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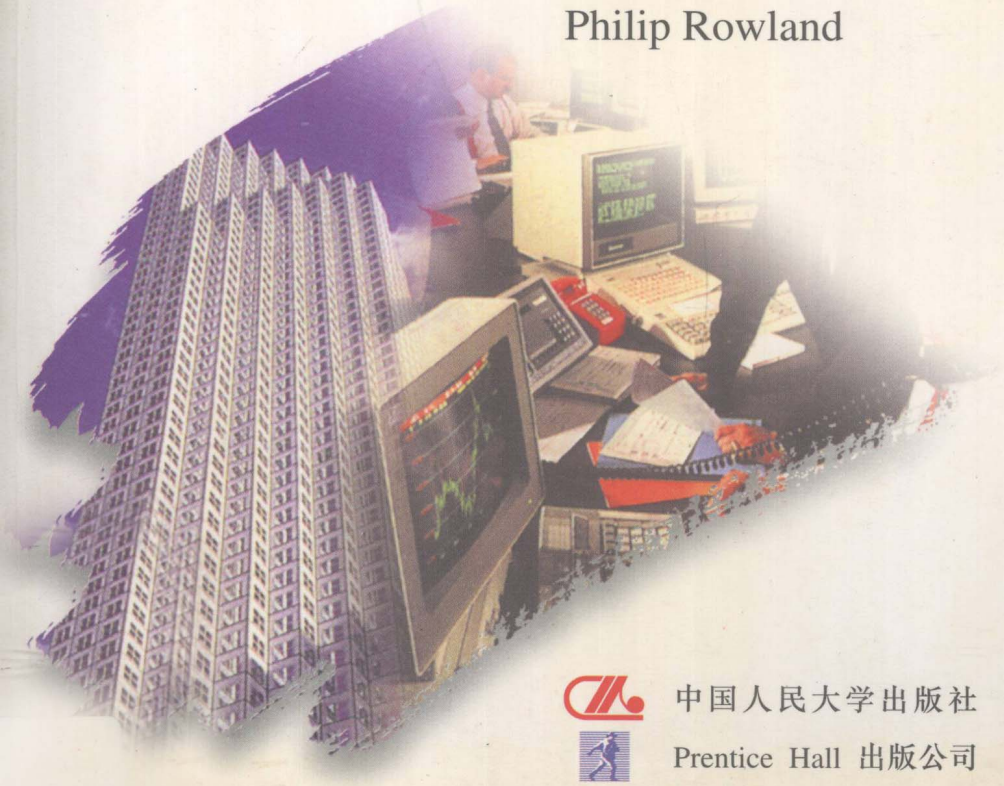
工商管理精要系列·影印版

业务流程重组

BUSINESS PROCESS RE-ENGINEERING

乔·佩皮帕德
菲利普·罗兰 著

Joe Peppard
Philip Rowland



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《工商管理精要系列·影印版》

出 版 说 明

《工商管理精要系列·影印版》是中国人民大学出版社和西蒙与舒斯特国际出版公司继《工商管理经典译丛》之后，共同合作出版的一套大型工商管理精品影印丛书。

本丛书由欧洲著名管理学院和管理咨询公司的教授和专家撰写，它将90年代以来国际上工商管理各专业的最新研究成果，分门别类加以精练浓缩，由享誉世界的最大教育图书出版商Prentice Hall出版公司出版。每一本书都给出了该专业学生应掌握的理论框架和知识信息，并对该专业的核心问题和关键理论作了全面而精当的阐述。本丛书虽然篇幅不长，但内容充实，信息量大，语言精练，易于操作且系统性强。因此，自90年代初陆续出版以来，受到欧洲、北美及世界各地管理教育界和工商企业界读者的普遍欢迎，累计发行量已达数百万册，是当今国际工商管理方面最优秀的精品图书之一。

这套影印版的出版发行，旨在推动我国工商管理教育和MBA事业的发展，为广大师生和工商企业界读者，提供一套原汁原味反映国外管理科学研究成果的浓缩精品图书。有助于读者尽快提高专业外语水平，扩大知识面，掌握工商管理各专业的核心理论和管理技巧。

