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BPR SUCCESS OR FAILURE? A BUSINESS PROCESS REENGINEERING PROJECT IN THE FINANCIAL SERVICES INDUSTRY

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Abstract

Business process reengineering (BPR) has attracted much interest in the academic and practitioner literature. The interest has been sparked not least by stories of dramatic success in business process improvement. The success stories stand in contrast to the supposed high failure rates associated with BPR.

One stream of research on BPR has focused on those factors correlated with BPR success (or failure). In much of this literature, however, researchers have tended to assume that the factors can be readily identified and that “success” or “failure” is relatively easy to determine. In contrast, this paper reports on a BPR project where those involved disagreed on the most important factors. Moreover, the extent to which the project was successful was somewhat unclear. The project was regarded as a success by some of the participants, but not by others.

This paper can be seen as one response to the call for more empirical in-depth case studies concerning the implementation of BPR in practice. The BPR project was one that involved redesigning the main accounting processes within one organization in the New Zealand financial services industry.

Keywords: Case study, interpretivist perspective, business process reengineering, financial sector.

1. INTRODUCTION

Business process reengineering (BPR) has been described as a radical new approach to business improvement, with the potential to achieve dramatic improvements in business performance. Early articles by Davenport and Short (1990) and Hammer (1990) have been followed by numerous others, both in the academic and popular management literature (e.g., see Bashein et al. 1994; Davenport and Stoddard 1994; Donlon 1996). The advocates of BPR state that BPR is crucial to the survival of contemporary firms (Craig and Yetton 1994).

In the research on BPR, one of the main areas of concern has been to identify those factors correlated with BPR success or failure. The assumption underlying this research appears to be that, if only the most important factors can be identified, then practitioners will have more success with the implementation of BPR projects. The desire to identify key success factors has taken on added importance, given the supposed high failure rates associated with BPR projects.
This paper questions the underlying assumptions of factor research. It contends that it is difficult in practice to identify those “factors” which led to success or failure. Moreover, the ease with which commentators attribute “success” or “failure” to particular projects is questioned. The extent to which a project is successful or not is not easy to determine, particularly if the viewpoints of various stakeholders are taken into account. In the case study reported on here, for example, the project was regarded as a success by some of the key players, but not by others.

One of the main purposes of this paper, therefore, is to go beyond the mostly anecdotal evidence of BPR successes and failure reported so far, and to discuss one in-depth case study of the implementation of a BPR project. A number of researchers have drawn attention to the lack of in-depth case studies of BPR projects (Glasson 1994; Grover at al. 1995; Hamilton and Atchison 1995; Wilmott and Wray-Bliss 1995), particularly those of a longitudinal nature (Jones 1994). This paper can be seen as one response to the call for more empirical in-depth case studies concerning the implementation of BPR in practice. The BPR project discussed here was one that involved the introduction of new work processes, a new organizational structure, and the implementation of a new financial information system within one organization in the New Zealand financial services industry.

The paper proceeds as follows. The next section discusses business process reengineering, focusing specifically on BPR “success.” The third section describes the interpretive case study research method that was used. In the fourth section, the empirical evidence from the BPR case study is discussed. The fifth section presents an analysis of the case, while the sixth section is a discussion of the findings. The final section presents the conclusions.

2. BPR SUCCESS

One of the difficulties in conducting research on BPR is that various terms are used, such as business process reengineering, business process redesign, or business process improvement. Not only are there disagreements about the scale of change or scope of the processes being redesigned (Jones 1994), but different definitions of the same term are used in different studies. This makes it difficult to compare studies (Childe et al. 1994).

A decision was made to use Hammer and Champy’s definition of BPR, which has been one of the most cited in the literature. Their definition is as follows:

     The fundamental rethinking and radical design of business processes to achieve dramatic improvement in critical, contemporary measures of performance such as cost, quality, service and speed.
     [Hammer and Champy 1993, p. 2]

The underlying principles of the definition above are that reengineering involves a focus on business processes, should question the fundamentals, the change should be radical, and the benefits proposed substantial. Other authors add that BPR is a deliberate and planned phenomenon (Grover et al. 1995; Fielder et al. 1995), and that it is usually enabled through information technology (Benjamin and Levinson 1993; Fielder et al. 1995). Various approaches to doing BPR are presented in the literature (e.g., see Carr and Johansson 1995; Davenport and Short 1990; Grover et al. 1995), BPR is not without its critics. BPR has been criticized for increasing unemployment, for dis-empowering staff (Grey and Mitev 1995; Willmott 1994), and for attacking structures that provide organizational identity (Bailie 1995). The aim in this paper is not to critique BPR per se, however; rather, this research has the more limited goal of simply evaluating the success factor approach which been associated with it.

