

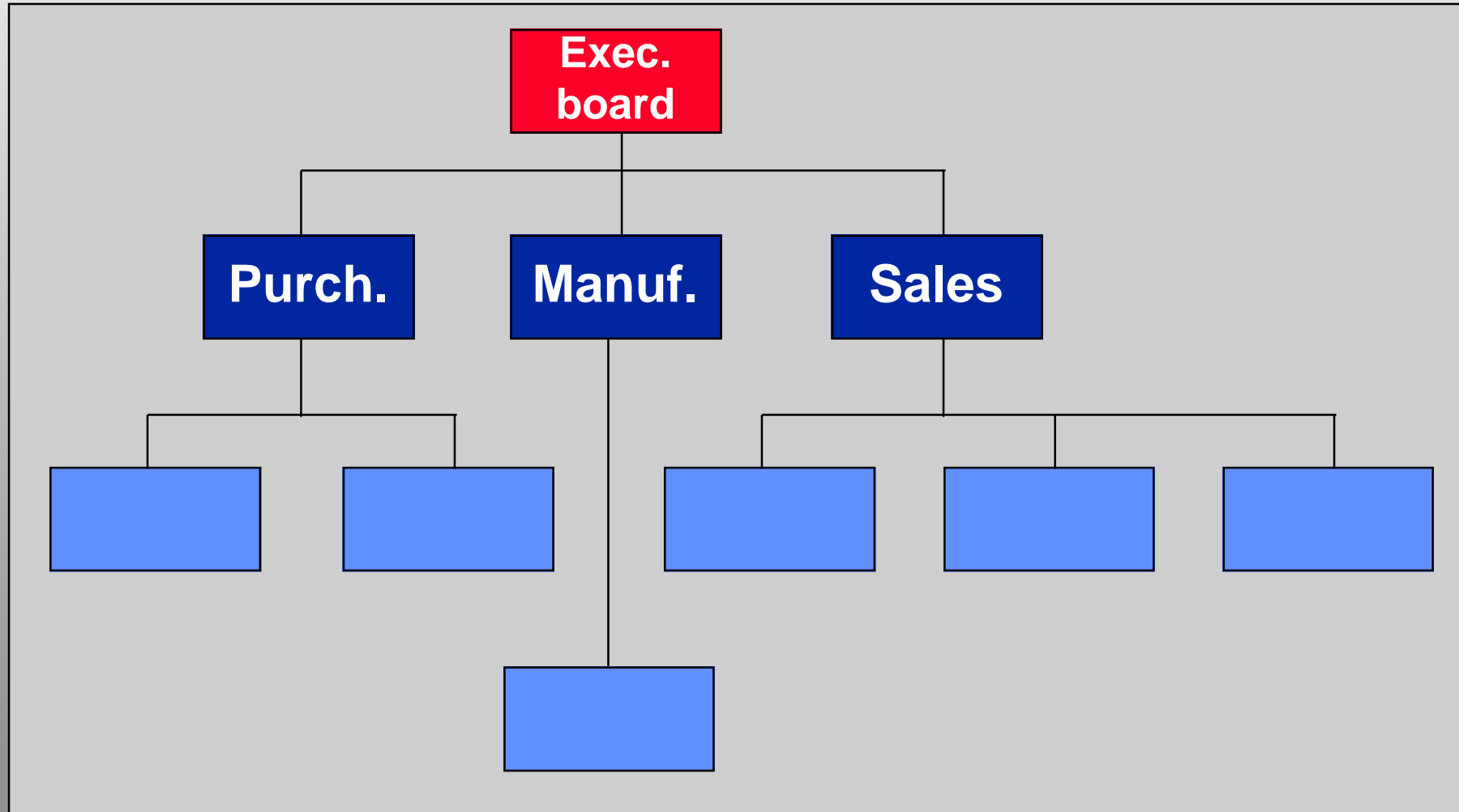
Agenda

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- **Business Process Reengineering**
 - The emerging process organization
 - Introduction to BPR
 - Methods and techniques
 - Examples

Hierarchical organization

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Ford's assembly line, 1904

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Distribution of work

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“One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a particular business, to whiten the pins is another ... and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which in some manufactories are all performed by distinct hands, though in others the same man will sometime perform two or three of them.”

