines, and four major areas can be identified as being subjected to change in BPR – organization, technology, strategy, and people – where a process view is used as common framework for considering these dimensions.

Business strategy is the primary driver of BPR initiatives and the other dimensions are governed by strategy's encompassing role. The organization dimension reflects the structural elements of the company, such as hierarchical levels, the composition of organizational units, and the distribution of work between them. Technology is concerned with the use of computer systems and other forms of communication technology in the business. In BPR, information technology is generally considered to act as enabler of new forms of organizing and collaborating, rather than supporting existing business functions. The people / human resources dimension deals with aspects such as education, training, motivation and reward systems. The concept of business processes – interrelated activities aiming at creating a value added output to a customer – is the basic underlying idea of BPR. These processes are characterized by a number of attributes: Process ownership, customer focus, value adding, and cross-functionality.

**Features of a re-engineered process**
The following are common features of re-engineered processes:

- several jobs are combined into one
- workers make real decisions
- work is performed where it makes most sense
- checks and controls are reduced
reconciliation processes are reduced
a case manager provides a point of contact.

The influence of BPR on organizational performance
- Despite some success stories, e.g. at IBM and Ford, BPR became unpopular in the late 1990s due to some widely discussed failures.
- Numerous organizations have attempted to redesign their business processes but have failed to enjoy the enormous improvements in organizational performance that were promised.
- The key to realizing these improvements in performance seems to be continuous learning. As problems emerge, they must be identified, analyzed and communicated in order to improve the future success rate of BPR.

Advantages and disadvantages of BPR
- BPR revolves around customer needs and helps to give an appropriate focus to the business.
- BPR provides cost advantages that assist the organization’s competitive position.
- BPR encourages a long-term strategic view of operational processes by asking radical questions about how things are done and how processes could be improved.
- BPR helps overcome the short-sighted approaches that sometimes emerge from excessive concentration on functional boundaries. By focusing on entire processes the exercise can streamline activities throughout the organization.
- BPR can help to reduce organizational complexity by eliminating unnecessary activities.

Criticisms of BPR
- BPR was sometimes seen (incorrectly) as a means of making small improvements in existing practices. In reality, it should be a more radical approach that questions whether existing practices make any sense in their present form.
- BPR was often perceived (incorrectly) as a single, once-for-all cost-cutting exercise. In reality, it is not primarily concerned with cost cutting (though cost reductions often result), and should be regarded as on-going rather than once-for-all. This
misconception often creates hostility in the minds of staff who see the exercise as a threat to their security.

- **BPR** requires a far-reaching and long-term commitment by management and staff. Securing this is not an easy task, and many organizations have rejected the whole idea as not worth the effort.
- In many cases business processes were not redesigned but merely automated.
- In some cases the efficiency of one department was improved at the expense of the overall process. To make BPR work requires a focus on integrated processes (as discussed above) that often involves obliterating existing processes and creating new ones.
- Some companies became so focused on improving internal processes that they failed to keep up with competitors' activities in the market.

Most companies are now more likely to talk about 'business process redesign' instead.

**The influence of BPR on systems development**

BPR results in more automation and greater use of IT/IS to integrate processes. Some of the key technologies that allow fundamental shifts in business operations to occur are:

- shared database access from any location
- expert systems (a database system providing expert knowledge and advice) to devolve expertise
- powerful communication networks for remote offices
- wireless communication for on-the-spot decision making
- tracking technology for warehouses and delivery systems
- internet services to re-engineer channels of distribution.

**Objectives of BPR**

When applying the BPR management technique to a business organization the implementation team effort is focused on the following objectives:

**Customer focus:**

Customer service oriented processes aiming to eliminate customer complaints.
Speed:
Dramatic compression of the time it takes to complete a task for key business processes. For instance, if process before BPR had an average cycle time 5 hours, after BPR the average cycle time should be cut down to half an hour.

Compression:
Cutting major tasks of cost and capital, throughout the value chain. Organizing the processes a company develops transparency throughout the operational level reducing cost. For instance the decision to buy a large amount of raw material at 50% discount is connected to eleven cross checking in the organizational structure from cash flow, inventory, to production planning and marketing. These checking become easily implemented within the cross-functional teams, optimizing the decision making and cutting operational cost.

Flexibility:
Adaptive processes and structures to changing conditions and competition. Being closer to the customer the company can develop the awareness mechanisms to rapidly spot the weak points and adapt to new requirements of the market.

Quality:
Obsession with the superior service and value to the customers. The level of quality is always the same controlled and monitored by the processes, and does not depend mainly on the person, who servicing the customer.

Innovation:
Leadership through imaginative change providing to organization competitive advantage.

Productivity:
Improve drastically effectiveness and efficiency. In order to achieve the above mentioned adjectives the following BPR project methodology is proposed.
Business process reengineering is a radical change activity that cannot be repeated if it goes wrong the first time. It is often a high risk activity that involves monetary investment and a risk of demotivated employees. In is essential to have buy in all the way from top management down and it should have a broad functional scope.
Unit II

Major Issues in Process Redesign:

Davenport’s and Short’s methodology

Davenport and Short position IT at the heart of BPR. They recognize the existence of a recursive relationship between IT capabilities and BPR, meaning that IT should be considered in terms of how it supports new or redesigned business processes, and recursively business processes and process improvement should be considered in terms of the capabilities IT can provide. Despite their emphasis on innovation and technology, they recognize the importance of organization and human resource issues as to change management, and suggest the use of traditional management approaches like planning, directing decision making and communicating.

Believing that BPR should be integrated with approaches like Continuous Process Improvement (CPI) [Reference is needed], Davenport and Short suggest that the redesign effort of an organization involve five major steps.

The first three steps are very similar to Hammer’s methodology. Things differentiate after the fourth step.

1. Develop Business Vision and Process Objectives

During this step the objectives and the business vision of an organization are defined. A business vision implies specific objectives for process redesign, such as: Cost Reduction, Time reduction, Output Quality, the Quality of Work life and the Quality of Learning. The objectives are prioritized and stretch targets are set. A redesign effort does not aim at improving processes’ performance, so that they contribute to the fulfillment of the vision and the objectives of the organization.

2. Identify Processes to Be Redesigned

The most important processes are identified and prioritized according to their redesign potential. Key business processes are identified either by identification and prioritization of all processes (exhaustive approach) or by identification of important processes or processes in conflict with conflict with the business vision and process objectives (high impact approach).

3. Understand and Measure Existing Processes

The functionality of selected process is understood here and their performance is measured against the specific reengineering objectives. It is important that designers think in an innovative way and are not restricted or influenced by the analysis of current situation.
4. Identify IT levers

IT is a powerful tool not only for supporting processes but also for creating new process design options; therefore, it has its own step in process redesign. The authors suggest eight ways to think about IT capabilities and their organizational impacts, which are summarized in Table 1.

**Table 1.** IT capabilities and their organizational impact

<table>
<thead>
<tr>
<th>Capability</th>
<th>Organizational Impact/Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>IT can transform unstructured processes into routinized transactions</td>
</tr>
<tr>
<td>Geographical</td>
<td>IT can transfer information with rapidity and ease across large distances, making processes independent of geography</td>
</tr>
<tr>
<td>Automation</td>
<td>IT can replace or reduce human labour in a process</td>
</tr>
<tr>
<td>Analytical</td>
<td>IT can bring complex analytical methods to bear on a process</td>
</tr>
<tr>
<td>Informational</td>
<td>IT can bring vast amounts or detailed information into a process</td>
</tr>
<tr>
<td>Sequential</td>
<td>IT can enable changes in the sequence of tasks in a process, often allowing multiple tasks to be worked on simultaneously</td>
</tr>
<tr>
<td>Knowledge</td>
<td>IT allows the capture and dissemination of knowledge and expertise to improve the process</td>
</tr>
<tr>
<td>management</td>
<td></td>
</tr>
<tr>
<td>Tracking</td>
<td>IT allows the detailed tracking of task status, inputs, and outputs</td>
</tr>
<tr>
<td>Disintermediation</td>
<td>IT can be used to connect two parties within a process that would otherwise communicate through an intermediary (internal or external)</td>
</tr>
</tbody>
</table>

5. Design and Build a Prototype of the Process

The final step in a redesign effort is the design of the new process. The actual design of the new process should be viewed as a prototype and successive iterations should be expected. Three key factors and tactics are considered in process design and prototype:

- using IT as a Design Tool
- understanding generic design criteria
- creating organizational prototypes

**Factors for Success and Failure of BPR**

Factors that are important to BPR success include:
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1. BPR team composition.
2. Business needs analysis.
3. Adequate IT infrastructure.
4. Effective [change management].
5. Ongoing continuous improvement

The aspects of a BPM effort that are modified include organizational structures, management systems, employee responsibilities and performance measurements, incentive systems, skills development, and the use of IT. BPR can potentially affect every aspect of how business is conducted today. Wholesale changes can cause results ranging from enviable success to complete failure.

If successful, a BPM initiative can result in improved quality, customer service, and competitiveness, as well as reductions in cost or cycle time. However, 50-70% of reengineering projects are either failures or do not achieve significant benefit.

There are many reasons for sub-optimal business processes which include:

1. One department may be optimized at the expense of another
2. Lack of time to focus on improving business process
3. Lack of recognition of the extent of the problem
4. Lack of training
5. People involved use the best tool they have at their disposal which is usually Excel to fix problems
6. Inadequate infrastructure
7. Overly bureaucratic processes
8. Lack of motivation

Many unsuccessful BPR attempts may have been due to the confusion surrounding BPR, and how it should be performed. Organizations were well aware that changes needed to be made, but did not know which areas to change or how to change them. As a result, process reengineering is a management concept that has been formed by trial and error or, in other words, practical experience. As more and more businesses reengineer their processes, knowledge of what caused the successes or failures is becoming apparent. To reap lasting benefits, companies must be willing to examine how strategy and reengineering complement each other by learning to quantify strategy in terms of cost, milestones, and timetables, by accepting ownership of the strategy throughout the organization, by assessing the
organization’s current capabilities and process realistically, and by linking strategy to the budgeting process. Otherwise, BPR is only a short-term efficiency exercise.

Organization-wide commitment

Major changes to business processes have a direct effect on processes, technology, job roles, and workplace culture. Significant changes to even one of those areas require resources, money, and leadership. Changing them simultaneously is an extraordinary task. Like any large and complex undertaking, implementing reengineering requires the talents and energies of a broad spectrum of experts. Since BPR can involve multiple areas within the organization, it is important to get support from all affected departments. Through the involvement of selected department members, the organization can gain valuable input before a process is implemented; a step which promotes both the cooperation and the vital acceptance of the reengineered process by all segments of the organization.

Getting enterprise wide commitment involves the following: top management sponsorship, bottom-up buy-in from process users, dedicated BPR team, and budget allocation for the total solution with measures to demonstrate value. Before any BPR project can be implemented successfully, there must be a commitment to the project by the management of the organization, and strong leadership must be provided. Reengineering efforts can by no means be exercised without a company-wide commitment to the goals. However, top management commitment is imperative for success. Top management must recognize the need for change, develop a complete understanding of what BPR is, and plan how to achieve it.

