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Business Process Re-engineering (BPR): A Tool for Improved Customer Service in Municipalities

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Executive Summary

This Paper attempts to identify the theoretical and conceptual concepts regarding the appropriateness of a private sector change management tool known as business process re-engineering (BPR) in local government. It will provide the reader with an understanding of the issues that may be involved in implementing business process re-engineering, a process originally developed in a private sector business context, in a public sector municipal context. Based upon an analysis of secondary and primary research, the Paper has identified evaluation criteria that can be used to measure the success or failure of business process re-engineering in the municipal context. Next the writer examines the relevancy and adaptability of business process re-engineering to local government based on case study findings. Given the primary and secondary research collected this Paper has drawn several conclusions about the factors that may contribute to the effectiveness or ineffectiveness of business process re-engineering in Ontario municipalities.

A survey of 26 municipalities has shown that no clearly defined process or format exists for conducting re-engineering in Ontario municipalities. Although much of the secondary research pointed towards the failure of business process re-engineering at the public sector level, this writer could find little primary research evidence to support this theory. More research is required to determine if in fact the change processes that have occurred to date in municipalities that are perceived as having undergone a BPR are in fact a version of the traditional BPR. The analysis of whether the BPR model works in local government is still inconclusive and requires more research.

One key finding from the four case studies was that the BPR processes resulted in a process improvement or process redesign rather than an organizational

transformation. All four municipalities, namely, Windsor, Newmarket, Markham and Mississauga were using a similar process for conducting their BPR project. The challenges experienced by these municipalities were very similar to the issues identified in the private sector. Those municipalities who had completed the BPR identified numerous cost savings, efficiencies and improved customer service.

The structure of this paper is as follows: Chapter 1 provides the research objectives and methodology; and the context, rationale and relevancy of the research topic to local government. Chapter 2 investigates the theoretical origins and definitions of BPR. Chapter 3 presents an overview of the BPR process, and it includes case studies and evaluation criteria to determine the success or failure of BPR project. Chapter 4 provides an analysis of the municipal survey responses and summarizes the challenges of implementing BPR at the municipal level. Chapter 5 provides a conclusion of the writer's major findings of BPR, and the implementation of this private sector tool in the public sector.

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CHAPTER 1 INTRODUCTION

1.1 Research Objectives

The New Public Management model (NPM) and the movement of public organizations towards the (NPM), reveals a significant amount of experimentation with new processes to make the public sector more efficient, effective and service-oriented. Business Process Re-engineering (BPR) is one market based and customer driven management tool originating from the private sector that has been used by some municipalities to advance NPM objectives, in particular, customer service.

The research question for this paper is: how relevant and adaptable is BPR to local governments as they attempt to improve customer service. Not unlike private organizations, local municipalities are faced with significant economic, social and technological pressures that challenge the effectiveness and efficiency as an organization, especially in the area of customer service. The background to the research question is the theory and origins of business process re-engineering (BPR). This research question examines whether the application of BPR in a municipality can produce a higher level of customer service in Ontario municipalities.

The hypothesis is that the issues that may be involved in implementing BPR, a strategy originally developed in a private sector business context are different in the public sector municipal context. The findings of this research were examined from the experiences reported in the literature review. A survey of municipalities led to the identification of evaluation criteria that can be used to measure the success and/or failure of BPR in the municipal context.

A case study analysis of BPR processes in Ontario municipalities has been used to identify evaluation criteria to measure the success and/or failure, strengths and limitations of the BPR process when applied in the public sector. This research paper analyzes the appropriateness of BPR in local government by reviewing general literature on BPR, related case studies and survey data.

1.2 Context, Rationale and Relevancy to Local Government

In today's municipal environment, where municipalities are facing constant change, organizational processes can no longer remain effective for an extended period of time. Municipal administrators need to review their business processes to meet the demands of constrained resources, increased service expectations, multiple stakeholders and constant change. "Currently the dominant themes for continuous improvement and innovation in municipalities include: customer service; providing the "best" value; implementing necessary change; realizing the potential synergy of people, processes, structures and systems; and identifying and demonstrating how individuals and organizations can benefit from improvements." (Heron, p.25) There are many factors driving public-sector reform including economic cycles, environmental stresses, governance complexities; aging infrastructure, limited taxation capacity, etc. Many municipalities have come to the conclusion that their business processes are not responding to the municipal management challenges of today, in particular, customer service. Therefore, it is important to research and analyze the appropriateness of BPR in managing continuous improvement and innovation in the local government sector.

Professionally, as a municipal manager, the writer has an interest in BPR, since there is ongoing pressure to make local government more efficient, effective and service-oriented. Based upon the research of current business and public administration

management literature BPR will be explored as a tool to improving customer service. An opportunity exists with business process re-engineering to engage a process that will allow municipal managers to change existing processes so that they are more customer-focused.

As an employee of the City of Windsor, the writer is interested in assessing BPR as an approach to change in the organization. Although the BPR process has been halted indefinitely, this research will be useful to identify indicators that can be used to measure the success and/or failure of the Windsor BPR process if and when it resumes.

1.3 Methodology and Data Sources

In tackling the research question, this study utilized a qualitative research design. In this regard, a combination of research methods was followed: namely, content analysis of documents, survey, and case study research. Content analysis was utilized to examine secondary and published material. The survey was conducted to identify the experience of municipal managers with BPR process. A survey (APPENDIX 4) was mailed to the CAO/City Manager of 26 municipalities in Ontario consisting of single tier and two tier municipalities with mostly medium sized populations (over 100,000 persons). Case research was used in order to examine the planning, implementation and results of BPR applications at a number of municipalities. A case study analysis of BPR implementation processes in four Ontario municipalities assisted in reinforcing many of the writer's research findings as they related to determining the evaluation criteria and factors that may contribute to the effectiveness or ineffectiveness of BPR in Ontario municipalities.

The purpose of the case study approach was to analyze the effectiveness of BPR implementation in the municipal sector. The primary focus is on the current City of

Windsor BPR process along with Newmarket, Markham and Mississauga. Specific observations have been based upon the BPR case studies and then inferences drawn about the larger more general phenomena of the value of BPR in the municipal environment. The methods of data collection included, survey and documentary materials. Primary data sources will include unpublished information from municipalities (APPENDIX 5). Secondary sources included published books, journal articles, websites, etc. The limitations of this research include a small sample size (26 municipalities), which is a convenience sample due to economic and time limitations. These municipalities were selected randomly based on population and geographic distribution. Another research limitation is the survey, which has validity and reliability limitations. Specially the validity of reliability concerns include the difficulty in generalizing and the fact that respondents (i.e. CAO/City Manager) who do not like the process may either choose not to respond or be the only ones to respond (response bias). Since the CAO/City Manager was invited to respond to the survey, they may or may not have a bias in their response so as not to reflect unfavorably on their own municipalities. Some respondents may have answered the survey without fully understanding BPR.

A fifty percent response rate was achieved from the municipal surveys so the higher than average response rate increases the validity of the findings. The author evaluated and ensured the validity of the conclusions by sampling municipalities who have been identified as being involved in a BPR process and analyzed the findings to the following common themes: BPR methodology; critical success factors, common causes on re-engineering failure; public sector constraints; and evaluation criteria.

The Department of Political Science Ethics Committee approved the writer's research proposal and survey (APPENDIX 4). The writer has protected the confidentiality and privacy of its subjects. Survey information was gathered anonymously

and voluntarily. All subjects were assured that any data collected from them would remain in confidence. The writer is not keeping any records on the subject's identify such as coding their return envelopes or survey forms. This way data cannot be traced back to a specific individual or municipality. In order to ensure confidentiality, the writer has reduced the need to acquire data on identifiable individuals. The smaller sample size (26) and fewer questions (18) lessen the infringement on the target population's privacy.

In terms of data analysis there was a categorization and interpretation of data based upon the common themes referenced in the previous paragraph. The form of reasoning used in the analysis was inductive. The evaluation technique that the author used for both evaluation and quantification is the Likert rating scale. The conclusions and implications of the writer's research will contribute to the knowledge base of BPR implementation at the municipal level.

CHAPTER 2 BPR THEORETICAL ORIGINS

2.1 BPR Definition

Re-engineering traces its origin to the period in the 1980's when private sector business organizations recognized the need for quality improvements. Companies were systemically letting their customers down: slow response time; inflexibility; and high costs while competition was starting. The mechanistic or bureaucratic organizations assigned people to specific tasks and performed them in logical sequence – a task oriented work environment. The time had come in the 1980's to stop thinking about tasks and functions, breaking down work into little pictures, and to get a good look at the "Big Picture", the business processes the tasks were about. Through the years of the scientific management era, the focus was the task, and employees were organized according to function. However this system proved unable to meet customer expectations for better speed, accuracy, flexibility and cost.

