CHAPTER 6

PLANNING OF THE BUSINESS PROCESS REENGINEERING PROJECT

6.1. INTRODUCTION

As explained in chapter 5, the planning stage of the BPR project is the first stage. Chapter 6 will discuss the planning stage of a BPR project. As the majority of principles for planning a BPR project are general principles, reference will only be made to the short-term insurance industry where these principles require specific adjustments.

As for all other projects, the success of the BPR project depends on how well the project was planned. This chapter will discuss what to consider during the planning stage of the BPR project. The planning stage of the BPR consists of the following steps:

- Formulating the strategy;
- Deciding on what and when to reengineer;
- Defining the mission and the scope of the BPR project;
- Defining the methodology;
- Defining the players in the BPR project;
- Planning the different project stages; and
- Consider the use of tools to support the reengineering team.

Each of the steps in the BPR planning stage will be discussed below.
6.2. FORMULATE THE STRATEGY

The starting point of BPR should be to formulate the BPR strategy (Bartholomew, 2001a). The Oxford dictionary describes strategy as “a plan designed to achieve a particular long-term aim” (Oxford, 1999). Silbiger explained strategic thinking as a “comprehensive analysis of a business in relation to its industry, its competitors, and the business environment in both the short- and long-term. Ultimately, strategy is a company’s plan to achieve its goals” (Silbiger, 1997:307).

Strategy can be divided into three levels:

(a) **Functional strategy**, that defines the operational methods and value adding activities that management chooses for its business, e.g. to lower costs by utilising the most advanced processing technologies;

(b) **Business strategy**, which is the plan how to oppose the competition; and

(c) **Corporate strategy**, which asks the question “What business should I be in?” (Silbiger, 1997:316).

Kruger explained the process of formulating a strategy by dividing it into a number of steps, being:

- Setting organisational goals, e.g. profitability, growth, market share, etc;
- Objective setting;
- Problem framework, e.g. relative competitive advantage;
- Alternative generation, which he divided into three phases:
  - Natural conflict;
  - Individual alternative generation; and
  - Group alternative generation;
- Environmental analysis, which includes trend analysis, simulation, information search, etc.;
- Solution selection;
- Frame adaptation;
- Control measurement and changes; and
- Organisational advantage.

According to Kruger, each of these steps will be performed differently and will have different results according to the environment. He divided the environment into the following:
- A simple and certain environment;
- A simple but uncertain environment;
- A complex and certain environment; and
- A complex but uncertain environment (Kruger, 1992:532).

Von Bormann explained the importance of having a business strategy in place. According to him, the process starts with an analysis of the business environment and the recognition that radical change is required (Von Bormann, 1994:12–18).

According to Martin Grosskopf, chief executive of Compusons, there are two important questions when defining your strategy:
- How do I get from where I am to where I want to be in a cost effective and pragmatic manner; and
- How do I manage the new world once I get there? (Von Bormann, 1994:12–18).

The strategy can also be used as a motivational tool. Kruger explained that the goal formulation process of a business as captured in the business mission and definition statement, is a specific form of motivation. Goals are considered to be ultimate long-run, open-ended attributes or ends that a person or business seeks. He referred to Peter Drucker’s statement, which stressed that the mission of the business should be anchored in the needs of the customer (Kruger, 1992:490-524).
According to Silbiger, strategy is dynamic and should be reviewed continuously to ensure it is adjusted according to the changes in the business environment, the company and its goals (Silbiger, 1997:342).

In order to implement a strategy for BPR in the short-term insurance environment, management should consider the following:
- Why the traditional ways of doing business are no longer sufficient; and
- To define new goals for the company.

In order to achieve these goals, management should define a plan (the strategy) how to achieve them.

Depending on the problems the company experienced and the new goals defined, different types of strategies will focus on different objectives and each of them will influence the BPR project.

