

Methods and techniques

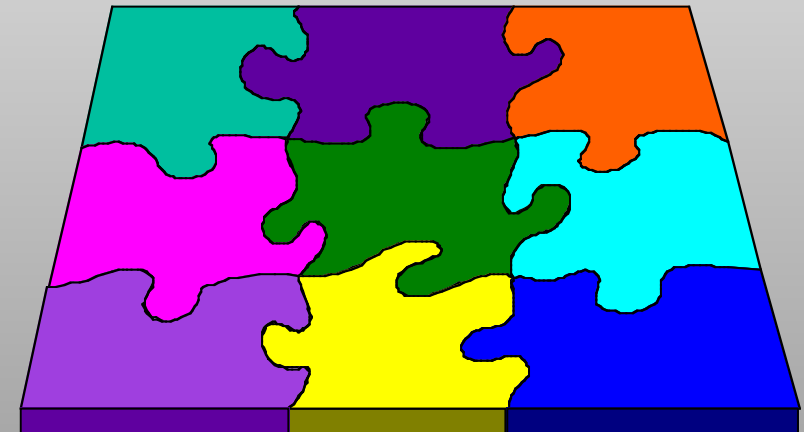
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- **Many companies have their own methods**
 - Value driven reengineering (Andersen)
 - BreakPoint BPR (Coopers and Lybrand)
 - Core process redesign (McKinsey)
 - Value added control (Frontec)
- **... but a lot is still craftsmanship**
- **Methods provide infrastructure for change**

Rummler & Brache

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- Identify critical business areas
- Choose critical processes
- Choose process manager and team-members
- Educate team
- Develop as-is map
- Identify performance gaps
- Analyze performance gaps
- Development of future state map
- Establish performance measures and metrics
- Develop road-map for change
- Implement change



