

Managing Transformation: Business Process Reengineering or Total Quality Management

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Abstract

Optimized business processes, continuous innovation, right decisions, forecasting, identifying cost centers, cost savings, higher income, more motivated employees and satisfied customers are the natural desires of any company worldwide, regardless of order size and scope of activity. This paper presents an analysis of two strategic approaches commonly used in the world, Business Process Reengineering and Total Quality Management, concepts that can be used successfully in organizations in Romania.

Keywords: Business Process Reengineering, Total Quality Management, Continuous Innovation.

JEL classification: M10, M19

Introduction

In his paper in 1859, "Origin of Species", Darwin observed that "species survive in the turbulent and changing environment by adapting to new requirements. Any new adaptation requires experimentation...to create new features. (Heifetz, Grashow and Linsky, 2009). This observation can be applied successfully in business because of the chaotic and turbulent environment in which it operates Romanian companies and beyond. When the organization is changing, developing new methods and techniques of work organization, depart from the familiar. Some attempts are doomed to failure, but the Romanian business environment can not progress unless it is able to sacrifice, to adapt to future requirements. In these circumstances, to become a name in the field of work, companies must continually seek and implement innovative management strategies and solutions.

A solution can be represented by the radical change of business processes based on the core of business process reengineering (fundamental rethinking and radical redesign of processes to improve relevant indicators such as cost, quality or service). Another effective solution can mean the continuous improvement of existing processes in the organization, derived from total quality management. To identify which of these is the most appropriate solution or strategy implemented in an organization, depending on the problems it faces, I will try in this article to summarize the main characteristics of the two concepts.

Total Quality Management

The TQM methods and techniques offer a way to maintain positive momentum in core processes, ensuring constant improvement in performance. An organization based on total quality management is a management style very different from the traditional approach of management. These differences can be better understood by classifying their characteristics into three categories: product development, customer orientation and quality of products/services, and the development/management of organizational processes. (Lakh & Mohanty, 1994). The basic idea of TQM philosophy stems from the belief that in every point along the value chain, mistakes can be avoided and defects can be prevented. The author concludes that "although mistakes can be made by people, most of them are caused, or at least permitted, by faulty systems and business processes". (Hashmi, 2010)

Many definitions of the term TQM led to a misunderstanding of the concept by the users. The concept is described in different ways: "approach", the "way", "philosophy", "culture", "new religion", etc. These definitions have emerged in practice, but the concept is increasingly being researched at universities, scientific management as a discipline. Since it is considered that TQM is still one of the best management approaches that lead to customer enthusiasm, reducing costs, increasing productivity and profits and long term sustainability of the organization. (Heleta, 2004)

Some authors argue that TQM is not an obstacle to innovation in business. Bessant (1994) believes that TQM supports innovation and Samaha (1996) argues that TQM focuses on identifying business processes that require redesign, developing new and innovative solutions to streamline the organization. On the other hand, Miller (1995) believes that although a continuous improvement process innovation does not provide solutions, TQM does not prevent the use of revolutionary methods and techniques (BPR).

Business Process Reengineering

Reengineering aim business processes and current activities that contribute to value creation and it is an important way of flexibility and social modernization, through radical redesigning of the organization.

The concept of reengineering is based on four key words: fundamental, radical, spectacular and processes. The category "process" includes execution processes (which are aimed at achieving economic goods, products, services) and management processes (forecasting, managerial decision making and implementation), both subcategories redesign is necessary. (Verboncu, 2006)

In an era of rapidly changing technology and product life cycles becoming shorter, the concept of reengineering is based on a new methodology derived from the concept of continuous improvement designed to produce efficiently and effectively in a complex market.

At the heart of the concept of reengineering is discontinuous thinking - recognizing and challenging the traditional approach to management, design outdated labor rules and fundamental assumptions, but invalid on IT technology, people and organizational goals.

Quality, innovation and service are now more important than cost and control. Organizational change through reengineering project can not be planned or carried out in small steps meticulous and cautious. Reengineering offers an "all or nothing" with an uncertain outcome. Unlike the continuous improvement process practiced by companies in the last 30 years, BPR aims to improve the performance of business processes with 70, 80, 90 or even 100%.

Integration of TQM and BPR

A broader idea that I want to emphasize is that most projects reengineering create an enabling environment for TQM implementation after radical changes caused by BPR. The main goal of TQM is to encourage all employees in the organization to make changes, large or small, that will increase customer satisfaction.