Adam Smith, *The Wealth of Nations*, 1776

Theoretical aspects

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- **Adam Smith's pins**
 - The wealth of nations, 1776
- **Frederick Taylor**
 - Scientific management, 1911
- **Oliver Sheldon**
 - The philosophy of management, 1926
- **Henry Fayol**
 - General & Industrial Administration, 1930
- **Gulick & Urwick**
 - Papers on the science of administration, 1937

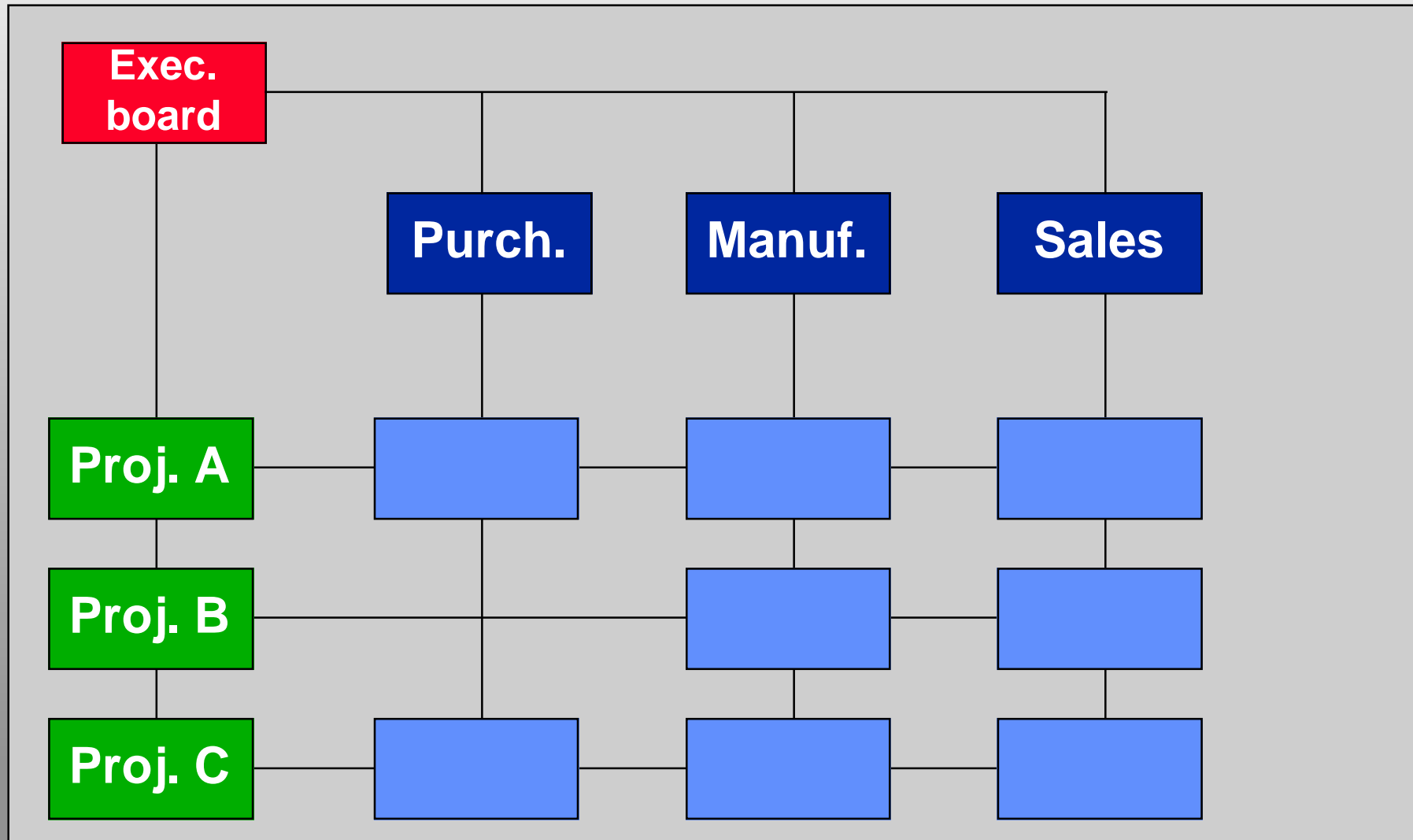
Hierarchical pathologies

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- **Separation of planning and doing**
- **No answer for entire processes**
- **Vertical flow of process information**
- **Difficult to adapt to changing environments**
- **Difficult to implement quality**
- **Economy of scale as limitation, instead of advantage**