Leadership has to be effective, strong, visible, and creative in thinking and understanding in order to provide a clear vision. Convincing every affected group within the organization of the need for BPR is a key step in successfully implementing a process. By informing all affected groups at every stage, and emphasizing the positive end results of the reengineering process, it is possible to minimize resistance to change and increase the odds for success. The ultimate success of BPR depends on the strong, consistent, and continuous involvement of all departmental levels within the organization.

Team composition

Once organization-wide commitment has been secured from all departments involved in the reengineering effort and at different levels, the critical step of selecting a BPR team must be taken. This team will form the nucleus of the BPR effort, make key decisions and recommendations, and help communicate the details and benefits of the BPR program to the
entire organization. The determinants of an effective BPR team may be summarized as follows:

- Competency of the members of the team, their motivation,
- Their credibility within the organization and their creativity,
- Team empowerment, training of members in process mapping and brainstorming techniques,
- Effective team leadership,
- Proper organization of the team,
- Complementary skills among team members, adequate size, interchangeable accountability, clarity of work approach, and
- Specificity of goals.

The most effective BPR teams include active representatives from the following work groups: top management, business area responsible for the process being addressed, technology groups, finance, and members of all ultimate process users’ groups. Team members who are selected from each work group within the organization will affect the outcome of the reengineered process according to their desired requirements. The BPR team should be mixed in depth and knowledge. For example, it may include members with the following characteristics:

- Members who do not know the process at all.
- Members who know the process inside-out.
- Customers, if possible.
- Members representing affected departments.
- One or two members of the best, brightest, passionate, and committed technology experts.
- Members from outside of the organization

Moreover, Covert (1997) recommends that in order to have an effective BPR team, it must be kept under ten players. If the organization fails to keep the team at a manageable size, the entire process will be much more difficult to execute efficiently and effectively. The efforts of the team must be focused on identifying breakthrough opportunities and designing new work steps or processes that will create quantum gains and competitive advantage.
Business needs analysis

Another important factor in the success of any BPR effort is performing a thorough business needs analysis. Too often, BPR teams jump directly into the technology without first assessing the current processes of the organization and determining what exactly needs reengineering. In this analysis phase, a series of sessions should be held with process owners and stakeholders, regarding the need and strategy for BPR. These sessions build a consensus as to the vision of the ideal business process. They help identify essential goals for BPR within each department and then collectively define objectives for how the project will affect each work group or department on individual basis and the business organization as a whole. The idea of these sessions is to conceptualize the ideal business process for the organization and build a business process model. Those items that seem unnecessary or unrealistic may be eliminated or modified later on in the diagnosing stage of the BPR project. It is important to acknowledge and evaluate all ideas in order to make all participants feel that they are a part of this important and crucial process. Results of these meetings will help formulate the basic plan for the project.

This plan includes the following:

- Identifying specific problem areas,
- Solidifying particular goals, and
- Defining business objectives.

The business needs analysis contributes tremendously to the re-engineering effort by helping the BPR team to prioritize and determine where it should focus its improvements efforts.

The business needs analysis also helps in relating the BPR project goals back to key business objectives and the overall strategic direction for the organization. This linkage should show the thread from the top to the bottom of the organization, so each person can easily connect the overall business direction with the re-engineering effort. This alignment must be demonstrated from the perspective of financial performance, customer service, associate value, and the vision for the organization. Developing a business vision and process objectives relies, on the one hand, on a clear understanding of organizational strengths, weaknesses, and market structure, and on the other, on awareness and knowledge about innovative activities undertaken by competitors and other organizations.
BPR projects that are not in alignment with the organization’s strategic direction can be counterproductive. There is always a possibility that an organization may make significant investments in an area that is not a core competency for the company and later outsource this capability. Such reengineering initiatives are wasteful and steal resources from other strategic projects. Moreover, without strategic alignment, the organization’s key stakeholders and sponsors may find themselves unable to provide the level of support the organization needs in terms of resources, especially if there are other more critical projects to the future of the business, and are more aligned with the strategic direction.

Adequate IT infrastructure

Researchers consider adequate IT infrastructure reassessment and composition as a vital factor in successful BPR implementation. Hammer (1990) prescribes the use of IT to challenge the assumptions inherent in the work process that have existed since long before the advent of modern computer and communications technology. Factors related to IT infrastructure have been increasingly considered by many researchers and practitioners as a vital component of successful BPR efforts.

- Effective alignment of IT infrastructure and BPR strategy,
- Building an effective IT infrastructure,
- Adequate IT infrastructure investment decision,
- Adequate measurement of IT infrastructure effectiveness,
- Proper information systems (IS) integration,
- Effective reengineering of legacy IS,
- Increasing IT function competency, and
- Effective use of software tools are the most important factors that contribute to the success of BPR projects.

These are vital factors that contribute to building an effective IT infrastructure for business processes. BPR must be accompanied by strategic planning which addresses leveraging IT as a competitive tool. An IT infrastructure is made up of physical assets, intellectual assets, shared services, and their linkages. The way in which the IT infrastructure components are composed and their linkages determines the extent to which information resources can be delivered. An effective IT infrastructure composition process follows a top-down approach, beginning with business strategy and IS strategy and passing through designs of data, systems, and computer architecture.
Linkages between the IT infrastructure components, as well as descriptions of their contexts of interaction, are important for ensuring integrity and consistency among the IT infrastructure components. Furthermore, IT standards have a major role in reconciling various infrastructure components to provide shared IT services that are of a certain degree of effectiveness to support business process applications, as well as to guide the process of acquiring, managing, and utilizing IT assets. The IT infrastructure shared services and the human IT infrastructure components, in terms of their responsibilities and their needed expertise, are both vital to the process of the IT infrastructure composition. IT strategic alignment is approached through the process of integration between business and IT strategies, as well as between IT and organizational infrastructures.

Most analysts view BPR and IT as irrevocably linked. Wal-Mart, for example, would not have been able to reengineer the processes used to procure and distribute mass-market retail goods without IT. Ford was able to decrease its headcount in the procurement department by 75 percent by using IT in conjunction with BPR, in another well-known example. The IT infrastructure and BPR are interdependent in the sense that deciding the information requirements for the new business processes determines the IT infrastructure constituents, and recognition of IT capabilities provides alternatives for BPR. Building a responsive IT infrastructure is highly dependent on an appropriate determination of business process information needs. This, in turn, is determined by the types of activities embedded in a business process, and their sequencing and reliance on other organizational processes.

**Effective change management**

BPR involves changes in people behavior and culture, processes, and technology. As a result, there are many factors that prevent the effective implementation of BPR and hence restrict innovation and continuous improvement. Change management, which involves all human and social related changes and cultural adjustment techniques needed by management to facilitate the insertion of newly designed processes and structures into working practice and to deal effectively with resistance, is considered by many researchers to be a crucial component of any BPR effort. One of the most overlooked obstacles to successful BPR project implementation is resistance from those whom implementers believe will benefit the most. Most projects underestimate the cultural effect of major process and structural change and as a result, do not achieve the full potential of their change effort. Many people fail to understand that change is not an event, but rather a management technique.
Change management is the discipline of managing change as a process, with due consideration that employees are people, not programmable machines. Change is implicitly driven by motivation which is fueled by the recognition of the need for change. An important step towards any successful reengineering effort is to convey an understanding of the necessity for change. It is a well-known fact that organizations do not change unless people change; the better change is managed, the less painful the transition is.

Organizational culture is a determining factor in successful BPR implementation. Organizational culture influences the organization’s ability to adapt to change. Culture in an organization is a self-reinforcing set of beliefs, attitudes, and behavior. Culture is one of the most resistant elements of organizational behavior and is extremely difficult to change. BPR must consider current culture in order to change these beliefs, attitudes, and behaviors effectively. Messages conveyed from management in an organization continually enforce current culture. Change is implicitly driven by motivation which is fueled by the recognition of the need for change.

The first step towards any successful transformation effort is to convey an understanding of the necessity for change. Management rewards system, stories of company origin and early successes of founders, physical symbols, and company icons constantly enforce the message of the current culture. Implementing BPR successfully is dependent on how thoroughly management conveys the new cultural messages to the organization. These messages provide people in the organization with a guideline to predict the outcome of acceptable behavior patterns. People should be the focus for any successful business change. BPR is not a recipe for successful business transformation if it focuses on only computer technology and process redesign. In fact, many BPR projects have failed because they did not recognize the importance of the human element in implementing BPR. Understanding the people in organizations, the current company culture, motivation, leadership, and past performance is essential to recognize, understand, and integrate into the vision and implementation of BPR. If the human element is given equal or greater emphasis in BPR, the odds of successful business transformation increase substantially.

**Ongoing continuous improvement**

Many organizational change theorists hold a common view of organizations adjusting gradually and incrementally and responding locally to individual crises as they arise. Common elements are:
• BPR is a successive and ongoing process and should be regarded as an improvement strategy that enables an organization to make the move from traditional functional orientation to one that aligns with strategic business processes.

• Continuous improvement is defined as the propensity of the organization to pursue incremental and innovative improvements in its processes, products, and services. The incremental change is governed by the knowledge gained from each previous change cycle.

• It is essential that the automation infrastructure of the BPR activity provides for performance measurements in order to support continuous improvements. It will need to efficiently capture appropriate data and allow access to appropriate individuals.

• To ensure that the process generates the desired benefits, it must be tested before it is deployed to the end users. If it does not perform satisfactorily, more time should be taken to modify the process until it does.

• A fundamental concept for quality practitioners is the use of feedback loops at every step of the process and an environment that encourages constant evaluation of results and individual efforts to improve.

• At the end user’s level, there must be a proactive feedback mechanism that provides for and facilitates resolutions of problems and issues. This will also contribute to a continuous risk assessment and evaluation which are needed throughout the implementation process to deal with any risks at their initial state and to ensure the success of the reengineering efforts.

• Anticipating and planning for risk handling is important for dealing effectively with any risk when it first occurs and as early as possible in the BPR process. It is interesting that many of the successful applications of reengineering described by its proponents are in organizations practicing continuous improvement programs.

• Hammer and Champy (1993) use the IBM Credit Corporation as well as Ford and Kodak, as examples of companies that carried out BPR successfully due to the fact that they had long-running continuous improvement programs.

In conclusion, successful BPR can potentially create substantial improvements in the way organizations do business and can actually produce fundamental improvements for business operations. However, in order to achieve that, there are some key success factors that must be taken into consideration when performing BPR.
BPR success factors are a collection of lessons learned from reengineering projects and from these lessons common themes have emerged. In addition, the ultimate success of BPR depends on the people who do it and on how well they can be committed and motivated to be creative and to apply their detailed knowledge to the reengineering initiative. Organizations planning to undertake BPR must take into consideration the success factors of BPR in order to ensure that their reengineering related change efforts are comprehensive, well-implemented, and have minimum chance of failure.