The success factor approach in BPR research attempts to identify those factors (variables) which have the greater influence on BPR success. This research builds on the factor research stream in IS implementation research more
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generally. Quantitative data is collected from a sample of implementation sites in order to determine the relative importance of these variables on the outcomes of implementation (Kwon and Zmud 1987). Most of the research into BPR success or failure has resulted in descriptive lists of factors that lead to one or the other. The assumption seems to be that if the practitioner is aware of these factors and addresses them during implementation, then the BPR project is more likely to be successful.

In the BPR literature, the following factors have been suggested as increasing the likelihood of BPR success: senior management support and vision (Hammer and Champy 1993; Robb 1995); a strong project leader who is well respected and committed (Robb 1995); well established objectives, with aggressive targets (Robb 1995); a project team consisting of a mix of staff and consultants; the very best staff in the organization for various functional areas; a well planned change management and communication strategy (Hammer and Champy 1993); an effective methodology (Hammer and Champy 1993; Robb 1995); and two way communication regarding the reengineering process (Evans 1994).

Grover et al. identified a large number of problem or “failure” factors associated with BPR, which they classified into nine categories. These were, in order of severity (from first to last): change management; technological competence; strategic planning; time frame; management support; human resource; process delineation; project management; and tactical planning.

Although most BPR implementation research has used the factor research approach, this approach has been criticized in the IS implementation literature. First, the factor approach tends to view implementation as a static process instead of a dynamic phenomenon and ignores the potential for a factor to have varying levels of importance at different stages of the implementation process. It also fails to explain the relationship among the factors (Ginzberg 1981; Lucas 1981). Second, there has been a lack of consistency in the IS research and very few factors have been shown to be important across multiple studies (Kwon and Zmud 1987). Third, the factor research approach is based on an underlying mechanistic view of information systems implementation (Myers 1994a). The attempt to identify variables associated with some measure of implementation success assumes that each factor is an independent variable and overlooks the interaction between them and other elements in the social and organizational context (Nandhakumar 1996).

The factor approach can be contrasted with interpretive approaches which assume that people are active makers of their physical and social reality, that people are actors not factors. Mouritsen and Bjorn-Andersen (1991) argue that “agents actively construct everyday interaction in accordance with their wants. Humans are not, as seems to be suggested by the idea of ‘human factor,’ merely an inactive although problematic part of a system, something that can be optimized through selection, education, and training” (p. 312). Bussen and Myers (1997) found that the broader contextual issues surrounding a particular IS implementation had a greater influence than previously identified narrowly focused factors.

The two concepts of success and failure warrant further discussion. In the BPR literature, success and failure are often taken for granted. Since the BPR literature emphasizes short term financial criteria, it tends to be assumed that it is relatively easy to determine whether a particular BPR project is successful or not. For example, Hammer cites a 75% reduction in head count, while other researchers cite order delivery time reduced from 33 to six days (Davenport and Short 1990), US$1 million per plane cost reduction (McCloud 1993), or reducing costs of errors in fulfilling orders by US$2 million dollars (Bambarger 1994).

The apparent ease with which BPR projects are labeled a success or failure by outside observers is questionable. In the IS implementation literature, there continues to be considerable disagreement concerning how these concepts should be defined (DeLone and McLean 1992; Lucas 1975; Myers 1995; Sauer 1993). Following Myers (1995) and
Sauer (1993), this paper suggests that success or failure of a project can only be determined by considering the opinions of the various stakeholders. It is also possible that the opinion of stakeholders may change over time.

A focus of this research, therefore, was participants’ evaluations of the success or failure of the project.