Matrix organizations

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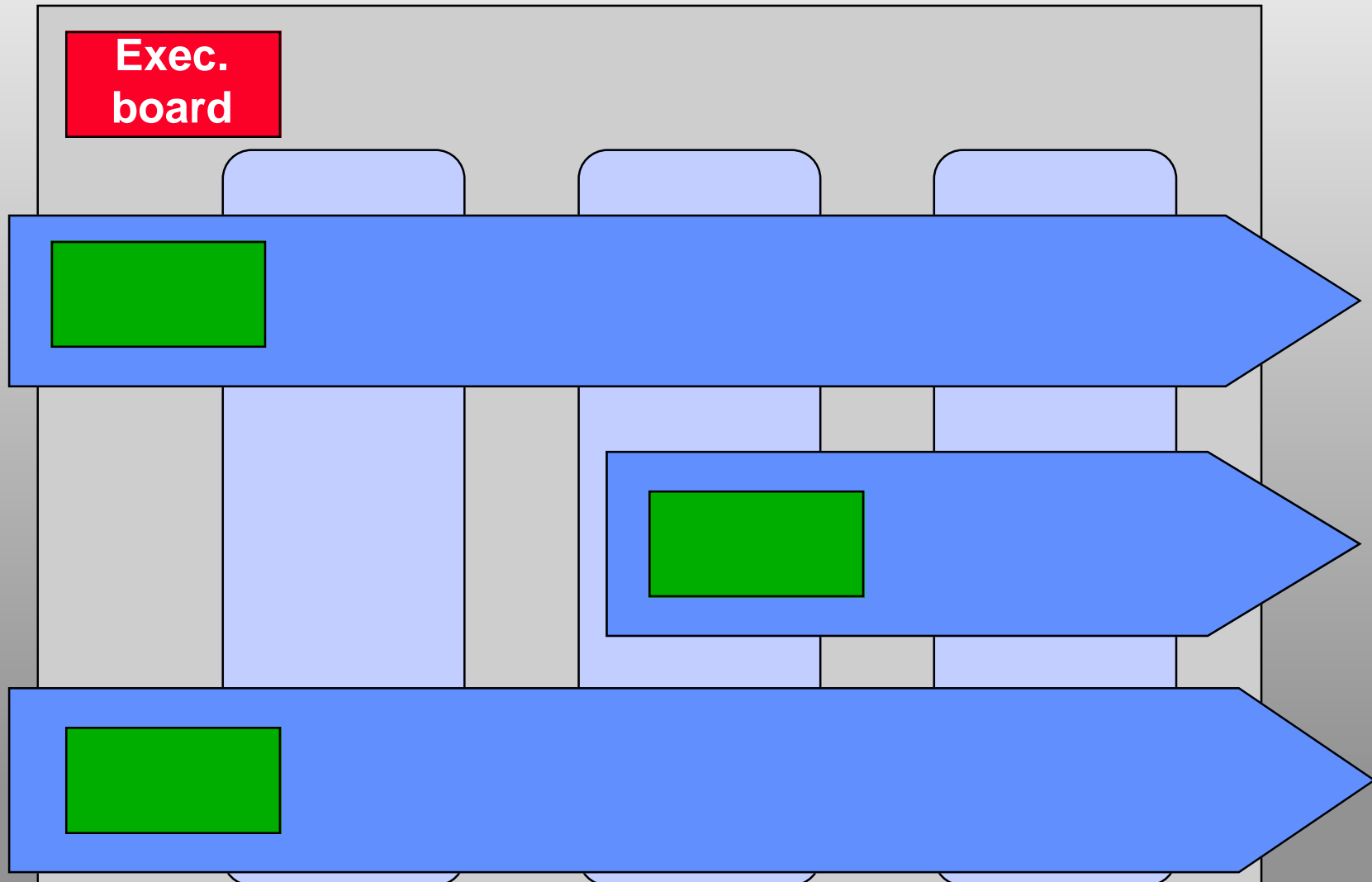
Problems in matrix organizations

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- **Conflicts between line and projects**
- **No customer focus**
- **Increased complexity**
- **Coordination of functions, no overall cooperation**