The fathers of business process re-engineering Hammer and Champy define BPR, as "the fundamental rethinking and radical design of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality service and speed." (Hammer and Champy, p.32). "Starting over" and "recreating" the organization is the focus of re-engineering. It is the process of fundamentally and radically changing the way work is performed to achieve performance improvements. Re-engineering is not incremental change. Research has shown that incremental change has less chance of succeeding than wholesale transformation, "You will know when you are really engineering when your efforts are so ambitious they scare even you." (Champy. p. 63). The purest form of re-engineering involves redesigning systems and processes without undue consideration of the current organizational structures, policies, methods and roles (Hammer and Champy, p.179). Throughout his

research Hammer describes re-engineering as new way of re-thinking the way business work and throw away the tried and true in order to find greater efficiencies.

David Osborne and Ted Gaebler's book Reinventing Government focused on public management and was the template for public-service reform in the United States. Osborne and Gaebler's ten principles of entrepreneurial government were intended to transform bureaucracies to become innovative, flexible, and responsive organizations. (Osborne, p.19-20). This book proposed that government should be competitive, enterprising and market-oriented and above all customer driven (Osborne, p.159). The book argued that clients should be redefined as customers. Competition between providers is intended to stimulate innovation and efficiency within government while empowering citizen-consumers.

Bryson's strategic management literature maintains that BPR seeks to manage change as if organizations were machines. Consequently BPR incorporates rhetoric like 'obliterate and start over', 'take a blank sheet of paper', and wipe the slate clean', to argue that an organization's parts can be pulled apart and then built up again from the bottom (Bryson, p.111). He argues that since machines cannot think strategically or create a vision, humans can only program these things into them. Consequently, Bryson argues BPR can only be successful if there is a clear vision and appropriate strategies are in place prior to BPR process implementation. Based upon the primary and secondary research, the writer supports Bryson's argument that BPR can only be successful if there is a clear strategic vision at the beginning of the project.

In simple terms, re-engineering means management starts with a clean sheet of paper, rethinking and redesigning those processes by which the organization creates value and does work, ridding itself of operations that have become antiquated (Robbins,

2000, p.204). Based upon the writer's primary and secondary research, the key components of BPR can best be summarized as:

- Systems Philosophy – Process Based
- Vision Led – Champion Driven
- Radical Transformation –REBUILD
- People and Technology Focus
- High Investment
- Radical Improvement in Cost, Quality, Service and Speed
- Integrated Change
- Focus on End-Customers
- Citizen-centred (quality service)
- Participative Leadership (shared decision making)
- People-centred (empowering)
- Change-oriented (continuous improvement)
- Results-oriented (accountability)
- Decentralized/non-departmental structure (flattening hierarchy)
- Revenue driven (full cost recovery)

Champy summed up best the transition of the bureaucratic organization to the re-engineered as the shifting from a focus on strategy, structure and purpose to a focus on purpose, process, culture and people. He describes this phenomena as taking the "man" out of management with the culturally masculine connotations of command and control and replacing them with traits and skills that in our culture have been considered the feminine traits: listening, interacting, teaching, creating a culture in which others thrive (Champy, p.157). In Champy's mind, business process re-engineering requires a new

way of thinking. Traditionally we think in left to right terms. We read from left to right, our sense of time moves from left to right. To re-engineer what already is, however, we need to start on the right side, with a "crazy idea" of a better operating model and of building a workable pathway to the existing model.

Process improvement is the lowest degree of BPR application. It involves improvement of that part of a process, which falls within a particular function, rather than improvement of the entire end-to-end process. The focus would be on streamlining the tasks that are performed, which involves looking for opportunities to reduce bureaucracy, duplication and process cycle times, and simplify forms. Being confined to a single organizational function or department/business unit, re-engineering efforts will have minimum resistance and therefore minimum risk of failure.

Process redesign involves the total redesign of an end-to-end process, and can provide radical process improvement in terms of cost, quality and time. This requires an analysis of the process model at the higher levels of the organizational hierarchy as well as to identify where IT could be used to entirely eliminate some of the activities in the process. Process redesign requires senior management support. It also involves a considerable amount of resources and could be somewhat risky due to the need for streamlining more than one department/business unit or even organization.

Organizational transformation is the highest degree of application of BPR as its goal is to change the structure and culture of the organization itself in order to improve its processes. It starts with a fundamental self-evaluation of the organization by asking why the organization exists and what it is trying to achieve. Next, the organization goes on to look at how it actually performs its processes to achieve its goals, and how these processes should be improved. Although this is a risky and expensive exercise, the

outcomes could include: radical improvement in overall organizational performance; organization-wide clarity of purpose, direction, capabilities, and mission; and a high degree of customer satisfaction. Due to the high risk and costs involved, only a small number of municipalities in Ontario have completed a BPR.

2.2 Business Process Definition

Business process can best be described in any of the following ways:

- "Group of logically related tasks that use the firm's resources to provide customer-service oriented results in support of the organization's objectives." (Davenport, p.11)
- "The analysis and design of workflows and processes within and between organizations." (Davenport & Short, p.78)
- "A set of logically related tasks performed to achieve a defined business outcome." (Davenport & Short, p. 21)
- "A structure, measured set of activities designed to produce a specified output for a particular customer or market. It implies a strong emphasis on how work is done within an organization." (Davenport, p.92).

It is important to align all the organizational processes, and the sets of sequenced activities that produce a given output. These processes define how services get delivered and how information is distributed and used. All processes must be aligned with the organizational strategy or vision (e.g. "one stop shopping").

Davenport & Short suggest that processes can be defined on three dimensions: entities, objects and activities (Davenport, p.361). Entities occur when processes take place between organizational entities. They could be inter-organizational, inter-functional or interpersonal. Objects refer to when processes result in the manipulation of objects. These objects could be physical or informational. Activities are processes that involve two types of activities: managerial and operational. Based upon the analysis of the literature, processes have two important characteristics: (i) They have customers (internal or external); (ii) They cross organizational boundaries and organizational subunits.

2.3 Relationship Between the Literature Review and Area of Study

There has been an exponential increase in the number of publications dealing with organizational change and its impact on productivity and quality improvement in the last decade. However this research is limited to the private sector and very little literature exists in the case of re-engineering in the public sector. However much of the existing research suggests that re-engineering's failure rate is likely to be higher in the public sector than in the private sector based upon unique characteristics of the public sector.

Since the literature review identified knowledge gaps about the implementation of BPR in the public sector the writer was still able to connect the theoretical framework of private sector theory to public sector practice. The major learning point to be drawn from the literature is that BPR projects that involve re-thinking and redesigning delivery processes can help to improve dramatically the performance of public organizations, especially in terms of the values of productivity, responsiveness and customer service.

A prevailing trend in the literature review are gaps in theory as most of the BPR literature is located in the business administration discipline and very few sources are found in public administration research. Likewise the majority of the examples focused on BPR in the private sector. Re-engineering became very popular in the early 1990's, which explains why most of the author's references are from the nineties. The trend in the more recent literature from the 2000 decade has used the BPR term less or replaced it with new terminology such as "process redesign" or "business process review" as not to be associated with the BPR of the past.

A suggestion for the direction of future research is to focus on the implementation of BPR in the local government sector. It would be useful to compare BPR case study processes and outcomes on a short, medium and long-term basis. This literature has demonstrated merit in exploring BPR as a change management tool in local government to improve customer service. The City of Windsor's current BPR initiative would be a worthy candidate for a case study to use for future research and comparison with other municipalities to determine it's success and/ or failure of the BPR process using the evaluation criteria identified in this Major Research Paper.

The most influential theoretical sources in BPR and NPM were used in this Paper. The literature included recent theoretical published works, unpublished municipal reports and documents, power point presentations, and Internet sites. The theoretical framework highlights the fundamental need to think of BPR in terms of processes and not the traditional concentration on organizational structure. The general theoretical problem in the research is that there exists a difference of opinion in the literature as to the appropriateness of BPR in the public sector and the criteria used to determine whether or not a BPR process is successful.

Most of the BPR literature used in this Paper originated in the business administration discipline and there are very few BPR sources found in public administration research. This Paper assists in establishing evaluative processes for the application of BPR in the public sector given the current limitations of the literature. This Research Paper is adding to the knowledge base through examining BPR in the public sector and identifying evaluative criteria for further use in the public sector.