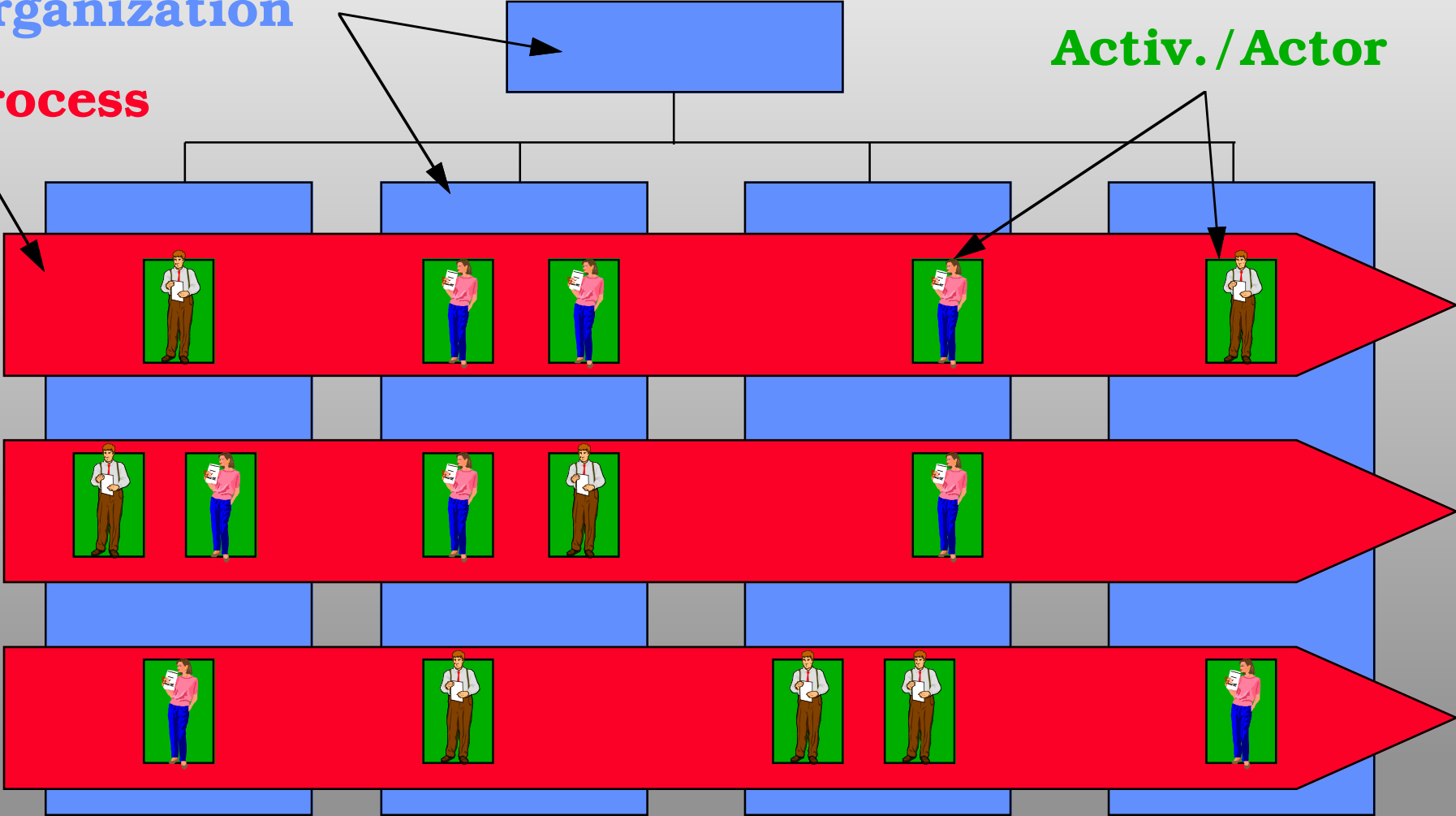
R&B - 3 levels

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Organization

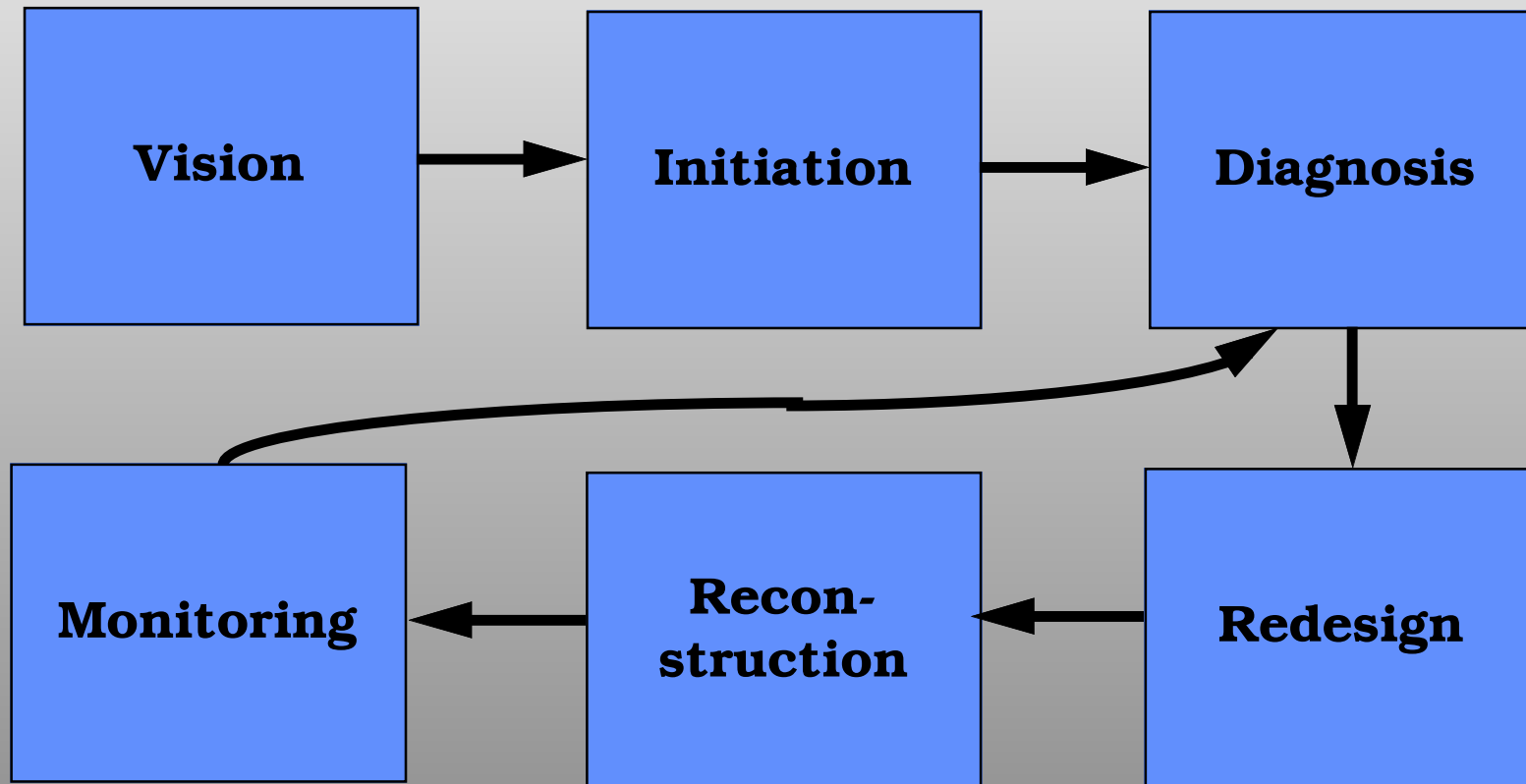
Process

Activ./Actor



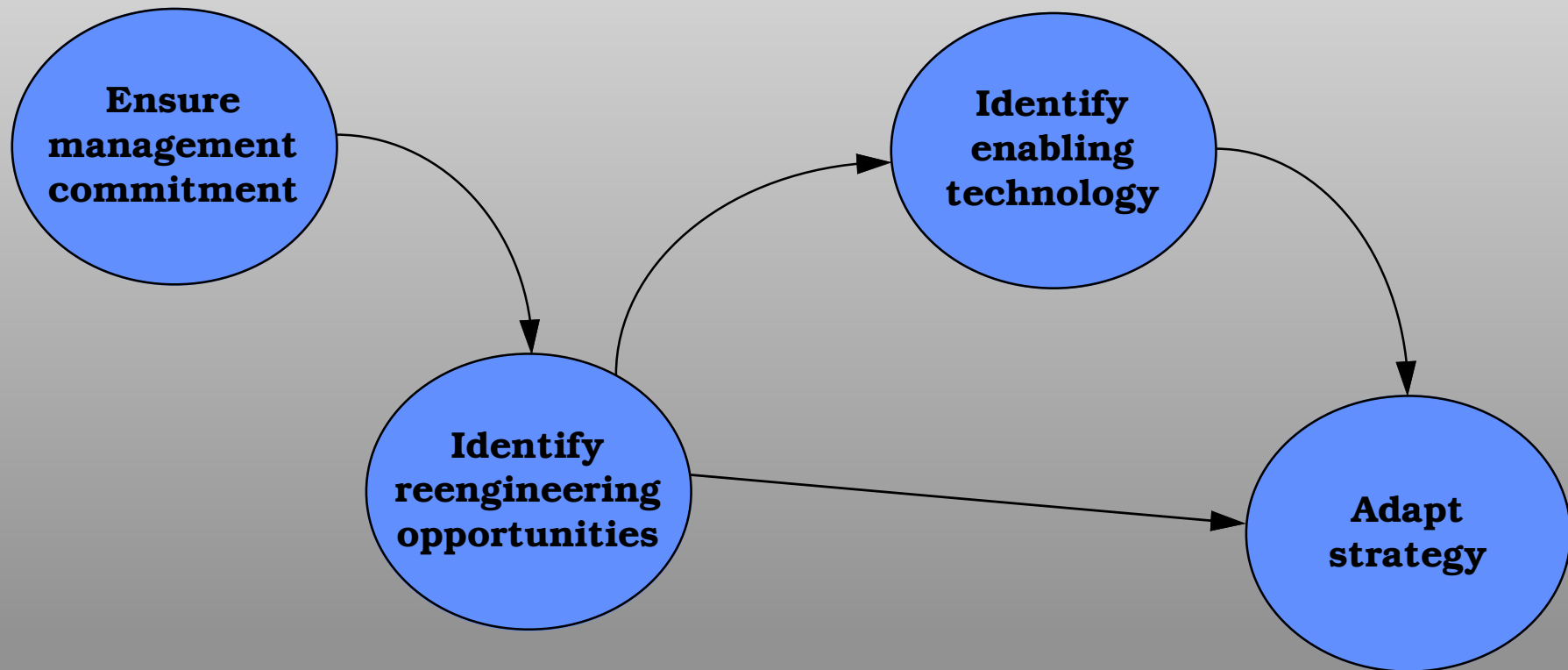
Reengineering life-cycle

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Vision

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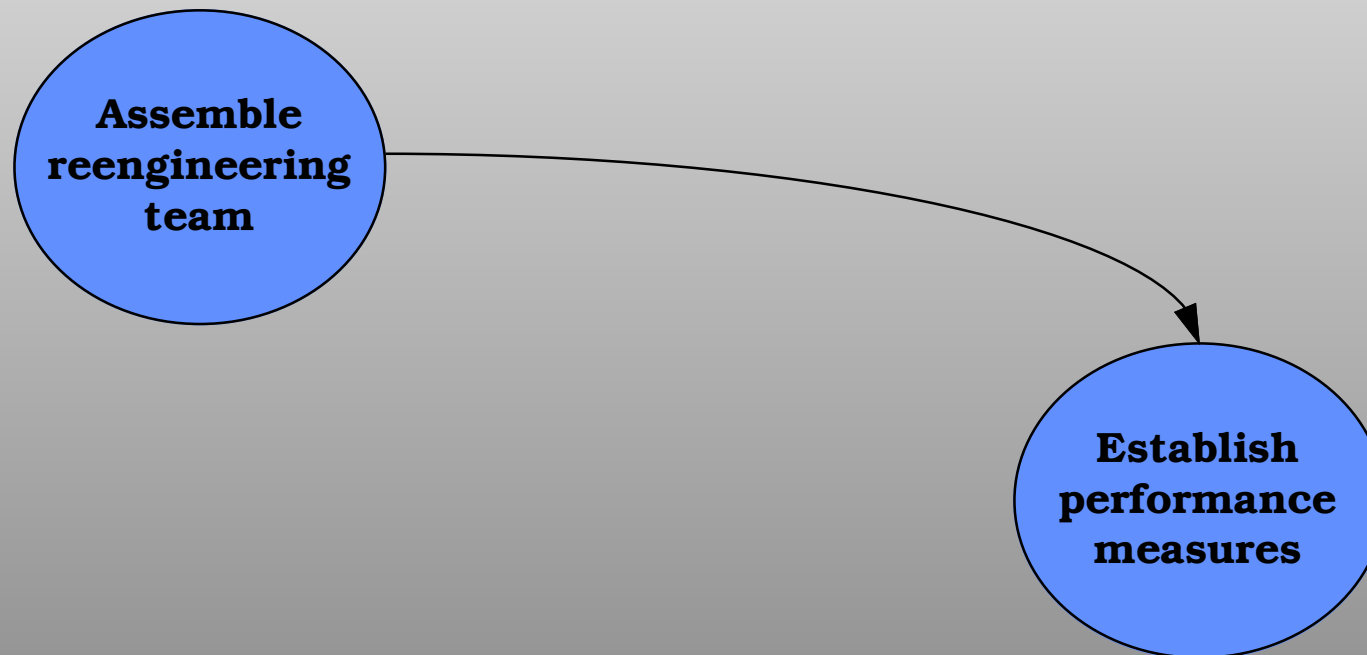
Vision