Process organization

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Why process organizations

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- **Determined by customer needs**
- **Flexibility**
- **Focus on the process as a whole**
- **Team-based organizational units**
- **High level of self-management**
- **General knowledge and functional competencies**

The value added chain

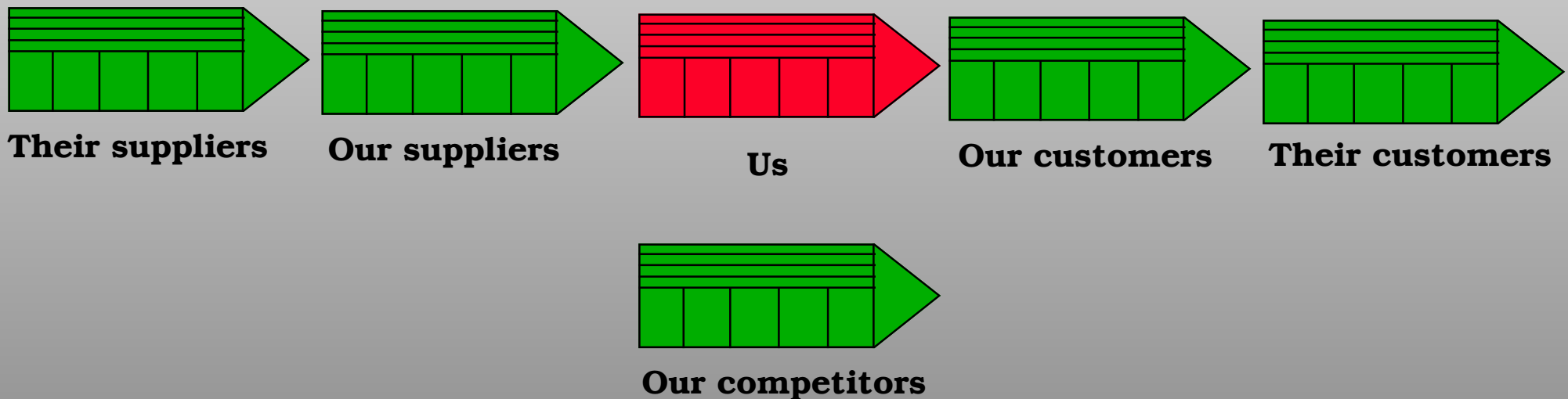
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Industry value systems

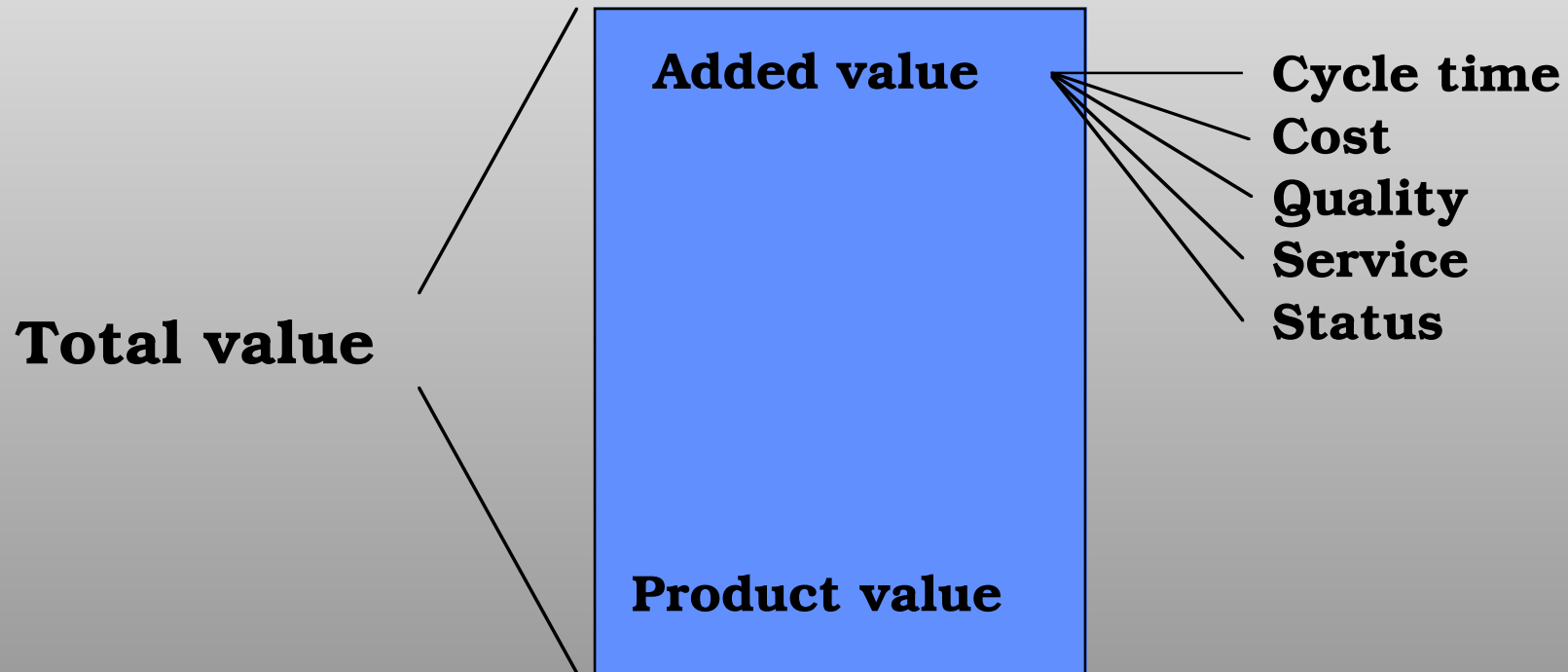
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Value