CHAPTER 3: BPR IMPLEMENTATION

3.1 Why Re-engineer?

In any organization where there are changing needs, multiple stakeholders and increased service expectations there are various reasons why an organization would embark on a BPR process. Many municipalities today fit into this category. Now more than ever public and private organizations are faced with the issue of doing more with less. Municipalities have to respond to constrained resources such as fiscal or budgetary pressures (e.g. amalgamation fall out). The sincere desire on the part of municipalities to improve efficiencies and effectiveness is a strong motivator for embarking on the BPR process. Change is a common motivator for BPR whether it is internal or external to the organization. Likewise a number of behaviours have been identified as common to successful, innovative organizations that include making customer service and satisfaction a focus (Heron, p.49). Understanding the effectiveness of an organization's key processes are fundamental to responding to customer needs. Linden explains, "It is precisely because these consumer demands (quality, productivity, variety, customization, convenience and timeliness) are not consistent with the strengths of mass production and bureaucratic operations that a revolution is taking place in government agencies." (Linden, p.14).

The fundamental motivators for re-engineering in the private sector is about examining work processes and finding innovative ways to eliminate waste, duplication, and non-valued added activities. BPR is intended to result in significant quality improvement, as well as time and cost reduction. Based upon the analysis, with the exception of responding to political pressures, the BPR motivators in the public and private sector are quite similar.

In a recent Municipal World article titled "Process Improvement: Critical Success Factors", author Rick Taylor cited a list of critical success factors which are consistent with the much of the BPR literature reviewed by the writer. He suggests that a clear project purpose must be linked to corporate strategic directions, vision and values (Taylor, p.42). Secondly, process improvement requires a clear scope clause and/or project charter that will enhance project outcomes and ease project completion. In other words, it is necessary to establish performance measures, timelines, quality standards and outcomes. This process also requires integration across the organization similar to that of a BPR project. Taylor confirms that there are three essential components to optimal goal achievement in process improvement – energy, direction and action. "Process improvement is one element of the continual change process inherent in life – personal, societal and organizational. Solid planning and organization, ample involvement of those affected by change; and an openness to build collaborative solutions works towards optimal success." (Taylor, p.41)

3.2 Key Steps To Implementing a BPR Process

Based upon the writer's research there are different models/processes on how to carry out a re-engineering process. The methodology utilized in BPR can vary depending on the organization, or even the process to be re-engineered. "Every organization has a unique culture that these processes must operate within, which is defined by such factors as the organization's willingness, or lack thereof to take risks, embrace change, and reward and empower it's employees. All these variables have bearing on the approach that will be used to re-engineer the process."(Roberts, p.45). Based upon the author's primary and secondary research, there are various process models on how to implement a re-engineering project. In the writer's opinion, the Hammer and Champy model best illustrates the pure BPR process. The process of re-

engineering can be summarized in seven steps as follows (Hammer and Champy, p.109): 1. Defining a vision for the organization; 2. Articulating and recording important assumptions; 3.Plan development 4. Business analysis; 5. Business redesign; 6. Implementation phase; 7.Measuring performance.

1. Defining a vision for the organization: This vision must be clear and precise and reflect what is the future that needs to be created. It must be communicated to all employees so that staff can see the "big picture", including what will be different in the future and what will remain the same.

2. Articulating and recording important assumptions: This step involves answers to questions such as why change is needed; what are the consequences to remain with the status quo; who demanded the changes; and what are the required changes. At this step participants need to review customer requirements before selecting the core processes for BPR. It is essential to understand the customer needs and not to assume anything. Assumptions can hide failures. Using questionnaires, focus groups, interviews, etc can identify these customer needs. This information will ensure the selection of the correct path for change. The one distinct difference between the private sector and the public sector is that in the public sector, there is competition for customers and a choice for customers to go elsewhere.

3. Plan development: This step includes the establishment of objectives, who will re-engineer, identifying the core business, development of strategies; identifying the processes that need re-engineering, and managing communication and expectations. Top management drives re-engineering. But getting there can be a very autocratic, non-democratic process. It has to be this way because the level of change that the BPR process demands is highly threatening to people, and they aren't likely to accept it voluntarily. When top management commits to re-engineering, employees have no choice. As Hammer states "You either get on the train, or we'll run you over with the

train."(Hammer, p.189). BPR asks managers to consider how work would be done and their organization structured if they were to start over from scratch. The concept of re-engineering takes a "greenfield" approach to re-thinking current systems of delivery, resulting in the redesign of delivery systems from the ground up.

Understanding the existing processes is extremely important at this stage. It is necessary at this stage to develop a process overview, which clearly defines the processes. The mission, scope, boundaries, timeframes are identified and clearly communicated.

This step involves the appointment of a BPR champion (i.e. City Manager) and the establishment of a BPR Team. The competency profile for the BPR Team includes: leaders, flexible, adaptable, problem solver, analytical, strategic thinker, motivated, community and organizational awareness, interpersonal/influencing skills and; corporate commitment. It is essential at this stage to provide training to the BPR team (Hammer and Champy, p.149).

4. Business Analysis: This step focuses on information gathering of capabilities and competencies, and evaluating organizational issues, customer needs and information technology capabilities. The selection of processes for review occurs at this stage. It involves the consolidation of processes and the identification of dysfunctional processes that receive a lot of complaints or that consistently perform poorly. Processes that take an excessive amount of time to complete or use excessive resources should also be identified for BPR. In certain circumstances there could be processes that require Council's attention.

5. Business Redesign: Redesign involves designing new processes towards completeness and conformance which may lead to: several jobs being combined into one; workers making decisions; working being performed where it most makes sense;

controls and checks being reduced; reconciliation tending to be minimized; and a case manager generally providing a single point of contact. At this stage the action plan is identified and process owners are appointed. Processes are simplified to reduce process time and remove any bureaucracy that may affect implementation. No-value-added activities are removed at this stage. Processes are standardized and automated where possible at this stage. Equipment and IT is also upgraded at this stage. Communicating the vision of the improved processes is extremely important at this stage because it provides assurance that the BPR initiative is both necessary and properly managed. This is often overlooked but ranked as the most important by the municipal survey respondents. Management must communicate with all employees so that they understand the vision of the future and continually provide information on the progress of the BPR initiative - good and bad. At this stage it is extremely important to tackle any actions that need resolution. It is important to introduce and establish a feedback system as well as regular audits. The downside to this step is that typically the BPR champion wants everyone to get involved and to take ownership of the process and yet, is often very time-consuming.

6. The implementation phase: This step addresses the following issues: the parts of the structures that will not be changed but will be affected by the change; identifying the changes that will be made in future rounds; testing the new design to evaluate the initial performance; making initial refinement and initiating a continuous review process.

7. Measuring the performance: Monitoring and assessing results is an important stage of the re-engineering process, because it evaluates results, identifies further opportunities to be addressed and improves processes. In order to execute the plan it is important to change impact on the organization and the customer in order to identify and eliminate problems. This step requires benchmarking of the processes.

In regard to information technology (IT), one of the common techniques used in re-engineering for process improvement is to redesign work-flows, decision making and information systems in a parallel, integrated fashion rather than sequentially or independently. Since IT is enabler for such process redesigns, it is obviously an important element to municipal re-engineering.

The obvious question is whether an adaptation to these steps would still be considered to be a BPR. According to the academic research, organizations are not re-engineering in the purest form unless all seven steps of the re-engineering process are fully executed. However the writer has a different opinion. As long as the fundamental BPR principles and outcomes are achieved, the process steps can be adapted to the needs of each organization depending on its size, structure, and resource allocations. These fundamental BPR principles or outcomes include: (1) identifying an organization's distinctive competencies; (2) assessing core processes; (3) and reorganizing horizontally by process. As mentioned previously, BPR can take the form of process improvement, process redesign, or organizational transformation.

According to Champy people facing change need to know what is going on, in detail. The problem is that big changes are hard to describe in advance of a BPR process, so managers often cannot provide the detailed description. Sometimes the process is painful. Based upon the research of Hammer and Campy, they recommend a formal process of business process re-engineering within an organization that calls for the appointment of a re-engineering team lead by a senior executive, with a strong mandate to "cause an organization to turn itself inside out and upside down to persuade people to accept the radical disruptions that reengineering brings." (Champy, p .103) The formal structure includes several key players. The relationship among these players is as follows: " The leader appoints the process owner, who convenes a re-engineering

team to reengineer the process, with the assistance of the czar, and under the auspices of the steering committee." (Champy, p. 103). Several municipalities have met this central test where the BPR is being led by the City Manager, who has appointed a process owner, known as the Team Coordinator. The Team Coordinator convenes with a re-engineering team to re-engineer the process with the assistance of the City Manager, and under the auspices of a steering committee. The steering committee is usually composed of senior management. Based upon the author's research, several municipalities (i.e. Newmarket, Mississauga, Markham, Windsor) have followed this formal approach. The implementation and execution of BPR depends on those who do the work. The participation, and more importantly, acceptance and ownership, at the grass roots level are essential for a successful BPR. To obtain "buy-in", constant communications is key. It is best to have BPR teams looking at different common aspects across the organization using staff from all levels and across departments or business units.

