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# Reengineering Hospital Systems

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*The paper suggests that effective systems implementation of Business Process Reengineering (BPR) is only possible in hospital organizations capable of building open, honest, and lasting relationship with employees, suppliers, customers, and business partners. The paper suggests that the use of Inter-relationship management is the most effective approach for reengineering. It is noted that interrelationship management is not customer relationship management (CRM), nor is it relationship marketing (RM); it is about managerial governance involving three inter-related parts: process planning, process improvement, and process redesign.*

*Keywords: Reengineering, Inter-relationship Management, Implementation*

Starting a Business Process Reengineering Program (BPR) in any hospital system takes capital, knowledge, and managerial commitment. Succeeding with BPR, however, requires inter-relationship management skills based on designing productive business and organizational processes that consistently deliver on customer and patient expectations. To be consumer and patient focused, every hospital system would need the support of management, customers, suppliers, employees, and value chain partners. No healthcare organization can compete and excel on the competitive factors that are important to patients: quality of care and caring, cost of care, flexibility of medical services, service delivery, speed, and reliability of care without the right combination of leadership, strategy, operations, engaged employees and organizational agility. Before implementing BPR, it is absolutely important for healthcare organizations to ensure that they have in place the support of key stakeholders: doctors, nurses, and other medical and non medical staff. This would ensure the attainment of the main objectives of BPR – the creation of a value added, high performance and robust service organization possible. However, the high failure rate of most BPR programs, the author suggests; is as a result of the lack of alignment between people/operations, operations/strategy, and people/strategy. It is about time that hospital organizations recognize their folly – no amount of process renewal can compensate for marginalizing patients, employees, and business partners.

## What is Business Process Reengineering

There are as many definitions of the term BPR as there are commentators resulting in a lack of an agreed definition or a specific 'can-do' model for its implementation. Thus, the interpretation of the definition and implementation of BPR is left to the idiosyncratic nature of managers. Consequently, many managers have tended to label any change program as BPR. Nevertheless, the most commonly used definition of BPR is that provided by Hammer and Champy (1993):"the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed".

The essence of this definition is the suggestion that incremental improvement – looking for better ways of doing what we already do becomes redundant. What organizations, particularly hospitals need to do is find new ways of making and delivering products and services; concentrating on what should be, rather than on what is. An obvious problem, however, is the fact that most hospital organizations are not imaginative enough to find new ways of doing things. The mantra still is: Can we do better what we already do, regardless of effectiveness and relevance. Hammer and Champy (1993) argue that a business process is a sequence of activities that result in the delivery of valuable products or services to the customer. This definition, to say the least, would not result in delighted customers. For example, when organizational activities are preformed sequentially; physical and mental "walls" tend to build up between functional areas and departments. As a consequence, the output from one work station is "thrown over the wall" to the next stage, with little discussion or feedback. This is the reason why hospital processes are based on a

Just-In-Case basis. A more enlightened definition of a business process is the inter-relationship of activities that result in the 'efficient' production and 'effective' delivery of products or services to the customer. It is important to note that the essential activities that make up a process are not supposed to be sequential, but concurrent; requiring the inputs and involvement of process owners, suppliers, employees, customers, and partners. In the global arena, it is evident that customers are totally in charge. They determine the survival of firms, and as a result, building solid business relationships must become a company's most prized asset. Thus, cross and lateral relationships should be nurtured to ensure that value is provided each and every time a customer triggers action along the value chain by wanting to purchase a product or service.

## THE OBJECTIVE OF BPR

Ruchala (1997; love et al 1998; Mckay and Radnor 1998; Talwar 1996; Coulsen-Thomas 1997; and Slack et al 1998) all agree that the primary objective of BPR is to add value to the customer and meet their needs. This is further endorsed by Soliman (1998) who cites Scully and Fawcett (1993) in classifying the key factors which affect the competitive position of healthcare organizations as 'cost, quality, delivery dependability, flexibility, and innovation'. Meeting these specific competitive factors fundamentally requires the redesign of processes to ensure an environment free of waste and non-value adding activities. The objective of BPR, however, is best described by Childe et al (1996) as seeking improvement across and within processes by examining flows of information and materials.