The Role of IT in Business Process Implementation

Now the IT comes into picture in the process implementation stage. For example, in case of automobile manufactures, they used to have design centre in one location and manufacturing centre in another location and marketing offices in another location. In this scenario, once the marketing executive takes the requirements from the customer, he has to send them by surface mail to the design centre. The design centre drafts are sent through surface mail to the manufacturing plant. This used to take several weeks, before the product comes out of the plant. With the advent of IT and communications technology, this is possible to roll out the product in days time in current days. The marketing executive gathers the requirements and sends them to the design centre through Internet. Then the design centre sends the designs through Internet or email to the manufacturing plant. Some of the companies even went ahead and developed distributed systems and databases using data and voice communication systems. Like this the turnaround time can be reduced using information technology. The output of process reengineering assignment becomes input to the IT implementation team. It is better to have IT experts in process implementation stage in BPR assignments. As explained in the above example, the IT is reducing the cycle time in attending to the customer requests. Following are the advantages we get if we use IT in combination with BPR.

- Information Technology can be used to reduce the turnaround time, which was taking long time using manual approaches
- Less chance for fraud
- Less chance for corruption
- More accuracy and precision assured, if the IT systems are implemented properly
- More quantity of work (reports) in less time
• Good quality of work results, services or products
• Quick communication in the team
• Faster communication with customer and other stakeholders
• Efficient progress tracking with IT tools

To get all these benefits out of IT and BPR combination, the team and employees of the organization are properly trained in IT applications and related technologies. Once business process reengineering is over in the organization, the redesigned processes of the organization are to be implemented in the systems. There are two ways to implement them. That is either manual or automation. It is better to automate if the work is complex and needs accuracy. Payroll maintenance in organizations is an example of automation activities. Once processes are identified to automate, the Information Technologies such as hardware, software and tools can be used in implementing the activities of processes. This part of IT implementation will be taken care by the IT project managers and project leaders. Programmers, database experts, application specialists, test engineers and quality experts are part of the information technology systems implementation. Once these IT systems are ready they will be given to the actual users and the employees of the organization. The team, which implemented the IT systems, should provide the necessary training to the users and the employees of the organization. Project management tools, database technologies, and data and voice communication technologies, networking technologies, e-commerce and web technologies can be used in implementing IT systems.

**Importance of Information Technology**

Information technology (IT) has historically played an important role in the reengineering concept. It is regarded by some as a major enabler for new forms of working and collaborating within an organization and across organizational borders. BPR literature identified several so called *disruptive technologies* that were supposed to challenge traditional wisdom about how work should be performed.

• Shared databases, making information available at many places
• Expert systems, allowing generalists to perform specialist tasks
• Telecommunication networks, allowing organizations to be centralized and decentralized at the same time
• Decision-support tools, allowing decision-making to be a part of everybody's job
- Wireless data communication and portable computers, allowing field personnel to work office independent
- Interactive videodisk, to get in immediate contact with potential buyers
- Automatic identification and tracking, allowing things to tell where they are, instead of requiring to be found
- High performance computing, allowing on-the-fly planning and revisioning

In the mid-1990s, especially workflow management systems were considered a significant contributor to improved process efficiency. Also, ERP (enterprise resource planning) vendors, such as SAP, JD Edwards, Oracle, PeopleSoft, positioned their solutions as vehicles for business process redesign and improvement.

### Capabilities of IT in Reengineering

<table>
<thead>
<tr>
<th>Capability of IT</th>
<th>Organizational Impact of the Capability</th>
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<tbody>
<tr>
<td>Transactional</td>
<td>IT can transform unstructured business process into standardized transactions</td>
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<tr>
<td>Geographical</td>
<td>IT can transform information with rapidity and ease across large distances, making business process independent of locations</td>
</tr>
<tr>
<td>Automation</td>
<td>It can reduce human labor in certain process</td>
</tr>
<tr>
<td>Informational</td>
<td>It can bring vast volumes of detailed information into a business process</td>
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<tr>
<td>Analytical</td>
<td>IT can bring complex analytical methods to bear on a process</td>
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<tr>
<td>Sequential</td>
<td>IT enables changes in the sequence of tasks in a process, often allowing multiple tasks to be worked on simultaneously</td>
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<tr>
<td>Knowledge Management</td>
<td>IT allows the capture and dissemination of knowledge and expertise to improve the process</td>
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<tr>
<td>Tracking</td>
<td>IT allows detailed tracking of status, inputs and outputs</td>
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<tr>
<td>Reduction of Intermediaries</td>
<td>IT can be used to connect two parties within a process that would otherwise communicate through intermediaries</td>
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Unit III

Designing and Building a Prototype of the New Process

3 Phases of Applying for a Business Process Reengineering Model

The phases and steps involved in the process reengineering model are briefly discussed in the following section.

Phase One – Step 1: Determine “New” Process Requirements:

The following activities are involved in this step.

(a) Planning the reengineering effort:

Since reengineering a process should result in benefits to the organization and change will improve the performance of the organization, it is necessary to thoroughly plan for, design and implements this reengineered process. This phase is critical because it may reveal that reengineering a particular process won’t add value or it does not address customer needs or that the required resources may not be available.

Determining “new” process requirements involves uncovering what customers and the market place require of this process and focusing on the own requirements of the organization.

(b) Knowing what the customers want:

Successful reengineering projects realign processes to satisfy customer demands. Organizations that undergo process reengineering believe in the standard credo of “the customer comes first”.

(c) Identifying the customers:

Before determining what the customers want, it is necessary to know who the customers of the process are. The customers include both external customers and internal customers of the firm. Two key questions to be answered while identifying the customers are;

(i) Who is affected by this process?
(ii) Who depends on this process for information, products or service?

(d) Zeroing in on customer concern:

Once the customers are identified, it is necessary to zero in on what concerns them. Customer requirement areas from the process to be reengineered are determined by brainstorming with the team members. For example, some of the customer “requirement areas” could be: timeliness, cost, accuracy, functionality, responsiveness, quantity, dimension, yield, price, availability etc.
(e) Soliciting customer input:

Interview or survey questions are developed to solicit customer input, once the customers are identified and their areas of concern are zeroed in. Questions that related to the areas of customers’ concern are designed. Key information that will aid the process reengineering effort is collected from the customers using interview method or a survey. A knowledge of the customers’ want is helpful to reengineer the process correctly. After all, reengineering is not taken up just because the CEO of the firm wants it or a major competitor is reengineering a process, but because the customers’ want has to be met.

(f) What is the market place providing?

A firm should compare its position in the market with that of its competitor. The firm should have a good look at what its competitors offer. If the customers have found some discrepancy in what the firm offers and its customers are preferring competitors’ offers then the firm might opt for process reengineering so that it can offer some benefits to its customers in the form of superior products or services. Even if the customers are quite satisfied with the process the firm is considering for reengineering, they won’t remain satisfied for long because competitors are doing better.

New product development is a process that lends itself well to reengineering. If a firm’s competitors continually offer new products much faster than the firm does, then the firm must start looking at process reengineering.
To keep up with what the market place offers, a firm must:
(i) Know what is out there in the market place.
(ii) Keep a close watch on its competitors.
(iii) Be open to new ideas, services and/or products.

(g) Using Benchmarking:

It is not enough for a firm to know that some other firm is doing better than it, but also it should know which is the other firm that does better. Bench making can provide a firm with the inside information it needs to reengineer a process. Benchmarking involves learning and discovering how other work groups within a firm perform common processes and how other competitive or world class firms operate. The firm must choose successful operations and try to adapt the processes of “best-in-class” firms to its own processes.
Benchmarking is critical to any process-reengineering effort because it provides goals to achieve and aids in helping a firm envision and design its new process.

(h) What is the firm’s operating requirements?

When a firm knows what its customers want and it has identified what the market place offers, it is ready to look at what it needs to achieve to meet the wants and demands of those driving its reengineering effort. The questions posed are:

(i) Does the firm need to reduce costs so that it can offer price reductions to its customers?
(ii) Does it need to become more technology based so that it can improve its process?
(iii) What does the firm expect the reengineered process to do?
(iv) How much costs be reduced?
(v) What new equipments or machines or computer hardware and software to be purchased?

Determining new process requirements involves researching what the customers of a firm want and what the market place offers and determining what operating requirements are needed to set for the new process to meet those demands. Completing this step of the planning phase should provide insight into the forces behind the effort exerted by the firm and prepares it to move forward.

Phase One – Step 2: Uncover “Break Through” Opportunities:

This step in the planning phase enables the firm to find out the possibility of great improvement in performance if process reengineering is taken up by the firm. The firm will look at its current process to determine what it is accomplishing, create a vision of what the “new process” should be like and figure out the difference between the two.

To uncover break through opportunities, the firm will need to do the following.

(i) Analyse “As Is” capability
(ii) Envision desired state and
(iii) Identify process performance “Gaps”

These are discussed in the following paragraphs.

(a) Analyze “As Is” Capability:

Unless the reengineering team knows how the process is currently performing, it can’t be sure whether or not process reengineering will benefit the firm. In the reengineering
process, all major aspects a process must be defined and then measured to achieve the greatest breakthroughs.

To start with, the “as is” process is documented. All the tasks in the process selected for reengineering are defined and mapped out to have a clear and realistic view of the process. This will provide the information that will help the reengineering team in the beginning of the designing phase.

Two basic steps involved in documenting a process are:
(i) List the major process tasks and decisions required to translate inputs into outputs.
(ii) Create a process flowchart which shows how the process currently works. This is to be used as an ongoing working document.

These two steps are discussed below.

(i) List the major process tasks:

First the reengineering team determines what is the input and output involved in the process. Everything in between the input and the output would be the tasks involved in the process. Next, the major tasks and their decision points are listed. After the major tasks are identified, the team should determine what smaller subtasks and decisions link the major tasks together. The following questions should be answered to analyze “as is” capability.
(a) What really happens next?
(b) Does some-one need to make a decision before this task?
(c) What approvals are required before proceeding?
(d) Is there anything missing in these tasks?

(ii) Create a process flow chart:

The process flow chart helps to visually see what happens at each step of the process. The details in the flow chart are limited. Some of the common symbols used in flow charts are shown in Exhibit 6.4.
After the process is documented, it should be measured. Gathering performance data will show where improvement is needed or that the process is not deficient as it was originally thought.

Measurement clears up any discrepancies and provides an opportunity for comparison after the engineered process has been implemented. Data are gathered for each necessary task.
or section of the process. The data gathered depends on what has to be measured – whether the cost of the whole process has to be measured or the amount of time each task takes has to be measured or how accurately some tasks are performed.

It is necessary to measure the “as is” capability of the current process in order to compare the actual process performance to the “new” process requirements. Exhibit 6.5 illustrates a process flow chart for order fulfillment process.
Envision Desired State:

This means forgetting what the current process looks like and focusing on what the new process could be and what it could accomplish. The team should look beyond the new process and consider what the environment around the process should look like. The following questions should be answered by the team.
(i) How will the new process help the customer?
(ii) How will it help the firm?
(iii) How will the environment of the firm change?

It may be helpful for the team to come up with a “current limitations list” which details all the factors that constrain the current process. Some of the factors are: organizational structure, technology, regulations and the like. The factors which may limit the potential of
the process are examined by the team members who will then start to envision their new process not having any limitations.

The envisioning of team members may provide certain benefits or values beyond the expectation of customers. At this stage, any measures or factors identified during benchmarking as positive characteristics are included in the new process. The team members and the employees of departments that will be impacted by the process reengineering effort are included in the brainstorming so that their insights will serve to enlarge the picture of the desired state. The brainstorming may address functions of the new process that had not even been considered by the team.