Peters and Waterman's best selling book In Search of Excellence, published in 1982, significantly influenced management practices. Several lessons in the book, which are based on study of high-performance business organizations. For example one principle it to give employees a great deal of operating autonomy as long as they do not violate certain strongly held central tenants of the organization (Peters and Waterman, 1982, p.245). This theory is upheld with the identification of business processes.

Peter Drucker's 1974 book focuses on the ongoing debate over whether public organizations can improve their performance by adopting private sector practices so as to operate in a more "business-like" fashion. He contends that all service institutions need "a system and structure that directs them toward performance - wherever possible. In particular, they need to define what their business is, set clear objectives

and goals, establish their priorities, define measurements of performance, use these measurements for feedback on their efforts, and audit objectives and results to provide a basis for abandoning obsolete and unproductive activities." (Drucker, p.158-159). Therefore one can conclude that there is an increasing need for BPR in order to respond to increasing demands from the customer for increased accountability and performance management.

3.3 Critical Success Factors

Change is now viewed as a constant in local government and it is unlikely to change in the future. Local municipalities might find the best way forward in response to this trend will be to consider BPR. This means convincing staff, politicians and customers and other stakeholders of the necessity for, and advantage of change. Customers want things to be right first time; they have often had bad experiences dealing with government such as long delays. Other stakeholders affected by the proposed changes need to know exactly the part they can play in that change. The literature reviewed suggests that change is not easy and cultural change for the public sector is perhaps greater than that required of the business sector.

According to Graham Hutton, there a number of factors that ought to be considered as an organizational prerequisite for the BPR process. These include: a desire to change the status quo; sustained commitment, patience and involvement at the highest level throughout the project; clear and consistent strategic focus and long-term vision shared across the organization; demanding goals; allocation of appropriate resources and time; continuous dialogue with stakeholders to determine their requirements and understand priorities; continuous measurement of performance/benchmarking (Hutton, p.27). Based upon a review of case studies in there

appear to be several lessons learned relevant to the BPR process. They include: The role of the CEO in setting the direction; training at the right time and for the right level; listening to the customers; try not to focus on technical tools too early or too much; try not to do too much at once; use the right measures to demonstrate success; and disseminate messages (Hutton, p.27).

Hammer estimates that only 20 percent of the workforce is likely to embrace an organizational transformation BPR strategy. These are the change agents who help drive every organization. At the other end of the spectrum are another 20 percent who will change, but only at a slow pace (Hammer, p.312). In between is where the war for BPR is won, among 60 percent of people who are capable of being led by the right kind of leadership.. Hammer's motto is: "Hire the athlete and teach the game." In a BPR work environment, attitude is considered more important than aptitude.

In Robbins book Essentials of Organizational Behavior, he focuses on the implications of BPR on employees. He confirms that lots of people are going to lose their jobs as a direct result of reengineering and the number will depend on the pace at which the organizations adopt the new techniques. Some experts predict that reengineering will eliminate between 1 million and 2.5 million jobs each year for the foreseeable future (Robbins, p.205). According to Robbins, staff support jobs, especially middle managers and clerical jobs, will be most vulnerable. Those employees who keep their jobs after re-engineering will find that they aren't the same jobs any more. These new jobs typically will require a wider range of skills, include more interaction with customers, offer greater challenge, contain increased responsibilities, and provide higher pay. Robbins confirms that the three to five year period it takes to implement re-engineering is usually tough on employees. They suffer from uncertainty and anxiety associated with taking on new tasks and having to discard long-established work practices and formal social networks.

3.4 Case Studies

Given the short time frame to collect primary information, the writer interviewed a private sector consultant hired by the City of Windsor who provided technical support to the BPR process. In the writer's discussion with the BPR consultant, several municipalities were identified as having completed a BPR process. Four municipalities were selected at various stages of BPR implementation. It should be noted that the consultant was hired by one of the municipalities – Newmarket. Markham and Mississauga completed their BPR projects several years ago while Newmarket completed its project two years ago and Windsor is currently undergoing its BPR project. Another reason these municipalities were selected was due to availability of municipal information on their BPR initiatives. Each of these municipalities have experienced increased growth and increasing demands for services and limited resources. The data collected about each case included: work plans, identification of processes under review, work plans, resource allocations; communications strategy, identification of success factors; challenges and outcomes.

The analysis of each case confirmed that the BPR objectives were very similar. They consisted of improving efficiency (e.g. bottom line results), effectiveness customer service and communication. Each municipality has or will evaluate the success of their BPR project based on the following variables: cost savings; efficiency; customer service; customer satisfaction; customer focus; flexibility; communication; competencies; and quality culture.

In February 2003, in conjunction with the City of Windsor's Corporate Reorganization Plan, Windsor City Council approved a BPR of the City and its boards, agencies and commissions. The goals of the City of Windsor BPR included: to use no

more dollars for operations in 2004 than were budgeted for in 2000; to enhance services and systems towards a "one window shopping" approach to all City services; and to improve customer service and satisfaction. At the same time City Council approved a corporate reorganization that reduced the number of departments from 22 to 5 service units.

A Project Administrative Team was set up to work to design a BPR, which would be productive and timely. The Project was defined in a manner that would convey that it would be a collaborative and inclusive process. Hence, the name chosen for the project was "Project TEAM – Toward an Effective, Efficient, Accessible and Accountable Municipality." The Project was split into two phases, the first being the senior management review and planning and the second being the team review and recommendation stage all of which was to be completed in ten months. Shortly after the official BPR kick off in April 2003 a staff survey was circulated to all full and part time staff, which was used to collect the information to set the mandates for each Team. Concurrent with that process, the City began Team selection so that the Teams could begin their work in the middle of June 2003. While the BPR was starting the Senior Management Team (SMT) was still working on the finalization of the corporate organizational structure and identification of areas where changes could be made. The criteria for Team selection was to ensure a cross-section of people from all areas and levels of the corporation regardless of position, years of service or any other factor. Employees had an opportunity to participate even if they were not selected to be a Team Member. An office was designated for Project Team and employees were encouraged to drop by to discuss the Project and share suggestions that they might have. There was also an area on the Project Website for employees to send their questions, concerns and/or suggestions to the Project Director and Officer. If anonymity was an issue, there

were suggestion boxes placed throughout the City worksites for employees to submit their suggestions and questions.

Phase II of the BPR was to be a detailed review of each of the City's former 22 service units to enable Council to determine what services should continue and if they should continue, how they could be made more economical, efficient and effective. This detailed review could only be undertaken effectively once the vast majority of the initial corporate restructuring and Phase 1 of the BPR are substantially complete. It was originally anticipated that Phase II of the BPR would commence in the winter/spring of 2004 – ten months. In December 2003, the newly elected City Council re-evaluated the corporate restructuring and BPR process and approved the recommendation of the Executive Management Team to slow down the change process of corporate restructuring where the pace was too great. However due to the recent hiring of a new CAO/City Manager and Council's directive to stabilize the corporate restructuring process, there has been no further progress made on Phase II of the BPR in 2004.

In 1993 the City of Mississauga was one of the first municipalities in Ontario to embark on BPR. The City of Mississauga Senior Management Team adopted a "Made in Mississauga" business process re-engineering model. Even though the City had a strategic plan, these goals were not useful in selecting processes for re-engineering. In the absence of a more strategic framework for selecting projects for re-engineering, the City's senior management team decided to continue to select projects for re-engineering on an ad-hoc basis. More than a dozen re-engineering projects were initiated within a two-year period including building permit and inspection services. For the purpose of this Paper, one project has been selected for review. The objectives of the Building Permit and Inspection System re-engineering project were: reduce overall cycle times without service disruptions; improve the quality of customer service; build in flexibility and

compatibility with information technology developments. The primary recommendations of the re-engineering team included a one-stop shopping area for customers where they could pay development and permit application fees or deposits; submit applications for development proposals and applications. The recommendations of the BPR Team resulted in a reduction in the number of manager positions from six to three and the cycle time was reduced from an average of eight weeks to one week. "Although the City of Mississauga has had limited experience with business process re-engineering as a change initiative, the majority of the projects that have been undertaken have resulted in real improvements in cycle times, improvements in the quality of service and cost reductions. However, the business process re-engineering model, as it has been applied in the City of Mississauga case has fallen considerably short from its promises for 'fundamental' organizational change. None of the projects studied involved changes in anything beyond the technical level. Processes were redesigned and in some cases the position descriptions were redefined, but the primary policies, procedures and structures within the organization have remain unchanged." (Majcher, p.48)

