

# Study on Business Process Re-engineering (BPR) and its Importance in ERP Implementation

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**Abstract**— In the new era of automation in the industrial growth the ERP plays vital role. Most of the industries struggle to steady their business as much as automatic at the level of functioning environment. The ERP is the one of the automatic solution, who provides lend a hand to the organization to accomplish this need. Although the ERP implementation is the enormous, expensive and time consuming process, the organizations still wish for put the ERP into practice for their betterment. The triumph for the ERP implementation is constantly depends upon the Planning. Most of the ERP Implementation s are unsuccessful only for the reason that poor planning. The Business Process Reengineering (BPR) is the early – bird stage procedure for indentifying and investigates the organizational demand for the ERP implementation. This paper will emphasize the BPR process and it implementation. The research also explains the reliance of ERP implementation on the victorious BPR in the organization. Here, the research try to validate the significance of successful BPR process can also construct the successful ERP Implementation in the organization. In the very last part of the paper, list out the key issues which are affecting on the BPR process during its implementation. All the key issues or factors are gets classify in four different characteristics of the organization like Managerial, Operational, Financial and Technical.

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## Introduction

Enterprise Resource planning (ERP) is latest high-end solution, information has lent to business application. The ERP process includes three stages during its implementation Pre-Implementation, In-Implementation and Post-Implementation and BPR is the process appears in the portrait during the very first phase of ERP implementation. Business Process Reengineering (BPR) is an organizational method demanding radical redesign of business processes in order to achieve greater efficiency, better quality and more competitive production. This paper stresses the BPR process and its significance in the ERP implementation in the organization.

The Four driving forces behind this radical change are

- Customers who can now be very diverse, segmented, and are expectant of consultation.
- Changing customer needs.
- Intense Competition.

- Change that has become pervasive, persistent, faster and in some markets a pre-requisite

### **Objective Of The Study**

The main objectives of the study are the following

- 1) To understand the philosophy and methodology of the Business Processes Re-engineering (BPR) approach.
- 2) To review the BPR methodology of projects.
- 3) To suggest Re-engineering of the process in a project based organization.

relevance of the study

The BPR is a relatively new concept in the Indian project enterprises. Many business organizations have started using it with the help of experts and consulting firms. However, not surprisingly, the Indian project enterprises have not taken to this approach thus far. This study is subjected to apply Business Process Re-engineering (BPR) approach to enhance competitive ability of the firm and increase or improve its deliverables.

### **Business Process Re-Engineering**

Business process reengineering is one approach for redesigning the way work is done to better support the 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.

Hammer set out seven principles of Re-engineering

1. Organize around outcomes, not tasks.
2. Have those who use the output of the process perform the process.
3. Subsume information processing work into the real work that produces the information.
4. Treat geographically dispersed resources as if they are centralized.
5. Link parallel activities instead of integrating tasks.
6. Put the decision point where the work is performed and build control into the process.
7. Capture information once and at the source.

The applications of Re-engineering were seen as leading to wide spread organizational changes, as shown below (Hammer 1990).

- Work unit's change- from functional departments to process teams.

- Jobs change- from simple tasks to multi dimensional work.
- People's roles change- from controlled to empowered.
- Job preparation changes from training to education.
- The focus of performance measures and compensation shifts-from activity to results.
- Advancement criteria change- from performance to ability.
- Value change- from protective to productive.
- Managers change- from supervisors to coaches.
- Organizational structures change from hierarchical to flat.
- Executives change- from score keepers to leaders.

Key features of this new world and work included team working, employee empowerment and flexible work practices. While it was acknowledged that undertaking such fundamental rethinking and radical organizational change was no easy task. (50-70) percentage of reengineering projects fails according to Hammer and Champy. Hammer and Champy (1993), for example, described companies which 'slashed' a seven day turn-around to four hours, reduced the number of people involved in a process by 75% and halved the time from design to production. Such a change, Hammer argued, requires 'executive leadership with real vision'. Managers must have the boldness to aim for 'quantum leaps in performance and commitment, consistency - may be even a touch of 'fanaticism' to make re-engineering work. Shortly after Hammer's article appeared in the Harvard Business Review another article was published in the Sloan Management Review, advocating a similar approach to organizational change. Davenport (1990) called this business process redesign (BPR). Although Davenport did not use the term re-engineering, a number of the companies that they identified as having successfully redesigned their business processes were the same as those discussed by Hammer. We will also use these terms to refer to the approaches described by subsequent authors as 'corporate re-engineering' 'process innovation' 'core process redesign' and other variants on these themes, where these claim to be extensions of the original concepts of Hammer (1990) or Davenport and Short (1990). Although there are some important differences of emphasis and interpretations between the approaches, broadly speaking they share a common concern with the three factors originally identified by Hammer (1990): process thinking, radical change and the potential of IT.

