

## **THE PRINCIPLES OF GOOD PRACTICE IN BUSINESS REDESIGN**

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**ABSTRACT:** *In the process of managerial redesign of businesses, there are terms, methods, and strategies being used both from American management practice, being a part of the reengineering concept (redesign of business process) as well as from Japanese management, being a part of the uninterrupted betterment philosophy from Kaizen. Generally speaking, business redesign refers to business changes made in radical terms and with profound thoughts given to this aforementioned action, so that in the shortest of time spectacular results will appear when considering: costs, quality, speed and services. Change in business appears to be more present and profound in current days. A lot of business's management departments are incapable of handling these changes (meaning that they severely lack the necessary financial, human and material resources) on top of not knowing where to start and how to take action in set circumstances. Under these conditions it is of utmost utility to elaborate some fundamental principles that can be applied and adapted in business remodelling processes. Throughout this paper I will present a series of business redesign principles, which can be cumulated with other practices of this form in order to create a set of good redesign implementations.*

**KEY WORDS:** *business, reengineering, change, benchmarking, principles, performance,*

**JEL CLASSIFICATIONS:** *M10, M11*

### **1. INTRODUCTION**

The environment of the current and future business climates determines a state of constant management alertness, permanent adaptation capabilities, the need to accept rapid changes as well as identify and chose increasingly innovative solutions that will lead to superior performances and business excellence. Management responsibility can be overwhelming in these circumstances, but people are innovative and highly adaptable.

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The practice and theory concerning business redesign offers solutions which fit in a diverse range of organisational change and permanent improvement processes. Many of these solutions can be successfully applied if some conditions are met and they follow to meet the same criteria. These conditions and criteria are more and more generalized, so much so that they are now a part of good business practice guides.

Responsibility of the lead staff has been greatly enhanced in the newfound restricted conditions brought by the emergence of the COVID-19 pandemic. There are businesses which prosper, even in extreme functioning environments, others go bankrupt or, get transformed into other forms of business. The question being raised is “*why some succeed, and others don’t?*”. Answering this is complicated, and this complexity is linked to change and the confrontation of reality. Want it or not, we have to face reality and more than ever business management is forced to face this reality. Jim Collins in his book “*Good to Great, 2001*”, lists a few conditions in achieving business greatness, among which there also is facing reality by the company’s management. Collins was convinced that management needs to confront reality without losing faith that eventually they will come on top. Facing the harsh facts of current reality constitutes having reactions, attitudes and actions on a basis that no matter what, in the end there is a possibility of success (Collins, 2001).

## **2. METHODOLOGY OF THE RESEARCH**

Research methodology is the study of work and research in business management belonging to some authors or institutions in the field, as well as the comparative analysis by: Michael Hammer, James Champy, Thomas Davenport, Jim Collins, Masaaki Imai.

## **3. A FEW NOTIONS REGARDING BUSINESS REDESIGN**

The initial concept of business remodelling supposedly comes from authors Michael Hammer and James Champy (1996). They considered that in order to achieve business excellence, in a rapidly changing world, there is a need for optimal firm activity organisation so that it’s geared towards market and client requirements. This new running model implies a radical change of all activities, starting with answering some base questions:

- “*Why do we do what we do?*” and “*Why are we doing it this way?*”
- After having a realistic answer to these questions we can approach and analyse these next problems “*How can we do it faster?*”, “*How can we do it cheaper?*” and “*How can we do it better?*”

Thomas Davenport considered that in order to improve business performance, having good strategy is not enough, you also need to efficiently build and plan the processes of business. This planning has to be firstly based on:

- *Innovation of products and/or processes;*
- *Human resources management;*
- *The application of information technology.*

Great business performance can be achieved by: “*innovation of work processes which determines new work strategies, the activity of process blueprinting and change implementation in all complex dimensions of technological, human and organisational magnitude*” (Davenport, 1992).

The necessity of putting together a project that implies a change in the way a business will be ran and thought off, which has in sight objectives like: improving competitive advantages on the market, reaching business excellence and cost related performance criteria, quality, flexibility, speed and time, infers going through a number of stages regarding analysis and work principles.

Considering the chosen strategic options in a redesign process we can obtain organisational changes of varied shaped, dimensions, costs, risks and frequency.