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- **Management commitment must be ensured before initiating the change process**
- **Reengineering opportunities are identified on multiple levels**
- **Technology (OO, C/S, Workflow, CSCW)**
- **Review strategy**
 - **Adapt BPR effort to strategy**
 - **Redfine strategy**

Initiation

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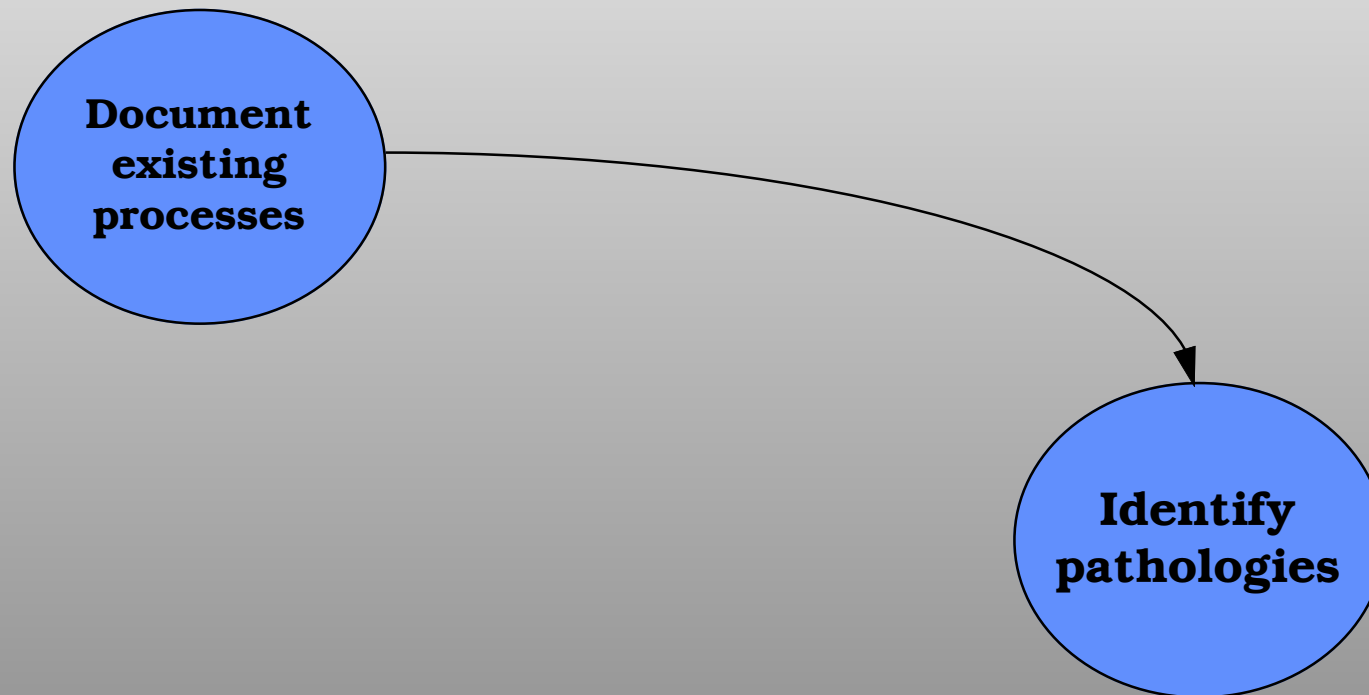
Initiation