3. RESEARCH METHOD

As was stated earlier, one of the main purposes of this research was to attempt to understand the development and implementation of one BPR project over time. The objective was to study one BPR project in depth, focusing on the process of BPR, the internal and external “factors” or issues which influenced the process, the outcomes of the process, and participants’ evaluations of the project. It was determined that the most appropriate research method for doing this was the interpretive case study.

Interpretive research differs from positivist research in that it does not predefine dependent and independent variables, but focuses on the complexity of human sense making as the situation emerges (Kaplan and Maxwell 1994); it attempts to understand phenomena through the meanings that people assign to them (Boland 1985; Orlikowski and Baroudi 1991). Interpretive methods of research in IS are “aimed at producing an understanding of the context of the information system, and the process whereby the information system influences and is influenced by the context” (Walsham 1993, pp. 4-5). More extensive discussions of the contribution that interpretive research can make to information systems research can be found elsewhere (Myers 1997; Walsham 1993, 1995).

The focus of the analysis in this paper was one specific case of BPR, where understanding the context and process of the project, and participants’ views concerning its success, was desired. The BPR project was studied from inception to final implementation in a financial services company in New Zealand. The research was conducted by one of the authors over a six month period, from September 1996 to February 1997.

Data were obtained from interviews and documentary sources. Ten semi-structured interviews were conducted with all of the key players in the BPR project, including the project sponsor (who reported directly to the CEO), the process owner, members of the core BPR team, consultants who supported the various phases of the process, and key users. The interviews lasted from one to three hours. All interviews were tape recorded except one. The documents obtained included project deliverables, proposals, internal newsletters and memoranda, and articles from business magazines and newspaper clippings.

The primary criterion used for assessing the validity of the interpretations was the hermeneutic one of seeing if they “made sense” (Myers 1994b) and were believable both to the researchers and to all of the key people involved with the BPR project. Walsham suggests that the validity of interpretive case study research depends on the plausibility and cogency of the logical reasoning used in describing the results from the cases and in drawing conclusions from them (1993, p. 15). It is believed that this paper, while narrow in scope, offers broad insights into the context and process of BPR.

4. THE BPR CASE STUDY

Alpha NZ Limited (a pseudonym) is a member of the New Zealand financial services industry. Alpha was incorporated as a private company in 1986, comprised of nine separate regional subsidiary financial service companies, all offering the same core financial services. Each of the nine regional companies had their own regional head office,
which served as a regional processing center for various functions for the company, and a number of branches in various locations in that particular region. Each regional company had its own accounting department, which performed tasks such as asset management, accounts payable processing, management accounting, financial accounting, and reporting.

The objectives of the BPR project in question were to improve customer service, reduce costs, and improve the quality of the work performed. The need for this was driven by deregulation of the financial services industry in New Zealand in the late 1980s, increased competition, and the inefficiencies inherent in the company due to the earlier merger of the nine separate regional companies. The project used the standard BPR methodology of Gamma Consulting (a pseudonym for a large, multinational consulting firm).

4.1 The PQI Movement

In 1993, one of the regions of Alpha NZ Ltd. developed a quality program called PQI, Process Quality Improvement. It instigated a vision and objectives which were to improve the service to the customer, both internally and externally, thereby creating a focus on the customer that was not prevalent in the organization at the time.

In view of the success of PQI and the profitability of this one region, the leader of the PQI program moved to Alpha NZ Ltd.’s head office in Wellington to help adopt this program for Alpha as a whole. As part of this PQI initiative, the management team appointed a consultant from Sigma Consulting, who took responsibility for this project. The consultant reported to the managing director. Subsequently a new Alpha NZ Ltd. vision and strategy was developed called Service 2000. A traveling road show was created in which the Service 2000 initiative was presented to the regions and branches.

In the 1993 Half Yearly Report, the managing director commented on the PQI launch:

> During the period, the Group took a significant step toward achieving the goals of its “Service 2000” quality process with the launch of a Process Quality Improvement (PQI) program. PQI is designed to bring together the Group’s family of companies in an integrated way. Using international benchmarks, the Group is reviewing all aspects of its operations to establish the most efficient way of delivering services. The aim is to free staff so they can more effectively meet the changing needs of customers.