(c) Identify Process Performance “Gaps”:

This step helps to decide whether the process is the one to be reengineered or not. The data gathered is used to measure the current process and compare it with the ideal process. The difference between the two is referred to as a process performance “gap”. If the gap is small, there is no need for reengineering, instead, continuous improvement may be considered. But if the gap is big, then a major effort is required in the form of reengineering. Some of the tasks of the current process may work very well and may meet the identified requirements of the new customers. These tasks need not be changed and can be included “as is” in the reengineered process. Other tasks which are detrimental to the firm are discarded and not included in the new process.

An uncovering breakthrough opportunity is a challenging task. If the team is successful in this phase and is surer than ever that process reengineering will work for the firm, then the team should head for the designing phase.

Phase 2 – Step 3: Map the “Ideal” Process:

This step of the designing phase involves mapping the “ideal” process. To map the ideal process, the following sub steps are to be followed:

(i) Complete preliminary work
(ii) Set new goals and establish new measures and
(iii) Create a new process flow chart these steps are briefly discussed below:

(i) Complete preliminary work:

The process performance gaps identified by the team in the previous step needs to be closed and the team must decide how to close these gaps before drawing an actual map of the new process. The following has to be considered.
(a) Can we make the process simpler?
(b) Are we asking for unneeded reports or data?
(c) Can technology help?
(d) Is new computer hardware or software necessary for the reengineering effort?
(e) Can we reduce time and/or cost?

These considerations apply to most organizations looking to improve processes. The team should not attempt to reengineer a process unless it realizes the existence and extent of the deficiencies of the current process. Also the team members should share their ideas and/or conclusions with employees who will be affected by the reengineering effort.

(ii) Set new goals and establish new measures:

The effort to bridge the gaps will be helpful for setting new goals and establishing new process measures. The team should set goals and establish measures worthy of reengineering effort but also should be realistic. The goals set and the measures established must at least meet customer requirements. From there, the team must try to meet or beat what the competitors provide.

(iii) Create a new process flow chart:

Starting with a clean slate, the team should work on designing a flow chart for the new process. Reengineering the process should involve something new, not just reducing the old. After preparing the flow chart, each section of the process must be checked with the employees working directly with the process.

Mapping the “ideal” process results in a practical application of the planning effort of the team

Phase 2 – Step 4: Redefine Process Support Requirements:

After mapping the “new” process by creating a flow chart that identifies the steps in the process, and establishing new measures for the process, the team has to decide what the new process requires to support it. The team should decide what will be required for the reengineered process to operate as designed.

Three different areas of support within an organization that need to be redefined whenever a process is reengineered are:

(i) People,
(ii) Technology/support tools and
(iii) Finance.
People or human element is an important element of process reengineering because if the process is completed by people, they will be affected by the reengineering effort. The reengineering may involve redesign of the way people do a portion of their jobs, elimination of some of their work and even a total change in what they are required to do. Hence a “Role-Transition Work Sheet” for each position is prepared and the present and future job responsibilities of each position in the firm are listed in it.

The second area of support is technology support tools required for reengineering process. Technology required can be complicated and costly or it can be simple and inexpensive. The technological tool identified to support the reengineered process must be included in the new design of the process.

Benchmarking can be helpful at this stage. If other firms are using certain technology to meet their customer demands, then the team may decide to go for it. Technology in often an essential ingredient of process reengineering but more support is needed for success. If a technology is a must for the reengineered process, a type of technology needed for the firm must be chosen. Also other support tools such as furniture’s, fax machines, telephones etc., may be required – Even more people may have to be hired and additional work space may be required for the reengineered process.

The third area of support is finance. A cost/benefit analysis of the reengineering project helps to determine whether it is advisable to move forward. Cost/benefit analysis can be described as “a complete, realistic comparison of costs and resulting benefits associated with implementing a decision”.

Redefining the process requirements provides a greater knowledge of what reengineering the process entails. If the benefits appropriately outweigh the costs, then the team can go ahead with the change management plan.

Phase 2 – Step 5: Develop Change Management Plan:

This step involves developing a change management plan that will help the firm execute a quantum leap forward toward radical improvement, as flawlessly as possible. This step requires the following activities.

(i) Designing the change management plan:

This is the final segment of the designing phase i.e., phase two, after the reengineering team has mapped the “ideal” process, redefined the process support requirements and analyzed the organizational impact. It is done by

(a) Identifying change management plan requirements.
(b) Choosing a planning process and format and  
(c) Deciding how to move the action plan forward.  
These are briefly discussed in the following section.  

(ii) Identifying change management plan requirements:  
This involves deciding what will be needed to get from the old process to the new process and what it will take – time, money, acting managers, consultants, new roles etc.  
Decisions have to be taken regarding:  
(a) What the change management plan will require?  
(b) Will it be necessary to hire people for training employees?  
(c) Will consultants be in charge of training?  
(d) How much time will it take to complete each step in the plan?  
(e) Will it be necessary to form new teams to choose the best machinery or computer system for the firms?  

(iii) Choosing a planning process and format:  
The reengineering team will need to devise an action plan that is both detailed and specific. The action plan should include project time tables, contingency plans, feedback and communication systems.  

(iv) Deciding how to move the action plan forward:  
Since the action plan will impact a number of employees of the firm, it is necessary to include them in the plan. The team should decide how to start the reengineering effort, get progress updates and keep employees excited about the changes.  
Developing change management plan for the reengineered process completes the designing phase. The next phase is the implementation phase.  

Phase 3 – Step 6: Implement On “Trial Run” Basis:  
The “trial run” will determine whether the team should be permitted to proceed with its process reengineering effort. Even though the “trial run” may take up to six months, it is a vital step in the implementation phase.  
This step involves two activities:  
(a) Conducting a pilot test to ensure that the proposed changes will dramatically improve the process.  
(b) Assessing the results and making necessary adjustments in the flow chart.
Phase 3 – Step 7: Standardize the Reengineering Process:

Standardizing means that the new process becomes an accepted and established process within the firm. The new process might be documented and new guidelines are written down. Also the job descriptions are revised to accurately reflect the new process and the copies of the new job descriptions are distributed to the employees. Employees are encouraged to participate. The customer – survey data is shared with all employees and the process-reengineering effort is kept focused on the customer.

Phase 3 – Step 8: Evaluate Process Performances on an Ongoing Basis:

As implementation progresses, the team needs to gather and evaluate data. Measurement results should indicate movement towards the goals of the team for the new process. The process performance should be evaluated on an ongoing basis to determine the extent of progress of the team.

This step of the implementation phase requires the team to hold regular meetings and celebrate progress. The process reengineering team should not disband as soon as implementation begins or even after it is over. The meetings should continue because the team has to evaluate progress and solve any problems that may arise.

To evaluate progress, the team must analyze measurement data. Use of tools such as a “run chart” to compare one period data to another helps the team to verify whether the engineered process has improved performance and if so by how much.

The team should use meetings to discuss any problems. The team members should be encouraged to discuss the problems with the employees. Depending on the process reengineering effort, the team may meet for quite some time (two years is not uncommon). After sometime the team may feel that the process can be evaluated and continuously improved by the process owners. When the new process is firmly established the organization has achieved its goals of dramatic improvement, the reengineering team and its leader can be moved else-where for more effective use. Knowing when to disband is also crucial to the effective process reengineering team.

A successful process-reengineering effort deserves commendation. All the persons who took part in achieving a quantum leap towards radical improvement must be rewarded. A formal celebration or informally recognizing the winners is desired. The implementation phase is both exhilarating and exhausting. It takes time but it can bring new life to the organization which will enhance the competitiveness of the organization.
Unit IV

Typical BPR Activity within Phases:
Change Management - Meaning and Important Concepts

The business landscape of the 21st century is characterized by rapid change brought about due to technological, economic, political and social changes. It is no longer the case that the managers and employees of firms in this decade can look forward to more of the same every year. In fact, the pace of change is so rapid and the degree of obsolescence if organizations resist change is so brutal that the only way out for many firms is to change or perish. In this context, it becomes critical that organizations develop the capabilities to adapt and steer change in their advantage.

The role of senior managers becomes crucial in driving through change and ensuring that firms are well placed with respect to their competitors. However, it is the case that in many organizations, senior managers actively resist change and in fact thwart change initiatives due to a variety of reasons which would be explored in subsequent sections. This essay examines the barriers to change by senior managers and discusses approaches to mitigate such resistance. The essay begins with a discussion on the role of senior managers as barriers to change and then outlines some approaches on how to get the senior managers on board for change.

It goes without saying that “he who rejects change is the architect of decay and the only human institution that rejects progress is the cemetery.” With this axiom in mind, it is critical to understand that unless change is actively embraced, organizations in the 21st century risk obsolescence.

To resist change is as basic as human nature and hence the change managers must adopt an inclusive approach that considers the personality clashes and the ego tussles. It is often the case that in large organizations, there tend to be power centre and fiefdoms and hence the issue of organizational change must address the group dynamics as well as the individual behavioural characteristics.

Only by an understanding of the means by which managers can be brought on board can there be a foundation for suitable approaches. The approaches include a combination of pressure tactics and coordination instead of competition and cooption as well as cooperation. Change agents must realize that wherever possible, they must deal with consensual decision making and if that is not possible, they must walk the talk and be firm in their approach. Managers at all levels have a tendency to resist change and in the high stakes game of change
management, it is the ones that can articulate and communicate the change in a clear and coherent manner who succeed.

In conclusion, change is the only constant in business and the landscape of the 21st century is littered with companies that have not adapted to the changing times. Hence, organizations must and should embrace change and the approaches discussed in this paper are part of the solution.

**The Need for Change Management**

In the contemporary business environment, organizations fight the battle of competition by building their adaptive capabilities and preparedness for coping against the pressures of change. In the present scenario, top management give a lot of importance to change management process and the need for being flexible as well as adaptable for tackling the growing environmental uncertainties or competitive threats.

**Change management is a complex process and requires serious attention as well as involvement from the management and people from all levels, in order to achieve a meaningful or a progressive transformation across various levels.** For being ahead in the competitive race and gaining a winning edge, organizations have been focusing on expansion of business worldwide, achieving excellence in processes and operations, implementing innovations in technology and identifying/developing the right talent. The fast changes which have taken place and the way in which this has affected the strategies, people, policies and processes in an organization, it has become all the more imperative that organizations clearly establish a well-defined change management framework for realizing the strategic objectives. Change is inevitable and it can only be managed, failing which the organizations may cease to exist.

In the era of globalization, organizations function across the cultural boundaries with large investments in human capital as well as physical resources, give utmost importance to technological change and innovative practices for a leadership advantage. Business alliances like mergers, acquisitions, diversifications, takeovers and various other collaborative ventures have become the most preferred strategic best practices for the organizations to survive the fierce forces of competition, through transfer of people, technology, processes and leadership. For successfully handling this transition and converting the threats of change into opportunities, organizations must be flexible and open for Change Management.
By improving the readiness for change, organizations can strengthen their adaptability mechanisms and build their internal competencies for facing future uncertainties or many such multiple change auguring situations. An organization’s readiness for change management influences organizational strategies and policy related decisions, as it involves a comprehensive, well planned approach and implementation of systemic interventions which would have an overall influence on the system, processes, people as well as the organizational structure as a whole.