(a) Corporate strategy, which can include aspects such as:
- Market sector of the company, which includes the customer base on which the company will focus. An insurance company can decide to focus on only professional people or only to concentrate on a specific area or countries;
- Product risk of the company, which include the type of products the company will offer and the risks the company is willing to take;
- Product development of the company. It is important that management keep the products of the company innovative and in line with customer needs (Cronje, Neuland, Hugo & Van Reenen, 1991:95-97)

The corporate strategy will influence the BPR project in a short-term insurance environment in terms of how to approach customers, which will depend on the type of customer the company focuses on, and in terms of the product lines and development
thereof. Certain product lines can be expanded while others can be closed down, e.g. the insurance company can decide to close down the medical aid insurance product line, but expand the marketing of the insurance of house content.

(b) Business strategy, which can include specific plans to oppose the competition. These plans can include for example a market approach to eliminate specific competitors.

The business strategy can influence the BPR project in a short-term insurance environment in terms of reengineering the marketing division to concentrate more on specific areas and products or in terms of specific training skills required for staff.

(c) Functional strategy, which is the strategy that will have a direct affect on the BPR project in terms of the operational methods and value adding activities. This strategy can include specific objectives and should be defined for each process. The objectives for example in the claims process can include the turnaround time of assessing claims should be less than 2 days for motor accident claims with no medical implications and less than 14 days for claims with medical implications.

It is important that these strategies are defined in detail to ensure the objectives are achieved by the BPR project.

Another aspect that should be considered when defining a BPR strategy is the size of the organisation. According to McAdam, it is incorrect to assume that the BPR strategy will be identical for both small and medium size enterprises (hereafter referred to as SMEs) and for large corporations. McAdam gave some examples of differences between SMEs and large corporations that should be considered when determining the strategy of the BPR project:
Resources in SMEs are limited. These resources do not only include financial capital, but also human capital. As a result, SMEs cannot allow the reengineering project to absorb a large number of staff members;

- SMEs do not have the same diversity of skills and experience across many different functions as in large corporations. As a result, it is likely that SMEs will use consultants to fill these positions in the BPR team. However, that could have negative implications on the cost of the BPR project and the availability of funds; and

- SMEs have very little control over the market environment, which means they are considerably affected by volatile market pressures. As a result, it is likely that business strategies will be adjusted more often than those of large corporate businesses. However, due to the size of SMEs, they should also be much quicker to align strategies (McAdam, 2000).

6.3. WHAT AND WHEN TO REENGINEER?

6.3.1. Introduction

After defining the strategies, management should consider the following questions during the planning stage of a BPR project:

- Which processes should be reengineered?
- When to reengineer a company’s processes?

All these questions should be understood before the commencement of the process.

6.3.2. Which processes should be reengineered?

To answer this very important question, the following aspects have to be addressed:
(a) What are the core activities of the business? Jacobson defines core activities as activities that are vital to the customer and to the existence of the company (Jacobson, 1995:86,87). These core activities should be broken down in their processes and hierarchies. Once this has been done, the need of each process should be considered (Ballé, 1995:19–21). Many companies are performing so many different activities that they do not always realise what their core activities are. Because activities have never been analysed according to value that they add to customers, companies do not always realise what their core activities are. The starting point in the reengineering process should be to reengineer core activities first (Ballé, 1995:19–21).

The following activities can be identified in a short-term insurance environment:

- Marketing;
- New policies are received and underwritten;
- Printing and issuing of monthly statements;
- Premium collection;
- Broker commission is calculated and paid;
- A percentage of the risk can be reinsured;
- Claims are received, assessed and paid;
- Reinsurance refunds are collected;
- Client queries are received (call centre is maintained);
- Claims history is maintained and assessed;
- Product development is performed; and
- Supporting functions, e.g. finance and information systems, are maintained.

Of these activities, only the following activities will be core activities to customers and vital to the existence of the company:
- New policies are received and underwritten;
- Premium collection;
- Client queries are received (call centre is maintained); and
- Claims are received, assessed and paid.

These activities should be the starting point in a BPR project. If necessary, other activities can be reengineered, depending on the aspects mentioned below.

(b) *Which processes are functional?* To be competitive, an organisation should ensure its processes are fully functional. Companies should control where and how value is added to each of these processes. Non-functional processes will not be reengineered (Ballé, 1995:19–21).

(c) The third aspect to consider is the need of individuals within each process. The importance of the human aspect can never be underestimated (Ballé, 1995:19–21).

