

BUSINESS PROCESSES REENGINEERING – STRATEGY OF TURNING POINT IN CRISIS MANAGEMENT BUSINESS

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Summary: *For the successful business of economic systems in the process of their life cycle of growth and development, a large number of factors are incorporated, determined with work conditions, market demands and time of work performance.*

Globally, large number of companies in EU and wider, finds it hard to make an increase in production and export, to conquer new markets and enter into strategic partnerships with international companies or companies of their branch.

Accepting changes from the side of management and all employees in companies that are bringing business improvement, is the only way of getting out of a „crisis“ business incurred. Business processes reengineering is a modern method which can lead company to their getting out of crisis and bring about business success. It is achieved through strategy and plans which conceive low costs, prices, quality and quickness. Procedure of implementation is determined with radical approach, fundamental changes and diversification of some business and production programmes.

In this work, shown is an approach to solving crisis business on the basis of radical changes – redesign of existing business state, i.e. business processes reengineering as a modern method of quality improvement and achievement of business excellence.

1. INTRODUCTION

Reengineering is about achieving a complete improvement in the business of a company, which means generating a complete leap in the course of improvement of key performances quality level. By definition: (1, p.31) *Reengineering is a fundamental consideration and radical redesign of production systems, business processes, work and organization, by undertaking dramatic improvements of business performances at critical measuring points such as: price, quality, service, quickness.*

Reengineering programme can be implemented:

1) **On a company level** – in this case, radical and fundamental activities on a whole company level should be included. This form of changes most frequently takes place because of high pressure from the competition, where the top management is the most responsible for undertaking the changes. The process involves reengineering of production and business processes, management, organizational structure, reward system, motivation, business philosophy, organizational culture etc.

2) **On a process level** – in this case, changes are directed towards radical changes in redesign of main processes and assessment from management's side, whose result should be defined, namely: *which processes* should be redesigned and *how?* (2, p.51).

Business Processes Reengineering - BPR is implemented through five basic steps, namely:

1. Setting goal performances
2. Involving customers in process modelling
3. System and model analysis
4. Plans of changes defining
5. BPR plan implementation.

The role of entrepreneurial management under the conditions of „crisis“ business is of a big importance. If we start with the fact that business systems grow, develop and adjust to changes, and unless that adjustment is adequately made, that is unless management participates in making and accepting changes flexibly, the whole business is brought into state of crisis. Crisis is not a problem. The problem is an inadequate response to the crisis, which can lead to insolvent and unsuccessful enterprise as a consequence.

Adequate response to the initial, but threatening, factors for the business success leads business to revitalization and restores company to its road to success.

Involvement of necessary principles of business redesign into companies, especially in countries in transition, implies realization of *business method* in which there are two important factors of process: benefit and risk.

The concept of BPR, if implemented, can have great effect under the conditions of new changes, that is on this basis it is successfully made the reconstruction on: organizational, proprietary, personnel, managerial, as well as technical – technological company level.

2. EFFECTIVE PRODUCTION SYSTEMS – BPR IMPLEMENTATION CONCEPT

Basic process for providing quality at a long-term period of business of a company is *BPR process implementation and promotion* which structures:

- Optimization of work processes and material flows,
- Development of effective organizational structure of company capable for adjustment to the changes incurred in the environment,
- Development of optimal information systems and streams in organization for efficient and measurable work incorporated into appropriate time-cycle duration,
- Development of effective and efficient communication system of company on the basis of ideas, knowledge, skills etc.

According to Deming: *A quality of a company equals the quality of production processes, all functions in the company work processes, organizational units and all work positions.*

Figure 1. shows structural model of necessary BPR in all work processes with the aim of ensuring high quality products/services. *Quality* is conditioned with customers` *demands* in the function of *sale price*, which is in function of costs of work processes of all organizational structure parts, as well as in the delivery time given, which is given in function of efficacy of organizational units (just – in – time). All of that with the aim of long-term and successful existence and development of the company, under the given business conditions in the environment.