## How Do You Redesign A Business Process?

For Stevens (1994) and Soliman (1998) it is essential to first start with mapping the current process. This allows for the identification of duplication of effort, bottlenecks, and waste. A view supported by Hammer (1990) who asserts that a process must be fully understood before it can be reengineered. Although nobody disputes the need to scrutinize current processes, Talwar (1997) raises the question of timing stating that some methodologies focus on the definition of strategy prior to the analysis of current operations. A key step for process redesign, as far as the author is concerned, from an organizational perspective, is to use a basic process flow chart to understand the current process, redesign and then configure the ideal process that would exceed expectation. In addition, the critical stages for redesigning processes are:

1. Process Planning
   a. Establish process objectives
   b. Identify process customers
   c. Determine customer needs and expectations
   d. Evaluate process limitations through the use of process flow charts or mapping
   e. Diagnose the causes
2. Process Redesign
   a. Determine idea process
   b. Totally redesign with emphasis on designing out failure points
   c. Set new process goals
   d. Establish process controls
   e. Choose units of measure
   f. Create process sensor
3. Process Improvement
   a. Measure actual performance

b. Interpret the difference

c. Institutionalize change

d. Hold the gains

e. Identify new processes

f. Find new ways and not better ways for improvement

## The Confusion – No Specific Plan for BPR Implementation

The lack of a specific action plan for BPR is indicative of the general confusion over the subject of BPR, and much of this hinges on the importance attached to deep and radical change. Biazzo (1998) agrees with Hammer and Champy (1993) that BPR is the radical transformation of a firm that offers a revolutionary, non-incremental approach to change. This is supported by Coulson-Thomas (1997) who breaks it down further into the radical redesign or re-building of individual processes, whole organizations or relationships between suppliers and customers. Despite this academic view, most practitioners within organizations are likely to pursue a more 'ad-hoc or pragmatic path' because the associated risk is far lower. Willocks (1995) undertook a study of BPR initiatives in 168 UK-based organizations (cited in Petu et al 1996), of which 46% reported achieving anticipated benefits from completed BPR programs and only 5% failure rate. However, Fitgerald and Murphy (1997) contradict this by stating that the majority of BPR projects fail or are abandoned without achieving the desired objective. This discrepancy occurs because of the fundamental lack of clarification on how BPR implementation should be approached.

Coulson-Thomas (1997) states that in the UK almost any successful change program is labeled as reengineering, therefore the impetus for radical change is lost. Davenport (1993) takes a different perspective in stating that 'reengineering and quality improvements can exist in tandem, with BPR only applied when absolutely necessary. The implication being that BPR is nothing more than a short term strategy for organizational transformation (Nwabueze 2001). For effective implementation, Coulson-Thomas (1997) is an advocate of the radical approach and states that there are actually few independently validated cross-functional examples of BPR that have run full course. He believes that where incremental improvements are the required outcome, then change strategy undertaken is not BPR, but 'process simplification', 'process improvement' (Talwar 1997) or 'continuous process improvement (Nwabueze 2001). Other studies (Childe et al 1994) refute this argument identifying more than one acceptable approach depending on the extent of change required and the mechanism for intervention based on the needs and limitations of the business at the time of implementation. Grover et al (1993) cited in (Biazzo 1998), suggest that effective BPR implementation reflects a planned alignment between business process and information technology infrastructure as opposed to a simple automation of current processes'. However, it is important to note that the use of computer simulation models to enable a representation of a real-life system must not be understated, and studies such as Faraj et al(1990; Soliman and Youssef 1998; and Biazzo 1998) support this view. Whatever the academic persuasion of BPR there seems to be a common agreement that the implementation of BPR involves several critical factors:

1. Radical transformation
2. Vision-led
3. Review framework
4. Introduce new technology
5. Change attitudes and behavior
6. Director led
7. Limited number of corporate initiatives

For the author, whilst these factors may be essential for BPR, many writers fail to take account of what should be the most important ingredient for success – 'Inter-relationship Management'. This is demonstrated using the transformation framework:

See Figure 1

The suggestion therefore, is that organizations embarking on BPR must ensure; effective relationship in the form of suppliers, processors and customers working together in a coordinated manner by sharing and communicating information and by talking to one another. It is the sustenance of good relations between manufacturers, customers, suppliers, distribution centers, and transportation systems that has enabled some companies to consistently meet or exceed the needs of their customers. Effective relationship ensures that an organization and its partners in the value chain share the same goals. This level of interdependence and goal sharing makes the building of relationship an important strategic decision for any company embarking on BPR. However, to succeed, organizations must control the bane of inter-relationship management – poor management. This would require identifying and understanding the causes of poor management, determining how it affects other activities across the organization, and then formulating ways to reduce or eliminate it.

## THE PHILOSOPHY OF INTER-RELATIONSHIP MANAGEMENT

Inter-relationship management rests on the analysis of what does work operationally rather than mere good intentions and promises by management of what should work because they would like it to. It is based on the concept of managerial driven governance. This means that organizations exist to serve customers. And yet most companies in the Western world are customer blind. The greatest irritant most customers in the West experience in dealings with manufacturing, service, or public sector organizations is the blatant disregard for their needs and unwillingness on the part of western industrial management to serve.