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- **Who is concerned and affected?**
- **Multiple competence areas**
- **Roles within the team**
- **Set visionary goals, but make them ...**
 - relevant
 - achievable
 - easy to understand
- **People must accept objectives**

Diagnosis

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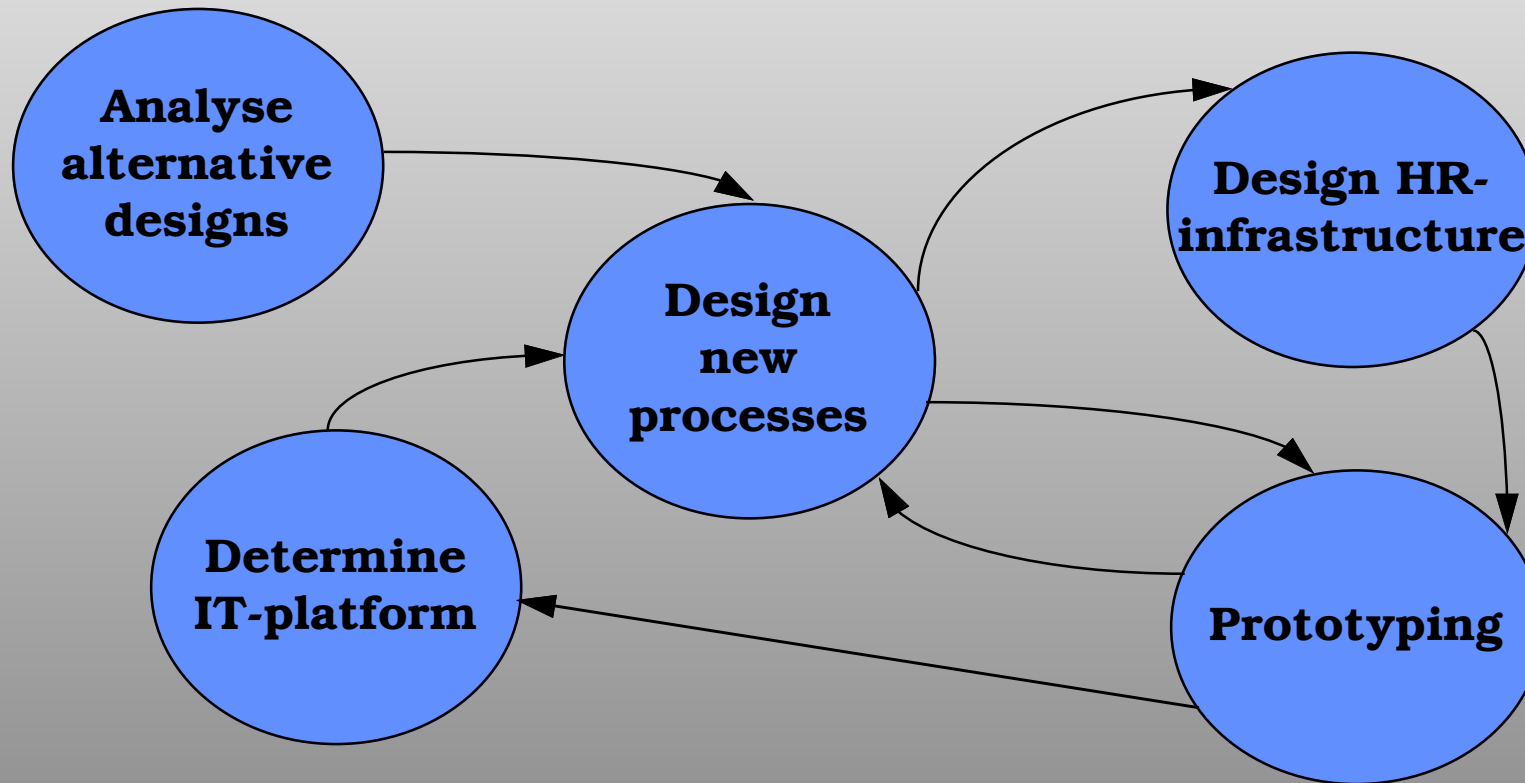
Diagnosis

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- **Document processes**
- **Identify owners**
- **Identify resource requirements**
- **In-/Output**
- **Value-adding potential**
- **Reality and requirements**

Redesign

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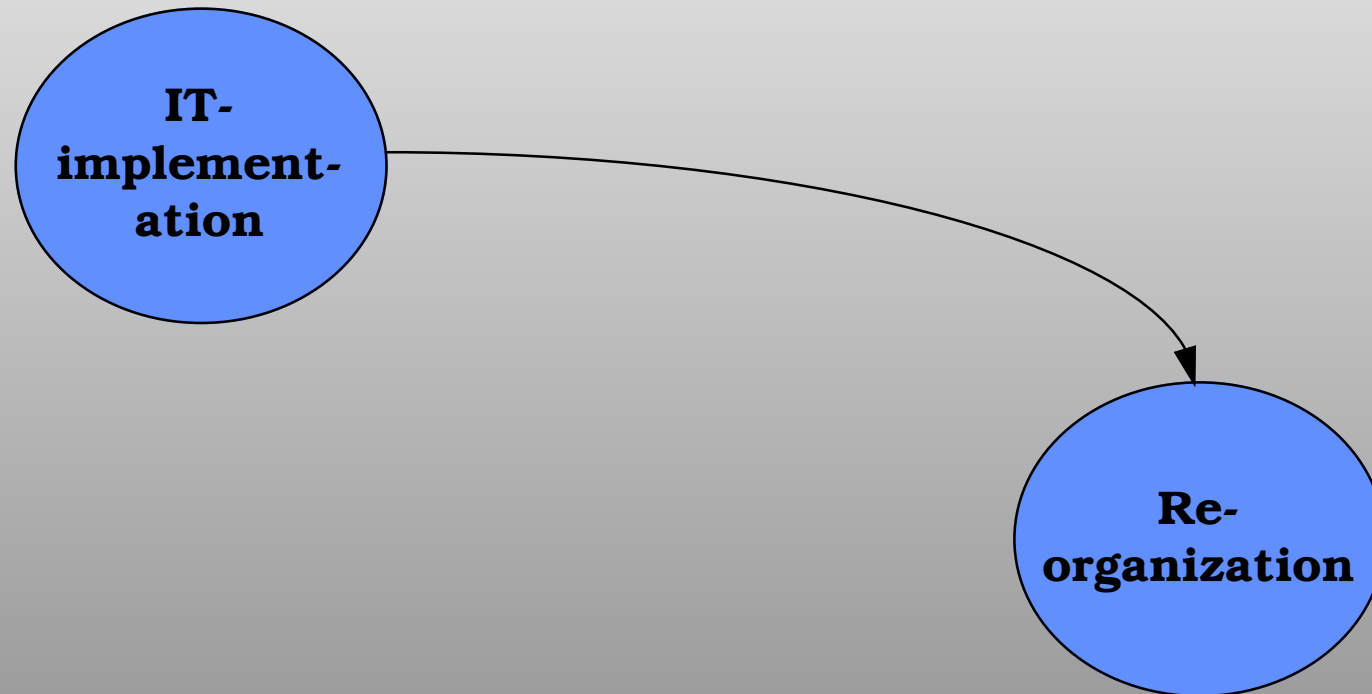
Redesign