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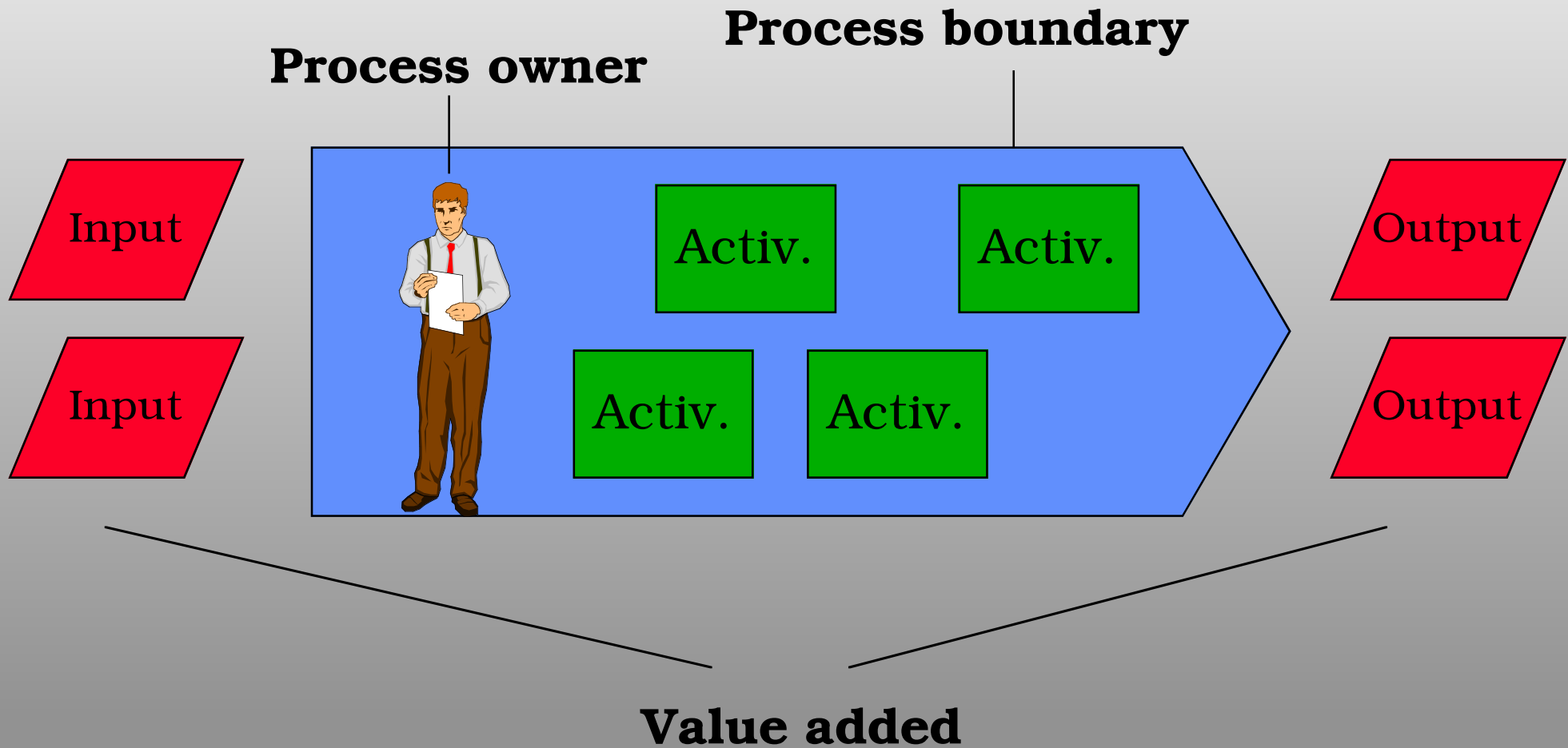
What is a business process?

