

## REENGINEERING OF BUSINESS PROCESSES IN CRISIS MANAGEMENT

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### ABSTRACT

For successful business operation of economic systems, during their life cycles growth and development, a large number of factors are incorporated. They are determined by working conditions, requests of the market and the time in which these operations are done. Globally considering, many companies, including companies in the EU, hardly succeed to increase the production and export, to conquer new markets and to enter strategic partnerships with world companies or companies of own occupation. Acceptance of the changes that leads to improvement of business operations is the only solution that leads to way out of „crisis” business operation. The paper shows the radical changes approach – redesigning of existing situation of business operation – Reengineering of business processes as a contemporary method of quality improvement and achievement of business excellence.

### Key words:

reengineering, processes, crisis management

### ABSTRAKT

Pre úspešné fungovanie ekonomických systémov sú do priebehu životného cyklu rastu a vývoja, začlenené veľké množstvá faktorov. Sú určené pracovné podmienky, požiadavky trhu a čas, v ktorom sa vykonávajú tieto operácie. Mnoho spoločností, vrátane spoločností v EÚ globálne zvažuje v okamihu zvýšenia produkcie a vývozu, ako získať nové trhy a prípadne vstúpiť do strategických partnerstiev s poprednými svetovými spoločnosťami. Prijatie zmien, ktoré vedie k zlepšeniu obchodných operácií je jediné riešenie, ktoré vedie k cesta z "krízy" podnikateľskej činnosti. Článok ukazuje radikálne zmeny prístupu - redizajnu v súčasnej situácii hospodárskeho

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poklesu - Reengineering podnikových procesov ako súčasný spôsob zlepšovania kvality na dosiahnutie obchodnej dokonalosti.

**Kľúčové slová:**

reengineering, proces, krízový manažment

## INTRODUCTION

The world financial and economic crisis brought changing to understanding of companies processes. Reengineering refers to achievement of total improvement in business operation of the company, i.e. making of complete increase in order to provide improvement of quality of key performances. According to the definition (Čekerevac, 2009): Reengineering represents fundamental recognition and radical redesign of production systems, business processes, work and organization by taking of dramatic improvements of business performances, in measuring critical points such as : price, quality, services, speed. The program re-engineering can be implemented (Hammer, 1994):

- On the level of the company – in this case it is necessary to embrace radical and fundamental activities on the level of the whole company. This sort of changes usually occurs due to huge pressure of competition where top management is the most responsible for these changes. The procedure embraces reengineering of production and business processes, management, organization structures, awarding system, motivation, philosophy of work, organization culture etc.
- On the level of process – in this case the changes are directed to radical changing of main processes redesigning and estimation by management whose results should be defined, such as : which processes should be redesigned and in which way? (Business Processes Reengineering) – BPR is realized in five basic steps, such as:
  - 1 Settling of aim performances
  - 2 Engagement of beneficiaries in process modeling
  - 3 System and model analysis
  - 4 Definition of plan changes
  - 5 Application of BPR plan.

The role of entrepreneurial management under the conditions of „crisis” management is of great importance. If we start from the fact that business operation systems grow, develop and adapt to changes, in case the adoption is not done in adequate way, i.e. management does not take part in flexible creation and acceptance of changes, the whole business process goes toward a critical situation. The crisis is not a problem. The problem is inadequate response to the crisis which can cause non liquid and unsuccessful company. (Cork 2010)

Adequate response to the initial appearance, but threatening factors for business success, brings to revitalization of work and putting the company to path of success. Introduction of necessary principles of redesigning of business work within the companies, especially in the countries in transition, involves the implementation of

business methods in which appear two important factors of the process: benefit and risk.

The concept of BPR, if applied, can have big effect in terms of the changes, i.e. on the basis the reconstructions is successfully performed: of organization, ownership, staff, management and technical and technological level of the company.

## **1 CONCEPT OF BUSINESS PROCESSES REENGINEERING APPLICATION**

The basic procedure for quality improvement in long time period of company work is implementation and improvement of the BPR process, which structures:

- Optimization of work process and material turnovers.
- Development of effective organization structure of the company suitable for adoption to new changes in environment.
- Construction of optimal information systems and information turnovers in the organization for efficient and measurable work incorporated in corresponding time cycles.
- Development of effective and efficient communication system of the company on the basis of ideas, knowledge, skills etc.