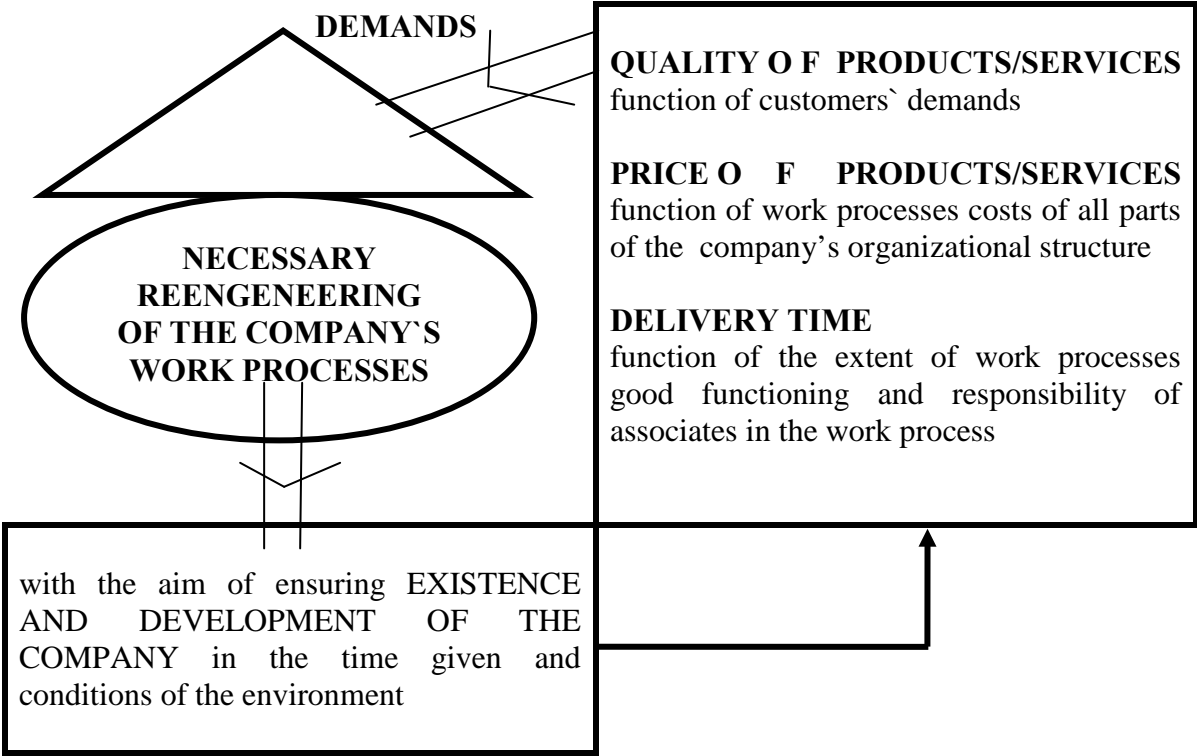


Figure 1. Concept of necessary BPR of business and production processes (work processes) in company (3, p.162)

3. FACTORS HINDERING THE WORK OF THE ORGANIZATIONS

The total deficiencies in the work of business system may be caused by a large number of regular and irregular factors – causes of crisis.

The most important factors are:

1. Team work:

Table 1. provides an overview of solutions to the five most important factors in **the team** of `crisis` management. (4, str.1).

Table 1. Solving problems in company through team work

DEFICIENCIES	MODEL IMPLEMENTED BY THE TEAM
Lack of trust to management	Unreadiness of team to show openness towards one another, when it comes to pointing out the error occurred
Fear of conflict	Teams without trust are in a lack of ability to exchange ideas
Lack of commitment	If there is no open discussion for the ideas, there is no engagement on realization of decisions
Avoidance of responsibility	Need of great commitment to a clear plan of activities, with which an avoidance of responsibility is developed
Lack of interest for the results	Irresponsibility is created in the environment Needs in organizational unit or in own departments are put above the common goals of the team

2. Inefficient organizational structure – implementation of necessary organizational changes

On the example of one European company (before introduction of BPR) implemented model of organizational structure has proved inadequate. Problems of being late with the changes were noted, which gradually led to inefficiency and bad effects of business performance. As shown in figure 2. expressed are the consequences of late BPR and timely BPR of structural adjustment to the market environment. Late structural adjustment has led to losses and lower efficiency.

Measures of prevention contribute to BPR for this stage to be avoided – the problem of growth and the development of organizational structure - in such a way that companies have their main task where management should constantly examine all the processes of production behaviour and its life growth and development. With the procedure of BPR in weak processes and with the implementation of new ones, an efficient and continual structure change is made, as well as flexibility for the changes which are coming from the environment. The aim is to ensure continuity of business success as a great chance on the competitive market.

Inefficient *organizational structure* in most of the cases, and as the world's science and practice shows, is closely related to *organizational culture* which has the greatest impact on setting up appropriate organizational structure. (6, p.4-5). The choice of it depends on dominant system of *values*, and people and *attitudes* of employees who decide on it.

Primary characteristics that determine organizational culture are:

1. *Innovation and risk propensity* – extent to which employees engage on innovative changes in business and therefore the ability to take risk in it,
2. *Paying attention to the details* – precision, high accuracy of technical tolerances, design, improvement of achieved business,
3. *Results orientation* – setting outcomes as a primary activity in front of, for example, technics, documentation, production process of changes, procedures,

4. *Employees orientation* - moment of making key decisions such as an introduction of changes and possible effects on interpersonal relations and other (7, str.153)