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- **Davenport:** *“A process is a specific ordering of work activities across time and place, with a beginning, an end, and clearly defined inputs and outputs: a structure for action.”*
- **Hammer & Champy:** *“A business process is a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer.”*

Business process concept

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What is BPR ?

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- **Davenport:** *“Process innovation combines a structure for doing work with an orientation to visible and dramatic results. It involves stepping back from a process to inquire into its overall business objective, and then effecting creative and radical change to realize order-of-magnitude improvements in the way that objective is accomplished.”*

What is BPR ?

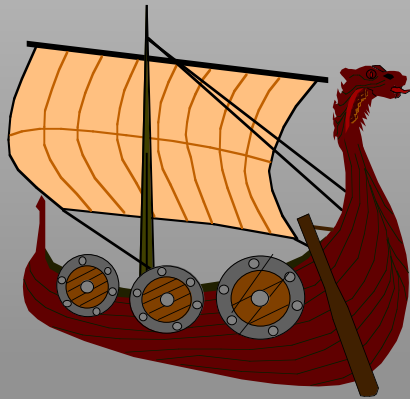
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- **Hammer & Champy:** *“The fundamental analysis and radical redesign of business processes to achieve dramatic improvements in critical measures of performance.”*
- **Stadler:** *“An integrated process to realign the operations of a business characterized by a quantum increase in the value it delivers ...”*

To put it simple ...

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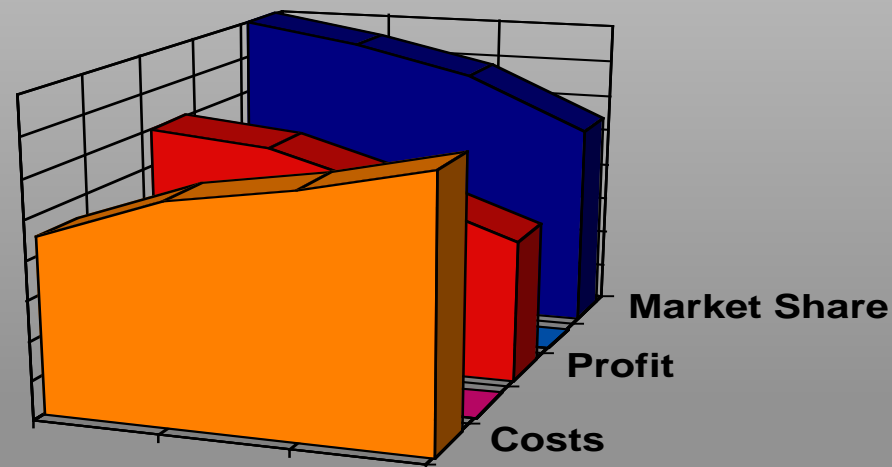
- If I had **today's knowlegde and technology**, how would the firm look like, if I would build it from scratch?



Why BPR ? (Why change at all?)