本丛书可作为管理院校的专业外语教材和各类企业的培训教材，对于那些接受短期培训的企业管理者、MBA学生，以及想迅

速了解工商管理各专业核心领域的师生来说，本丛书更是极具价值的藏书和参考资料。

为了能及时反映国际上工商管理的研究成果，中国人民大学出版社今后将与 Prentice Hall 出版公司同步出版本丛书的其他最新内容并更新版本，使中国读者能借助本丛书，跟踪了解国际管理科学发展的最新动态。

1997 年 8 月

Preface

Over the past few years the level of interest in Business Process Re-engineering has exploded. Increasingly, however, we are concerned that mixed messages and hype are reducing the value of this powerful philosophy. This book is intended to help people understand Business Process Re-engineering (BPR), whether they are working or studying, and lift some of the fog which is obscuring the subject.

The book is divided into three parts:

Part 1 Chapter 1 examines what is meant by the term Business Process Re-engineering and compares it with other philosophies. In Chapter 2, the reasons why organizations are increasingly turning to BPR as a way of improving their performance are explored.

Part 2 This part is divided into three chapters which analyse the underpinning elements of an organization: processes, people and technology. Chapter 3 focuses on product and service delivery systems. It begins by looking at the market and customer requirements which a process must satisfy, according to the chosen strategy of the company. From this starting point the chapter then explores some of the basic principles in process design. Chapter 4 reviews the management of people and emerging organizational forms of specific relevance to BPR. In Chapter 5, the increasingly vital role of technology in enabling business processes is discussed, together with some of the changes which advances are bringing about.

Part 3 Chapter 6 builds on the preceding chapters to explore how organizations can redesign their processes, highlighting two main approaches to BPR. Chapter 7 then takes a step back and examines the wider requirements of a BPR initiative, and in particular, of managing change. A framework for re-engineering is presented with a step-by-step guide to the main issues to be addressed. Chapter 8 outlines some dos and don'ts associated with BPR and brings together the lessons learned from BPR and other improvement philosophies.

We have enjoyed putting this book together and are grateful to our colleagues at Cranfield School of Management for their input which, as ever, was insightful, informed and to the point.

Joe and Phil
August, 1994

Contents

Business Process Re-engineering

What is it?
Why are organizations doing it?

1

What is Business Process Re-engineering?

We trained hard, but it seemed every time we were becoming to form teams we would be re-organised. I was to learn later in life that we tend to meet every situation by re-organising and a wonderful method it can be for creating the illusion of progress, while producing inefficiency, and demoralisation.

Gaius Petronius Arbiter[1]
c AD 65

Reengineering is new and it has to be done.

Peter F. Drucker[2]
c AD 1993

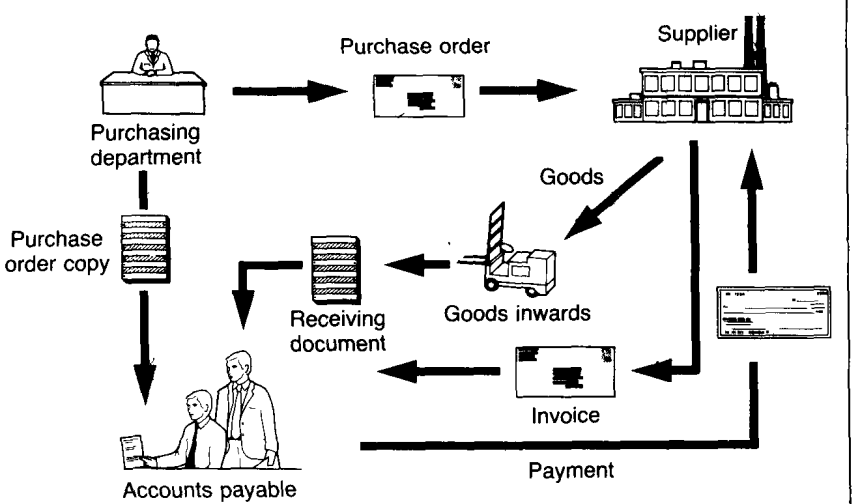
Introduction

Business Process Re-engineering (BPR) has become a popular concept for organizations in recent years but is it just hype; the latest management fad? Many organizations are currently engaged in re-engineering initiatives though their experiences are mixed. When such performance improvement programmes succeed, significant benefits are realized. All too often, however, many companies fail to achieve the expected leaps in performance. In this chapter, we examine what the term BPR means, where it has come from, what distinguishes it from other improvement philosophies and why it has captured the imagination of so many managers.

