

Chapter 5: BPR and Best Practices



Enterprise Information Systems

Contemporary Trends and Issues

This book analyzes various aspects of enterprise information systems (EIS), including enterprise resource planning, customer relationship management, supply chain management systems, and business process reengineering. It describes the evolution and functions of these systems, focusing on issues related to their implementation and upgrading. Enhanced with pedagogical features, the book can be read by graduate and undergraduate students, as well as senior management and executives involved in the study and evaluation of EIS.

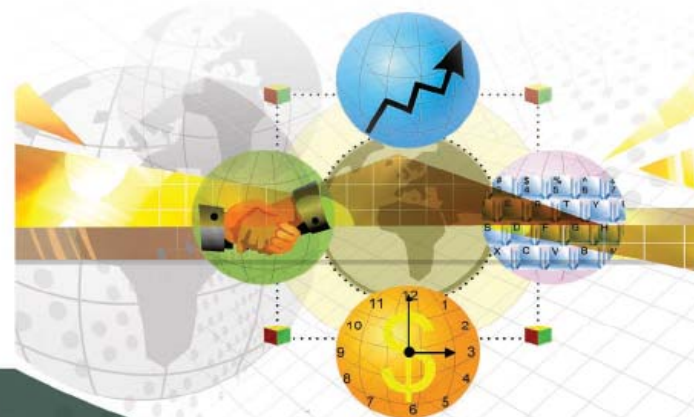
Enterprise Information Systems
Contemporary Trends and Issues



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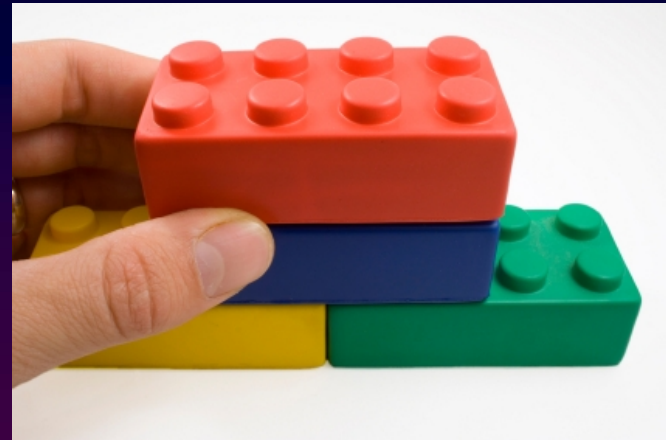
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Reason for ERP

- **Do things better**



- **Best Practices**



Relationship to IS Project Requirements Analysis

◆ Requirements analysis – identify what users need

- Critical to project success



◆ ERP a bit different

- Organizational in scope
- Still need to identify what system should do
- Business Process Reengineering



Business Processes

◆ **How organization accomplishes its assigned tasks**

◆ **EXAMPLE Payroll check writing (salaried)**

Confirm that employee still working

Check rate of pay, withholding (taxes, insurance, retirement)

Check for any bonuses

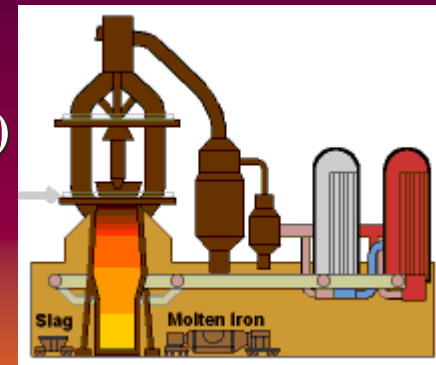
Report taxable income to IRS

Send proper amount to Insurer

Send proper amount to IRS (Federal, Local, City)

Send proper amount to Retirement Fund

Write check for proper amount



Payroll Example

- ◆ **Manual approach an obvious example of a process meriting automation**

- **Structured**
- **Computer faster, more accurate**



- ◆ **Initial automation may involve independent files**

- **Different files for employment, different retirement funds, different tax agencies**
- **BPR can focus on better ways to store data, use relational database capabilities for efficiency, accuracy**



Business Process Reengineering



- ◆ Predates ERP popularity
- ◆ In late 1980s, became a basis for downsizing
 - Short-term cost savings
 - Less impact on automation
- ◆ Hammer [2000]: ERP rescued BPR
- ◆ Levine [1999]: deregulation & **competition** can drive BPR