Along with the Service 2000 initiative, three main projects were launched at this time, concerned with distribution and strategy, organization review, and effective customer service. The organization review was given the responsibility for investigating the various functions of the head office and the nine regional head offices, and indicating areas for improvement. These developments are summarized in Figure 1.

4.2 Reengineering the Accounting Processes

Following on from the organization review, a project team was formed in February 1994 to redesign and implement new accounting processes. Five people from Alpha were appointed to the project team, including senior accounting people from both the head and regional offices.

The first task was to select a consulting partner to aid in the redesign project. Of the three consultancies contacted, Gamma Consulting was selected. Since Gamma was part of a large international consultancy firm, it was felt that they had the expertise and knowledge required. Two Gamma consultants were assigned to the project team, one of whom was considered by the team as a “BPR guru.” His previous experience involved redesigning a global financial institution based in the UK.
The senior consultant from Gamma Consulting explains what happened next.

We went for a chat with some of the accountants. We took them for a coffee and a drink and talked to them about the way that we would go about doing the job. This was a piddly little [project] in their mind, a 30k deal. Pay peanuts and you get monkeys don’t you? They wanted a 30k deal to redesign the accounting process....By the time we’d finished, we had explained to them we were going to try to find out what accountants did, and do it properly. You can’t do better than that.

As can be seen, the senior consultant from Gamma believed that the project would be much larger than the Alpha accountants envisaged. According to him, Alpha NZ Ltd. had about six different approaches to reengineering. He was concerned about their piecemeal approach, but managed to convince the members of the project team that the scope of the new BPR project should be established as including all the processes within the accounting function. It was agreed that project team would use the standard BPR methodology used by Gamma Consulting. This methodology is illustrated in Figure 2.

In this methodology, the data gathering and interview steps come first. These steps are followed by various steps concerned with the analysis of activities, options, and costs. The final report incorporates recommendations for the redesign of management structures and processes.

In the first phase at Alpha, 60 people were interviewed from the nine regions over the next four weeks. The interviewees included senior management, internal audit, and users of the accounting information. Before the interviews were completed, the two Gamma consultants approached two leading members of the project team and voiced their concern that the project team as a whole would not support the recommendations that they believed were needed. However, the two Alpha project team leaders expressed confidence in the team members as a whole. They raised a different concern viz. that the senior Gamma consultant, “the BPR guru,” had left most of the work to his more inexperienced colleague (the junior consultant did in fact possess considerable business experience, especially with finance/banking audit clients, but lacked experience in the BPR methodology). It was obvious to the Alpha NZ team members that the junior consultant had not been through this process before, and due to his inexperience they felt that they were lacking clear direction. Despite these reservations on both sides, Gamma Consulting agreed to continue with the project.
A benchmarking study against Alpha’s seven major competitors indicated that Alpha NZ Ltd. had the second highest staff levels compared to its main competitors, and the second highest salary cost. However, the salary per employee was the lowest of the seven competitors who responded to the questionnaire. This was interpreted as resulting from the fact that Alpha had a large number of clerical accounting staff. Only 27% of the accounting employees were accredited members of the Institute of Chartered Accountants of New Zealand; this contrasted with one competitor where 80% of its employees were accredited.

The benchmarking also revealed that six of the seven competitors were producing monthly reports up to four days faster than Alpha after the month-end close. Also, only one of its competitors was using a custom-written general ledger and subsidiary systems such as accounts payable, as was Alpha NZ Ltd. The other six competitors were using commercially available packages, with little or no customization by in-house IT people. Additionally, the benchmarking illustrated that none of the seven competitors managed a decentralized accounting function, and only two of the seven had distributed some accounting functions into the business units.
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Subsequently a workshop was held on Gamma Consulting premises, in order to move the project team away from the Alpha NZ Ltd. environment. The workshop was facilitated by the “BPR guru” from Gamma Consulting. The project team agreed on the following recommendations:

(1) Reengineer the recording and reporting process: put responsibility back to the manager for their business;
(2) Automate routine accounting functions: develop a new integrated ledgers system;
(3) Provide fingertip access to financial information: develop a new integrated financial reporting and information system.

It was proposed that the new information systems would be selected and implemented within 18 months.