## **Literature Review**

### **1. What To Re-Engineer?**

According to many in the BPR, field re-engineering should focus on processes and not be limited to thinking about the organizations. After all the organization is only as effective as its processes. So, what is a process? "A business process is a series of steps designed to produce a product or a service. It includes all the activities that deliver particular results for a given customer (external or internal)." Processes are currently invisible and unnamed because people think about the individual departments more often than the processes with which all of

them are involved. So companies that are currently used to talking in terms of departments such as marketing and manufacturing must switch to giving names to the processes that they do such that they express the beginning and end states. These names should imply all the work that gets done between the start and finish. For example, order fulfilment can be called order to payment process. Talking about the importance of processes just as companies have organization charts, they should also have what are called process maps to give a picture of how work flows through the company. Process mapping provides tools and a proven methodology for identifying your current as-Is business processes and can be used to provide a To-Be roadmap for re-engineering the product and service business enterprise functions. It is the critical link that your re-engineering team can apply to better understand and significantly improve the business processes and bottom-line performance.

Having identified and mapped the processes, deciding which ones need to be re engineered and in what order is the million-dollar question. No company can take up the unenviable task of re-engineering all the processes simultaneously. Generally they make their choices based on three criteria: - Dysfunction: which processes are functioning the worst? Importance: which are the most critical and influential in terms of customer satisfaction; Feasibility: which are the processes that are most likely to be successfully re-engineered?

## **2. Project Phases Required For Successful Bpr**

- Phase 1        Begin Organizational Change
- Phase 2        Build the Reengineering Organization
- Phase 3        Identify BPR Opportunities
- Phase 4        Understand the Existing Process
- Phase 5        Reengineer the Process
- Phase 6        Blue print the New Business System
- Phase 7        Perform the Transformation

The tasks experts agree upon to successfully perform BPR can be grouped into seven steps, or phases. All successful BPR projects begin with the critical requirement of communication throughout the organization.

### **I. Factors Affecting On Bpr Process**

1.        Managerial Factors
2.        Operational Factors
3.        Financial Factors
4.        Technical Factors

## **Why re-engineering projects fail?**

THE RE-ENGINEERING PROJECTS FAIL MAINLY BECAUSE OF FOLLOWING REASONS.

### **1 Unclear Definitions**

BPR is not just automation, although it often uses technology creative and innovative ways. BPR is not just reorganization, although it almost requires organizational change. BPR is not just downsizing, although it usually improves productivity. BPR is also not just quality, although it is almost always focused on customer satisfaction and the processes that support it. BPR also involves a willingness to rethink how work should be done, even to totally discard current practices if that should proved necessary.

### **2 Unrealistic Expectations**

Perhaps because of the unclear definitions of what BPR and perhaps of overenthusiastic promotion of BPR's benefits many senior executives have unrealistic expectations of what a re-engineering project can accomplish. BPR is applicable to operational level not the strategic level. BPR will not identify the markets to be in or the products to be developed.

### **3 Inadequate Resources**

As with many other projects, BPR projects face the common dilemma that the people best suited to perform the work of the project are usually the ones who can least be spared from their normal duties. Hiring consultants may be a beneficial idea, but they cannot replace own people on the BPR project. Employees bring to the reengineering team an understanding of current processes, key individuals and culture that is difficult for an outsider to obtain. The most important thing is that employees should have been given the proper training time to time.

### **4 Lack Of Sponsorship**

Meeting senior executives' expectations for results and their tolerance for delay are certainly necessary to retain their sponsorship as is satisfying their appetites of cost and risk but one must obtain that sponsorship in the first place. To convert interest into belief, the executive must be convinced that BPR will help meet the need. One way of accomplishing this is by showing the executive a demonstrated success within the company. Another way is by showing the executive exactly how you propose to carry out the BPR project. For it is not so much whether BPR can work, that he or she questions, but whether "we" can make it work.

### **5 Wrong Scope**

Actually we cannot re-engineer an organization; we can only re-engineer its process. And many processes are inter-organizational and cross - functional. In fact, one of the main ways that BPR improves performance is by reducing or eliminating the errors and inefficiencies that inevitably arise when process cross-organizational boundaries. When the scope that is chosen for a BPR project is one that includes only part of a process, the opportunity for success is diminished.

### **6 Lack Of An Effective Methodology**

A BPR methodology provides the discipline and specific methods needed to break out of the old narrow way of thinking about the business envision a better way and realize that vision. There are many ways to use the methodology and each organization will have to select the approach that best fits its need. Some will resequence the task or omit some entirely.

### **Conclusion**

For success, management drive and the will to push through change is essential. A facilitator is very helpful in collecting and presenting business data and pointing out opportunities and keeping things on an objective basis. In this, work flowcharts, operational matrix diagrams, and other similar tools for concisely and simply describing work procedures and practices are especially useful. Developing a narrative description of the business and its goals and objectives can be very worthwhile. Efforts focused on the order acceptance process and in the end changes were made. The project significantly changed the nature of the work in the Sales and Marketing and Project departments. In Sales and Marketing, less effort is now needed to maintain relationships with existing customers, so that staff now spends much more time investigating and cultivating potential new customers. Project department staff, on the other hand, now spends more time and effort maintaining existing customer relationships. Communications with these existing customers is also greatly accelerated because they do not need to go through Sales and Marketing. Later company projects will look at other aspects of its operations. Especially interesting in this case study effective use of the document templates and other productivity features of good word processors are is a significant move.

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