# Business Process Reengineering | Let's Improve

**T**o achieve business objective, it is important to have a structured operational process. Investors, Board Members and Management are recognizing that trouble must never be the only trigger for change, and that need for performance improvement is another trigger for turnaround.

One such tool of improving performance is by making the current process more robust and efficient by carrying out a Business Process Reengineering ('BPR') exercise. BPR is the act of recreating a core business process with the goal of improving product output, quality, or reducing costs. Typically, it involves the analysis of company workflows, finding processes that are sub-par or inefficient, and figuring out ways to get rid of them or change them.

In this article, we have explained what BPR is, it's important, and then explained step by step process for execution of BPR project within organization. We have also included a case study to indicate the benefit of BPR initiative.

**What is BPR:**

> "act of recreating a core business process with the goal of improving product output, quality, or reducing costs"

**Steps of BPR:**

- Step 1 | Identity need for change
- Step 2 | Finalize team of experts (internal / external)
- Step 3 | Find the inefficient processes & measure existing KPIs
- Step 4 | Reengineer the processes and compare with improved KPIs

- **Step 1 | Identify need for change**

  There is no logic of change, without a valid reason. This is most important to identify the need for change, if any. It can be identified by looking into company's performance matrices and trend analysis. The need assessment should also factor benchmarking with competitors, customer feedback, employee feedback etc.

  Once we have all the information, we need to come up with a very comprehensive plan, involving leaders from different departments. The management will have to play the role of salespeople: conveying the grand vision of change, showing how it will affect even the lowest-ranked employee positively.

If you fail to get the buy-in from management, business process reengineering efforts might be destined to fail before they even start.

Usually, it's possible to get the employees buy-in by motivating them or showing them different view, they weren't aware of. Sometimes, however, the lack of employee engagement might be because of a poor workplace culture – something that might need to be dealt with before starting BPR initiatives.

- **Step 2 | Finalize team of experts (internal / external)**

  As with any other project, BPR need a team of highly skilled and motivated people, who will carry out the needed steps.

  Team for BPR should comprise of the respective process experts (*preferably internal*) and process engineering experts (*preferably external*) to provide domain expertise as well as outside-in view.

- **Step 3 | Find the inefficient processes & measure current KPIs**

  Once the team for BPR is ready and about to kick-off the initiative, it is important to define the right key performance indicators ("KPIs"). It is important to document the as-is situation and visualize the outcomes of BPR initiative (*targeted KPIs*) to ensure the expected outcome of BPR is met.

  While KPIs will vary depending on what process are being engineered, few examples are as below:

  - Cycle time – The time spent from the beginning to the end of a process.
  - Changeover time – Time needed to switch the line from making one product to the next.
  - Inventory turnover – Time taken for manufacturing line to turn inventory into products.
  - Defect rate – Percentage of products manufactured are defective.
  - Preventive vs breakdown maintenance – The ratio of the times planned maintenance and emergency maintenance happen.

Once KPIs are defined, we need to go after the individual processes. The easiest way to do this is to do business process mapping. While it can be hard to analyse processes as a concept, it's a lot easier if you have everything written down step by step. The most basic way to work with processes is through process flowcharts. Grab a pen and paper and write down the processes step by step.

BPR is usually called for when things aren't going all that well and businesses need drastic changes. So, it will be very tempting to hurry things up and skip through the analysis process and start carrying out the changes. There are always time and money pressures in the business world, and it's the responsibility of the senior management to resist the temptation and make sure the proper procedure is carried out. Problem areas need to be identified, key goals need to be set, and business objectives need to be defined and this takes time.

- **Step 4 | Reengineer the processes and compare with improved KPIs**

  Finally, once we are done with all analysis and planning, we can start implementing the proposed solutions and changes on a small scale.

  Once we get to this point, there's not much to add – what we have to do now is keep putting the theories into practice and seeing how the KPIs hold up. If the KPIs show that new solution works better, we can start slowly scaling the solution, putting it into action within more and more company processes.

  If the solution is not working out, we should go back to the drawing board and start chalking up new potential solutions.

  The outcome may not be completely same as planned, but to the extent a substantial benefit of BPR is achieved, the revised process should be implemented in spirit.