Jacobson gave another two criteria to indicate which processes should be reengineered:

(d) Processes that management needs to be concerned about most; and
(e) Processes that have a good chance to be reengineered successfully (Jacobson, 1995:86,87).

The answers to these questions will indicate to what extend the company and its processes should be reengineered.

Unfortunately, cost is always a last consideration when deciding upon any project. It is important to analyse costs and benefits of the BPR project before commencement of
the project. The following questions should be considered when analysing the costs and benefits of the project:

- What are the realistic costs related to reengineering?
- What tangible and intangible benefits will result from the reengineering effort, both long and short-term?
- Which benefits are most important to customers?

Analysing the costs and benefits can become a complicated process. It is important to ensure all costs and benefits are considered. Chang gave examples of costs and benefits that should be included:

- Labour costs, such as salaries, training, consultant fees;
- Equipment costs, such as information systems (hardware & software), tools, furniture, supplies, data;
- Other costs, such as downtime;
- Less tangible items, such as morale, complaints, etc. that can have an impact on profitability;
- Labour benefits, such as an increase in productivity, cycle time, skills;
- Increase in turnover;
- Decrease in downtime; and
- Increase in quality (Chang, 1996:67,68).

6.3.3. When to reengineer a company’s processes

Cross, Feather & Lynch give a list of questions that will indicate the time for reengineering:

- Are your customers demanding more for less?
- Are your competitors likely to provide more for less?
- Can you hand-carry work through the process five times faster than your normal cycle time?
- Have your incremental quality improvement efforts been stalled or been a disappointment?
- Have investments in technology failed or not given the required results?
- Are you planning to introduce radically new products and services or serve new markets?
- Are you in danger of becoming unprofitable?
- Have your downsizing and cost-cutting efforts failed to provide the expected results?
- Are you merging or consolidating operations?
- Are your core business processes fragmented and disintegrated? (Cross, Feather & Lynch, 1994:8,9).

If management can answer “yes” to any one of these questions, they should seriously consider BPR. If they have answered “yes” to any two or more questions, the authors recommend it is definitely time to rethink the processes in the company (Cross, et al., 1994:8,9).

Other specific performance indicators such as those listed below can also be obtained to indicate if it is time for reengineering the organisation:

- Credits as a percentage of sales (which will be the number of policies cancelled during the year as a percentage of new policies written during the year);
- Number of late deliveries or incorrect products/services (which will be the number of policies loaded in more than the standard turnaround time promised by the company or the number of incorrect policies loaded in the short-term insurance industry);
- Number of elapsed order fulfilment time as a percentage of standard hours per week (which can include the number of hours staff could not perform their functions
in any of the processes due to system downtime, the number of hours the call
centre did not operate due to problems experienced with telephone lines, etc);
- Number of customers lost to competitors (this information can be obtained from
customers who cancel policies and/or from the brokers);
- Number of rush deliveries to meet deadlines (which can include the rush of claims
investigations to meet deadlines required by customers); and

BPR is often necessary long before the warning signals have become apparent to
management. It is often only independent consultants who have the clarity of vision
necessary to correctly read the time (Von Bormann, 1994:12–18).

6.4. DEFINE THE MISSION AND THE SCOPE OF THE BPR
PROJECT

The next step in the BPR project is to define a mission for the reengineering team, which
should agree to the mission of the organisation. This should be in unambiguous and
challenging terms based on one or more of the reasons for reengineering the company. The

The scope of the reengineering process will be determined by the level of changes required.
Three levels of changes are identified in the business:
- Enterprise wide changes (change the entire company or large portions of it);
- Process improvement changes (change a single process or a small group of related
processes); and
- Task-level changes within a job (change only certain tasks) (Morris & Brandon,
According to Warden it is important to identify opportunities in the planning stage, which should be included in the mission and scope of the project (Von Bormann, 1994:12–18).

According to Jacobson, the responsibility for defining the mission and the scope of the BPR project is the task of the company’s management. The mission statement should be in high-level terms and the tone should indicate the expectations that surround the project. It should concentrate on the serious, fundamental problems and point out radical changes that can be expected as part of the reengineering process. The following should specifically be included:

- The company’s current situation and why it cannot remain there (it should be a ‘case-for-action paper’). It is important that management clarifies the reason why action is necessary;
- The company’s environment should be explained, e.g. customers, competitors, current changes in the environment;
- The company’s business difficulties as well as what are the company doing wrong and right; and
- The risks and consequences of not changing the business (Jacobson, 1995:82,83).