One paradox that a company’s management needs to solve is the identification of optimal change that can be realistically achieved and of finding the balance between involved expenses generated by that change and reaching performance markers.

#### **4. STAGES OF BUSINESS REDESIGN**

The necessary stages in business remodelling can be placed in three main categories:

- Stage 1. The preceding stage of interior data documentation and identifying the need for redesign;
- Stage 2. The actual redesign stage;
- Stage 3. Implementation and data evaluation stage.

**Stage 1- The preceding stage of interior data documentation and identifying the need for redesign.** This stage is comprised out of analysis activities, studies and external environment research:

- At a macro-environmental level: factor analysis of political, legislation, economic, social, demographic, technological order;
- At a mezzo-environmental level – respective analysis of the business environment in the branch or sector of activity in which the business is present;
- At a micro-environmental level- client analysis, competition, providers, other business partners, the overall market;

Also at this stage internal analysis of the firm environment is necessary, through detailed diagnostics on all the business’s components and of the management systems. After these diagnostics, internal and external, the need for remodelling can be identified as well as the need for change regarding the leadership of the business. In this sense, management needs to clearly formulate its new business vision and identify opportunities of realization. Also crucial in identifying the need for change is the awareness of change. Management needs to solve a series of problems that it might encounter in the future. They can consist in:

- Accepting the situation surfaced by the analysis results - confronting reality;
- Reflection upon old processes;
- Thinking the new processes through;
- Making use of new intuitive and creative techniques;
- Constructive emotional implication – Trust, enthusiasm and dedication;

- Reducing resistance to change – employees and also managers.

**Stage2. The stage of actual redesign.**

Across this stage there are activities comprising elaboration and founding of possible variants of remodelling resorting to:

- Evaluating and choosing the best solution;
- Elaborating a strategy for change;
- Founding a guide for the best practices taking into consideration the sought after business objectives and processes to be improved on or changed.

In order to elect the best redesign solution, it's useful to:

- Consult specialty studies, know successful examples of redesign, specify the domain in which it exists;
- Making use of consultants and specialty firms.

After choosing the optimal redesign solution comes the elaboration of a plan making use of it. The plan will contain:

- Defining new missions and visions of business;
- Setting fundamental business targets and objectives as well as for business processes derivatives;
- Thinking through all the actions in business processes terms (with clear inputs and outputs);
- Defining the way of process redesign or defining the new processes;
- Focusing upon basic business processes-fundamentals
- The setting and delegation of responsibilities;
- Establishing case managers and the managerial team;
- Elaborating budgets based on resource categories needed for the redesign processes;
- Establishing deadlines
- Elaborating a guide for the best redesign practices;

**Stage 3. Implementation and data evaluation stage.**

This stage, based on the chosen course of action, can encompass a set of distinct actions. For instance, if the choice is made to implement a process of radical change which unfolds over a set time frame, it implies a chain of actions needing evaluation by the end of the project. And if you opt for a moderate change, with the sustaining of a continuous betterment strategy, it implies activities lead over a larger period of time. The pallet of remodelling processes from which you can choose, represents a variety of combinations between the two extremes: from radical change to sustained moderate improvement. Generally, this stage is built upon:

- The starting and running of all activities and actions established through clear directions;
- Building an efficient management geared towards change;
- The training of human resource – employees and managers both;
- Assuring great communication regarding organizing;
- Assuring flexibility for all enrolled structures (their actualization, adaptation or change made in a way which complies with the new processes);
- It infrastructure and linked technology;

- Measuring results and comparing them with planned objectives - Are they the desired results?;
- Identifying dangers and problems. Will the schedule change?;
- What can be perfected? What can be improved on?;
- Supporting benefits obtained through permanent betterment.

**5. PRINCIPLES OF GOOD PRACTICE IN BUSINESS REDESIGN**

Formulating a guide for the best practices is a trend frequently encountered, useful and with present day use regarding management. Firstly, developed in TQM and business proficiency only then expanded upon in order to cover all management processes: planning, organizing, managerial control, HR and so on.

I will now present a few general principles for best practices, also found in business literature (Reijers, Mansar, 2005:13), useful in redesign business processes. They are set apart by the following components:

- Clients and external environment (table 1);
- Technique or operative (table 2);
- Firm structure (table 3);
- Technology and information technology (table 4)
- HR, behaviour and the culture of organisation (table 5).