Innovations in technology and research advancements, have created opportunities for working virtually across any part of the globe; changes in the organizational structure and hierarchy; changes in the human resource policies and regulations, has resulted in organizational reengineering and change in the style of working of employees.

For meeting the growing demands of ever changing business operations, more dynamic and flexible organizations have endorsed new methods of working like flexi work hours, work from home, freelancing opportunities, virtual method of working, business operation outsourcing and project driven operations, etc. which provide ample opportunities to the workmen to work as per their convenience and flexibility.

Organizations change for responding to the fluctuations or volatility in the business environment. Any change in order to have successful outcomes must involve comprehensive planning, focused approach and involvement of the key stakeholders in the entire process. For any organization, people play a very vital role in driving business excellence as they are the most valuable assets. Hence, a change in the method of handling a job role, implementation of facilitating interventions and training people about the new practices or techniques, can result in impressive results in terms of the return on investment (ROI). How organizations manage change or respond to the business transitions largely depend upon the adaptability of people or readiness of the people in understanding the changes in the process and method of handling a job. Change management process may directly affect the human resource strategies of an organization depending upon the goals or strategies of an organization.

A well-defined change management process can help in mitigating risks related with the people side. If this aspect is ignored, it might result in increase in the overall costs, decline in productivity as well as employee motivation and increase in the absenteeism level and employee attrition. Hence, it improves the overall preparedness of the management and
the decision making authorities in understanding the need for managing change, the key processes involved in it and in understanding the operational technicalities connected with it. Planned change if effectively implemented can be beneficial in terms of controlling costs, minimizing risks, reducing the stress and anxiety by controlling uncertainties. It helps in setting up new milestones, establishing objectives, defining priorities and identifying the limitations for driving excellence in new initiatives.

**Effective Change management process** help organizations in understanding the changing customer needs, meeting their demands and expectations much better since the requirements are well defined. If implemented with proper planning, change management does not affect the day to day functioning of an organization, rather it functions concurrently. Instead it creates a scope for establishing best practices, defining the operational framework and regulations for the people, processes and system. It engages people in the entire process and motivates them to work towards realization of a common goal or objective and deliver excellence in performance through collaborative efforts and involvement in the process as a whole. Research in this direction proves the fact that organizations which have an established change management process are more likely to excel in meeting the business goals or achieve excellence in their project outcomes.

Effective change management is the key to realization of operational effectiveness, plays a key role in creating an optimism in the organizational environment as it has holistic outcomes and enables achievement of outcomes by defining superior benchmarks and working towards it for realization of the set benchmarks.

**Organizational change affect the leadership thinking style** and may optimize the benefits by establishing the systems and processes in place, establishing an integrated framework for achieving the developmental goals with the complete involvement of people in the end to end stages of change management cycle.

Hence, to conclude it may be appropriate to mention that change management is a planned and an integrated approach involving the support of the key stakeholders in terms of the willingness as well as the preparedness to move from the existing state of affairs to a reformed state by accepting the transition and wholeheartedly participating in the entire process.

**Pre-Requisites for Successful Change Management**

Change Management in an organization aims at realizing the strategic goals and improving an organization’s preparedness for meeting both internal as well as external
challenges, which may influence business growth and profitability. To remain on top, today companies have to undergo through progressive transformation and evolve as per the changing business environment.

Effective Change Management involves a comprehensive and an integrated effort from all the levels of the management. Successful change management involves consideration of several factors, which have been described below:

**Effective Planning:** This is critical for ensuring successful change to happen. This stage essentially involves definition and documentation of objectives to be attained from change management and also the strategies for realizing those objectives. It aims at addressing the vital questions of who, what, why, when, where and how involved in the implementation of any change management programme. It takes into context the current situation and equally assesses the impact of change initiatives on the futuristic strategies of the organization, the people involved in it as well as the stakeholders connected with it.

Effective Planning should consider the below factors:

- **Clear definition of objectives of change management and alignment of objectives with the organizational vision/mission/strategies.** If the vision is not defined properly or shared, seeking the involvement of all the stakeholders in the process of change may be difficult. Lack of vision and direction, may result in misaligned approach, incompatible outcomes and may dissolve the long term benefits of change initiatives.

- **Documentation of the objectives, defining the road map or the development of the change plan for implementing change management successfully.** Documentation of the change management objectives, provides a strategic direction and justifies the rationale of a change initiatives along with the resources required for it to happen. It provides a bigger picture regarding the magnitude and complexities involved in the entire process of change management.

  Documentation should justify the following points:

  i. Why a change initiative is required and the factors/drivers establishing a need for change management.

  ii. What could be the possible outcomes of the change initiatives, and

  iii. How a change management effort may affect the key stakeholders, people, processes and the organization as a whole.
Change Plan must cover the following areas:

iv. The change plan should elaborate the key objectives which are aimed at.

v. Highlight the strategic alternatives, direction, organizational restructuring, changes in the existing processes & people management practices to ensure successful change.

vi. Plans for implementing the change, provide a description on how the change would be communicated to the people or the stakeholders who are connected with it.

vii. Highlight the resources involved or the timelines within which the results are supposed to be achieved.

viii. The changes in the HR policies and principles which may be applied particularly in relation with the staffing issues for realizing the objectives of change management.

ix. Clear definition of the key performance indicators for reviewing the outcomes of change management and its success in meeting the objectives.

Definition of the Governance Structure/Framework for effective Change Management: In the absence of a well-defined governance framework, the success of change management efforts may fizzle away. For a successful change to happen, the organizational structure, roles & responsibilities should be established and defined clearly to monitor the progress of change periodically and implement corrective actions for seamless transformation. The following change governance structure model can be used:

- **Steering Committee:** It is the apex body responsible for ensuring the success of change management. The members of the steering committee are responsible for planning and implementing strategies, providing direction and leadership for change management and ensure that the objectives of change management remain in alignment with the organizational vision/goals.

- **Change Sponsor:** The change sponsor is the key person responsible who is directly responsible and accountable for the change. This may be a senior level representative who may have the responsibility of managing the resources involved in the change management process and may exercise control over the expenditure incurred in the entire process. The Change sponsor is involved in the end to end process, is directly accountable for gathering the support and commitment of the business leaders in
particular, minimizes the resistance or barriers to change management and addresses the risks associated by taking radical measures. A change sponsor is usually someone who enjoys greater authority, is empowered and experienced in implementing vital decisions for handling the complexities in change management.

- **Change Agent:** A change agent is responsible for coordinating the day to day activities and provides the needed support as well as expertise for ensuring the success of a change initiative. Change teams are the facilitators involved in extensive coordination between the various functionalities, establishes the operational framework and ensures adherence with the regulations involved in the entire process.

- **Work Streams/Groups:** This involves the task forces/groups directly responsible for the realization of the specific objectives of change management. The task forces or specialized groups within the organizations work upon the specific projects and are directly accountable for completion of the assigned responsibilities within the predefined timelines and resources.

**Commitment of the Leadership:** Leaders build the conducive organizational culture and climate for the realization of the objectives of change management. Their commitment and involvement is critical for the success of change efforts. Leaders who are transformational, visionaries and lead by example can foster an environment of cooperation and collaboration across all the levels of the organization.

**Stakeholders Awareness and Involvement:** Stakeholders involvement and participation in the entire process is critical for the success of change management. The organizations should engage the stakeholders by facilitating an environment of collaboration and communicate the objectives as well as its outcomes.

**Workforce Alignment:** This should essentially involve an assessment of the impact of change management process on the people and establishing plans for obtaining the support of the people in the entire process by building collaborative synergies and highlighting the beneficial outcomes.

**Overcoming Barriers to Change**

Research has shown that the best way to get the senior managers at all levels interested in the change initiatives is by engaging them and seeking their buy-in for the change management process. Studies have proved that the managers in the upper echelons
buy into the change from a strategic perspective where the accent is on performance and hence radical or disruptive change is seen as part and parcel of an organization's development. **Managers at the middle level can be made to see the value inherent in change and hence they can be brought on board.** The frontline managers’ views and inputs can be sought and thereby their cooperation and participation in the change obtained. These are the broad outlines and the following detailed sets of approaches can be pursued as well.

**Make Them the Hero**

By making the managers the change drivers and change initiators is often the best way of securing their buy-in. The point here is that by getting the managers to be the ones who are implementing change and by giving them centre stage, it is possible to secure their participation.

By definition, senior managers are highly capable, motivated and ambitious. By making them the stars of the change process, their innate abilities can be harnessed to the benefit of the organization. It is often better to have a close association with the senior managers to achieve the desired results.

**Show them the potential of Change**

By selling change and the value of such change to the organizations and themselves the senior managers can be persuaded to accept change. The point to note is that senior managers must be told what their role in the post change scenario would be and by making them see themselves in the future vision, they can be made to play a key part in the change management.

As has been mentioned earlier, if the benefits of the change are explained and by persuading that the change does not involve downsizing or other reduction in roles and responsibilities, the senior managers can be expected to be partners rather than resisters in the change management process.

**Painting the Alternatives**

This is the stick part of the carrot and stick approach wherein senior managers are told of the urgent need for change and by indicating to them what the consequences for themselves and the organization would be if the change does not succeed. By painting harsh alternative scenarios like declining market share and repercussions of layoffs and downsizing
if the change does not succeed would make the senior managers realize the flip side of resistance. In this way, they can be persuaded to accept the business realities behind the change process.

**Involving Them in the Change**

By adopting a “hands on” approach that would involve “all hands” and including all the stakeholders, senior managers can be brought on board. The point is that by adopting an inclusive approach and giving a sense of ownership to the senior managers and taking their inputs and feedback would ensure that the key aspect of “engagement” is achieved. The key to senior manager participation in the change initiatives is through engagement and only by communicating clearly the benefits of change and by positing the alternatives would it be possible to engage with senior managers. A suitable narrative of the changes and the impact that they have on the senior managers must be communicated to all levels and there must be a process in place to bring on board as many managers as possible.

Personality clashes and power politics can be addressed by consensual approaches to decision making and by adopting a carrot and stick approach as described above.

**Reasons for Resistance to Change**

Change is an important and an indispensable part of the organizational life. It is all pervasive and hence comes the question of paying attention to the importance of building the coping and adaptive mechanisms of an organization for being current and competitive in the contemporary scenario. The phrase “Resistance to Change” is discussed hand to hand along with the concept of Change Management. Resistance to Change may be organizational or individual in nature. According to Agócs, 1997, organizational resistance involves all the organizational behavioural patterns which impede or undermines change.

A mild degree of resistance to change is considered to be positive as it provides a great extent of behavioural stability as well as predictability. It is believed to have a favourable influence on the decision making, evaluation of the available alternative critically and leads to a healthy brainstorming on the viability of various ideas and strategic alternatives. But, on the other hand, resistance to change hinders the progress of the work due to unnecessary chaos and creates adaptability issues.