6.5. **DEFINE THE METHODOLOGY**

Certain consultants argue that the key to successful reengineering lies not only in a true understanding of the definition of the BPR project, but that it also requires members of a company to comprehensively work through the methodology. The methodology, which is the voice of the directors, should be clearly defined, as it will direct the focus of the reengineering process to ensure goals are met (Klein, 1994:30–35).
According to the Oxford dictionary, a methodology is “a system of methods used in a particular field” (Oxford, 1999). Klein explained the meaning of methodologies as “systematic approaches to conducting a business reengineering project….an effective methodology is like a road map” (Klein, 1994:30–35). The methodology will indicate the structured way to reach the end-result.

There are divergent arguments amongst BPR practitioners regarding the use of a methodology during the reengineering process. They argue that a more intuitive approach may be more appropriate. While some believe in a structured approach guided by a formal methodology, others believe that concentrating on current practices gets in the way of creative thinking. Therefore, they believe in starting with a clean slate, depending only on their imagination and experience. Information about what has been done in other companies is useful, but formal benchmarking is not as it constrains the reengineering team from finding truly innovative solutions.

James Champy, CEO of CSC Index and co-author of “Reengineering the corporation” is one of the believers in an intuitive approach. According to him, “reengineering is contextual. It's a function of how an organisation behaves, its belief systems, its position in the marketplace, the character of its people. It is absolutely impossible to have a structured approach” (Klein, 1994:30–35).

On the other hand, some practitioners believe in the benefits of a structured approach. Most of the Big Five accounting firms, which include PricewaterhouseCoopers, Andersen, Deloitte & Touch, KPMG and Ernst & Young, appear to be in the methodology camp. They argue that benchmarking can bring breakthrough ideas as well as inject reality into the process. Terry Ozan, national director of Performance Improvement Services at Ernst & Young said:

“It’s about motivating and training clients to formulate a working plan to deal with important things that need to be done – developing technology, organisational
design, change management and dealing with transitional issues. The methodology is just a good way to facilitate the training” (Klein, 1994:30–35).

Ray Manganelli, CEO of Gateway, a New York based management consulting firm, believes that a BPR methodology can make the difference between vision and hallucination (Klein, 1994:30–35).

There are two different types of methodologies that can be applied by the reengineering team:
1. A descriptive methodology, which tells you what to do; and
2. A prescriptive methodology, which also tells you how to do it (Klein, 1994:30–35).

The type of methodology that will be used will differ from reengineering team to team, depending on the complexity of the reengineering project, the experience of the team members and the project leader as well as the costs and training involved.

6.6. ROLE PLAYERS IN THE REENGINEERING PROCESS

6.6.1. Introduction

The BPR team should consider a number of questions such as: Who are involved in the reengineering process? What is the role of senior management, line managers, the company’s workforce and consultants? Who should be part of the project team? Who should be selected as a project manager? All these questions have a significant influence on the success of the reengineering process.

The following role players should be involved in the reengineering process:
- Senior management as initiator;
- A project manager who is responsible for leading the process;
- A project team; and

Included in the project team should be:
- A method expert(s) who should be someone who understands the business area, the current organisation and the product structure; and
- A representative from IT who will be responsible for developing the IT support function in accordance with the reengineering objectives (Jacobson, 1995:305–307).

A steering committee, which includes representatives of senior management, should co-ordinate the project. Consultants should also be included in the project team. The roles played by each group are discussed below.

6.6.2. **Senior management**

Experience from BPR programmes indicates the need for strong commitment from senior managers as shown in the reengineering programmes of Rank Xerox, SmithKline Beecham and Pepsi Cola. Senior managers’ commitment will determine the success or failure of the program. The quality frameworks of the EFQM (European Foundation of Quality Management) and the Baldrige Awards make an explicit assumption that leadership is an essential component to the success of projects (Armistead & Rowland, 1996:62). Besides providing active leadership, senior management should demonstrate commitment through participation and ensure internal resources are made available (Levine, 1994:39–40).
6.6.3. **Steering committee**

Senior management can appoint a steering committee to monitor progress and evaluate results of the BPR project. The project manager will normally report to the steering committee on a regular basis.