The Town of Newmarket initiated a business process re-engineering initiative called "Let's Make It Happen Project (LMIH)" in 2001. It was viewed by the municipality as a highly successful six-month effort that comprised cross departmental working groups of staff assigned to review municipal policies and processes in three broad areas: Infrastructure Management, Support Services and Customer Service. "Attention was given to designing processes that would collect all possible systems and procedures for review and in turn examine each in a manner that would yield a manageable list of areas with the greatest potential to meet the project goals. Any area not included in the Let's Make It Happen project was recorded for future follow-up." (p.2) In total, 21 staff members were seconded over an 11-week period with an output of 183 recommendations for process improvements (Town of Newmarket, p.62). The process

concluded with recommendations aimed to seek improvements to Newmarket's financial management e.g. setting a net budget cost efficiency target of 10%; to confirm that Newmarket's service delivery approaches are state-of-the-art (e.g. identifying activities that Newmarket should and should not be involved); to safeguard customer satisfaction). "Conservative estimates of the impacts over an approximate 5 year period would be in the order of $1,217,000 which is slightly under the 10% target of $1,245,000" (Town of Newmarket, p.32) . LMIH also researched best practices and innovations in many areas including customer service. The Town implemented a new customer service center shortly after the BPR.

The Town of Markham "Core Services Initiative" was initiated in the fall of 2001 to provide an opportunity to review and assess the service activities of the Corporation, and enable improvements within the areas of program delivery, organizational structure, fiscal stability, and client accountability. The scope of the BPR initiative was to identify opportunities for service improvements, efficiency gains and cost reductions. A number of key corporate processes were examined including customer service tracking, purchasing practices and the review of development applications. The initiative consisted of inventorying the Town's service activities, identifying improvement opportunities and implementing improvements. The project duration was only 12 weeks. Twenty-two staff members were seconded on a full time basis representing most departments. A consultant was hired and $100,000 was paid in consultant fees. Communicating the progress of the Core Services Initiative with all stakeholders was an integral part of the Markham process. The communications strategy included such channels as a core newsletter distributed to staff, update reports to Council, intranet messages. "To date the program has delivered: an in-depth appreciation of the full breath of services delivered to internal and external clients; nearly 900 specific opportunities to improve the way we do business; a plan to undertake 18 projects to

investigate and implement the improvement opportunities. " (Town of Markham, p.4) Markham's objective was to realize a net savings of $2.9 million by the end of 2003 based upon a two-year implementation program. A net gapping of $1.3 million was achieved in 2002 through vacancies (Town of Markham).

One key finding from the case studies was that the BPR processes resulted in a process improvement or process redesign rather than an organizational transformation. All four municipalities were using a similar process for conducting their BPR project. Those municipalities who had completed the BPR identified numerous cost savings, efficiencies and improved customer service. The challenges experienced by these municipalities were very similar to the issues identified in the private sector. The challenges to overcome included the following: keeping the BPR teams energized; the design of a reasonable work plan, and sticking to it; maintaining focus on goals and not changing them; securing solid, unwavering leadership; and communications.

CHAPTER 4: BPR CHALLENGES IN MUNICIPALITIES

4.1 Municipal Survey Findings

This section provides a systematic presentation of survey results or findings. Twenty-six municipalities were surveyed on the following topic areas: perception of failure rate, understanding of BPR components and process; BPR motivators, BPR evaluation criteria; BPR barriers; identification of municipalities that used BPR. There were 13 responses or a fifty percent response rate received to the survey completed by municipal C.A.O.'s and/or City Managers. The key learning points are summarized below.

When asked on the municipal survey to list the three most important reasons the respondent's municipality has or is considering completing a BPR process, there was an easily distinguishable pattern of responses. The majority of survey respondents cited financial constraints, the need to reduce costs and identify efficiencies, and improved customer service as the most important reasons for completing a BPR. One interesting finding was the striking similarity between private sector motivators and public sector motivators for undertaking a BPR process.

Another frequently mentioned reason for municipalities to undertake a BPR is the need to focus on strategic goals and BPR provides a change mechanism to align service delivery with strategic goals. Municipal respondents viewed BPR would align services with priorities and optimize organizational performance. In addition it would encourage staff involvement and create a feeling of positive accomplishment. This finding is consistent with the private sector business literature that vision is a powerful motivator for BPR and ensures a greater chance of BPR success. Having a clear vision

and focus on goals is fundamental to providing improved customer service and is viewed equally important in the private and public sector. The majority of municipal survey respondents identified the need to simplify business processes as a reason to embark on a BPR. The private sector literature reinforces BPR as a tool for facilitating an organizational shift from "shape" or structure to "flow" or process.

When municipal survey respondents were asked to identify municipalities who have undergone or are currently undergoing a BPR process the majority of respondents were unsure as to who they were or not aware of any undergoing a true BPR process. Some of the confusion seemingly stems from the title – BPR. Not all municipalities are calling their projects BPR. Only half of the survey respondents could identify municipalities that have undergone or are currently undergoing a BPR. Those municipalities were identified by municipal survey respondents as having undergone a BPR included: Ajax; Newmarket; Markham, Orangeville, Windsor, Dufferin County, Burlington; Mississauga; Brampton; Oakville; Hamilton; Ottawa; Edmonton; and Calgary. Based upon the lack of available literature, it was impossible for the writer to confirm if the aforementioned municipalities did indeed complete a true BPR process and if there were any other municipalities who may have been left off of the list.

Half of the respondents agreed or strongly agreed that there is a clearly defined process for BPR while the other half surveyed were undecided or disagreed with the statement. One hundred percent of the respondents strongly agreed or agreed that BPR as a private sector tool had value in the public sector. When asked if it meant starting over with a "clean slate", there was a significant cross section of responses indicating no conclusive agreement or disagreement? When asked whether BPR implies a radical change half of the respondents agreed and the other half disagreed. The analysis of findings confirms that although municipalities agree that BPR has value in the public sector, most municipalities are unsure of its success rate. This "fear factor" explains why

so few municipalities in Ontario have undergone a BPR. Likewise, another significant finding from the municipal survey response was that there was no unanimous agreement on whether BPR can or has been successful in the municipal sector. Half of the respondents acknowledged that BPR's failure rate would likely be higher in the municipal sector while the other of the survey respondents disagreed.

The majority of municipalities strongly agreed that a BPR process should be completed within a short time frame. The majority of private sector BPR literature supports this finding. An important part of the change process is to create a sense of urgency thorough the organization. When asked about the barriers to the successful completion and implementation of the BPR process the majority of municipal survey respondents focused on the following: organizational culture and employee attitudes; lack of corporate buy-in both at Council and senior management levels to change process; missing champions; implementation impacts outweighing anticipated benefits; lack of urgency; resistance to change; unclear strategy; mistrust; employee fatigue; silo mentalities; lack of authority of BPR project manager(s); restrictive collective agreements; limited BPR expertise in the municipal sector; inadequate timelines and resources (dedicated staff, dollar costs) ; political/public influences; and limited in-house communications support. With the exception of the Council reference, the identified barriers in the municipal sector are similar to those identified in the business literature.

All of the municipal respondents agreed that communication is the most important component of a successful BPR. Those municipalities responding to the municipal survey identified the need to communicating early in the process by regularly communicating simple messages to all stakeholders. An overall communications plan was consistently identified by all of the municipal respondents as being essential in a BPR process. The communication tools identified by the municipal respondents included: special events, weekly e-mail updates, newsletter articles; reports to Council,

dedicated website, and presentations at staff meetings. There was a very strong message from municipal respondents that communications must be accessible and encourage input and feedback throughout the process.

According to the municipal survey responses, municipalities would measure the success of a BPR process at the municipal level using the following: specific cost savings; efficiency; customer service; customer satisfaction; Council feedback; staff feedback; adaptability to change; communication; competencies; and quality culture. Therefore, the BPR process must focus on strategic goals and needs that are firmly rooted within the organization while at the same time be relevant to end-customers will create a quality culture which is people-centred and where empowerment and participation go hand in hand.

Based upon the municipal survey results, the following factors were identified as contributing to the failure of a BPR strategy in a municipality. These factors include: process re-engineering under review is too big or too small; lack of follow through; lack of communications strategy; costs of change seem too large; BPR not aligned to the strategic objectives; insufficient resources; political interference; slow speed; lack of understanding of the need for change; process under review too big or too small; a lack of follow up, the desire to change not strong enough; start point is the existing process and not a blank slate; failure to be "upfront" with staff of targeted areas; commitment to existing processes too strong; quick fix approach; no performance standards or expected outcomes; political resistance; fear of unknown and failure.