Resistance to change can manifest in different ways. Resistance towards a change can be expressed in an overt manner, covertly, implicitly, can be immediate or may be
deferred. **Individual Resistance to Change** can be classified into the following categories as below:

**Rational vs. Irrational Resistance**

According to de Jager, 2001, Rational or Irrational Resistance to Change can be defined as merely a perceptual process. Irrational resistance to change does not find too much of a mention in the change literature. Hence the irrational resistance does not have a clearly defined definition. Irrational resistance can only be felt or usually expressed in various behavioural forms.

On the other hand, Rational Resistance to Change is backed by logical argument, justification or a reward which can bring about the change.

**Justified vs. Unjustified Resistance**

Rational Resistance to Change can be classified into Justified and Unjustified Resistance to Change. Unjustified Rational Change is usually psychological in nature and may involve conflicting commitments in a hidden form (Kegan & Lahey, 2002), might manifest as personal insecurities or fears (Powell & Posner, 1978; Yukl, 2006) or may be simply as a belief that a change may come against one's very own ideals or culture (Lawson & Price, 2003; Recardo, 1995; Schein & NetLibrary, 2004; Yukl, 2006). Unjustified rational resistance may take the following forms with fear or threat being the major drivers:

- Fear towards the unknown
- Fear regarding the Personal Failure
- Fear of Being Labeled as Incompetent
- Fear of Loss of Control over the situation
- Threat to personal values, principles or philosophy
- Threat of a possible change in the status

According to Recardo (1995), an employee who is faced with the fear of unknown may require special efforts in communication from the change agent for managing that fear. For dealing with the fear of failure or being considered as incompetent, the organization may temporarily introduce changes in the workflow or change the employee evaluation procedure so that the employees are reassured that they will not be penalized during the entire change process. Atkinson (2005), a change specialist is of the view that various change programs fail to meet the intended objectives due to the lack of efforts devoted to effective internal public
relations. Though some fears and threats can be easily addressed with devoted efforts from the change management involving effective communication with the key stakeholders and the people who are directly affected by the change. However, unhealthy threats and fears cannot be easily addressed and are beyond the purview of the change agent or the management and may take a longer time for adaptation process.

Justified Resistance takes place when the real threat or fear exists and the change is manifested in a negative form. Several consultants explain that the Justified Resistance is believed to have a positive effect on the organization (de Jager, 2001; Atkinson, 2005). According to Dent and Goldberg (as cited in Oreg, 2006 p. 73), the members of the organization resist adverse outcomes of the change and not the change itself. The negative outcomes of the change may take the following forms:

- Change may increase the workload
- Change may affect the job security
- Change may adversely affect the social networking of the employee
- The resource availability for implementing the change are insufficient. Hence the change is resisted
- The need for change is not so urgent or important

Research studies have proven that a negative consequence of change will lead to resistance from the employees which are obvious and cannot be avoided. For example, organizational downsizing or a reduction in the pay of employees will undoubtedly lead to a resistance from the employees, but this resistance may not essentially affect the possible effects or the outcomes of the change.

Covert vs. Overt Resistance

Resistance to change can be expressed in an overt or covert manner (de Jager, 2001). According to Atkinson (2005), identification of overt resistance is relatively easier, and the appropriate strategies can be used for mitigating its effects. Overt resistance may manifest in various forms but is usually expressed in the form of either opposing vocally or in the form of strong agitation. On the other hand, it is very difficult to detect covert resistance to change. According to Recardo (1995), covert resistance to change may be expressed in the following ways:

- Reduction in the output
- Withholding the information
• Lingering the matter by asking for unnecessary details or information for further studies or investigation

• Unnecessarily appointing committees or various task forces

  Resistance to change is still a controversial area of research or study as still there is an absence of a proper consensus between different authors regarding the change outcomes, which is due to the lack of substantial empirical pieces of evidence or facts on the change literature. Resistance to change is still a potential area of investigation or further research, and a lot of newer insights on this subject can be unveiled through effective research and investigation.

Performance Management - Meaning, System and Process

Definition of Performance Management

  The role of HR in the present scenario has undergone a sea change and its focus is on evolving such functional strategies which enable successful implementation of the major corporate strategies. In a way, HR and corporate strategies function in alignment. Today, HR works towards facilitating and improving the performance of the employees by building a conducive work environment and providing maximum opportunities to the employees for participating in organizational planning and decision making process.

  Today, all the major activities of HR are driven towards development of high performance leaders and fostering employee motivation. So, it can be interpreted that the role of HR has evolved from merely an appraiser to a facilitator and an enabler.

  Performance management is the current buzzword and is the need in the current times of cut throat competition and the organizational battle for leadership. Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements.

  The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization.

  Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by
communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

The term performance management gained its popularity in early 1980’s when total quality management programs received utmost importance for achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework. Performance management is an ongoing communication process which is carried between the supervisors and the employees throughout the year. The process is very much cyclical and continuous in nature. A performance management system includes the following actions.

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA’s) and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotional/career development support and guidance to the employees.
- Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.
A performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization’s mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviors, it helps the employees in understanding what exactly is expected out of their jobs and setting of standards help in eliminating those jobs which are of no use any longer. Through regular feedback and coaching, it provides an advantage of diagnosing the problems at an early stage and taking corrective actions.

To conclude, performance management can be regarded as a proactive system of managing employee performance for driving the individuals and the organizations towards desired performance and results. It’s about striking a harmonious alignment between individual and organizational objectives for accomplishment of excellence in performance.

Objectives of Performance Management

According to Lockett (1992), performance management aims at developing individuals with the required commitment and competencies for working towards the shared meaningful objectives within an organizational framework.

Performance management frameworks are designed with the objective of improving both individual and organizational performance by identifying performance requirements, providing regular feedback and assisting the employees in their career development.

Performance management aims at building a high performance culture for both the individuals and the teams so that they jointly take the responsibility of improving the business processes on a continuous basis and at the same time raise the competence bar by upgrading their own skills within a leadership framework. Its focus is on enabling goal clarity for making people do the right things in the right time. It may be said that the main objective of a performance management system is to achieve the capacity of the employees to the full potential in favor of both the employee and the organization, by defining the expectations in terms of roles, responsibilities and accountabilities, required competencies and the expected behaviors.

The main goal of performance management is to ensure that the organization as a system and its subsystems work together in an integrated fashion for accomplishing optimum results or outcomes.
The major objectives of performance management are discussed below:

- To enable the employees towards achievement of superior standards of work performance.
- To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.
- Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.

Some of the key concerns of a performance management system in an organization are:

- Concerned with the output (the results achieved), outcomes, processes required for reaching the results and also the inputs (knowledge, skills and attitudes).
- Concerned with measurement of results and review of progress in the achievement of set targets.
- Concerned with defining business plans in advance for shaping a successful future.
- Striving for continuous improvement and continuous development by creating a learning culture and an open system.
- Concerned with establishing a culture of trust and mutual understanding that fosters free flow of communication at all levels in matters such as clarification of expectations and sharing of information on the core values of an organization which binds the team together.
- Concerned with the provision of procedural fairness and transparency in the process of decision making.
The performance management approach has become an indispensable tool in the hands of the corporate as it ensures that the people uphold the corporate values and tread in the path of accomplishment of the ultimate corporate vision and mission. It is a forward looking process as it involves both the supervisor and also the employee in a process of joint planning and goal setting in the beginning of the year.

Any effective performance management system includes the following components:

1. **Performance Planning:** Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the appraisee and also the reviewee in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget, which is finalized after a mutual agreement between the reporting officer and the employee.

2. **Performance Appraisal and Reviewing:** The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which is held in the end of the financial year. In this process, the appraisee first offers the self filled up ratings in the self appraisal form and also describes his/her achievements over a period of time in quantifiable terms. After the self appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of review seeks an active participation of both the employee and the appraiser for analyzing the causes of loopholes in the performance and how it can be overcome. This has been discussed in the performance feedback section.

3. **Feedback on the Performance followed by personal counseling and performance facilitation:** Feedback and counseling is given a lot of importance in the performance management process. This is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee is also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counseling and guidance, mentoring and
representing the employee in training programmes which develop the competencies and improve the overall productivity.

4. **Rewarding good performance:** This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.

5. **Performance Improvement Plans:** In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved.

6. **Potential Appraisal:** Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

### Performance Appraisal and Performance Management

A table depicted below shows a comparison between performance appraisal and performance management:

<table>
<thead>
<tr>
<th>Performance Appraisal</th>
<th>Performance Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus is on top down assessment</td>
<td>Stresses on mutual objective setting through a process of joint dialogue</td>
</tr>
<tr>
<td>Performed annually</td>
<td>Continuous reviews are performed</td>
</tr>
<tr>
<td>Usage of ratings is very common</td>
<td>Usage of ratings is less common</td>
</tr>
<tr>
<td>Focus is on traits</td>
<td>Focus is on quantifiable objectives, values and behaviors</td>
</tr>
<tr>
<td>Monolithic system</td>
<td>Flexible system</td>
</tr>
</tbody>
</table>
Benefits of a Performance Management System

A good performance management system works towards the improvement of the overall organizational performance by managing the performances of teams and individuals for ensuring the achievement of the overall organizational ambitions and goals. An effective performance management system can play a very crucial role in managing the performance in an organization by:

- Ensuring that the employees understand the importance of their contributions to the organizational goals and objectives.
- Ensuring each employee understands what is expected from them and equally ascertaining whether the employees possess the required skills and support for fulfilling such expectations.
- Ensuring proper aligning or linking of objectives and facilitating effective communication throughout the organization.
- Facilitating a cordial and a harmonious relationship between an individual employee and the line manager based on trust and empowerment.

Performance management practices can have a positive influence on the job satisfaction and employee loyalty by:

- Regularly providing open and transparent job feedbacks to the employees.
- Establishing a clear linkage between performance and compensation
- Providing ample learning and development opportunities by representing the employees in leadership development programmes, etc.
- Evaluating performance and distributing incentives and rewards on a fair and equated basis.
- Establishing clear performance objectives by facilitating an open communication and a joint dialogue.
- Recognizing and rewarding good performance in an organization.
- Providing maximum opportunities for career growth.
An effectively implemented performance management system can benefit the organization, managers and employees in several ways as depicted in the table given below:

<table>
<thead>
<tr>
<th>Organization’s Benefits</th>
<th>Improved organizational performance, employee retention and loyalty, improved productivity, overcoming the barriers to communication, clear accountabilities, and cost advantages.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager’s Benefits</td>
<td>Saves time and reduces conflicts, ensures efficiency and consistency in performance.</td>
</tr>
<tr>
<td>Employee’s Benefits</td>
<td>Clarifies expectations of the employees, self assessment opportunities clarifies the job accountabilities and contributes to improved performance, clearly defines career paths and promotes job satisfaction.</td>
</tr>
</tbody>
</table>

Performance Management - Meaning, System and Process

Definition of Performance Management

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Today, all the major activities of HR are driven towards development of high performance leaders and fostering employee motivation. So, it can be interpreted that the role of HR has evolved from merely an appraiser to a facilitator and an enabler.

Performance management is the current buzzword and is the need in the current times of cut throat competition and the organizational battle for leadership. **Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements.**

The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization.
Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

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- Concerned with the provision of procedural fairness and transparency in the process of decision making.