Von Bormann suggested that the steering committee includes a combination of consultants and the “brightest young Turks” from every facet of the business (Von Bormann, 1994:12–18).

6.6.4. **Consultants**

Consultants are normally appointed to facilitate the BPR process. Although very expensive, it is assumed that they have experience in managing such projects. Due to consultants’ independence, they have the clarity of vision necessary to identify problem areas.

As a result of the increased interest in BPR over the last decade, the number of consultants who entered the market place increased significantly. New methodologies are introduced to the market place on a daily basis. It is important to select an experienced consulting firm to facilitating the reengineering process.

According to a study conducted by the Gartner Group in 1993, the leading BPR consultants and vendors (suppliers of methodologies and tools) in the USA are primarily the traditional consultants. They include the following companies:
Table 6.1. LEADING BPR VENDORS & CONSULTANTS


The involvement of consultants will depend on the following:

- Does management have the necessary skills to manage the reengineering process;
- Does management have available time to manage the reengineering process;
- Is the company in a position to absorb the costs of employing consultants; and
- The necessity to involve independent people in the reengineering process.
6.6.5. The project manager

The project manager is defined as “a person appointed to supervise the efficient process of that procurement, so it follows that his role is of key importance to the success of a project” (Day, 1994:1).

Few, if any project managers, have formal training in project management. At best, they could have attended training courses. However, project managers should have experience in managing projects as well as experience in the industry in which the company finds itself (Day, 1994:3,4).

It is essential that the project manager keeps the project objectives in mind at all times and considers the different aspects in relation to each other. He/she will be responsible for problem solving, effective management of the process and directing the project team. Being a project manager is a high stress occupation. It is of utmost importance that he/she has strong leadership characteristics (Day, 1994:5-8).

6.6.6. A project team

The project manager will normally be responsible for selecting a project team. This can be done in co-operation with the company’s management (Day, 1994:29). A project team can be divided into several task teams, who are each responsible for performing certain tasks within sub-projects.

In order to select a project team, the objectives of the reengineering process should be cleared and understood. Before the project manager can select team members, he needs to know what type of skills is required as well as how many team members he
needs to complete the project within the specified period. The team should include people from different backgrounds, e.g. managers, other employees of different level of experience, consultants, etc. in order to manage the project smoothly and to obtain maximum contribution.

This team will be selected in accordance with the mission and requirements of the reengineering process. The following should be considered when selecting team members:

- Should there be an interim team with the mandate of looking at the need for reengineering first?
- Should the team manage the process reengineering effort from beginning to end?
- Should team members be assigned to the team for the entire duration or just come and go as needed?
- Should team members be selected for their first-hand knowledge of the process being re-engineered, their authority level, or for other reasons?
- Should the team be made up of a small core group, or should it bring together a larger group of people who all have different contributions to make? and
- How much autonomy should the team have? (Chang, 1996:19).

Creative work is much more likely to be effective in small groups of 5 to 7 members. An example of such a sub-team is the design team. The design team should include members from the core project team, supplemented, if necessary, by additional members of the organisation offering unique insight and experience (Cross, et al. 1994:25–27).
6.7. PLAN THE PROJECT STAGES

Like other projects, BPR projects differ from each other in many ways. Each project has its own needs. These needs are dependent on the size and complexity of the project. A necessary, but not sufficient condition for successful reengineering is good project management (Jacobson, 1995:300).

As explained in chapter 5, the different project stages can be summarised as follows:

The **planning stage** should include the following steps:

- Formulating the BPR strategy;
- Consider what & when to reengineer;
- Define the mission and the scope of the BPR project;
- Define the methodology that will be applied during the BPR project;
- Define the role players in the BPR project;
- Plan each different project stage according to its specific needs; and
- Evaluation of the planning stage.