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- **Survive on global markets**
- **Increase competitive power**
- **Changing customer demands**
- **Cost reduction**
- **Reduced cycle times**



BPR i kort

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- **TIME**

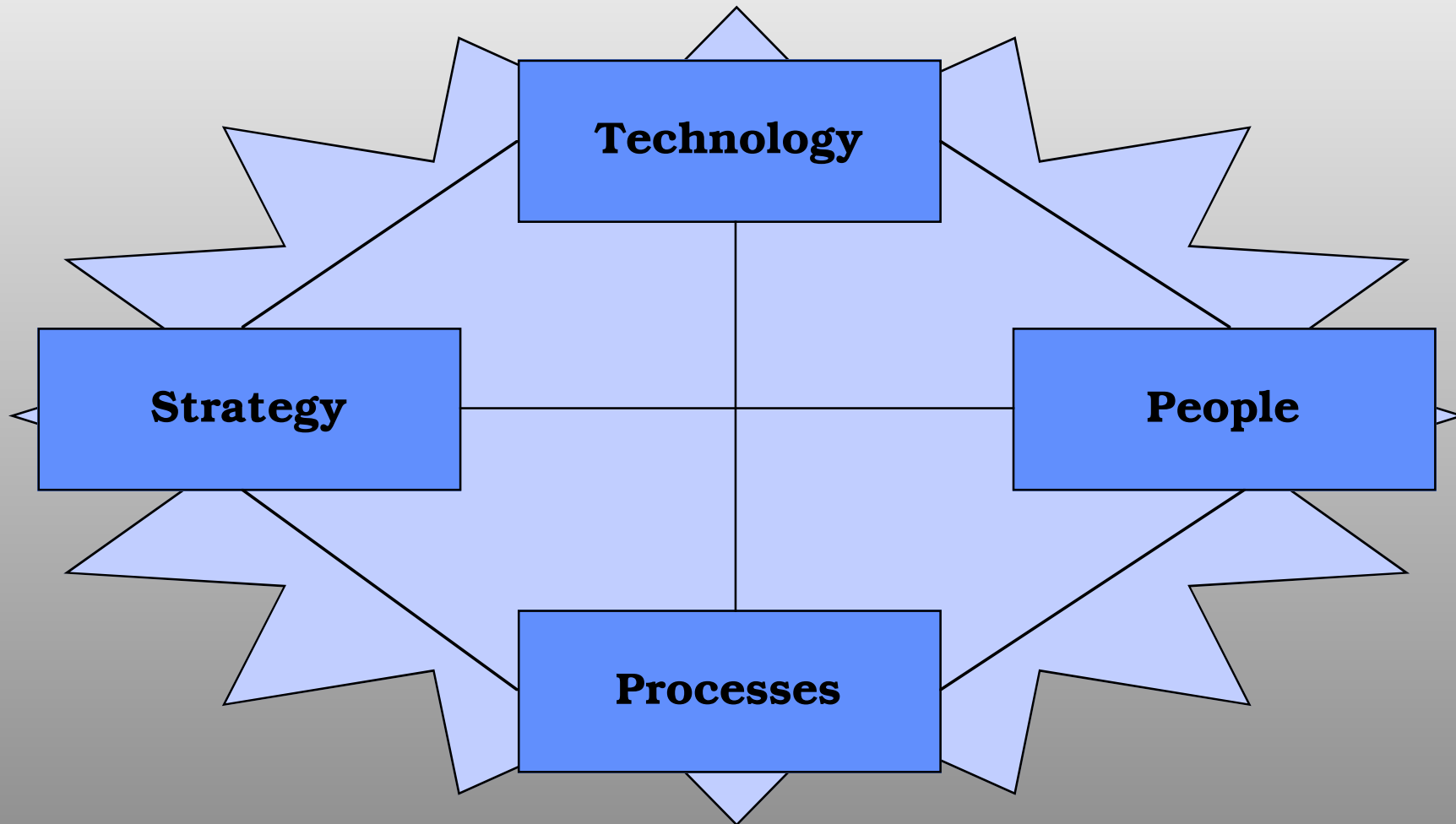
COST

QUALITY

- **PICK ANY THREE !**

BPR dimensions

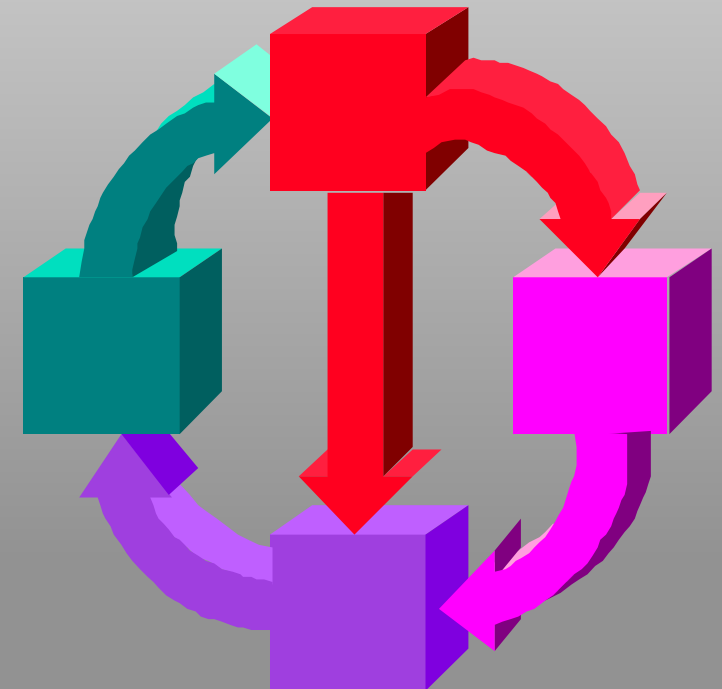
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Strategy

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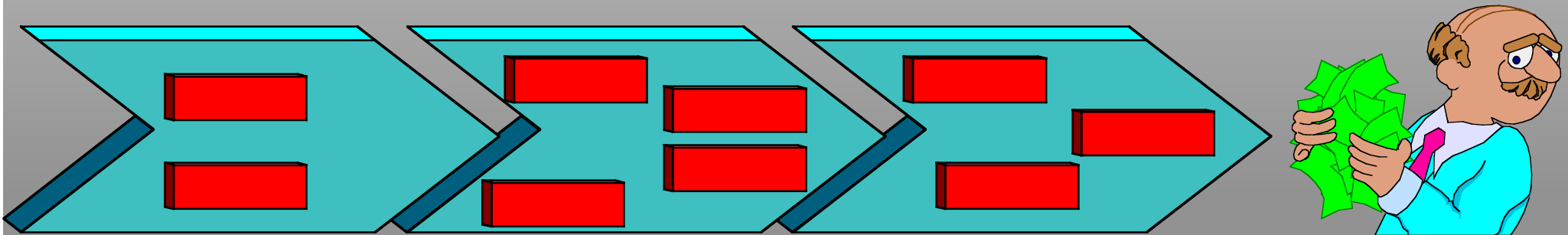
- **Business strategy**
- **Organization strategy**
- **IT-strategy**
- **Develop strategy for dynamic environments**
- **Relate to vision and reality**
- **Motivating**



Processes