### Principles of Inter-relationship Management

Inter-relationship management is underpinned by four elements:

See Figure 2

Using figure 2 as a basis for explanation, the author is of the opinion that effective organizations first and foremost, need great, visionary leadership. The problems facing organizations today are; poor quality, lack of agility, poor service, unreliability, and customer exploitation. How would these problems be best solved? These problems can be overcome by key stakeholders acting collectively under a focused, customer centric leader.

It is also the author's suggestion that engaging and building a loving relationship with employees is critical to organizational performance – take care of your own and they would take care of the customers. To achieve an employee centric environment in organizations would require the redesign of managerial systems (style of management, management work methods, attitudes, and behavior). This would ensure that employees play an empowered, supporting role in the attainment of organizational goals.

The achievement of consistency in operation performance would require that organizations have in place a set of values and guiding principles in the form of a core strategy. In an age where customers are in charge, it is my belief that strategic blindness is a deadly flaw.

See Figure 3

To succeed in the global environment organizations must be extremely flexible, nimble, and adaptable to changing customer requirements. This requires an explicitly, well executed strategy; ensuring a clear business purpose and matching competencies to the needs of the market place. The fourth element of inter-relationship management as evidenced in figure 2 is organizational agility. This element is the most important driver of performance because the environment within which people work shape attitudes and this environment is made up of systems and structures. However, a fundamental hindrance to performance is the fact that the operating system in most companies reinforces the mentality that change, particularly radical change is not necessary. Thus one of the most important jobs of a leader in the implementation of BPR is to encourage and facilitate an organizational environment where people

continuously challenge, and are fundamentally empowered to redesign those systems and structures that prevent great performance. The key is to never allow organizational systems serve themselves.

## Applying the Principles of Inter-relationship Management in a BPR Environment

BPR in the author's opinion is about liberating an organization like a hospital to do what is required of it by the customer/patient in the most effective manner; it is therefore a weaving of relationship rather than down-sizing or right-sizing. BPR should also include the mobilization of the intellectual capital within the organization; letting people take control of processes, identify gaps and limitations, and then renew processes for competition. This however, is not the case with most BPR organizations; they are big, complex, messy, and heavily layered with too many chiefs and not enough Indians. What is needed is an inter-relationship management based BPR program:

See Figure 4

## Conclusion

It is the suggestion of this paper, that a better future for any organization in terms of customer centric processes and systems cannot be attained when sought after directly. It would only come as a by-product of providing an employee – centric leadership through inter-relationship management. The relatedness of the four elements of the new philosophy, inter-relationship management, should enable a healthcare organization understand that implementation of BPR must begin with a picture of the destination and the process of getting to the destination, which must be shared by everyone – process owners and key stakeholders. Also to be included in this picture is the critical activities to be redesigned, redefined and refocused.

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Figure 1

| Reengineering the Supplier Process | Reengineering the Productive Process | Reengineering the Delivery Process |
|---|---|---|
| To acquire materials in the right quality, quantity, and on-time delivery requires open, honest, and reliable relationship with suppliers. | To enhance the productive process to meet consistently manufacturing specification requires a loving relationship with employees. | To effectively deliver products undamaged, on-time, when, where, and at affordable cost to the customer requires effective relationship with value chain partners. |

Figure 2

| Leadership | People | Strategy | Organizational Agility |
|---|---|---|---|

Figure 3

| American companies have explicit strategy, but operationally incompetent | British companies, no explicit strategy and operationally incompetent |
|---|---|
| Japanese companies have explicit strategy and operationally competenc | German companies, operational competent with explicit strategy |

Figure 4

| Organizational Agility | Operational Effectiveness (people, suppliers, partners) | Strategic Thinking |
|---|---|---|
| v This is who we are<br>v This is what we are about<br>v This is what we stand for<br>v Systems redesign | v Reengineering all work processes to be customer centric<br>v Culture change in people's attitude, beliefs, and behavior<br>v Effective supplier – processor – customer interface | v A clear sense of purpose in what we are trying to achieve through clearly defined goals and objectives and how to achieve them<br>v Choosing to run a different race every time |

Dr. Uche Nwabueze is a visiting professor at the school of Business Administration, University of Houston, Victoria. A career management consultant, Dr. Nwabueze has dedicated his life to the implementation of quality improvement programs in healthcare organizations across four continents. He enjoys playing soccer and travelling. His students often describe his classes as an adventure in critical thinking, problem solving and practical application of theoretical concepts. A tireless advocate of change in his home country of Nigeria, Dr. Nwabueze is a weekly contributor to the Daily Champion Newspaper in Nigeria.