During the **pre-study stage**, the following should be reviewed:

- Identify customers;
- Identify the company’s value propositions;
- Segmentation of customers;
- Analyse customer requirements;
- Understand the impact of external market conditions on the business;
- Understand the current core & non-core processes;
- Understand the current support functions; and
- Evaluation of the pre-study stage.
The **execution stage** should include the following steps:

- Before the BPR team redesign alternative options, it is important to first perform benchmarking in order to ensure that the company’s own process goals surpass those of its competitors.

The BPR teams should then:

- Design options and alternatives for the core and non-core processes;
- Map these options and alternatives;
- Reengineer the support functions to support the reengineered core and non-core processes;
- Perform gap analyses between:
  - The current processes and the designed options and alternatives;
  - The designed options and alternatives and the ideal situation.
- Select the best alternative;
- Develop a change management plan;
- Implement the selected alternatives; and
- Evaluate the results.

Each of these stages should be planned in detail by the BPR team. It is also important to remember that during the execution of one activity, certain aspects of the results from earlier activities need to be updated (Jacobson, 1995:300–305).

### 6.8. TOOLS AVAILABLE TO SUPPORT THE REENGINEERING TEAM

There are many different tools available on the market that supports the BPR project. During the planning stage, the project manager should decide which tool, if any, will be used during the BPR process.
The objective of this research is not to provide a list of all tools available or to recommend certain tools, but rather to bring to the reader’s attention that supporting tools are available.

It is important to understand the meaning of “tools”. While a methodology was described in 6.5 as a systematic approach to conduct the BPR process, tools are techniques to support management implementing the changes in accordance with the methodology. Klein defines tools as the “manual or automated aids to do the work of the project” (Klein, 1994:30–35). Most often, these tools are computerised and available in packages that can be purchased from suppliers.

Tools are more frequently used on methodology-based reengineering projects than on intuitive ones. In fact, many methodologies are specifically based on certain tools e.g. Gemini Consulting’s Construct reengineering methodology incorporates an object-orientated toolkit developed by Parc Place Systems. The auditors and accounting firm, of Coopers & Lybrand, (now PricewaterhouseCoopers) used a business BPR methodology that was based on a tool called SPARKS. Although most often true, tools may not necessarily be computerised programmes (Klein, 1994:30–35).

Most tools include the following features to support the reengineering team when mapping the current system and designing the new system:

- Business activity maps;
- Relational diagrams;
- Flowcharting;
- Different diagrams, including tree diagram, Warnier-Orr diagrams, State transition diagrams, Fishbone diagrams, etc;
- Hierarchy charts;
- Synaptic models;
- Network models;
- Computerised simulation models;
- Action work flow models;
- Business activity maps; and
- Relational diagrams, which are used to model how a job is performed (Morris & Brandon, 1994:97–112).

The main reason why reengineering teams prefer to use tools are to enhance the clarity of the vision, improve productivity, finish projects faster, produce higher quality results, enforce consistency in analysis and design and eliminate tedious housekeeping work in order to concentrate on the value-added work (Klein, 1994:30–35).

Six categories of BPR tools are available:

1. **Project management tools**, which are used for planning, scheduling, budgeting, reporting and tracking projects. Examples of such tools are Texas Instruments’ IEF, Harvard Project Manager, Microsoft Project for Windows, etc.

2. **Co-ordination tools**, which are used to distribute plans and to communicate updated details of projects. Examples of such tools are e-mail, shared spreadsheets, bulletin boards and group ware such as Microsoft Excel, Lotus 123, Lotus Notes, etc.

3. **Modelling**, which is used to make a model of something in order to understand its structure and workings. Most of these tools are integrated computer-aided software engineering toolkits for integrated analysis, design and development of computer systems e.g. Texas Instruments ’IEF, Knowledge Ware’s IEW, Popkin System Architect and S/Cubed DAISYS.

4. **Business Process Analysis**, which is used for breaking down a business in its components and an examination of the interaction among these components. The same tools that are used for modelling can be used to perform business process analyses.

5. **Human Resources Analysis and Design**, which are used to design and establish the human and social part of the reengineering process. The systems also include skill
assessment, performance mentor programmes, teambuilding, compensation planning and organisation charting. Examples are Revelation HR-Applicant Track and Spectrum HR: AM/2000, Hi-Tech Employee Evaluation and Salary Manager, etc.

