

Optimizing Business Processes

Companies are continually required to evaluate and revise their business processes to address customer demands for better products and services. Since customers have many alternative sources, businesses are forced to remain competitive. As they strive to improve their business processes, many organizations begin with **continuous process improvement**. Using the continuous process improvement model, organizations document and measure their current processes, make incremental changes, and measure the results of the changed processes. The result is a continuous loop of making improvements and measuring the results. This method is used effectively for gradual and incremental change.

There are factors that sometimes force an organization to make a more dramatic change. When new technologies become available or are implemented by the competition, they drive the need for accelerated implementation of changes in business processes—either to create or maintain a competitive advantage in the marketplace. Businesses have an ever-increasing number and variety of competitors requiring them to be constantly aware of outdated processes and change accordingly—just to stay in business. The rate of change is driving the need to make improvements more quickly than ever. Slow process change does not meet the needs in today's marketplace. Therefore, many companies have implemented **business process reengineering (BPR)** initiatives to achieve rapid change and dramatic improvements.

BPR comes at the problem from a different perspective than is used with continuous process improvement. It starts with a clean slate and asks questions such as: What do the customers want/expect? How do best-in-class companies perform the process? How can new technology enhance the process? What should the process look like? Then, a new process can be defined, rather than just making incremental changes to the original process. BPR begins with defining the scope of the effort (one process, one department, an entire company, etc.) and a discovery process that addresses the types of questions above. Once a new process is designed, a gap analysis is performed to determine what needs to occur to implement the new process, and a plan is developed to address the gap between current processes, structures and technologies and the new process environment. Since BPR efforts cannot be done in isolation, they must take an organization-wide view.

Why is BPR critical to the implementation of systems in organizations?

When considering what technologies and what systems would benefit an organization, the leaders of the organization must ensure that the processes to be

implemented or supplemented by the system are performed in an efficient and effective manner—or systems will be implemented that just automate inefficient or ineffective processes. Sometimes this is referred to as "paving the cowpaths." While BPR must be carried out by the process owners within the organization, it is frequently the IT department that develops the expertise in the BPR process, and it is the CIO that must advocate for process optimization prior to implementation of automation.