As part of the reengineered accounting processes, a new corporate accounting team would be established. This team would be a highly motivated group of people, service driven and customer focused. The team members would be highly paid and supported by the group manager of finance and treasury. The central accounting team would have responsibility for accounts payable, accounts receivable, and fixed assets; statutory and prudential reporting; procedure and policy formation; systems accountants; and treasury accounting.

A major change to the recording and reporting process was facilitated by the idea that people who order goods and authorize payments should process this information into the system directly. This affected the accounts payable subprocess, which originates with a business manager or person purchasing an item, through to receipt of the item for service and payment.

These recommendations, along with some others, were presented to the management board in May 1994. With an 88% reduction in headcount proposed in some areas, and clear cost savings identified, the recommendations were accepted.

In July 1994, a “communication pack” was sent to the managers of all of the regional branches. In this pack, it was indicated that all accounting positions within Alpha NZ Ltd. would be “disestablished,” and existing staff would need to apply for a new position with the company. The process of redeployment was also outlined in the communication pack.

4.3 Implementation

The beginning of the implementation phase was preceded by selecting an implementation consulting partner. Of four consulting firms invited to propose, Omega Consulting was selected primarily because one of the leading consultants within Omega seemed to have the necessary “people skills” that the Alpha project team were looking for. Omega also agreed to risk 15% of their consultancy fees against the success of the project. The success criteria for this phase of the project were defined by the project team and approved by senior management. These criteria were:

- selection of a financial systems solution by 31 March 1995;
- implemented processes and systems in a test environment by 1 October 1995;
- live operations systems and fully implemented organization infrastructure by 31 January 1996.

In terms of implementation, some specific measurable elements were considered, such as appropriateness of systems design, adequacy of user training, and so on. Some key assumptions were factored into the success criteria, such as availability of Alpha resources with the necessary skills; deliverables from resources external to the core project team being on time; sufficient authorization to “push through” new procedures and practices; the ability to obtain
additional resources if required, subject to budgetary constraint; the scope of the project being not significantly affected by other initiatives; and the required technology infrastructure being implemented by required time scales.

The summary and detailed management plans were completed by mid-September 1994. The process of selecting a vendor and specific software is summarized in Figure 3.

By February 1995, a contract was signed with SAP. The project team agreed that the functionality of SAP best met the needs of Alpha NZ Ltd.

After much systems development work for most of 1995, the new information system went live in all branches on 1 December 1995. All the changes to the organization structure, business functions and staff which had been recommended earlier were put in place. On 31 January 1996, those staff who were not able to be redeployed were made redundant. The accounting staff full time equivalent (FTE) fell from 75 to 24, a headcount reduction of 68%. Therefore, by the beginning of February 1996, the new systems were implemented, the new processes in place, and the new head office accounting team was established. On 8 March 1996, the project was signed off by Omega Consulting and passed to the project sponsor and a Project Sign Off Report was delivered to Alpha NZ Ltd. from the project manager. Omega Consulting was paid its commission in full.

4.4 Post Implementation

The following months did not proceed so smoothly as the ones just gone. With some members of the project team being made redundant, one member joining Omega Consulting as an IT consultant, and others being moved sideways, none of the original project team members were left in group accounting. All in-house expertise had disappeared from the central accounting group.

![Figure 3. The Design, Requirements Definition, and Selection Process](image-url)
Some new report development was identified in the Project Sign Off Report; however, due to the low level of skill present at the accounting head office, this task was not completed. Other new management reports were identified likewise, but these too were not forthcoming. The majority of the statutory reports had been developed and they were considered to be superior to the statutory reporting previously available under the old system; however, the lack of management reporting was starting to cause difficulties. In response to these difficulties and to satisfy the increased user expectations, a consultant from Omega Consulting was hired to write the new reports.

In April 1996, however, it was announced that Betta Limited (a pseudonym) had the intention to purchase 100% ownership of Alpha NZ Ltd. shares and a merger would be taking place. As soon as the “merger” was announced, a moratorium was placed on hiring new staff and the development of management reports was placed on hold until the future of the system and the requirements of the new company could be determined.