**Table 1. Component: Clients and external environment**

Component	Best encountered practices	Specifications
<b>Clients</b>	Control reduction Contract reduction Integration – open innovation SCM integration models	Controls are pushed towards the client A tendency to reduce client contracts (a result of IT applications, e-business, on-line businesses B2B, B2C) The option of client integration and/or providers in business processes through: - Open Innovation or - SCM modules (Supply Chain Management)
<b>External environment (other than clients)</b>	Trusting party Cooperation and collaboration Externalizing Independence	Trusting partnerships, trust based collaboration and cooperation Taking into consideration the externalization of a business process in its totality or just partly Constructing a standardized interface regarding client and other partners relations

**Table 2. Component: Technique**

Component	Best encountered practices	Specifications
<b>Technique/operation (Processes)</b>	Types of order (5S or 3 S – Suggestion Systems) Getting rid of tasks	It's determined if tasks are linked by the same type of order and if necessary, new processes are

Visibility of operations) Products/services	The work is done based on order Triage of tasks Task composition Externalizing certain business processes Integration of certain business processes Techniques and methods for continuous betterment Moving Parallelism Exceptions	distinguished Useless tasks are eliminated (knock – out decisions) Taking into consideration the option to eliminate manufacturing lots and business process activities (externalization) The option of dividing a general task in two or more alternative tasks, or to integrate two or more alternative tasks into a general task Combining small tasks into compounds tasks and dividing a more complex task into smaller more viable tasks Innovation based on product Moving unviable tasks to more viable places Considering if tasks can be accomplished in a parallel manner Identifying exceptions in the normal flux
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**Table 3 Component: Firm structure**

<b>Component</b>	<b>Best encountered practices</b>	<b>Specifications</b>
Firm structure	Delegation (attribution of power) Centralization Flexible power Attributing responsibility Client teams Case managers	Allocation of resources in a way that creates maximum flexibility in the future Attributing team responsibility from different departments or directly to workers involved in task execution Reducing the number of departments, collectives and people involved in a business process Naming a person responsible transmitting each type of order from a business process- case manager

**Table 4. Component: Technology and information technology**

<b>Component</b>	<b>Best encountered practices</b>	<b>Specifications</b>
Technology, Information technology	Plus control in business management Automatized tasks Business integrated technology and Information technology integrated on business management processes (BMP) IT programs for resource planning - ERP – Enterprise Resource Planning System	Considering task automatization processes Applying new technologies in business processes Addressing and implementing IT apps specially developed for business management processes under redesign conditions.

**Table 6. Component: HR, Behaviour, the culture of organisation**

<b>Component</b>	<b>Best encountered practices</b>	<b>Specifications</b>
HR	Additional resources General specialist Empowered	In the case of insufficient human resource supplementing it will be considered The alternative of training more process experts or more generalists (considering the needs) More employee authority with less middle management posts
Cultural behaviour	Moving Parallelism Exceptions	These values, ethic principles that take into consideration business partner’s value, clients leading to excellence in business and performance, also to client and partner satisfaction

**7. DISCUSSION**

The information and opinions presented in this paper are formulated only on the basis of the research in the bibliographic references presented. My personal views may be limited in this regard, and I think it is useful that research continues or is complemented with other studies on this topic. As an example we can analyse the following aspects

- Fathoming the importance degree of some powerful factors from the external environment, action needed for the implementation of a change or redesign program;
- The level of implication shown by the management team, entrepreneurial spirit, economic innovation and creativity in successful business change.

**8. CONCLUSION**

Fundamental objectives in business management are geared towards increasing performance, measured by indicators like: costs, quality, speed, service. Moreover, current business management is required to monitor a series of parameters measuring:

- the level of client satisfaction;
- creating products and services that are more innovative and have increasing added value to them;
- creating products and services that will matter to the client and will be useful;
- advantages setting them apart from the competition;
- innovative and entrepreneurial spirit;
- attracting, motivating and keeping valuable employees;
- systems and management processes based on the principles of leadership;
- the degree of application when referring to business excellence.

All these indicators and performance parameters are obtained through constant efforts from the lead staff and employees. These efforts are greater when taking into consideration the changes in external environment. This is why, in order to support the

managers, we could find it useful to offer them consultancy in these directions, as well as, offering them good practice principles.

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