Business Process Modification Management

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INTRODUCTION

The pace of development of products and services has rapidly increased in the last two decades. Enterprises are expected to respond to new market requirements with their products and services in the shortest possible time. Expanding globalized markets makes response to the changing demand for products and services even more imperative for enterprises. Executives in companies have become aware that the saying, "Fail to keep pace with time and time will pass you by," applies more than ever. This situation has become a factor to be reckoned with by all enterprises, causing a lot of headache to executives.

The existing organizational structure of companies was simply unable to cope with new and fast-changing market demands. The established way of doing things and classical organizational structures (guidelines were described by Max Weber), which may have served companies well for decades became too rigid and ill-suited for flexible adjustment to new demands. The executives attempted to solve problems in companies, resulting from changing demands, by staff reorganizations. However, it quickly became apparent that the selected solution failed to deliver and soon new reorganizations were needed. The new organizational structure was suitable only until new demands appeared on the market.

Organizational structures define responsibilities and competences, guide the flow of information in an enterprise, and assist in work coordination. They represent a stable part of an enterprise's organization, designed for repeat activities. Organizational structures specify the division of work of performers, work hierarchy and methods for achieving goals. However, the business environment in the last decade is notable for its turbulence where the only constant is change, as it is often said.

Experts in the field, both theoretical and practical, have, in the last few decades, paid special attention to organizational structures. The emphasis was on finding the organizational structure providing success and efficiency of enterprises in the new situation. The fact that companies function on the basis of different processes taking place within them, which may be relatively numerous, has eluded them for a long time. Of course not all processes are equally important, some are of key importance, while others are less significant. The majority of key processes run through several managerial positions, departments and offices.

Among the first ones to point out the new discovery of processes were Hammer and Champy (1993), who also wrote the bestseller, "Re-Engineering the Corporation: A Manifesto For Business Revolution," which caused a revolution in the business world. Since the 1990s, many companies have tried to solve their problems by reinventing their business processes (Davenport, 1992). The most commonly used term in literature is business process reengineering (BPR), which requires radical changes in work implementation and establishing processes. In addition to business process reengineering, a number of other approaches to reinventing business operations appear in that period, more than 20, for example, continuous process improvement (Harkness, Kettinger, & Sagars, 1996), total quality management (Deming, 1982), business process regeneration (Kettinger & Teng, 2000), business process redesign (Davenport & Short, 1990), Kaizen and others, supported by particular methodologies. The entire range of approaches has more or less the same aim, namely to improve the efficiency of business enterprises. The approaches differ in the methods proposed for achieving the goal, ranging from fast and radical to slow and gradual changes.

The persons responsible in companies for the reinvention of business processes quickly established that reinvented processes and the changed organizational structure of an enterprise demand a changed and improved information system (Davenport & Beers, 2000). Reinvention of business processes is often introduced together with the implementation of a new integrated information system in the enterprise, the most commonly used term in literature is enterprise resource planning (ERP), or some other partial solution (IDS Scheer, 2000). Both the introduction of a new information system and reinvention of business processes are usually one-off processes requiring substantial input from companies. However, the market and customers' demands change virtually on a daily basis and require companies to continuously improve and adapt their processes to new changes and demands. Company executives have realized that reinventing business processes is not enough, processes need to be constantly adapted and improved even after successfully implemented reengineering, if they want good results. In other words, reinventing business processes does not mean that the job of establishing and adjusting processes is completed, instead it represents a milestone, an actual start of changes, which companies must take on if they want to retain their competitive edge.

Adjustment to changes (i.e., reengineering of operations) was conducted successfully in many companies. Executives in companies ask themselves important questions following such activities, such as "Have we achieved the goals?", "Is this what we needed?", "Where and how to proceed?" When an enterprise establishes the reengineered conditions, they quickly find out that it is far from enough, as the environment and with it, the demands changes fast, bringing along scores of new requirements for adjustments and changes of processes. Executives therefore face questions of high complexity and importance to any enterprise, which are also the questions we will attempt to answer in this part:

- How to establish when a process fails to meet the underlying requirements?
- When is it sensible or necessary to adjust or change it?
- How to find a more appropriate form of business process implementation?
- How will adjustments and changes affect the efficiency of the process, and even more importantly,
- When will an enterprise profit from such activities (i.e., will this improve the performance of an enterprise)?

FROM BPM TO BPE

Executives in companies, in which they have realized that their future can be successfully planned only by constant adjustments to new situations, demands and conditions, follow the guidelines set up in the last few years. Guidelines being a somewhat logical extension of reengineering are business process management (BPM) (Holt, 2000; Scheer, 1998), process performance management (PPM) (IDS Scheer, 2000), and business process excellence (BPE) (Jost & Scheer, 2002). They all emphasize the need for process management as the key to success.

Companies deciding to take further steps in process management must have undergone a successful reengineering of operations at some time in their past (Scheer & Nuttgens, 2000). It is of virtually no importance what route they used, either business process reengineering, continuous process improvement, total quality management, Kaizen or any other. What is important is that they know and manage their processes in full.

MANAGING THE EFFICIENCY OF BUSINESS PROCESSES

Many companies support their operations and/or business processes with costly software packages, to be used for a number of years due to the envisaged upgrades and development options (Masini, 2003). A number of such software packages include effective tools, which are easy to learn and can be used relatively simply to support process-oriented implementation of standard software solutions. Companies can use them to record in detail the existing, "as is," and the desired "to be" business processes (Figure 1).

However, managers in companies at various levels often lack reliable feedback information on the efficiency of performing "as is" processes when managing operations. How then to ensure an adequate level of control over business processes in enterprises? They use their experience and intuition to make forecasts regarding the efficiency and success of individual adjusted, changed or newly established "to be" business processes.

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