A post implementation review was conducted in early April. One of the findings of this report was that staff morale was low in the head office accounting team. The staff had undergone a major structural and process change and they were not being adequately supported by their manager. Further, the lack of skill and expertise in the system they were now using was low and affected their confidence in it. The recent announcement of the merger had also destabilized their future with the company and many were feeling insecure about their positions.

By September 1996, there were no longer any accounting staff in any of the regional companies. Group Accounting Alpha NZ Ltd. was merged with Group Accounting Betta Ltd. and there were a number of redundancies. The newly merged company received a name change, and is now known as Betta-Alpha Ltd. (a pseudonym).

In October 1996, it was announced that Betta-Alpha Ltd. would be implementing Oracle financials as their back office accounting system in place of the existing SAP system. Betta Ltd. Australia (which owned the New Zealand organization) mandated that the system they had previously selected as their core financial MIS was to be implemented in their New Zealand subsidiaries as well. The devolvement of invoices to line managers was also re-centralized to the new Group Accounting team. In effect, this meant that almost all of the changes and systems that had been implemented as part of the BPR project at Alpha had now been discarded.

5. ANALYSIS OF THE CASE STUDY

It can be seen that, although Alpha NZ Ltd. had a fairly piecemeal approach to business process improvement early on, the consultants from Gamma Consulting convinced the Alpha project team to use their standard BPR methodology. The project was thus defined as BPR by this large international consulting firm, the consultants arguing that all of the accounting and management reporting processes should be redesigned at once. The objectives of the BPR project within Alpha NZ Ltd. were to improve customer service and quality and to reduce costs. The immediate outcome was the creation of a new accounting organizational structure, new work processes, and a new financial information system. A 64% reduction in FTE accounting staff from 67 to 24 was experienced, with projected savings of approximately $2.1 million per annum.

Some three months after the “go live date,” however, news of a merger halted all further post-implementation work. This included the development of important user reports. Following the merger, the structures of Alpha NZ Ltd. were merged with those of the new owner and many of the new processes and structures “undone.” A new information
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system was to be implemented by the end of 1997 to replace the SAP solution implemented as part of the BPR project.

5.1 A BPR Success or Failure?

At this point, the question of whether the BPR project at Alpha NZ Ltd. was a success or failure according to the views of the participants should be considered.

If the story of the BPR project were to end in February/early March 1996, the assessment would undoubtedly be favorable. Everyone involved with the project believed that the short term financial savings were considerable, with a 64% reduction in FTE accounting staff and projected savings of approximately $2.1 million per annum.

Some two months later, however, the picture had changed considerably. An unintended consequence of the BPR project was that none of the original project team members were left in group accounting and all in-house expertise had disappeared from the central accounting group. Those now in the accounting head office had a low skill level and morale was low.

It would appear that the BPR project contained the seeds of its own destruction. Its financial “success” was only achieved by a dramatic reduction in headcount, and those who left the company were arguably the most skilled and capable within the Alpha accounting function. It would appear that the problems which emerged (such as the lack of management reporting with the new system, the low skill levels of staff) were a logical consequence of BPR, although other reasons could have contributed. When the reengineered Alpha company was taken over by Betta Ltd, the latter company had an excellent excuse to undo all of the changes which had been made.

Some of the various stakeholders were asked their opinions concerning the success or failure of the BPR project.

The “BPR guru” from Gamma Consulting believed that the BPR project was a resounding success. He said:

It was a phenomenal integration....It was a piece of good professional work, that went far beyond what they, I think, had expected of it. And the opportunities it gave them—I’m proud of it. I think we did a good job....We came up with something at Alpha Ltd. which was out of this world. Nobody else up to that point had anything like it.

The project manager from Omega Consulting also believed that the project was a success. The project achieved what it set out to do, and Omega was paid its full commission. He explained:

Yes, [it was a success] because Alpha NZ Ltd. was always going to be sold off. Right? It was targeted from the day I joined....The payback on SAP was already there by the time Betta Ltd. in fact took over. People ask me this question, and I think, yes absolutely. I mean we were packaging Alpha for sale. The market always knew that Alpha was going to be taken over.