6. **Systems development**, which is used to automate the reengineering business processes. These programmes include visual programming as well as integrated computer-aided software engineering e.g. Microsoft Visual Basic, Borland Application Framework, Gupta SQL Base, etc (Klein, 1994:30–35).

According to Klein, as with any investment, the following should be considered when tools are selected:

1. The return on investment;
2. Learning;
3. Integration; and

It should also be easy for the reengineering team to learn how to operate the tool and it should be easy to use. Some toolkits e.g. object-orientated tools require a new way of thinking and it is very often difficult to learn these tools.

Integration is necessary and very important, as data needs to be transferred from different systems to the toolkit and from the toolkit to other systems. If toolkits are not fully integrated, non-integrated tools from one or more vendors can be selected, but it is necessary that these tools support common data formats like SYLK or dBase in order to move data from one to another. Another option is to select non-integrated tools and use the capabilities of operating system platforms for cutting and pasting data among the tools. However, these methods are time consuming. It is preferable to select fully integrated toolkits.
Cost, and not only the initial purchase price, should always be considered. Before a tool is purchased, it is important to consider the context in which the tool will be used. If the tool will only be used once, it may be better to select the simplest tool. Studies indicated that the use of tools in fact reduce productivity by as much as 40% as a result of the learning curve. It is usually not until each user has used the tool on the second or third project that the more complicated tools begin to save time (Klein, 1994:30–35). Due to the possible negative effect of this, it is recommended that the company appoints a consulting firm to assist with the implementation of BPR project that has the necessary skills and experience. Due to the number of projects already implemented by the consultants, this negative result can be eliminated to a great extent.

When selecting an appropriate tool, Klein suggests that the following questions be answered:

1. What kind of BPR project is the company undertaking? (One-time effort, a pilot or for a series of similar projects);
2. What is the scope of the project? (Company wide, business units or an even narrower scope);
3. Who is likely to be on the business reengineering process team? How much of the staff's time will be spent on the project? If consultants will be used as the majority of the team members, it is likely that the company will pay for the training of the consultants as well;
4. What will the consultants bring to the project? E.g. methodologies, tools, experience, resources? How long will they be needed;
5. What are management's expectations of the project? (An experiment or are they looking for substantive gains?); and
6. What are the costs of the project? (Klein, 1994:30–35).
6.9. CONCLUSION

This chapter indicated that the planning stage is extremely important to the success of the BPR project. The very first step in the planning stage is to formulate the strategy, which should describe the plan to achieve the goals set for the company. These goals will be incorporated in the BPR plan.

Before the commencement of the BPR process, it is important to consider which processes to reengineer and when to reengineer these processes. Core activities to the customer and processes vital to the existence of the company should be the first to reengineer. Other aspects that should be considered are which processes are functional to the business, the impact on staff and cost versus benefits.

Secondly, the mission for the BPR project should be defined. The mission statement should be in line with the strategy and opportunities of the BPR project should be clearly defined.

Although there are divergent arguments amongst BPR practitioners regarding the use of a methodology during the reengineering process, a methodology can be applied with great success during the BPR process. Several BPR methodologies are available which indicate the systematic approach to conduct a BPR project and provide a structured way to reach the end-result.

The role players in the BPR project should be identified and should consist of the following:

- Senior management should be committed and closely involved in the process;
- A steering committee should monitor the process and report regularly to senior management on the progress of the BPR process;
- Consultants should be used to ensure objective opinions are obtained during the whole process;
- A project manager should be appointed who is responsible for managing the BPR process; and
- A project team, who can include several task teams.

The last step before commencement of the project is to carefully plan the project stages and decide which tools will be used to assist the project team with their tasks.

Chapter 7 will continue by discussing the next stage in the BPR project, namely the pre-study stage.

**BIBLIOGRAPHY**

  0w7/purl=rcl_GbiM_0_A57240558&dyn=7!xrn

• KRUGER, DJ & The University of Pretoria 1992: A contingency approach to business goals and the process of strategic management. RSA: The University of Pretoria.


• SILBIGER, S 1997: The 10-day MBA. London: Piatkus.