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- **Iterative design process**
- **Identify competence gaps, training needs**
- **Cycle time, frequency, volume**
- **Resource allocation**
- **Objectives, results**
- **Improvement potentials**
- **Relate to IT-use**

Reconstruction

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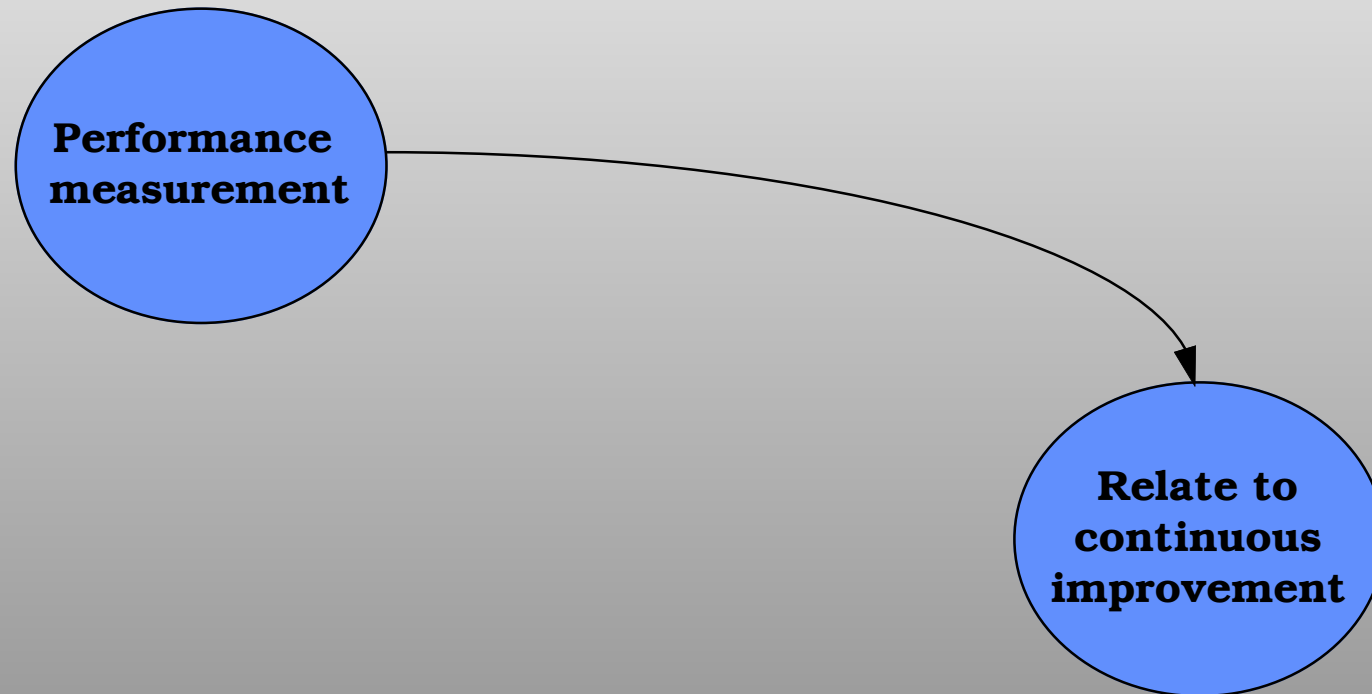
Reconstruction

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- **Successive IT-replacement**
- **From tailor-made to adaptable standard**
- **Hard-/software**
- **Re-use**
- **Organizational change**
- **Start training and education**

Monitoring

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Monitoring

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- **Financial measures**
 - Cost, result, EVA
- **Non-financial aspects**
 - Productivity
 - Effectiveness/efficiency
- **Relate to further improvement**
 - TQM, CPI, etc.

Methods – common features

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- **Eliminate non value-adding activities**
- **Remove support activities from primary flow**
- **Integrate activities into processes**
- **From sequency to concurrency**
- **Reduction of transaction times and costs**

Underlying methods

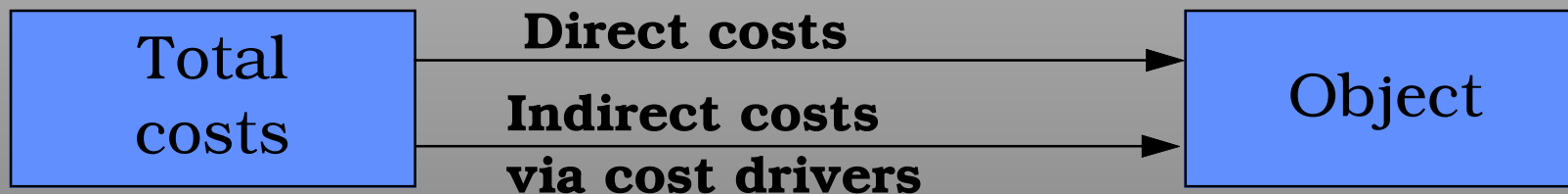
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- **Performance measures**
 - **ABC - Activity Based Costing**
 - **Benchmarking**
 - **Transaction Cost Analysis**

