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BPR vs. BPI: Contrasting Two Constructs

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Abstract

As the efficacy of business process reengineering (BPR) has come under question, organizations are seeking ways to modify its implementation. This has led to some semantic confusion over alternate methodologies for changing an organization's business processes. This paper attempts to reduce confusion by distinguishing between BPR and BPI (business process improvement).

Difficulties with BPR

BPR began gaining international popularity at the beginning of the decade. It was touted as a revolutionary method for redesigning business processes for enhanced organizational performance in several areas:

- significant reductions in cycle time, costs & waste
- significant increases in customer satisfaction
- concurrent improvement of alignment of core business processes with organizational objectives

However, accompanying the press headlines that BPR was the 'savior' of the inefficient organization was the reality that many organizational experiments with reengineering produced disappointing or inadequate results [Vogl, 1995].

Recently, a debate over the 'evils' of BPR have been raging. Many people are concerned that BPR has come to mean just another politically correct term like 'restructuring', 'flattening', 'downsizing' or 'rightsizing' created to ease the pain associated with issuing pink slips to redundant employees. Employees' resistance to BPR can be very strong because of fears that they may be 'reengineering themselves out of a job'. Without grass-root support from the people that actually do the work at the process level, BPR efforts appear doomed to failure. Yet even advocates of BPR have pointed out that comprehensive team building to foster collective ingenuity among employees is critical to the success of BPR [Hammer & Stanton, 1995].

However, is BPR itself at fault or are there simply negative connotations that many people associate with it? Davenport [1993, p.188] suggests that BPR should indeed be practiced in a more thoughtful and proactive manner, but "... given that transformational change is usually driven by a clear if not immediate threat, organizations of necessity tend toward a revolutionary rather than evolutionary approach."

Confusion escalates when we consider how organizations are actually endeavoring to change their business processes. Some organizations are seriously attempting to redesign the way that they conduct their businesses. However, other organizations merely adopt a dogma of improving their business processes. Serious organizations have a commitment from top management and employees to make BPR work, as they realize that real change is only accomplished cooperatively. Others merely interject new terminology to politically align themselves with popular press proclamations about BPR without any real intention to confront change. In this context, BPR has often been used as an excuse to increase stock prices and slash costs by eliminating workers. Such actions only confuse the true meaning of initiatives to change business processes.

BPI as a Potential Alternative to BPR

As a result of these difficulties with BPR, a new term has surfaced in the literature that embraces a democratic and evolutionary (rather than revolutionary) approach to changing business processes. Strassmann [1994] calls this approach business process improvement (BPI). He proposes that the first step of BPI is to gain widespread support for change prior to embarking on a reengineering project. Subsequently, the employees who are responsible for executing business process change must produce a detailed description of their current practices. Only after this 'as is' analysis has been performed can the employees begin to set forth a variety of alternative plans for changing and improving their organization's business processes. Some have called this methodology "reengineering with a dirty sheet of paper" [Lemons & Crom, 1995], thus emphasizing its anchoring of process change initiatives in the context of evolution from existing business practices.

Nevertheless, as a new term like BPI hits the popular press, there exists a tendency to abuse it. Since many people have had bad experiences with BPR, those organizations that seek to continue misusing the mantra of business process change in order to justify new cost cutting schemes may react by simply substituting the term BPI for BPR. Even the issue of fostering employee involvement in business process change can be a catechism expropriated by those who seek to declare commitment to reengineering efforts. After all, reengineering advocates themselves have seemed to identify people as an important component of BPR: "Companies don't reengineer processes; people do" [Hammer and Champy, 1993, p.102].

BPR/BPI Distinctions

In order to clarify the distinctions between BPI and BPR approaches, we will contrast them across a number of defining characteristics. Of course, it is unlikely that any project-based effort to engender changes in an organization's business processes

will be exactly congruent with the characteristics of either BPI or BPR. Nevertheless, two kinds of factors stand out as potentially distinguishing BPR and BPI:

- The organizational context in which projects to engender business process change are launched
- The manner in which implementation of process changes occurs

Organizational Context of BPR vs. BPI

BPR tends to be cross-functional in scope. BPR is usually undertaken to rethink core business processes. A core process, by its very nature, crosses functional lines. BPR projects also tend to be very large in scale and tend to encompass complex interdependencies between departments. In contrast, BPI tends to focus on smaller projects. Since a business process can cross functional lines, BPI projects are not inherently constrained within a single functional area and could necessitate coordination between different functional areas. However, participants in BPI teams can work on their piece of the project without interacting with other functions' staff since the changes encompassed by BPI are not as radical nor as complex in their interdependencies.