**Summarized view of BPR process**
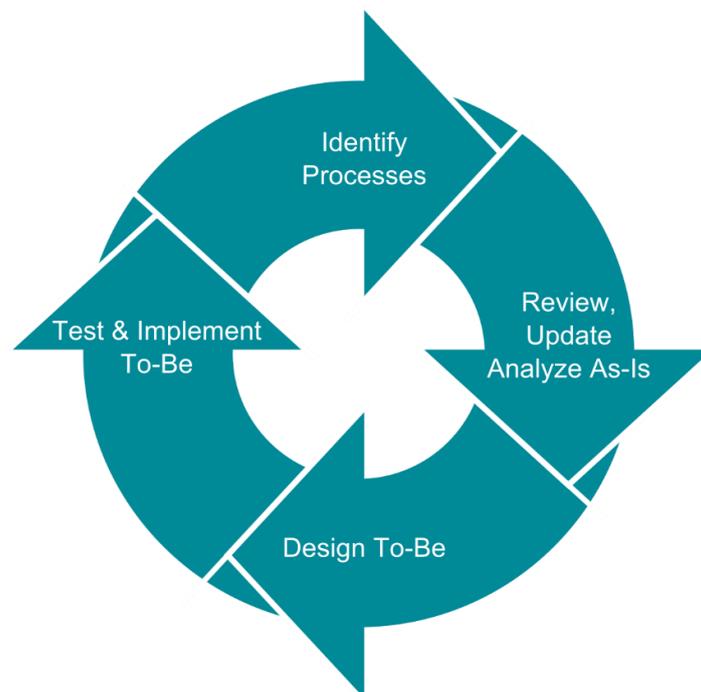
**Sample case study**

<u>Problem statement</u>: An insurance company was facing challenge in managing their inhouse inbound call centre. Current status of key KPIs was as below:

- Abandoned call (*i.e. inbound call which could not be answered*) volume was as high as 44%.
- Out of balance 56% answered calls, only 16% calls were answered within 20 seconds.

<u>Impact</u>: As a result of above problem, there were substantial volume of customer's complaints, which was increasing day by day. The customer satisfaction ('CSAT') score of the company was decreasing day by day.

<u>BPR initiative</u>: The company started BPR initiative. Accordingly, a detailed study was initiated to identify root cause and potential solutions. Some of the problem area identified was as below:

- Employee's office shift was not structured based on past trend of calls volume.
- Disciplinary issue in terms of late arrival and login of team members.
- Lack of monitoring on extended breaks taken by team members.
- No mechanism for call-back on abandoned calls.
- Inadequate training for faster resolution and closure of conversation with customers.

<u>Solution identified</u>: As part of BPR initiative following solutions were identified for testing and implementation within the Company:

- Weekly rostering based on hourly call volume trend analysis.
- Formulation of disciplinary policy, its implementation and monitoring.
- Define duration for different categories of breaks and its monitoring.
- Initiation of process for call back on abandoned calls.
- Formulation of training module for effective utilization of time during calls.

<u>Outcome of BPR initiative</u>: The revised KPIs after testing and implementation of BPR initiative for 2 months was as below:

- Abandoned call volume was reduced to 14% only. Also, those abandoned calls were called-back subsequently, making it NIL net abandoned calls.
- 63% of the calls were answered within 20 seconds.

**How we can help you?**

Our expert team can help in end-to-end management of BPR initiative. Role of BPR team can include:

- Identification of process that need a change. The need will be identified with detailed assessment of as is situation and benchmarking.
- Documentation of as-is process, relevant KPIs and measurement of current KPIs, which needs to be improved.
- Documentation of to-be process alongwith expected improvement in the KPIs.
- Documentation of implementation roadmap, including timeline and communication mechanism.
- Testing of proposed changes and assessment of impact of changes.
- Implementation of changes at complete process and measurement of improvement in KPIs.
- Final closure of project alongwith a project report.

This thought leadership paper, contains the views of Mr. Chandan Rajgadhia, Director - Risk Advisory, Proxcel Advisory Services Private Limited.

About us

ProXcel is a corporate advisory firm promoted by young and dynamic professionals having rich experience in the field of risk, financial and management consultancy. We offer range of integrated professional services to help entrepreneurs set up businesses and constantly grow. Our expert team sharing a common vision, belong to diverse technical, business and legal backgrounds. We deploy specialized and multidisciplinary teams to serve assignments requiring specific skills. This enables us to work proactively and closely with clients and respond effectively to their needs in a highly focused manner, which in today's fast changing business environment is crucial to business success.

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