ABC

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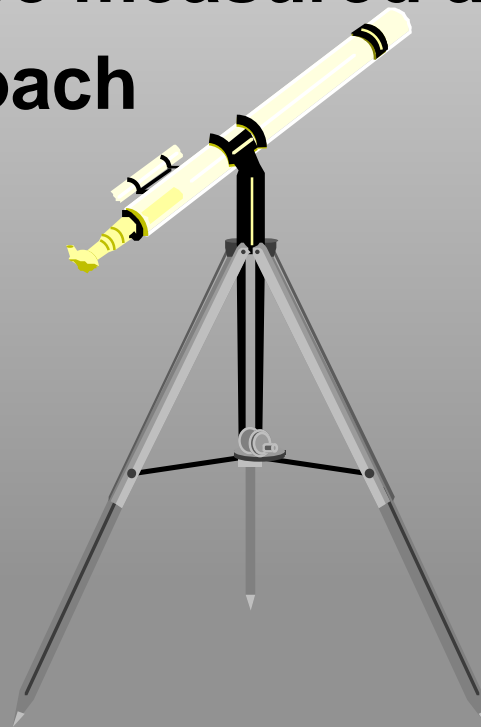
- **Symptom: Reduction of direct costs, increased indirect costs**
- **Identification of cost drivers**
- **Direct and indirect costs are allocated to the object**



Benchmarking

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- **Learn from the best**
- **Benchmarking partners, competitors, ...**
- **Internal comparison, generic processes**
- **Most factors can be measured and compared**
- **Quantitative approach**



Transaction cost analysis

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- **Function and transaction costs**
- **Transactions as resource consumers**
- **Transactions as bottlenecks**



Underlying techniques

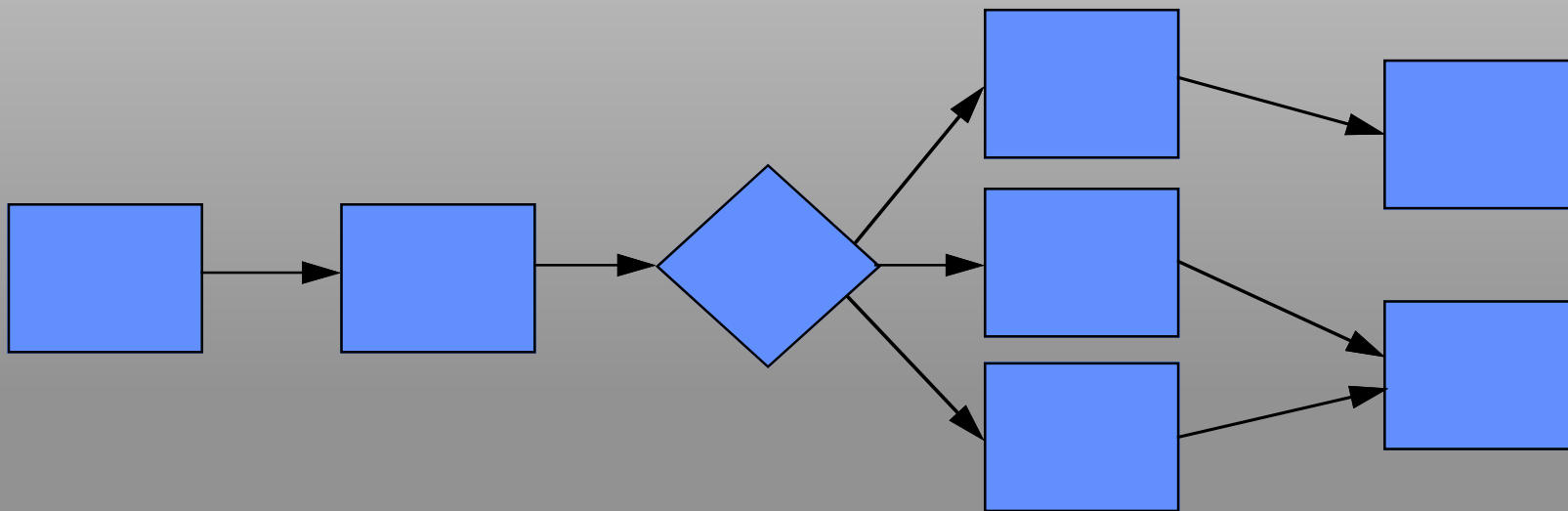
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- **Modeling**
 - **DFD - Data Flow Diagrams**
 - **IDEF_x**
 - **RAD - Role Activity Diagrams**
 - **Action Workflow**

Data Flow Diagrams

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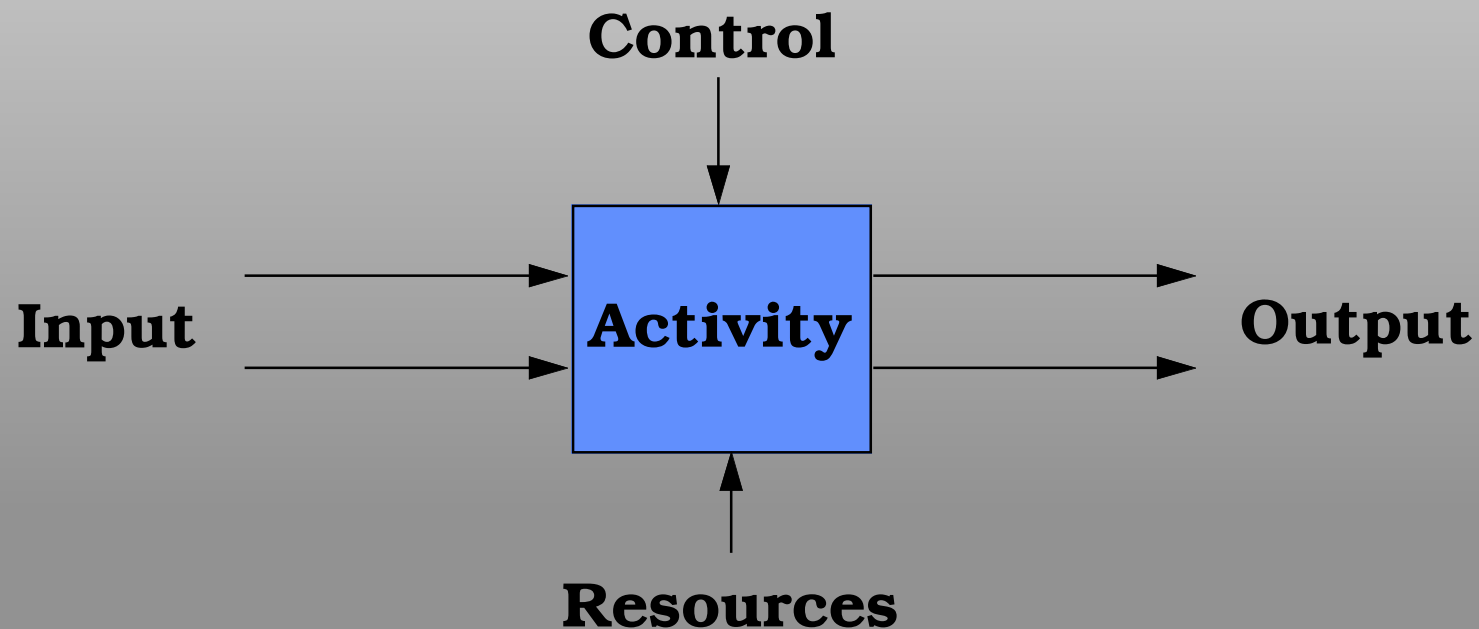
- Can be of significant size
- Often linked to “role-icons” (Who does what?)
- You can proof almost everything
- Pedagogy is built-in, if used properly