The survey responses provided meaningful information on the awareness, need, outcomes and evaluation of BPR in the municipal sector. The findings suggest that the majority of municipalities see the value of this private sector business tool in the municipal sector.

4.2 Public Sector and Private Sector BPR Linkages

BPR processes in the private industry have been characterized as difficult, disruptive and costly. Michael Hammer, co-author of three BPR books estimates that only thirty per cent of the organizations that re-engineer achieve the kinds of performance breakthroughs they had hoped for (Hammer, p.98). Two major problems emerged with BPR: poor design and poor execution. In some organizations the redesign of business processes have been mostly cosmetic – rearranging boxes on an organizational chart. The result was that although the organization looked different on paper, it performed much as it did before because none of the underlying problems had been addressed.

The common factors that contribute to failure of BPR in the private sector are likely to be lack of communication of a clear vision of the project, lack of staff participation and ownership, lack of sustained management commitment and leadership; unrealistic expectations for its outcomes; resistance to change; lack of involvement of staff from different levels, failure to instill a re-engineering culture, and lack of project organization and planning. These findings are similar to the municipal survey responses.

Based upon the literature review and survey findings it is generally felt that the organizational transformation component of re-engineering as suggested by Hammer and Champy could not be fully applied in the public sector for several reasons. To "start over" means to disregard the present set-up, which may affect services for the public or the citizens. Departments or business units that have direct dealings with the public could not afford to stop rendering services to the customers while the re-engineering processes are taking place. The concept of re-engineering could be applied in newly

created departments/ business units by seriously considering the basic principles of re-engineering, but this is not what Hammer and Champy suggested.

Peter Drucker's 1974 management practices literature focuses on the ongoing debate over whether public organizations can improve their performance by adopting private sector practices so as to operate in a more "business-like" fashion. He describes the three most common explanations for the inadequate performance of "public-service institutions". These include: managers are not business-like, they need better people, and their objectives and results are not easily quantified (Drucker, p.137). Drucker argues that the difference between a service institution (e.g. municipality) and a business is that the former is budget-driven and is not being paid according to its performance or results. He contends, that this factor combined with the monopoly powers typically wielded by public organizations, reduces concern about efficiency. "An institution which is financed by a budget – or which enjoys a monopoly which the customer cannot escape – is rewarded for what it deserves rather than what it earns. It is paid for good intentions and for 'programs'." (Drucker, p.158). He contends that all service institutions need "a system and structure that directs them toward performance - wherever possible. In particular, they need to define what their business is, set clear objectives and goals, establish their priorities, define measurements of performance, use these measurements for feedback on their efforts, and audit objectives and results to provide a basis for abandoning obsolete and unproductive activities." (Drucker, p.158-159). Therefore, Drucker's thesis is public organizations do not have to emulate private-sector organizations, but they do have to be managed for performance. The literature reviewed by the writer suggests that change is not easy and cultural change for the public sector is perhaps greater than that required of the business sector. The BPR process is logical but it is slow, mistake prone, and costly. Due to the nature of public administration being relatively different from business administration, it may be more

difficult to implement BPR in municipalities. For example, public administration is generally more resistant to change; being highly bureaucratic in terms of it's commitment to regulation and enforcement of precedent and rules.

Since municipal administration bodies are paid out of an allocated budget, not based on their results and their performance, there is no pressure on them to perform better. The salaries of municipal administrators have historically not been related to performance. Promotion, rewards and recognition systems are usually based on seniority classification systems for positions rather than any merit-based calculation. This practice could de-motivate those willing to be champions for re-engineering.

Another challenge is that municipal administrators are not free to enact management in the way the business managers. This is mainly due to political control, as politicians often wish to involve themselves in the execution of policy and not restrict themselves to policy-making.

Employee groups such as unions can create challenges in the BPR process. Some may not want to participate in the process or provide official support as they may view it leading to the elimination of jobs. Conversely, employee groups may support the BPR initiatives that involve front line staff in decision-making and change processes.

The concept of customer is at the heart of any re-engineering effort. BPR is aimed at putting the workers closest to the customers, as only the workers could help improve the effectiveness of the processes. Re-engineering inverts the traditional control structure. Management is supposed to support the workers by understanding the details of their internal "supplier-customer" working practices and problems, by helping to remove the barriers to improvement and by listening carefully to the worker's ideas on improving the performance of the processes. Delegating the control of customers to workers provides empowerment.

As a result of the bureaucratic nature of public administration, the organizational culture has been characterized by the stratification of statuses, with senior management having considerable positional authority. Due to this status authority, daily working relationships and interactions are held together in a super ordinate-subordinate rank levels, where subordinates have no official right to comment on the work practices of super ordinates. The empowerment aspect of re-engineering tends to reverse this practice and could be resisted by the super ordinates.

The research of Kernaghan et al, suggests that many public-sector "re-engineering" projects do not meet the rigorous tests proposed by Hammer and Champy. These tests include the requirement to re-think delivery systems and processes from the ground up; to seek major breakthroughs in cycle times and productivity; and to avoid simply replacing existing manual processes with technological enhancements (Kernaghan, p.145). Kernaghan argues that service delivery is far more complex in the public than in the private sector. He cites three major differences which include: government must balance the interests of citizens with the interests of program clients; the recipient of government programs is not a client or customer in the private-sector sense of someone who has a choice of suppliers and who pays directly for what he or she receives; and tasks of government differ from the simple market delivery of goods and services in the private sector (Kernaghan, p.126).

Graham Hutton's research focuses on BPR in the public sector. Business Process Re-engineering - A Public Sector View clearly identifies a number of characteristics of public sector organizations, which have a bearing on BPR or any change-management exercise. These include: rigid hierarchies; culture; crossing boundaries; changes of direction; other initiatives; consequences for others; unrealistic

promises; communication with staff; internal focus; methods and approaches (Hutton, p.25-26).

A Brazilian Case Study conducted by Kock and McQueen in 1996 described an attempt to re-engineer a large public sector organization in Brazil. When the attempt to re-engineer the organization was begun, some unforeseen barriers occurred. The most difficult to overcome was the barrier associated with the rigidity imposed by law on the organization's business processes; the "double bind" situation that led the group to consciously hide problems; and the need to have either law changes or privatization to allow re-engineering efforts to be successful. Kock and McQueen concluded that successful re-engineering might not be possible in the public sector.

There are challenges connected with the implementation of BPR in municipal government because municipalities possess certain characteristics, which defy its application. For example, municipalities are procedure driven and lack an explicit formulation of their strategy in terms of their vision and objectives. The first step for municipal implementation of BPR would be to formulate their strategy in terms of their vision and their objectives. All of the municipalities surveyed by the writer had some form of community strategic plan and/or business plan that is updated on an ongoing basis. The concept of customer service is hard to define in municipal administration. Even if the customer is identified as "internal" or "external", municipalities have been providing monopoly or near monopoly services and their bureaucracies are not used to seeking customer input, which in itself could be problematic.

The benefits of BPR in municipal administration largely derive from thinking, organizing, and acting horizontally. In other words, cross functional processes rather than vertically in terms of departments and specialist functions. However, municipal

administration bureaucracies have only known 'vertical hierarchies' and all their procedures are based on super ordinate-subordinate links. Consequently, most municipal organizations would find it difficult to perceive the concept of organizational processes, and even harder to define them. Improving a process means defining its performance and measuring it. It is often difficult to define performance in terms of appropriate indicators, which are measurable.

It is argued in the literature that there is more to local government than just focusing on competitive provision of services and satisfying customers. The community we serve is much wider than mere customers. There is a need to balance competitive provision of services with rewarding jobs and a strong community focus within the constraints of our financial resources. There is general agreement that the meaning of concepts like "client" and "customer" is more complex when applied to the public sector. The determining factor is the type of program or service affecting the citizen.

Based upon the literature review, the majority of authors share the view that the citizen as consumer is a partial image. Other critics are of the view that governments are market based and that they serve customers. Henry Mintzberg in a Harvard Business Review article "Managing Government – Governing Management" explains that we wear four hats in society: customer, client, citizen and subject (Mintzberg, p.7). When receiving professional services from government, Mintzberg cites that client seems appropriate. A community has rights as citizens, which go far beyond those of customers. And while a community has rights as citizens, they also have obligations as subjects. Mintzberg comments that not all government activities fit neatly into one of the four categories. He argues rather than a customer focus, one should talk of the wider "community focus" incorporating all the roles of customer, client, citizen and subject.

Mintzberg, thinks that governments and businesses are different, and have different purposes. The determining factor is the type of program or service affecting the citizen.