Risks in BPR

- ◆ Advocates report failure rates of 50% to 70%
- ◆ Sutcliffe [1999] reviewed difficulties
 - Employee resistance to change
 - Inadequate attention to employee concerns
 - Inappropriate staffing
 - Inadequate tools
 - Mismatch of strategies & goals
 - Lack of oversight
 - Failure of leadership commitment



Impact on ERP



- ◆ **If poor BPR is conducted, or if vendor system adopted without consideration of organizational requirements:**
 - **Will discard processes in which organization has developed competitive advantage**
 - **Even when BPR beneficial, there will be a transition period where employee performance degrades while learning new system**



Best Practices in ERP

◆ The most efficient way to perform a task

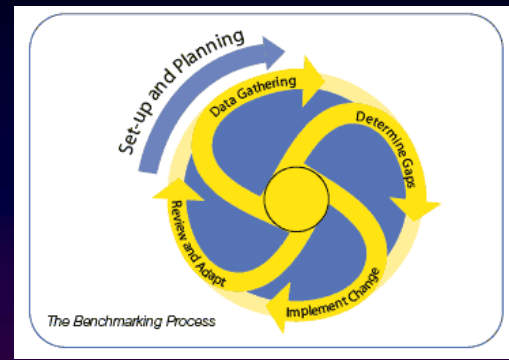


◆ SAP devotes considerable research to best practices

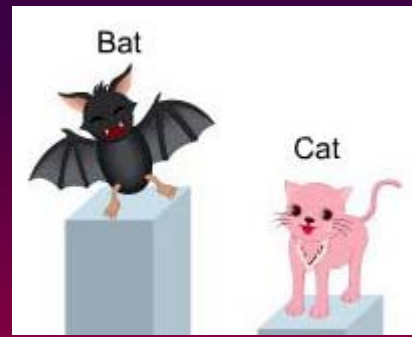
□ 800 to 1000 best practices reported in their R/3 system



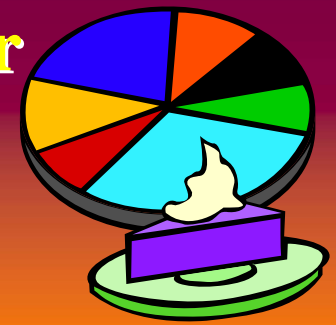
Benchmarking



◆ Compare an organization's methods with peer groups



- Identify what practices lead to superior performance
- Usually part of BPR



BPR Options

◆ Clean Slate

- Reengineer everything from scratch

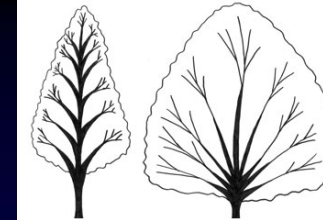
◆ Technology Enabled

(constrained reengineering; concurrent transformation)

- First select system (vendor)
- Second reengineer

Comparison

Clean Slate vs. Technology Enabled



Clean Slate advantages	Technology Enabled advantages
Not constrained by tool	Focus on ERP best practices
Not limited by best practices database	Tools help structure reengineering
Retain competitive advantages	Tools focus reengineering
Not subject to vendor changes	Process bounded, thus easier
May be only way to implement advanced technology	Know design is feasible
May have unique features where best practices inappropriate	Greater likelihood that cost, time objectives met Software available

ERP Benefits from BPR



- 1. Appreciably enhanced service to customers**
 - Redesigned processes leading to enhance efficiency and competency within the enterprise
- 2. Improved policy and decision-making through.**
 - Well-timed and precise information
 - Mechanisms to monitor and deal with the system
 - Allocate information and base decisions on preceding skill
- 3. Enhanced deliverance of ERP services and projects**
- 4. Long term gains in competence within IT**
 - Reduced support requirements for new applications
 - Standardized desktops, hardware and software

BPR Summary

- ◆ Requirements analysis important in all IS/IT projects
 - **In ERP, this takes the form of BPR**
- ◆ Clean Slate vs. Technology Enabled
- ◆ BPR has done much good
 - can be used to justify short-term focused downsizing
- ◆ BPR can
 - **enable employees to better control their functions**
 - **BPR can lead to greater efficiencies**
- ◆ Risk control an important element in ERP projects



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**THANK
YOU**



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