IDEF χ

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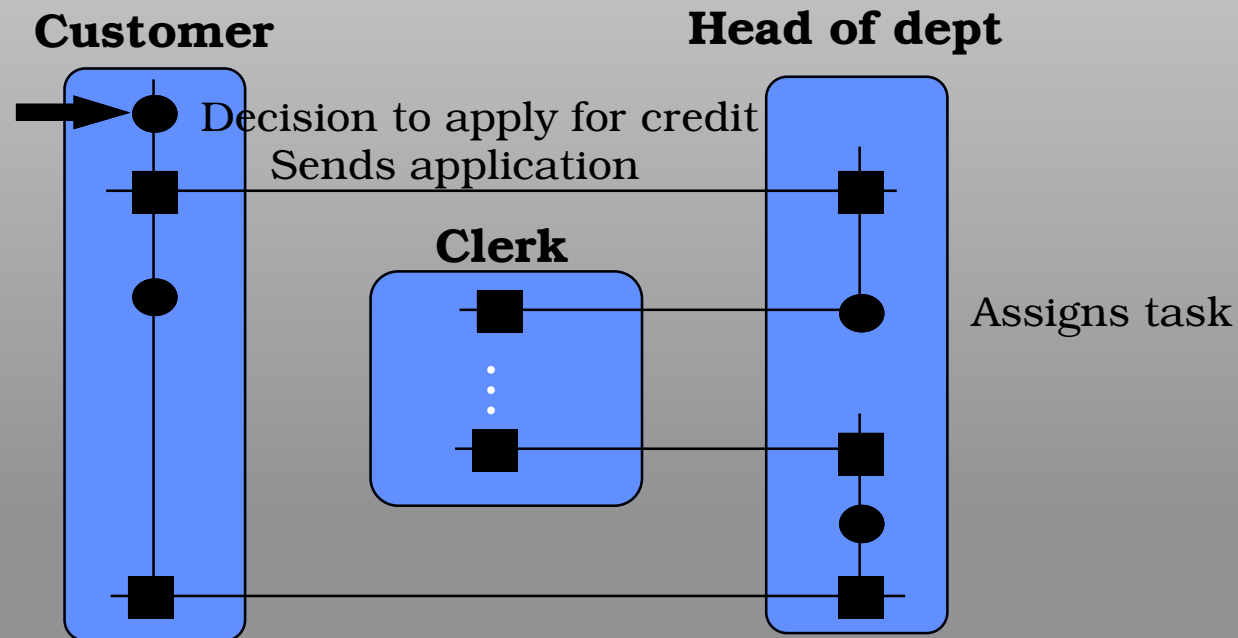
- **Developed by US-defense**
- **Rather rigid structure**
- **No intuitive use, requires training**
- **Often used by consultants**



Role Activity Diagrams

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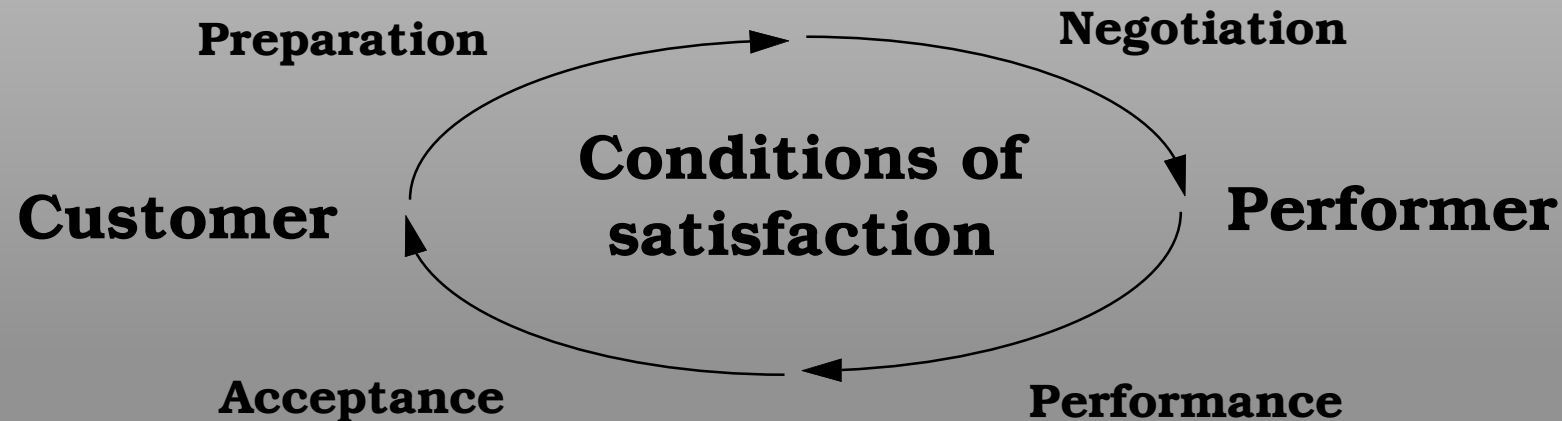
- “Roles” perform activities and take decisions based upon rules
- Sequency and concurrency
- Multiple levels of abstraction



Action Workflow

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- Roles and interactions
- Network of commitments
- Linguistic approach - speech acts
- Terry Winograd and Fernando Flores



BPR relatives

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**Value chains, Value Systems,
Time compression management,
Activity Based Costing**

CPI, TQM, etc.