According to Deming - the quality of the company is identical to the quality of production processes, work processes of all functions of the company, organization units and all working places. The quality is conditioned to the requests of the buyers in the function of price, which is in the function of expenses of work process of all parts of organizations structure, such as terms of shipment given in the function of efficiency of organization units (just-in-time) and all in order to provide long term existence and development of the company in given conditions of work processes in surroundings. (Cork 2010)

## **2 FACTORS THAT STOP ORGANIZATION WORK**

Total faults within the work of business system can be caused by large number of regular and irregular factors – causes of crisis.

The most important factors are:

- Team work and
- Inefficient organization structure

### **2.1 TEAM WORK**

In Table 1 there is review of five of the most important factors, problems in team of „crisis” management (Lensioni, 2008)

Table 1

<b>Faults</b>	<b>Model they make</b>
Lack of <b>trust</b>	The team is not ready to show open mind one to each other when they should point out the faults
Fear of <b>conflict</b>	Teams that do not show trust are not able to exchange the ideas
Lack of <b>commitment</b>	In case there is no open discussion about the ideas there is no inclusion in the process of decision achievement
Avoiding of <b>responsibilities</b>	In case there is no commitment to clear plan of activities avoiding of responsibility occurred.
Lack of interest for <b>results</b>	Lack of interest for results causes lack of responsibility in surroundings. The needs of the departments are put above common goals of the team

## **2.2 INEFFICIENT ORGANIZATION STRUCTURE – IMPLEMENTATION OF ORGANIZATION CHANGES**

It is possible to see the problems dealing with delay with the exchanges that brought to inefficiency and poor effects of possible performances in the example of the German company before implementation of BPR, there are consequences of delayed BPR and on time BPR of structural adoption to the market surroundings. Delayed structural adoption brought to losses and fall of efficiency.

In order to avoid this stadium – the problem of growth and development of organization structure of the company, it is the basic task of management to make continual investigation of behaviour of the company, taking into account its growth and development. Continual change of structure and flexibility to the changes from surroundings is a big chance for the companies in competitive market.

Inefficient organizational structure in most cases, as world science and practice shows, is in close connection with organization culture which has the most importance to setting of corresponding organization's structure (Carić, 2008). Its choice depends on the dominant system of values and beliefs of people that make decisions. The primary characteristics that determine organization culture are:

1. Innovation and inclination to the risk – the degree until employees engage for innovative changes in business process, taking into account this taking of risk
2. Paying attention to details – precision, high punctuality for technical tolerances, design, improvement of achieved business process
3. Orientation to results – making final results as primary activities beyond, for example techniques, documentation, production processes of changes, procedures ,

4. Orientation to employees – moment of bringing of key decisions such as implementation of changes and possible consequences to people relations etc (Stojanović, 2007)

As a statement it could be said that the efficiency of application of BPR concept in the companies is especially expressed for redesigning and radical changes so called “torn” – unsettled processes. The slogan: “The process that does not create value is superfluous”, is defined in scientific and theoretical approach which means that the system can survive only if it is constantly improving.

### **How to choose the process that should be radically improved?**

The management role is dominant in this job, as the concept of BPR is the decision management and the management is not the result of BPR. In fact the most important are the following phases:

1. Management and employees understand why they implement this process now;
2. Modelling of existing process;
3. Understanding of actual organization structure, information and technology used and
4. Comparison of existing processes with new goals.

Structure of the steps that management realizes is as follows:

- Definition of set goals of BPR – identification of basic parameters of process and IT technologies as support,
- Analysis of business processes – to eliminate those processes that do not give good results and those that give new values of business performances, research of all processes due to determination of efficient solutions and acceptance as basic processes,
- Evaluation – choice of activities on the basis of economic benefits
- Planning - it is maintained in order to embrace necessary exchanges of business parameters : expenses, price, quality, speed, terms of shipment
- Choice of the best solution – it is done on the basis of planned data till the effect if functionality and large analysis
- Realization of approved and by the decision of management and employees accepted change.

## **3 CONCLUSION**

On implementation of the concept of reengineering of business processes in the companies it is necessary for the management today to take into account that the buyer is the most important and that contemporary technological revolution influences the requests of the Buyer to make their needs divergent. The Buyer, today, requests to have specific functional and attractive product of low price that can fulfil all needs and requests of qualitative life, to be simple in construction, well designed to be exploited easily and to be of world quality.

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