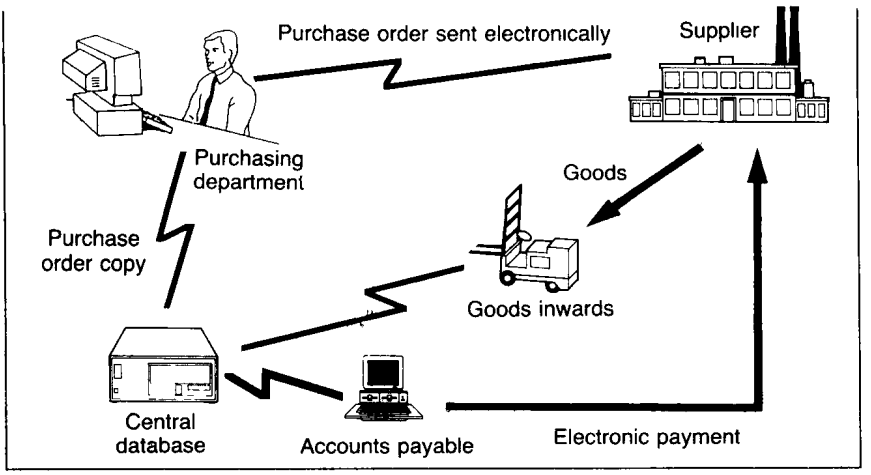
Illustration 1.1: Re-engineering Ford's accounts payable department.

Ford buys in about two-thirds of its car parts from outside suppliers.

Before re-engineering, Ford employed about 500 people in the accounts payable department in North America. Management thought that, by rationalizing procedures and installing new computer systems, it could reduce the headcount to 400. Then Ford discovered that Mazda, in whom they had a 22 per cent stake, did the same job with only 5 people! Even after allowing for scale differences between the two firms, the gap was enormous.



Ford's accounts payable department used to be sent copies of the purchase order, receiving document and the supplier's invoice. It then attempted to match these together, looking at 14 different items of data, however much of its time was taken up with items that did not match. After re-engineering, no invoice was required at all, the number of items to be matched was reduced to three and the purchase order and receiving confirmation was input to a computer system and matched electronically. As a result, Ford achieved a 75 per cent reduction in headcount in accounts payable, not just the 20 per cent it would have gained had the original plan gone ahead.



Source: Michael Hammer, Reengineering work: don't automate – obliterate, *Harvard Business Review*, July–August, 1990, pp. 104–112, Butler Cox Foundation, *The Role of Information Technology in Transforming the Business*, Research Report 79, London, January, 1991.

Perhaps the most famous example of business process re-engineering is that of the Ford Motor Company outlined in Illustration 1.1. The company made significant improvements to their accounts payable operation by examining the processes by which it bought and paid for its supplies. Other organizations have begun to use this approach to improve the whole way in which they do business. In particular, financial service companies are using this approach to dramatically reduce the time and cost of processing an application for their products, such as a mortgage or life assurance. One company found that it took 22 days to process an application for insurance, even though it was worked on for just 17 minutes! In an ideal world the customer would need to wait only a few minutes, not even the full 17 minutes. For example, ordering a telephone line, which used to be a lengthy process, can now be done in a couple of minutes over the telephone. Redesigning processes then, as a means to improving performance, can be very powerful. It can, however, call into question the way in which many companies are organized for work.

The traditional organization

Look at your own organization. Does it have different departments such as sales, marketing, finance, purchasing, production, informa-

tion systems, personnel, product development, logistics? Are people recruited into one of these 'functional' specializations, and is promotion gained almost solely within these functions? What happens to customer orders, or during the development of a new product or service? Does each department do 'its bit' and then hand over to the next department in the chain?