Evolution of Performance Management

The term performance management gained its importance from the times when the competitive pressures in the market place started rising and the organizations felt the need of introducing a comprehensive performance management process into their system for improving the overall productivity and performance effectiveness.

The performance management process evolved in several phases.

1. **First Phase:** The origin of performance management can be traced in the early 1960’s when the performance appraisal systems were in practice. During this period, **Annual Confidential Reports (ACR’s)** which was also known as **Employee service Records** were maintained for controlling the behaviors of the employees and these reports provided substantial information on the performance of the employees. Any negative comment or a remark in the ESR or ACR used to adversely affect the prospects of career growth of an employee. The assessments were usually done for ten traits on a five or a ten point rating scale basis. These traits were job knowledge, sincerity, dynamism, punctuality, leadership, loyalty, etc. The remarks of these reports
were never communicated to the employees and strict confidentiality was maintained in the entire process. The employees used to remain in absolute darkness due to the absence of a transparent mechanism of feedback and communication. This system had suffered from many drawbacks.

2. **Second Phase:** This phase continued from late 1960’s till early 1970’s, and the key hallmark of this phase was that whatever adverse remarks were incorporated in the performance reports were communicated to the employees so that they could take corrective actions for overcoming such deficiencies. In this process of appraising the performance, the reviewing officer used to enjoy a discretionary power of overruling the ratings given by the reporting officer. The employees usually used to get a formal written communication on their identified areas of improvements if the rating for any specific trait used to be below 33%.

3. **Third Phase:** In this phase the term ACR was replaced by performance appraisal. One of the key changes that were introduced in this stage was that the employees were permitted to describe their accomplishments in the confidential performance reports. The employees were allowed to describe their accomplishments in the self appraisal forms in the end of a year. Besides inclusion of the traits in the rating scale, several new components were considered by many organizations which could measure the productivity and performance of an employee in quantifiable terms such as targets achieved, etc. Certain organizations also introduced a new section on training needs in the appraisal form. However, the confidentiality element was still being maintained and the entire process continued to be control oriented instead of being development oriented.

4. **Fourth Phase:** This phase started in mid 1970’s and its origin was in India as great business tycoons like Larsen & Toubro, followed by State Bank of India and many others introduced appreciable reforms in this field. In this phase, the appraisal process was more development driven, target based (performance based), participative and open instead of being treated as a confidential process. The system focused on performance planning, review and development of an employee by following a methodical approach.

In the entire process, the appraisee (employee) and the reporting officer mutually decided upon the key result areas in the beginning of a year and reviewed it after every six months. In the review period various issues such as factors affecting the
performance, training needs of an employee, newer targets and also the ratings were discussed with the appraisee in a collaborative environment.

This phase was a welcoming change in the area of performance management and many organizations introduced a new HR department for taking care of the developmental issues of the organization.

5. **Fifth Phase:** This phase was characterized by maturity in approach of handling people’s issues. It was more performance driven and emphasis was on development, planning and improvement. Utmost importance was given to culture building, team appraisals and quality circles were established for assessing the improvement in the overall employee productivity.

The performance management system is still evolving and in the near future one may expect a far more objective and a transparent system.

**Components of Performance Management System**

**Any effective performance management system includes the following components:**

1. **Performance Planning:** Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the appraisee and also the reviewee in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget, which is finalized after a mutual agreement between the reporting officer and the employee.

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3. **Feedback on the Performance followed by personal counseling and performance facilitation:** Feedback and counseling is given a lot of importance in the performance
management process. This is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and development needs of the employee is also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counseling and guidance, mentoring and representing the employee in training programmes which develop the competencies and improve the overall productivity.

4. **Rewarding good performance**: This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.

5. **Performance Improvement Plans**: In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved.

6. **Potential Appraisal**: Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

**Benefits of a Performance Management System**

A good performance management system works towards the improvement of the overall organizational performance by managing the performances of teams and individuals for ensuring the achievement of the overall organizational ambitions and goals. **An effective performance management system can play a very crucial role in managing the performance in an organization by:**

- Ensuring that the employees understand the importance of their contributions to the organizational goals and objectives.
Ensuring each employee understands what is expected from them and equally ascertaining whether the employees possess the required skills and support for fulfilling such expectations.

- Ensuring proper aligning or linking of objectives and facilitating effective communication throughout the organization.
- Facilitating a cordial and a harmonious relationship between an individual employee and the line manager based on trust and empowerment.

**Performance management practices can have a positive influence on the job satisfaction and employee loyalty by:**

- Regularly providing open and transparent job feedbacks to the employees.
- Establishing a clear linkage between performance and compensation
- Providing ample learning and development opportunities by representing the employees in leadership development programmes, etc.
- Evaluating performance and distributing incentives and rewards on a fair and equated basis.
- Establishing clear performance objectives by facilitating an open communication and a joint dialogue.
- Recognizing and rewarding good performance in an organization.
- Providing maximum opportunities for career growth.

An effectively implemented performance management system can benefit the organization, managers and employees in several ways as depicted in the table given below:

<table>
<thead>
<tr>
<th>Organization’s Benefits</th>
<th>Improved organizational performance, employee retention and loyalty, improved productivity, overcoming the barriers to communication, clear accountabilities, and cost advantages.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager’s Benefits</td>
<td>Saves time and reduces conflicts, ensures efficiency and consistency in performance.</td>
</tr>
<tr>
<td>Employee’s Benefits</td>
<td>Clarifies expectations of the employees, self assessment opportunities clarifies the job accountabilities and contributes to improved performance, clearly defines career paths and promotes job satisfaction.</td>
</tr>
</tbody>
</table>
Unit V

Business Process Re-Engineering Vs Continuous Improvement

Business Process Re-Engineering Vs Continuous Improvement – Business Process Re-engineering is the radical designs of the business that help to experience dramatic improvements in the business cycle, quality, as well as productivity. The business Process re-engineering is the great idea to introduce new plans on the existing processes that supports to offer great value to the respective customer. Usually most of the companies reduce the unproductive activities in two main areas, such as decision making and functional organizations. The process re-engineering is the great fundamental rethinking of course this system is mainly introduces to overcome all the drawbacks of the existing systems. By the way every organization has chances to reach the process performance. Particularly this system designs for the continuous process improvement, in general improvement is always essential to continue your position in the global economies even it is the most effective choices to fierce the global competition. In general re-engineering, is one of the necessary factors to improve, debug, improve as well as refine.

Re-engineering is the popular systematic transformation that helps to add new things in the existing system. It is the newest form of the quality improvement. It is the finest way to enjoy greater ROI (return of investment) through the latest development process. Re-engineering is also related to the traditional maintenance, even it is the essential aspects to implement new capabilities at the same time it also add functionalities, by the way every business people have chances to make substantial improvements by using the new concepts. This process also includes new software technologies, in general CPI and process re-engineering highly used in the organizational improvements at the same time it helps to get desired result, these two process have the greatest benefits and highly support for organizational growth.

Business Process Re-engineering Vs Continuous Improvement

Advantages of Re-engineering:

- Lower Risks:

  In general Re-engineering is the radical replacement of the system, first of all it completely reduces the risk factors, and this system is created to achieve user’s needs, even the risk factors of drastically reduced. So you have chances to enjoy great business
improvements rather than it is the finest choices to meet your exact business needs. It is the risk free techniques to enjoy outstanding business benefits.

- **Cost Effectiveness:**
  
The reengineering is the process of introducing new things in the existing system, so the cost of the system is significantly less when compared to the new system development. Even the employees also introduce new skills during the reengineering process. In general the re-engineering has incremental nature that helps to avoid all the risk factors associated with the process. So it is highly preferred system to beat the competitors.

- **Exposure Of The Existing Business Rules:**
  
The reengineering process highly used to solve problems created by the exceptional situations. This also recovered the business rules that help to meet your desired needs in the business process.

- **Incremental Development:**
  
  Re-engineering is also suitable within your budget even the resources are also available. Due to this factor people are gradually adapt to this system, because the reengineering process always delivers improvements. Increments are not a linear, in general it will take place based on the process, and getting significant improvement is really possible by using the re-engineering process. By using the re-engineering every people can experience continuous improvements in the given point. It is the most effective way to enhance your organizational performance. Normally the business people consider re-engineering to achieve great performance substantially on the organization key processes even it supports for the customers. This process also reduces the cycle time; even it completely eliminates the unproductive activities, so that it also reduces the need of the management layers. At the same time this process accelerates organizational information flows by eliminating errors, especially it overcomes all the process you no need to involve in the reworking process.

- **Quality Improvements:**
  
  Business Process re-engineering supports for the organization growth by reducing the fragmentation of your work by the way it supports for the establishments of the clear ownership process, moreover workers also gain responsibility to produce great output. On the other hand they also measure their own performance to enhance their organization qualities. It is the current enterprise systems that help to make wonders in your business
improvements, furthermore it odder competitive edge to enjoy ultimate improvements, business people have chances to experience competitive advantages by using the re-engineering process. Having a realistic understanding about the organization process is also important at the same time it is the finest way to achieve the successful positions. It is the faster as well as less expensive methods when compared to others, due to this most of the business people consider this technique to enhance their business qualities.

**Continuous Improvement:**

Continuous improvement is otherwise called as continual improvement; it is one of the ongoing improvements of services as well as the products. By the way business people experience great incremental benefits rather than they enjoy breakthrough improvements. It is the ongoing effort that helps to improve your service, process and products with ease. It is the widely used tools to experience the continuous improvement is the business, especially it includes four step quality models, such as plan, do, check and act. Other methods of the continuous improvement also include Total Quality Management, Six Sigma, employee involvement, teamwork, Lean. The terms continuous improvement also involves in the organization growth. Continual improvement is the general processes of the improvement that includes various approaches. At the same time it also covers different areas, it is the subset of continual improvement, which help to pay more attention on various process like incremental improvement as well as linear.

**Advantages of the Continuous Improvement:**

- **Work flow:**
  
  Continuous improvement highly supports for the improvement of work flow in your organization. At the same time it is the most important aspects to identify specific problems. By the way you can easily understand the design phase of the project. These methods offer responsibilities to take action. Even you can easily monitor outcome so it helps to determine the desired result.

- **Problems Solving Technique:**

  Continuous improvement supports to solve problems associated with the process, at the same it offers great control to the project team members by the way they can easily uncover problems. In addition, it is the finest way to determine the finest solution to solve the problems. Every business people can easily handle problems through the careful
analysis. With the help of this every business people can identify their beginning as well as the end points. So it is considered as the beginning trigger, in general the continuous process improvements activities support to find whether the problems is existed in the organization growth.

- **Reduced Root Causes:**

  The Continuous improvement process mainly designed to overcome all the problems, so of so it is the great remedy for any situation. Most of the business people determine problem by using this method at the same time they also find suitable techniques how to fix them. The continuous improvement process supports for the gauge success. It is the most important aspects for your customer satisfaction. Even you can easily correct the problems during the improvements. First of all it reduces waste through the lean production at the same time this process reduces the reworking process as well as time. In fact it improves the product quality. By using these techniques business people enjoy the faster response times. It is the best choices to get more number of customers through the innovative service and products. In addition, it is the cost effective way to drive the further improvement. Especially this process provides great value to the organization.