BPR sponsorship is typically manifest as a commitment from senior executives since they are the only ones in an organization who can mandate that different departments should work together. BPI sponsorship can be on a departmental level. BPR tends to be more complex than BPI projects since BPR focuses on enterprise-wide process change rather than smaller changes.

Team composition for BPR projects must be cross-functional to involve key people along the process path. BPI may not even need teams depending on the scope and scale of the process changes that are initiated.

Finally, goal setting for BPR emphasizes economic benefits of prospective process changes and benefits of continuous organizational learning. Goal setting for BPI teams tends to focus more on task-specific improvements (input/output ratios, etc.).

Implementation Aspects of BPR vs. BPI

Organizations that are successful with BPR recognize the importance of rapid and sometimes radical change - "Don't automate -obliterate" [Hammer, 1990]. They realize that technology is changing faster than ever before, markets are becoming customer-driven, and competition is as fierce as its ever been. BPI recognizes process change as incremental and as occurring in the context of the existing work environment.

The scope of BPR necessitates that managers be facilitators and coaches in the organizational community of functions that must collaborate to successfully accomplish cross-functional process changes. Since the scope of BPI doesn't necessary cross functional lines, project managers could thrive with either a facilitative or an autocratic approach to supervising the implementation of process changes.

Empowerment is a key component of BPR, which advocates that critical process decisions should be pushed down to the level of the organization where the work is actually performed. In BPI, the tendency is to push the responsibility for accomplishing work down to the level where people are responsible for meeting task-oriented deadlines.

Sachs [1995] has pointed out that BPR views work as a process flow, an explicit set of recognizable procedures that are linked together as a sequence of functions. She contrasts this with a 'tacit' view of work that is embodied as a set of work practices carried out according to decision-making procedures that are often well known to employees but difficult to articulate. Although BPI may not completely adopt this alternate view of work, the smaller scale of BPI projects and the intra-functional composition of BPI teams would indicate that participants are more focused on modifying the details of task practices rather than complete business processes.

For any project team there is a risk of "groupthink", that team members will mutually reinforce each other's narrow perspective, valiantly defending against alternate viewpoints by seeing them as "disloyal" or simply inherently wrong [Janis, 1983]. Since BPR is typically cross-functional and is sponsored by senior managers in a top down manner, there is a danger that BPR teams could fail to focus enough on the conditions and details of how business tasks are accomplished. Indeed, a key emphasis of BPR is for every employee to think about their work in terms of processes rather than tasks, however feasible or in feasible this may be in practice. The risk of "groupthink" in BPI is that its narrow scope can promote silo thinking among team members concentrating primarily on intra-departmental work.

Current Work and Conclusions

We used data from two organizations involved in process improvement initiatives — Caterpillar and Barnett Bank.

Preliminary results from two case studies were consistent with our factors. Specifically, Caterpillar embarked on BPR to revolutionize its Mossville plant. It used BPI to gain a quick "bang for the buck". Fast results helped convince employees of the value of process improvement and sensitized them to change. They also helped "sell" management on the value-added of process improvement. BPR was used to tackle cross-functional and enterprise-wide process problems. Caterpillar organized cross-functional teams for BPR and smaller teams or individuals for BPI. Sponsorship for BPR was strong. BPI projects were organized by the BPR coordinator.

Barnett used BPI in much the same manner. It decided to radically change one of its core businesses, but used BPI to give people experience with process change. BPI served as a means to reduce resistance to BPR because employees worked on small projects that saved money and got them involved in change efforts. The information system department led the BPR effort in conjunction with key business departments. Teams were organized for BPR projects based on expertise along the process path rather than functional lines. BPI projects were usually tackled by individuals or small teams. Sponsorship for BPR was very strong from top management. For BPI it wasn't really a consideration.

With both organizations, worker empowerment was a major focus for BPR and BPI projects. However, resources and job role changes were modified to promote BPR. BPI was managed more at the departmental level. Goal setting was also similar for both organizations. BPR goals were "stretched" to achieve higher than traditional levels, while BPI goals were more consistent with tradition.

The major problem faced by both organizations is inertia. Habits were very hard to break. When people faced crisis, they tended to revert back to the old way of doing things. Hence, BPI was important to keep sponsorship continuous and visible. The distinction between BPR and BPI was very important because it provided teams with a better understanding of the objectives of each process project.

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