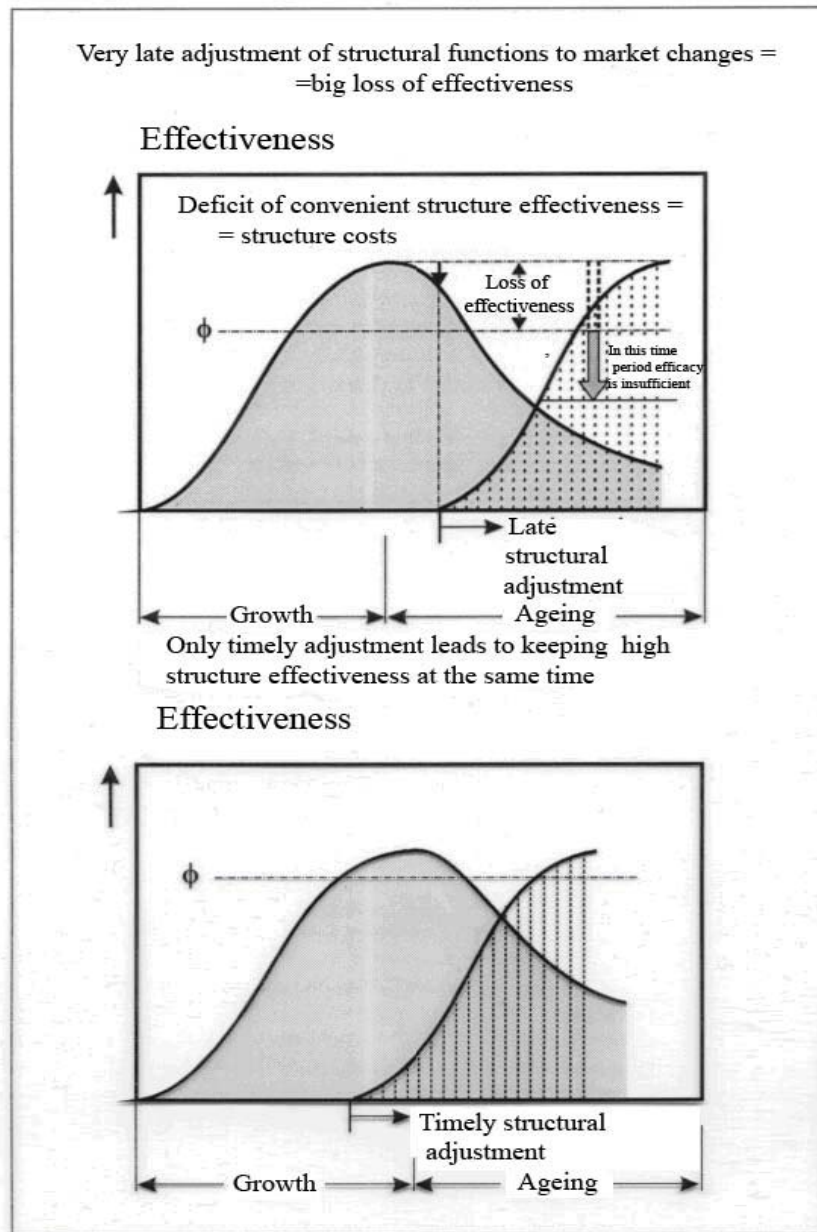


Figure 2. Effects of late and timely structural adjustment to market environment (5, p.129)

As a constatation, we can say, that efficacy of BPR concept implementation in companies is especially seen in implementation of redesign and radical changes of so-called – disordered processes. Slogan *''a process that does not produce value is redundant''* is decided on on a scientific as well as on theoretical approach. An approach incorporates the fact that *System* can survive only if constantly improved.

Question for management is: How to choose a process which needs to be changed, that is to be radically improved?

In this business, the role of management is dominant, because BPR concept is the decision of the management, and not that the management is a result of BPR. Thereat, important are the realizations of the most significant phases:

1. Management and employees now realize why they implement the process.
2. Modelling of an existing process is being done.
3. Accepting new organizational structure, information and technology.
4. Comparing existing processes with new goals.

The structure of steps which management should implement is as follows:

- *Defining s et goal s of B PR* – identification of basic processes parameters and IT technology as a support,
- *Business processes analysis* – to eliminate those processes which do not produce good results from those which produce new values of business performance, examination of all processes in order to establish efficacious solutions and accepting them as basic processes,
- *Assessments* – selection of course of activities on the basis of economic indicators of benefit,
- *Planning* - implemented with the aim of including necessary changes of business parameters: costs, price, quality, quickness, delivery time.
- *Selection of the best solution* – performed on a basis of planning data to the effect of functionality and broader analysis,
- *Realization* approved by the decision of management and employees to accept changes.

4. CONCLUSION

When implementing concept of business processes reengineering in companies, management today, should bear in mind that customer is the most important and that modern technological revolution conditions the needs of customers to become divergent. For today, the customer demands to have specific, functional and attractive low price product that can fulfil all his wishes and demands of a quality life, the product to be of a simple construction, aesthetically of a nice design, easy to exploit and maintain, of a world-class quality.

The development of a modern management – innovative strategic goals of a company supposes need for the adjustment and development of modern business strategies.

Starting from a large number of industrial branches in the world and in our country which got into crisis by the time, there is the fact that it is necessary to take all the measures needed to improve existing state of development and business of companies. The purpose is for the modern business strategies of competition to be understood, and for the capacities of industrial and other branches of the economy to get involved in global market business as soon as possible with their innovative models and projects.

The attitude is that the management becomes successful the moment they realize that it is always good to recognize potential traps that can lead any strategy, and so an innovative one, into an adverse business.

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