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- **Core processes**
- **Potential for value creation**
- **From customer to customer**
- **From vertical to horizontal structure**
- **Holistic perspective**



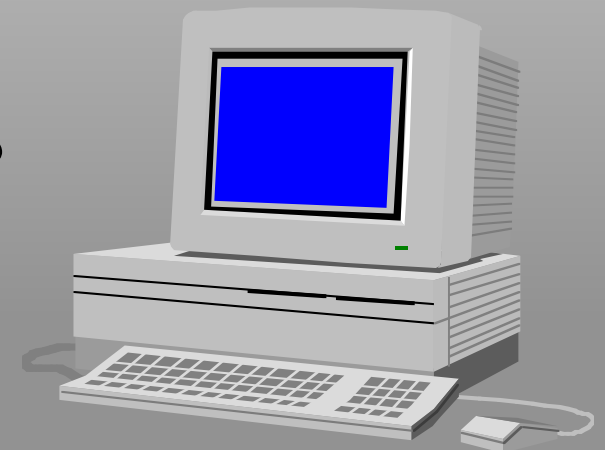
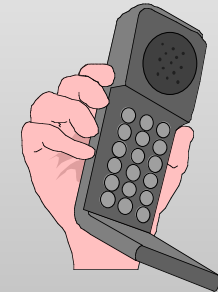
Technology

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- **New technologies**
 - Client/server
 - Mobile communication
 - Objekt orientation
- **Technology not only supports, it enables**
- **Technology changes**
- **Where do you want to go today?**

or

Where do you want to be tomorrow?



People

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- **The most crucial factor**
- **Correspondence of people and strategy**
- **Cultural context**
- **Management by “seduction”**
- **Empowerment**

