

## Chapter 14

# Business Process Reengineering a Sustained Trend?

### An Analysis About the Practice in Major German Companies

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#### **ABSTRACT**

*Business Process Reengineering (BPR) is an important aspect of Business Process Management. The concept of BPR has been widely discussed in the past decade; however, it remains undetermined how prevalent the applications of Davenport, Hammer and Champy's ideas are, especially with respect to their relevancy for actual business practice. This paper analyses which ideas of BPR actually have been implemented in practice many years after the "hype". Based on a survey, the BPR-practices of major German enterprises listed in the German stock market are investigated. The study indicates that BPR is important in practice, although not all ideas of BPR seem to be wholly implemented. Especially the ideas of radical redesign of business processes and the process-oriented organizational structure could not be confirmed by the survey.*

## INTRODUCTION

Business Process Reengineering (BPR) in general is a specific management approach aiming to enhance business processes by elevating their efficiency and effectiveness. BPR was among the preeminent concerns of management theory and practice in the 1990s. Sparked off by a number of successful individual cases the idea achieved rapid popularity. Additionally, every major consulting company implemented BPR practices within their service portfolio. The main focus of BPR was based on radical and project-based reengineering of cross-departmental processes that are critical for corporate success (so-called business-processes) being able to lead to drastic improvements of corporate performance. As a rule, this would be achieved by a forceful implementation of new possibilities of information and communication technologies. Empirical studies at that time swiftly showed, that BPR-Projects did not necessarily and automatically achieve the envisaged ‘quantum leaps’, in some cases, however, substantial increases in performance were possible. Although the ideas of BPR were highly praised, the approach was barely mentioned within literature or in association with business cases by the end of the 90ies. This raises the question, whether BPR could effectively establish itself within business practice, or whether it should rather be considered a theoretical framework with low practical impact.

Based on these premises the Institute for Information Systems and New Media at Ludwig-Maximilians-Universität Munich (Germany) conducted a study investigating the BPR practices of major German corporations. Background and design of the study are described in the next chapter followed by the presentation of the most important results of the study. The last chapter summarises the main findings of the study, outlining practical business implications and future research areas.

## BACKGROUND

### The Idea of Business Process Reengineering

The first phase of the enormous popularity of the management concept BPR was started in 1990 when the contributions of Michael Hammer and Thomas Davenport defined the concept of ‘Business Reengineering’ and provided the basis for further development of the approach (Hammer, 1990; Davenport & Short, 1990). Within a short time the authors published their approaches in detail in monographs (Davenport, 1993; Hammer & Champy, 1993) developing appropriately orientated consulting techniques (e.g., Thomas Davenport at Ernst & Young, James Champy as one of the co-authors of a monograph by Michael Hammer at CSC).

The seminal approach of BPR on the basis of the definition by Michael Hammer and James Champy comprises the idea of a radical redesign of the company, a process orientation of the organisation, a systematic mapping of the customer relationship and of information technology enabling the approach (Hammer & Champy, 1993, p. 32). The radical redesign of the company through its business processes is intended to lead to substantial improvements in business performance. Radicalism implies a design ‘from scratch’, demanding a managerial top-down approach and requiring a rather long-term perspective as opposed to incremental development of processes. In addition the processes in the company are to be designed to a maximum of customer orientation as well as cross departmental. According to Hammer the functional bias of the structural organisation is to be replaced by a process oriented focus. The goal oriented use of new information and communication technologies is intended to facilitate the implementation of these core ideas in the company (Olalla, 2000; Attaran, 2004). Thomas Davenport defined the business process as series of interrelated activities in order to transform

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