All of those involved in the BPR project team also believed that the project was successful. One group manager commented that the success was due to strong CEO commitment, good effective project sponsorship, good communication, and regular planning, review, and control. The group accounting system accountant attributed the success to the key factor of management commitment. The project leader believed that the project was a success due to the way the project team worked together, the excellent partnership with both consulting firms, and with SAP (the
software providers). Some admitted that there were some post-implementation problems; however, these problems reflected more on the ability and commitment of those being trained, than on the project per se.

The reaction of the users was not so clear cut. One group accounting manager commented that not retaining the in-house project team members was a mistake. The manager of retail services said that the project was successful except that it failed to deliver what was expected in terms of management reporting. Another user claimed that the project failed because of the lack of reporting. This person was expecting a level of information to be provided by the new system which did not eventuate. The lack of management reports had caused considerable dissatisfaction.

It can be seen, therefore, that two main groups of stakeholders, the developers and the users, did not agree on the “success” of the BPR project, neither did they agree on those factors which led to “success” or “failure.” The one point on which everyone agreed was that there was a lack of ownership from group accounting and the group accounting manager in the post-implementation phase. However, as stated earlier, the low skill level in group accounting was a logical outcome of the BPR project itself.

It is interesting to note that all of the participants did not perceive the takeover of Alpha by Betta Ltd. to have affected the success of the project. They all recognized that the strategic direction, mission, and culture of the new company were different from Alpha’s. As a subsidiary company, Alpha NZ Ltd. had no choice but to merge with Betta Ltd., therefore, this was not believed to indicate (or be a factor in) the failure of the BPR project in any way.

6. DISCUSSION

As was mentioned earlier, numerous researchers (e.g., Evans 1994; Hammer and Champy 1993; Robb 1995) have identified factors associated with the success or failure of BPR projects. Most of the factors (reviewed earlier) correlated with success were indeed present in this case (e.g., senior management support and vision was present, as was a strong project leader). Additionally, staff in the project team came from both the regions and the head office, and could therefore understand the organization structure, culture, and processes from each perspective. All members of the team indicated that the team environment and spirit was one of the aspects they enjoyed most about the project.

Despite all these “success factors” being present, it is rather difficult to label the project either a “success” or a “failure.” If one considers the views of the various stakeholders, as is suggested by Myers (1995) and by Sauer (1993), it appears that the labeling is more of a political declaration than it is a statement of fact: “success” depends upon who you talk to. The success or failure of the project also varies depending upon the time at which the evaluation is done.

The Alpha NZ Ltd. case study therefore highlights how the labels “success” and “failure” can be seen as political judgements made by interested parties. From this perspective, it is understandable why the various stakeholders “voted” the way they did: first, the consultants judged the project an unqualified success since they were the ones that promoted BPR in the first place; those involved with the project team unanimously viewed the project as a success since they were the ones primarily responsible for the end result; the users, by contrast, were somewhat mixed in their evaluation, since they seemed to have gained least from the new system.

As outsiders, it was tempting to view the project as a failure, since many of the changes implemented as a result of the BPR project were “rolled back” by Betta Ltd. However, it can be argued that the decision by Betta Ltd. to merge the two companies, undo the changes, and replace the information system was purely a political one (in fact, one
senior manager claimed that there was no review to determine if SAP was the best product for the New Zealand operations, the new owner simply stated that Oracle was to be implemented. If this is the case, then those involved with the BPR project at Alpha can hardly be blamed for failure. On the other hand, it can be argued that if the new structures and systems were so good, why were they not retained by Betta Ltd.? Perhaps the user dissatisfaction with the management reporting in the new system had something to do with Betta’s rejection of it. Clearly, it is rather difficult to make a definitive judgement one way or the other.

7. CONCLUSION

This paper has discussed one BPR project which involved redesigning the accounting processes of a financial services firm in New Zealand. While the short term financial results were spectacular (e.g., headcount reduction of 68%), the long term implications of the changes were more worrying. At the conclusion of the project, Alpha NZ Ltd. had staff in the newly centralized accounting group with low skill levels and low morale. Additionally, there was some disagreement among the major stakeholders with regard to attributing “success” or “failure” to the project.

The conclusion is that BPR “success” is perhaps not what it appears at first sight. In this case, it was rather more difficult to attribute success or failure to the project than originally envisaged. Further research will hopefully shed more light on the long term implications of BPR and on its implementation and evaluation.

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