In most organizations this is exactly what happens. Each department is responsible for undertaking one part of a larger whole. Take, for example, the fulfilment of a customer's order in a made-to-order manufacturing firm. Typically the order is taken by the sales department and passed on to the production department for scheduling and fabrication. Any raw materials needed are procured by the purchasing department. The product is then made and the finished good shipped to the customer by the logistics department. The accounts department bills the customer as well as paying suppliers. The customer service department then handles training and support of the product while it is in use.

This 'chain' of linked departments allows for specialization where the overall task is broken down and people with specific expertise can be applied as required. Such specialization of labour, whether on the manufacturing shop floor or within offices has been a normal way of working for a long time. 'Levels' of seniority evolve within these functions to form the organizational hierarchy. This model is so widely established that it is rarely questioned. That is all changing now. Business Process Re-engineering, BPR for short, is questioning this 'functional' way of thinking and is making 'processes' a main focus for organizations. This shift is illustrated in Figure 1.1.

A process focus means looking at the way a customer order is fulfilled, a new product created, or a marketing plan developed, without concern for functional boundaries or specialization. For example, when requesting repair of a telephone fault, the customer is not interested which department the engineer works for, whether he travels by taxi, or if he buys any spare parts in the local hardware store, as long as the service is restored.

So what exactly is a process? The Oxford English Dictionary defines process as *a continuous and regular action or succession of actions, taking place or carried on in a definite manner, and leading to the accomplishment of some result; a continuous operation or series of operations.*[3] In its simplest form a process has an input and an output and is made up of a sequence of individual tasks through which this input passes to become an output. The process itself can be anything which transforms, transfers or merely looks after the input

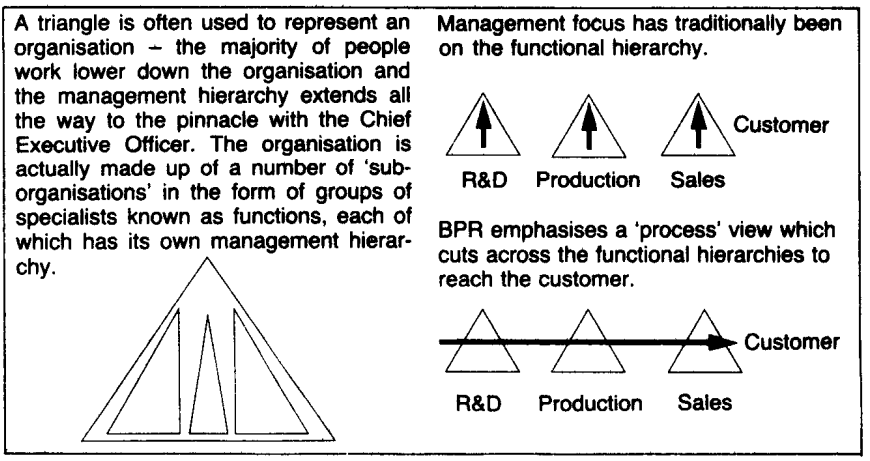


Figure 1.1 Functions and processes

and delivers it as output.[4] Organizations adopting a process approach find that, for example, many of the steps in their order cycles have nothing to do with delivering the required outcomes. It is sometimes difficult to identify why some steps exist at all. Often it

Box 1.1 The strengths and weaknesses of functions

Functional structures have a number of strengths, providing:

- A pool of expertise, vital for specialization of labour benefits and can mean fewer specialists may service the needs of a number of areas.
- A means of taking the latest thinking in particular areas into the organization.
- The means to develop careers which enhance specialist excellence in a particular field, such as Marketing, Production, IT or Human Resources.

. . . and some weaknesses

- The focus of the organization can be the 'boss' not the customer.
- No one has control over the 'horizontal' processes and co-ordination is weak. While business strategy gives focus to the functions each still has its own agenda.
- No single point of contact with organizations. If a customer has a query with an invoice they must contact the accounting department; sales, for example, only deal with questions relating to sales.
- Unproductive work exists because of functional boundaries which result in many tasks being done simply to satisfy the internal demands of the company's own organization.