Note that both TQM philosophy and reengineering recognize the importance of business process and customer needs. In many cases, methods and tools that used both TQM and BPR are the same, such as the use of multidisciplinary teams. In reengineering, they are usually ad-hoc teams of managers and specialists working together on the project of reengineering. In TQM, they are usually permanent team of managers from all departments improved process, which meet regularly to plan and coordinate the effort of continuous improvement. Both concepts are aimed at improving business processes and are quality oriented. A customer-oriented philosophy derived from TQM is equally important for a successful reengineering.

Both concepts leans towards performance improvement company to get the best position on the market, all actions are aimed at creating a competitive advantage. However, TQM means marginal changes made over a longer period leading to gradual improvement in performance. Such changes are often not sufficient to ensure long-term competitive advantage. The essence of reengineering is given by the speed with which changes are implemented. TQM is focused on existing processes, which means that the old processes take place in a new way.

Table no.1 - Business Process Reengineering vs Total Quality Management

	BPR	TQM
The level of change	Radically	Incremental
Starting point	New processes	Existing Processes
Frequency change	Unique	Continue
Implementation time	Reduced	Long
Type of participation	Top down	Bottom up
Risk	Moderate	High
Type of change	Cultural / Structural	Cultural

(Davenport, 1993)

As with any new management theory, there are supporters and critics of TQM and BPR for. Some authors have expressed disappointment with the results obtained from the implementation of TQM (Balestracci, 2009), while others have expressed strong support for its relevance to building long-term business strategy (Emrich, 2000)

Similarly, Hammer and Champy estimated that 70% of organizations that engage in a BPR project does not get dramatic results they are looking for, while other experts present case studies of success achieved by consulting firms in US companies worldwide.

In addition, there are three major differences in this paper that have not been discussed so far. The first major difference is the level of risk. Consider the risk of failure that may occur in the implementation of the two concepts;

TQM uses the old structure for small improvements, while BPR removes existing methods and put a new structure in place. If TQM project doesn't achieve the expected results, the company will be back where it started; whether BPR fails, it may be in a much worse situation than before (Selladurai, 2002).

Second, TQM requires a change in organizational culture to achieve its objectives. Any structural changes will simply eliminate communication problems that may occur. In BPR, however, are more fundamental changes. With the implementation of the new system throughout the organization must adapt to new operating method, a method that will meet a much higher internal resistance from employees. (Davenport, 1993).

Third, through its role of continuous improvement processes, TQM emphasizes implementation of data collection systems and statistical process control methods (Selladurai, 2002). BPR uses, especially IT as a powerful technology that allows companies to reduce organizational complexity. "Its use is limited mainly by the imagination, creativity and commitment to business management, not technology or cost" (Sethi and King, 1998).

MacDonald and Dale (1999) also analyzed the differences between TQM and BPR and their conclusions are:

- radical changes resulting from the process of BPR are riskier, more complex and expensive than continuous improvement;
- Business Process Reengineering focuses on processes and IT technology, while TQM focuses more on people;
- In BPR, redesign tends to focus on one process at a time, using a methodology project planning, while TQM has a more holistic view of the organization, following minor improvements in all its areas of activity.

Conclusions

Companies are under increasing pressure due to a turbulent and sometimes chaotic environment, being forced to change or improve their business processes often to remain competitive on the market. (MacMillan and Selden, 2008). Customers expect products and services to meet their needs, from some higher parameters in terms of price, time of delivery and services expectation. It is important for senior management to first know the difference between current performance and desired performance. Only then they can decide on a method to improve the process.

Business Process Reengineering is a concept used increasingly in more businesses in Romania. True, not too often, small and even in the media, which reduces considerably the scope of use. But there are strong arguments showing that a real demand for BPR is beginning to take shape in our country.

The Japanese management, total quality management, characterized by progress in small steps, can lead to long-term secure victories. Many companies in Romania adopted TQM philosophy of management. Among them are companies operating in the production of automobiles, banking, public administration, etc. This interest could be explained by the fact that although the type of management TQM requires daily effort to improve the productivity of all employees in the company, progress is seen shortly and persist for a long time.

Taking everything into consideration, I strongly believe that the best solution for organizational development is an integrated model that is based on best practices in BPR and TQM, which involves strategic planning and more emphasis on people. While business processes and IT technology (main priority areas TQM and BPR) are essential components for success, they are most easily improved in an organization, but can be easily replicated by competitors. People are perceived to be the main sources of competitive advantage in the future.

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