

WHAT IS WRONG WITH BUSINESS PROCESS RE-ENGINEERING

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INTRODUCTION

Fads and fashions in management theory come and go. You may have heard of management by objectives, just-in-time management, management by walking about, planning programming budgeting systems, corporate management, zero-based budgeting, total quality management, etc. However, each of these seems to be really just a recombination and re-packaging of a selection of a few basic ideas that have been doing the rounds in management theory for as long as there has been management theory. Some of these basic ideas are good, like the importance of clarifying objectives, setting realistic targets and measuring progress against them. But others are simply awful! Salient among the awful ideas are the Cartesian or “constructivist” ideas about wiping the slate clean and starting entirely from scratch. Of course, there are some contexts in which such an approach makes good sense, as I am sure all of us have experienced. The trouble with the Cartesian ideas is that they amount to adopting this approach on a grand scale on which it no longer makes any sense at all. Indeed, I think probably all of the perennial basic management ideas, even the bad ones, have their roots in some good idea which expresses an insight into some aspect of management. It is just that, sometimes, a simple good idea gets transmogrified into an idea which is intellectually or emotionally seductive but which is actually a recipe for disaster.

One of the latest management crazes goes by the name of “Business Process Re-engineering”. Does it sound scientific? No doubt it is meant to. Unfortunately, it is a mess, as I will try to show in the following brief commentary.

THE THREE MAIN IDEAS

Business Process Re-engineering (BPR) has three main ideas. These are:

- organisations can be engineered, or designed like machines;
- organisations need to be re-designed starting from a blank sheet;
- individuals or teams must be made responsible for the whole process, not just for an isolated specialism.

I will comment on each of these ideas in turn.

WHY ORGANISATIONS CANNOT BE ENGINEERED OR RE-ENGINEERED

Organisations are not machines in which unthinking parts blindly obey the laws of mechanics to produce a designed outcome. Organisations consist of people with minds of their own, who will not even obey the law of the land if it does not win their respect. Getting people to conform to some master plan is a very frustrating business: how often have you seen policies fail because they have been undermined by the very people who are supposed to be implementing them?

Where people are concerned, all that we can do is to alter incentives and disincentives. Even prescriptive policies are only incentives or disincentives since, as we should all know, people do not simply do as they are told. If people think your policy stinks, they will *not* simply conform: they might flout it, they might stick to the letter in order to undermine the spirit, they might ignore it on those occasions when they think they can get away with it, and so on; and they might do one or other of these things even if they are the very people who are supposed to be enforcing the policy. The *best* that we can do is to so arrange things



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that people have a natural interest in doing the things we want them to do.

WHY YOU CANNOT RE-DESIGN A WHOLE ORGANISATION FROM SCRATCH

The success of an organisation depends upon the knowledge, skill, expertise, know-how of the people who make up the organisation. This human capital exists in the minds of the people concerned. It is not located in any central fund, but is dispersed throughout the organisation. Furthermore, it is not possible to bring it together so that it can be encompassed by the mind of one designer or the several minds of one committee of organisational designers, because:

- there is just too much of it for a small number of minds to comprehend;
- a lot of it is inarticulate, and it would take a lot of time and effort to articulate it so that it could be transmitted up the line;
- a lot of it cannot be articulated — e.g. ways of seeing or doing things, sensitivities to opportunities or alternatives, methods of finding things out — and so could not in principle be transmitted to the BPR design team;
- the knowledge is constantly changing as circumstances change and as people learn, and therefore it would often be out of date before it could be conveyed up the hierarchy to the designer(s).

The idea that you can re-design a whole organisation from scratch is seriously mistaken.

THE ONE GOOD IDEA

The third of the main ideas in Business Process Re-engineering is actually a good idea, namely, that staff should be made responsible for whole processes. What exactly does this mean?

The idea here is to get away from organisations which consist of separate specialist or professional departments, each being hierarchically organised and concerned only with its own particular aspect of the process of providing a service to the customer, and each working to its own priorities and standards, being more concerned with “professional integrity” than with what the paying customer wants. Such organisations are wasteful, inflexible, slow, inefficient, de-motivating, and provide poor service to the customer. The remedy is to re-locate responsibility by making one team responsible for all the functions required to provide a service to the customer.

WHAT IT DOES NOT MEAN

Before I say what is good about this, let me first say what it does *not* mean. It does not mean that one has to learn how to do everything. Lots of advocates of

Business Process Re-engineering speak of multi-skilling, as though one person, or one small team, could be competent in a wide range of activities, e.g. as if one person could be an accountant, a lawyer, a valuer, a computer programmer, a marketing executive, a public relations manager, a pay clerk, etc., in addition to being, say, a teacher. That, I am afraid, is another awful idea, since no one person can be all of these things. Further, it is not even necessary for one team, or even one organisation, to incorporate all of these activities (even if all of these activities make a contribution to the service that the customer buys).

WHAT IT DOES MEAN

So let me now indicate what the one good idea *does* mean. It means a focus on the customer and a focus on the process: one person or team is to be *responsible* for seeing that the whole process is carried out to meet the customer’s satisfaction; but the responsible person or team does not try to do everything themselves.

The key word here is “responsibility”: people must take responsibility for seeing that things are done, and done properly, but they must not set about doing all of these things themselves. This means achieving things through others, but ensuring that those others do what they are supposed to do, rather than merely doing one’s own bit of the job (to one’s own satisfaction) and then not bothering about the rest of it.

In order to get to this situation, the approach favoured by the Business Process Re-engineers is to re-organise staff into multi-functional teams to break down the barriers between the traditional departments. However, the limitations to multi-skilling are also limitations to the effectiveness of this approach. An alternative approach is to leave the functional departments as separate departments but to alter the incentives and disincentives that they face, by creating an internal market. That is, the functional departments no longer receive a budget to finance their activities, but are instead reliant on selling their services to the other parts of the organisation in order to generate their income. This income comes from the front-line managers who buy the services of the specialist departments and who obtain their own income from the customers of the organisation — but only if those customers are satisfied. This makes it easier for the front-line managers, i.e. those staff who are directly responsible for seeing that the customer is satisfied, to achieve things through others; because those others (in the functional departments) will not get paid (or will have to pay a penalty) if they do not do what is wanted, and within the agreed time-scale.

CONCLUSION

In conclusion, then, Business Process Re-engineering does contain one good idea; but you have to wade through a lot of dross to find it.