Is there room in the BPR principles to consider the rights of participation of citizens, and the often-conflicting values and needs of different groups of citizens and other stakeholders? Vivien Lowndes has conducted research on the issue of the citizen versus the customer. Her research suggests that not all relationships between citizens and municipal institutions are about service delivery. She argues that the citizen is at least potentially, an active participant in the government process as well as the user of local government services. The consumer analogy takes the politics out of citizenship and local government. She argues that this creates practical as well as moral difficulties.

"If citizenship is reduced to consumerism and governance to shop keeping, how are the issues of collective choice to be resolved?" (Lowndes, p.174). Lowndes suggests that the consumer image is not appropriate to the full range of relationships that exist between citizens and local government. He argues it is difficult to apply the consumer model of citizenship for services, which are consumed collectively (e.g. snow removal, water). In the writer's opinion, this argument is as equally valid when considering the implementation of BPR in the public sector, which has a strong focus on customer service rather than citizenship.

Based on interviews and conversations with more than 200 companies, and 35 re-engineering initiatives, Davenport & Stoddard writer shares the view that a "blank sheet of paper" used in the BPR design usually requires a "blank check" for implementation. Most organization need an affordable approach with implementation done over a several phased projects, which is why most Ontario municipalities have opted for process improvement or process redesign rather then organizational transformation.

According to Linden, the application of BPR a "private sector model" raises several issues that need to be resolved if successful results are to be achieved. The three most common public sector constraints to re-engineering are:

1. Difficulty in selecting processes to be re-engineered first given the multitude of business units within local government.
2. Difficulty in defining customer needs when government agencies have multiple customers and stakeholders with diverse and even opposing needs and expectations.
3. Difficulty in using the "clean sheet of paper" approach when control and regulatory measures are imposed from external sources. (Linden, p.86)

Linden provides suggestions on how these challenges can be overcome. Before a municipality can approach a re-engineering project with a clean sheet of paper, they must sell the idea of starting with clean sheet to the necessary regulatory bodies (e.g. Province) and the public. They must be educated about the costs associated with over regulation. To deal with the dilemma of multiple customers with diverse needs, Linden suggests dividing various stakeholders into the three C's: customers, consumers and constituents. Each of these groups has its own needs. He suggests that often there is a great deal of overlap among the needs of various groups. However when they are in conflict the needs need to be "reframed" in order to gain consensus. Linden emphasizes creativity, communications and consensus building to forge coalitions among groups that are frequently in conflict. "There is no other way to pursue the mission effectively unless some consensus is grained." (Linden, p. 176) He suggests that the priority of re-engineering projects be based on three major criteria: impact on customers/consumers/constituents; impact on overall organizational performance, and feasibility.

Public sector organizations are unlike private sector organizations when it comes to political/public influence. Municipalities are expected to operate like businesses but are also expected to give way in many decision-making situations to political considerations, which can be in conflict with business processes. Often times there can be public/political resistance to change that creates many challenges when trying to implement a BPR project. Due to the differences in the nature of public and private sectors, most of the research indicates that private sector BPR concepts require modification before they could be applied to the public sector.

4.3 BPR Evaluation Criteria

In order for a BPR process to be successful, the participants need to think in terms of the processes and not the traditional concentration on organizational structure (APPENDIX 2). BPR teams should strive for maximizing efficiency and effectiveness of the process outcomes. The success of the process will involve maximizing efficiencies in a timely manner and with minimal resources. Successful BPR processes have built in flexibility that allows the process to change for future needs. Making the process understandable by those that participate and those that use the process is critical for success. Expectations throughout the BPR process must be realistic and practical. Finally making the process measurable is the final goal BPR teams should strive for in this process.

Based upon the private sector research the writer identified that customer improvements in using BPR can be measured in similar way to those of a municipality. These methods include: specific cost savings; efficiency; effectiveness; customer focus; customer service; customer satisfaction; flexibility; communication; and competencies. For example, efficiency can be measured by the cost per unit of service to determine if the costs of the service have decreased as a result of restructuring. To measure

effectiveness one could measure the percentage of clients served and customer satisfaction after the BPR implementation. Improvements can also be measured by tracking the total number of outputs. Another indicator would be employee buy-in and the measurement of cooperation of staff.

Based upon the municipal survey responses and the business literature the writer developed a short list of indicators that municipalities have or would use for measuring the success of a BPR.

1. Efficiency: reductions in the cost per unit of service; budget increases/decreases in successive years; decreased costs with same level of service provided; percentage of savings of operational costs.
2. Effectiveness: maintenance/improvement of % clients served; improved customer satisfaction with service; quality improvement; focus on key strategic priorities; productivity gains; "doing more with less"; reduced number of customer complaints; increase in customer access to certain services; less time spent on performing tasks.
3. Outputs: total units of service.
4. Rate of completion: Speed of post-implementation evaluations and reports to Council acknowledging improvements.
5. Employee attitude and culture: employee buy-in and cooperation; improved communications.
6. Rate of reversion to old processes: Level of interest in implementing new processes; Perception of change identified by client groups.

These indicators can be summarized in three words - better, faster, cheaper. Methods of collecting this information could include customer/client surveys, employee satisfaction surveys; full cost recovery analysis; performance measures; unit costs; tracking response times.

According to Hammer the characteristics of a re-engineered or process-centered organization include:

1. Clarity: Processes that lain in the background have been brought up front and designed with customer satisfaction, quality, efficiency, and cost in mind;

2. Awareness: Everyone on a team knows that the process is, how it links with other processes, what his her individual role is, and what other people contribute;

3. Measurement: Without continuous evaluation, improvement cannot be verified;

4. Improvement: Everyone is engaged in the business or process design;

5. Management: You manage a business by managing its processes. This is not the same as managing the people.

CHAPTER 5: CONCLUSION

5.1 Summary of Findings

BPR is a fundamental rethinking and redesign of business processes. BPR fosters NPM principles such as an entrepreneurial approach, efficient and effective integrated service delivery; revenue generation; concentration on core competencies and training; improved customer services and satisfaction; and performance management. BPR is a paradigm shift where focus is on purpose, process and culture and people. This process requires an organization-wide willingness to change.

There is no clearly defined BPR process and format for conducting BPR. Likewise the name of the process can vary also. However most research suggests that completion of BPR projects within short time frames usually result in a higher success rate. There are differences of opinion as to whether re-engineering is possible in the public sector. More research is needed to examine successes and failures of BPR in local government. Future research is needed on the implementation of BPR in the local government sector. There is very little information on the successes or failures of BPR case study processes and outcomes on a short, medium and long-term basis. However, based upon the limited literature of public sector re-engineering and the writer's survey of local municipalities and case studies, there is merit in exploring BPR as a change management tool in local government. The City of Windsor's current BPR initiative would be a worthy candidate for a case study to use for further research and compare with other municipalities the successes and or failures of BPR in local government.

The BPR literature review suggested the failure rate is likely to be higher in the municipal sector where there is less pressure to perform better and there is more resistance to change. However, those municipal survey respondents identified as having participated in a BPR project, indicated satisfaction in customer service improvements

and technological enhancements throughout the BPR process. The municipal re-engineering projects that have been completed to date have achieved some customer service enhancements without fundamentally or radically changing the way of doing business. It seems each municipal organization has adapted the BPR model to their own set of time frames, resources and needs. Although there was no evidence of failure on the part of those municipalities engaged in the BPR process, there was a variation in the magnitude of change and time frame in each case.

Municipalities have had limited experience with BPR as a customer service initiative. However, the BPR model as it has been applied to the municipal case studies has fallen considerably short from its promises for "fundamental" organizational change however this was not the objective of all four case studies or the municipal survey respondents. Their BPR focus was on process redesign and process improvement.

One interesting finding for this writer was the striking similarity between private sector motivators and public sector motivators for undertaking a BPR process including improved customer service. Efficiencies, effectiveness and improved customer service were the main drivers behind both the private and public sector BPR projects. The literature review disclosed a set of common goals of BPR which include: achieve an organization that is customer focused; operate at an acceptable cost, and ensure activities add value to the customer's requirements. These goals are reflected in Windsor's Corporate Reorganization Plan (APPENDIX 3) and the municipal BPR objectives identified in the municipal survey and the case study analysis.

Any municipality contemplating a business process review needs to think in terms of processes and not the traditional concentration on organizational structure. Success seems to be linked to process improvement or process redesign rather than organizational transformation. Tthere are different opinions in the literature as to the

appropriateness of BPR in the public sector. There is an opportunity to "cherry pick" the BPR components and adapt them to the needs and resources of each municipality. Municipal managers must be clear on the focus, scope and expected outcomes from the BPR process. This needs to be clearly and frequently communicated to every member of the organization.