- **Improved Streamline:**

  Moreover the streamlined processes also require less time, efforts as well as money requirement is also less. This process automatically cut down the operational costs but it produces desired results in the quick manner. Normally the process improvements create best service outputs, so you no need to involve in the rework process. Of course it is the finest process to eliminate huge operational costs. By the way it offers great ability to the organizations to accomplish more options with the limited amount as well as resources. On the other hand this process give opportunity to develop new range of services as well as it is the best deal to accomplish goals to meet your organizational goals.

- **Affordability:**

  Ultimately, the business people experience great benefits by investing fewer amounts. This process offers wonderful benefits, by using this method every people have chances to enjoy operational advantage, alternatively it is the greatest choices to beat your competitors with ease. So it is considered as the potential tool for the business
improvement. If you use this method you no need to consider about the organizational challenges because you can easily overcome all the challenging factors by using this effective technique. Moreover, every business people have chances achieve their respective business goal by offering exceptional service to their customers. So it is considered as the worthy investment.

**Difference Between Re-Engineering And Continuous Improvement:**

### Differences between BPR & Continuous Improvement

<table>
<thead>
<tr>
<th>Factors</th>
<th>BPR</th>
<th>Continuous Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of change</td>
<td>Radical</td>
<td>Incremental, continuous</td>
</tr>
<tr>
<td>Goal</td>
<td>Dramatic improvement</td>
<td>Small, cumulative enhancement</td>
</tr>
<tr>
<td>Characteristics of change</td>
<td>Abrupt change</td>
<td>Gradual, constant change</td>
</tr>
<tr>
<td>Organizational impact</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Relative risk</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Implementation</td>
<td>Directive, top down</td>
<td>Empowered, bottom up</td>
</tr>
<tr>
<td>Philosophy</td>
<td>Scrap and rebuild</td>
<td>Maintain and improve</td>
</tr>
<tr>
<td>Senior management involvement</td>
<td>Intensive throughout</td>
<td>Up-front</td>
</tr>
<tr>
<td>Enablers</td>
<td>IT, organizational design</td>
<td>Total Quality Management</td>
</tr>
<tr>
<td>Potential use of IT</td>
<td>Very high</td>
<td>Incidental (short)</td>
</tr>
</tbody>
</table>

1. **Management Involvement:**

   In general the Continuous Process Improvement involves the improvement of the work processes at the same time the Process Re-engineering involves the managers in the hands on role that means PR often makes great changes in your organizational structures, even it supports for the redesigning of the jobs.

2. **Involvement Of Team:**

   In the CPI, team members also involves in the part-time basis at the same time they consider process in the extended time frame. Alternatively in the PR employers work in regular basis even they put effort to enhance your organization growth in the shorter time frame.

3. **Improvement Goals:**

   Business people achieve successive incremental improvements in the process of CPI in the short period of time. The Process reengineering is also done based on the time period that means it will be done periodically. So it is the great support to achieve
dramatic improvement. Especially this process involves in the process of radical redesigning. So it is the most effective way to achieve the organization growth in the earlier time period.

4. **Implementation Approach:**

   In general lot of incremental improvements made within the CPI so it helps to add significant improvements, but the process reengineering is the process of paying more attention on the outcome even it is the process of achieving breakthrough improvements over the CPI.

5. **Organizational Change:**

   In the CPI, organizational changes also taken place, there are no time limitations, in the PR, radical process changes only take place within the management system, training, organizational as well as job design.

6. **Extent Of Focus:**

   In the CPI, focus is one of the narrowly defined processes that mean the employees puts efforts to achieve higher level process. Alternatively the PR needs to focus on functional process to achieve major success in the complete system.

7. **Information Systems:**

   In general most of the Organizations using CPI occasionally because it is the finest way to protect their work with difficulties. The PR, information systems gives great support to reach the radical improvements even it completely reduces your investment as well as time. Organizations also improve business opportunities. So business people need to find the most suitable technique to achieve the break-through improvements. Even the organizations offer great opportunities for the employees to responding to their suggestions. At present most of the organizations are using both process reengineering and CPI for their business improvements. It is the most important aspects for the organization. In general the process reengineering is one of the most important aspects to solve problems occurred in certain situations.

**Implementation of Business Process Reengineering**

The following steps can help BPR realize its core principles of customer satisfaction, reduced costs of business and increased competitiveness.
1. Business Vision and Objectives

Any BPR activity needs to begin with clearly defined and measurable objectives. Whether the goal is reducing costs, improving quality of product, or increasing efficiency, the framework for what needs to be achieved has to be decided upon at the outset, in line with the company’s vision and mission.

2. Identification and Slacking Processes

Once a clear goal is in mind, all processes need to be studied and those seen as ‘slacking’ or that can be improved need to be identified. Among these, those processes with direct impact on the company’s output or those that clash with the company’s mission become part of the ‘red’ list. This clear identification makes the difference between BPR success and failure.

3. Understand and Measure the ‘Red’ Processes

With a list of slacking processes in hand, it is imperative to identify how they were identified as such. Are they taking too much time to complete? Is the quality of the outcome being compromised? Whatever the issue, each process must be judged objectively either against industry standards or ethically obtained competitor best practices.

4. Information System and Technology Capabilities

An efficient and relevant IT system is an essential BPR enabler. Without such a system, it is not possible to keep a check on all factors affecting the change. Before setting out on a radical BPR activity, it is vital to set in place information systems that can deal with the magnitude of the change.

5. Design, Build and Test the New Prototype

Before any new product is launched, a prototype is tested out. A failure at a testing stage should never be implemented at a larger scale. BPR projects fail more often than not for a variety of reasons but a basic reason is the inability to identify and accept any limitations at the testing stage. Among other factors, both the management’s attitude towards the new way of work and the employees’ outlook towards the change should be carefully assessed.

6. Adapting the Organization

Managing change brought about by BPR activities is the final effort towards a successful project. Providing updated documentation, organizational structures, governance models as well as updated charts of authority and responsibility leave little room for confusion and allow a smooth transition into the new way of work.
Case Study
M&M's BPR

In the mid-1990s, India's largest multiutility vehicle (MUV) and tractor manufacturer M&M was facing serious problems at its Igatpuri and Kandivili plants in Maharashtra. The plants were suffering from manufacturing inefficiencies, poor productivity, long production cycle, and sub-optimal output.

The reason: highly under-productive, militantly unionized, and bloated workforces. The company had over the years been rather lenient towards running the plants and had frequently crumbled under the pressure of union demands. The work culture was also reportedly very unhealthy and corruption was widespread in various departments.

Alarmed at the plant's dismal condition, Chairman Keshub Mahindra tried to address the problem by sacking people who allegedly indulged in corrupt practices. M&M also tried to implement various voluntary retirement schemes (VRS), but the unions refused to cooperate and the company was unable to reduce the labor force.

During this period, M&M was in the process of considering the implementation of a Business Process Reengineering (BPR) program throughout the organization including the manufacturing units. Because of the problems at the Igatpuri and Kandivili plants, M&M decided to implement the program speedily at its manufacturing units.

The program, developed with the help of the UK-based Lucas Engineering Systems, was first implemented on an experimental basis at the engine plant in Igatpuri. Simultaneously, an exercise was initiated to assess the potential benefits of implementing BPR and its effect on the unions.

M&M's management was not surprised to learn that the unions expressed extreme displeasure at the decision to implement BPR and soon went on a strike. However, this time around, the management made it clear that it would not succumb to union demands. Soon, the workers were surprised to see the company's senior staff come down to the plant and work in their place. With both the parties refusing to work out an agreement, observers began casting doubts on the future of the company's grand plans of reaping the benefits of BPR.

Mahindra & Mahindra Ltd. (M&M) was the flagship company of the Mahindra group, one of the top ten industrial houses in India. The company's history dates back to 1945, when two brothers, J.C.Mahindra and K.C.Mahindra, decided to start a business of general-purpose utility vehicles. The brothers formed a company, Mahindra & Mohammed Ltd., in association with their friend Ghulam Mohammed. In October 1947, the first batch of 75 jeeps was
released for the Indian market. In 1948, the company was renamed Mahindra & Mahindra Ltd. Over the next few decades, the group promoted many companies in areas as diverse as hotels, financial services, auto components, information technology, infrastructure development and trading to name a few.

Though M&M had established itself in the markets and was among the leading players in many of the segments it operated in, it realized that some of its businesses were not closely related to its core business. This realization marked the beginning of the biggest change exercise since the company's inception.

In 1994, a major restructuring exercise was initiated as part of a BPR program. M&M introduced a new organizational model, in which various divisions and companies were regrouped into six distinct clusters of related businesses, each headed by a president. M&M's core activities, automotive and tractors were made autonomous business units. The other activities of the group were organized into infrastructure, trade and financial services, telecommunication and automotive components. According to company sources, the whole exercise was intended to develop a conceptual map to provide direction for the future growth of various business lines. It was decided that, in future, the group would confine its expansion to the identified thrust sectors.

The two main operating divisions of the company were the automotive division, which manufactured UVs and LCVs, and the farm equipment division, which made tractors and farm implements. The company employed over 17,000 people and had six state-of-the-art manufacturing facilities spread over 500,000 square meters.

The plants were situated at Kandivili (MUVs and Tractors), Nasik (MUVs), Zaheerabad (LCVs, Voyager, three-wheelers), Igatpuri (Engines) and Nagpur ( Implements and tractors)

**About BPR**

The concept of BPR was popularized in the early 1990s by Michael Hammer and James Champy in their best-selling book, 'Reengineering the Corporation.' The authors said that radical redesign and reorganization of an enterprise was necessary to lower costs and increase the quality of service. According to them, IT was the key enabler for that radical change. Hammer and Champy felt that the design of the workflow in most large corporations was based on assumptions about technology, people and organizational goals that were no longer valid. They recommended seven principles of reengineering for streamlining work processes
and, consequently, achieving significant levels of improvement in quality, time management and cost

1. Top Management Sponsorship (strong and consistent involvement)
2. Strategic Alignment (with company strategic direction)
3. Compelling Business Case for Change (with measurable objectives)
4. Proven Methodology (that includes a vision process)
5. Effective Change Management (address cultural transformation)
6. Line Ownership (pair ownership with accountability)
7. Reengineering Team Composition (in both breadth and knowledge)

M&M's Experience with BPR

By the mid 1990s, BPR had become a popular tool globally, with many leading organizations implementing it. However, when M&M undertook the exercise, it was still a new concept in India.

M&M's workforce, as mentioned earlier, resisted this attempt to reengineer the organization. Soon after the senior staff began working on the shop floors, the first signs of the benefits of BPR became evident. Around a 100 officers produced 35 engines a day as compared to the 1200 employees producing 70 engines in the pre-BPR days.

After five months, the workers ended the strike and began work in exchange for a 30% wage hike. As the situation returned to normalcy, BPR implementation gained momentum. M&M realized that it would have to focus on two issues when implementing the BPR program: reengineering the layout and method of working, and productivity.

The Future

Summing up the company's BPR experience, Anand Mahindra said, "Let me put it in a simple way. If we have facilities in Kandivili today, which are not just surviving but thriving, it is all due to BPR.

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