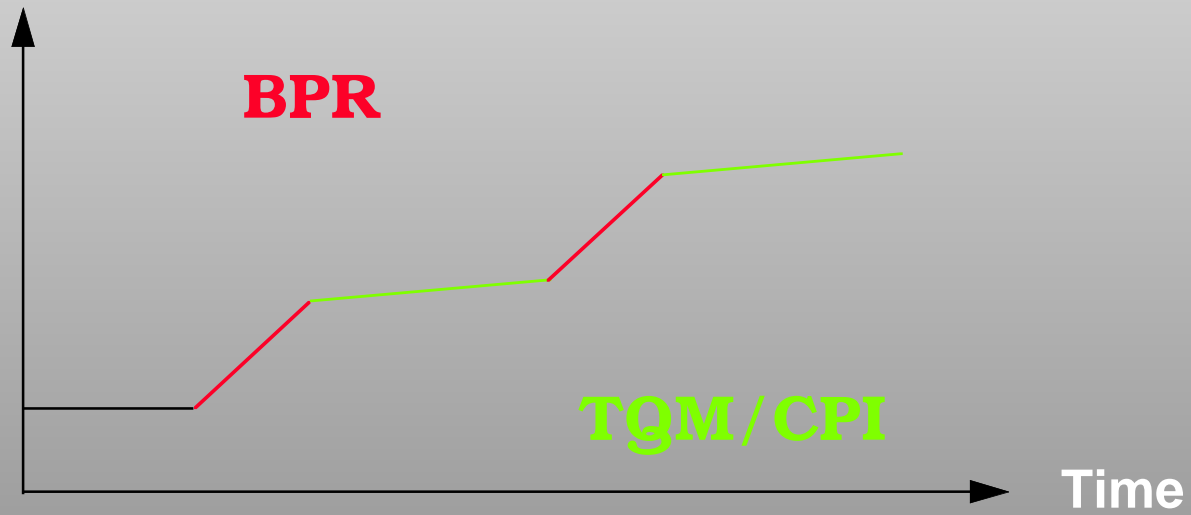
**Enterprise Modelling, Workflow,
IE, Strategic IT Planning**

**BP Reengineering,
BP Innovation,
BP Redesign**

BPR & TQM

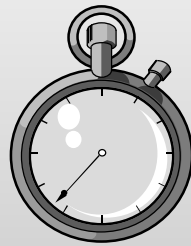
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Change

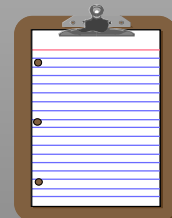
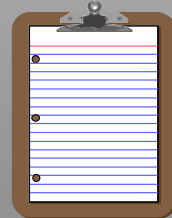
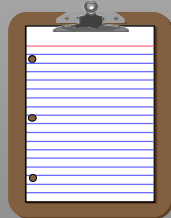
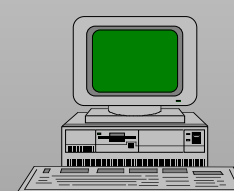
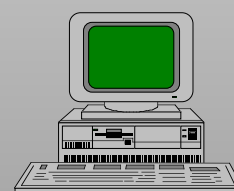
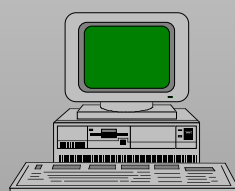
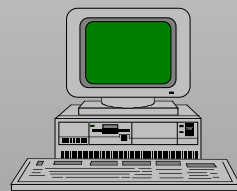
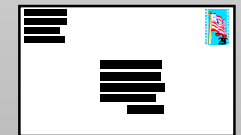
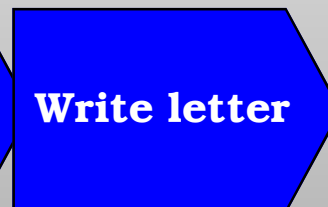
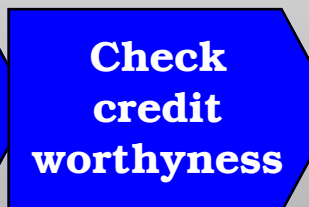


Example: IBM Credit

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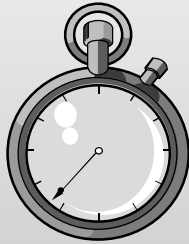


Cycle time: 6 days - 2 weeks
Hands-on: 90 minutes

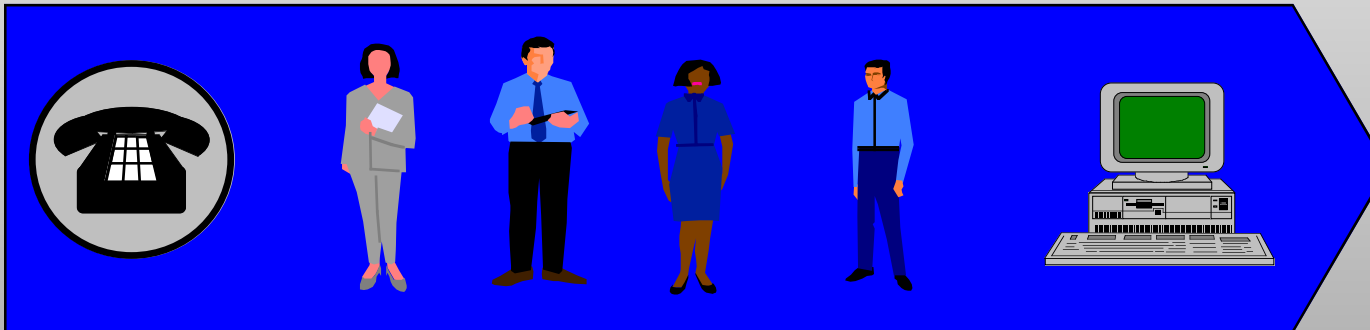


Example: IBM Credit

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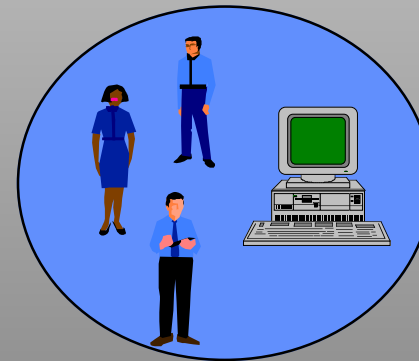


4 hours



Result:

- Cycle time -90%
- Productivity +10.000%
- Staff reduction



Specialist
group

Failure

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- **Lack of commitment**
 - Management level
 - Low acceptance in organizations
- **Lack of radical thinking**
- **The method will get it right**
- **“Quick-fix”**
- **No understanding of implications**



A warning!

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“To persist with slash-and-burn downsizing, along with the sort of neutron-bomb re-engineering that leaves only the buildings standing, is tantamount to management malpractice.”

Peter Scott-Morgan