The major learning point to be drawn from the literature is that BPR projects that involve re-thinking and redesigning delivery processes can help to improve dramatically the performance of public organizations, especially in terms of the values of productivity and customer responsiveness and service. It is clear from the readings that the culture of a municipal organization has to be one that promotes innovation and interdepartmental collaboration if BPR is to be implemented successfully. Re-engineering in the municipal sector requires innovative management and a willingness to change.

The obvious question is whether if having gone through a BPR process in a process redesign or process improvement instead of a radical organizational transformation would the project is still considered a BPR? Based upon the case studies and municipal survey findings, a process redesign or process improvement can still qualify as a BPR. The survey results also conclude that BPR does not require a radical transformation to still be considered a BPR. Due to the inherent difficulties and resistance in applying the organizational transformation BPR, those municipalities in the case study have used a process improvement or process redesign.

In the writer's opinion the pure BPR model or process can be adapted and still achieve the BPR principles of identifying efficiencies and effectiveness and improved customer service. There still remains the basic question of the purpose of public sector

organizations, and their relationships with the people they serve. Are local governments just service delivery agents or do they exist to give citizens a voice in how they are governed? Does the public consist of customers or citizens? BPR assumes that governments are market based and that they serve customers. What room is there in the logic of BPR to consider the rights and participation of citizens, and often-conflicting values and needs of different groups of citizens and other stakeholders? More research is required to determine the effectiveness of BPR in the public sector.

Throughout most of the secondary research there was one consistent message - the BPR failure rate is likely to be higher in municipal sector due to the differences in the nature of private and public sectors as identified in a previous section. However, the municipal survey responses and case study examinations are not conclusive in these findings.

Finally, the writer sees an opportunity with BPR to engage a change process that will allow municipal managers to re-engineer existing processes so that they are customer driven. The basic principle is to make the customer the starting point for change by identifying customer wants and creating the processes to support these expectations. Front line performance is essential to the implementation of business processes. BPR must place the customer on the center of the re-engineering effort by focusing on fragmented processes that lead to delays or other negative impacts on customer service. Municipal BPR projects must have a realistic timetable to ensure that the organization is not in the state of "limbo" or "chaos". BPR cannot ignore corporate culture and must emphasize constant communication and feedback.

APPENDIX 1 CHARACTERISTICS OF THE BUREAUCRATIC AND POST-BUREAUCRATIC ORGANIZATION

Characteristics of the Bureaucratic organization	*Characteristics of the post-bureaucratic organization*
	POLICY AND MANAGEMENT CULTURE
ORGANIZATION-CENTRED Emphasis on the needs of the organization itself	*CITIZEN- CENTRED* Quality service to citizens (and clients/stakeholders)
POSITION POWER Control, command And compliance	PARTICIPATIVE LEADERSHIP Shared values and participative decision making
RULE-CENTRED Rules, procedures and constraints	PEOPLE-CENTRED An empowering and caring milieu for employees
INDEPENDENT ACTION	COLLECTIVE ACTION Consultation, cooperation, and coordination
STATUS QUO-ORIENTATION Avoid risks and mistakes	CHANGE-ORIENTED Innovation, risk-taking, and continuous improvement
PROCESS-ORIENTED Accountability for process Accountability for results	RESULTS-ORIENTED
	STRUCTURE
CENTRALIZED Hierarchy and central controls	DECENTRALIZED Decentralization of authority and control
DEPARTMENTAL FORM Most programs delivered by Operating departments	NON-DEPARTMENTAL FORM Programs delivered by a wide variety of mechanisms
	MARKET ORIENTATION
BUDGET-DRIVEN Programs financed largely from appropriations	REVENUE-DRIVEN Programs financed as far as possible on cost-recovery basis
MONOPOLISTIC Government has monopoly on program delivery	COMPETITIVE Competition with private-sector program delivery

Source: Towards The New Public Organization, p.3

APPENDIX 2 COMPARISON OF ORGANIZATIONAL AND PROCESS MODEL

Organizational Focus	Process Focus
- Employees are the problem	-The process is the problem
-Employees	-People
-Doing my job	-Help to get things done
-Understanding my job	-Knowing how my job fits into the total process
-Measuring individuals	-Measuring the process
-Change the person	-Change the process
-Can always find a better employee	-Can always improve the process
-Motivate people	-Remove barriers
-Controlling employees	-Developing people
-Who made the error?	-What allowed the error to occur?
-Bottom line driven	-Customer driven

Source: McCauley Nichols 2004

APPENDIX 3 2003 CITY OF WINDSOR CORPORATE OBJECTIVES

Holistic integrated Service Delivery

Concentration on core services and competencies

An entrepreneurial approach

Commercialization where reasonably possible

Minimization in duplication of cost and effort

Maximization of intended outcomes, outputs and inputs

Horizontally and vertically integrated management team

Elimination of "silo" mentality and "silo" status

Maximization of "One Window" Service Delivery Opportunities

Implementation of a Total Performance Management Framework
(Planning, programming, budgeting, measuring, monitoring, auditing, benchmarking, best practices, reporting, and service excellence and customer satisfaction)

Equitable access and opportunity

APPENDIX 4 MUNICIPAL SURVEY

Dear :

Re: Business Process Re-Engineering (BPR) Survey

The attached survey regarding business process re-engineering (BPR) is part of my Master of Public Administration research within the Local Government Program at the University of Western Ontario. BPR involves the fundamental rethinking and redesign of business processes to achieve dramatic improvements in cost, quality and service. The results of this survey will help to provide preliminary criteria for evaluating the success and/or failure of BPR in local government.

I am particularly desirous of obtaining your responses because your experience in BPR will contribute significantly toward research in this area. The average time required for respondents to complete this survey is 20 minutes.

It would be appreciated if you will complete the questionnaire prior to _____ **, 2004** and return it in the stamped, self-addressed envelope enclosed. I would welcome any comments that you may have concerning any aspect of BPR not covered in the survey. I would be pleased to send you a summary of the survey results if you desire. Thank you for your cooperation and assistance.

Sincerely yours,

Lee Anne Doyle, MCIP, RPP
MPA Candidate

Business Process Re-engineering (BPR) Survey

Instructions:

As my Master of Public Administration research project for the University of Western Ontario Local Government Program I am exploring the implementation of business process re-engineering (BPR) or sometimes referred to as business process review in municipal government. Please complete this survey and return in the self-addressed envelope provided by **2004**.

Business Process Re-engineering: *"the fundamental rethinking and radical design of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed."* (Hammer and Champy, 1993)

All of the answers will be strictly confidential.

Please complete the following questions.

Please choose ONE answer by circling the appropriate letters.

SA – Strongly Agree **A** – Agree **U**- Undecided **D**- Disagree **SD** – Strongly Disagree

1.Business process re-engineering's failure rate is likely to be higher in the municipal sector. **SA A U D SD**

2.Business process re-engineering is a private sector tool that has value in the public sector. **SA A U D SD**

3. Business process re-engineering implies radical change. **SA A U D SD**

4. Business process re-engineering

is technology driven. SA A U D SD

5. Business process re-engineering means identifying the organization's key competencies. SA A U D SD

6. Business process re-engineering means starting with a clean slate. SA A U D SD

7. Business process re-engineering should be completed within a short time frame. SA A U D SD

8. Communication is the most important component of a successful business process re-engineering. SA A U D SD

9. There is a clearly defined process and format for conducting a business process re-engineering review. SA A U D SD

10. Business process re-engineering can occur without corporate restructuring or layoffs. SA A U D SD

11. What do you consider to be the three (3) most important reasons your municipality has or is considering completing a BPR process?

_____

_____

_____

12. What criteria or indicators have you or would you use for measuring the success of a BPR process?

_____

_____

_____

_____

_____

13. Identify examples of new processes your municipality has implemented as a result of your business process review.

14. List the barriers to the successful completion and implementation of the BPR process.

15. Identify those municipalities who have undergone or are currently undergoing a BPR process.

16. Describe the nature of communication made with staff and management during the BPR process.

17. What criteria would you use to measure the failure of a BPR process?

18. Please provide any additional comments you may have on business process re-engineering.

Thank you for taking the time to complete this survey.

APPENDIX 5 LIST OF MUNICIPAL SURVEY CONTACTS

1. Ajax
2. Barrie
3. Brampton
4. Burlington
5. Cambridge
6. Chatham-Kent
7. Guelph
8. Hamilton
9. Kingston
10. Kitchener
11. London
12. Markham
13. Mississauga
14. Newmarket
15. North Bay
16. Oakville
17. Oshawa
18. Ottawa
19. Pickering
20. Richmond Hill
21. Sault Ste. Marie
22. St. Catharines
23. Sudbury
24. Toronto
25. Waterloo
26. Whitby

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