Business Process Reengineering involves the radical redesign of core business processes to achieve dramatic improvements in productivity, cycle times and quality. In Business Process Reengineering, companies start with a blank sheet of paper and rethink existing processes to deliver more value to the customer. They typically adopt a new value system that places increased emphasis on customer needs. Companies reduce organizational layers and eliminate unproductive activities in two key areas. First, they redesign functional organizations into cross-functional teams. Second, they use technology to improve data dissemination and decision making.

Methodology

Business Process Reengineering is a dramatic change initiative that contains five major steps. Managers should:

- Refocus company values on customer needs;
- Redesign core processes, often using information technology to enable improvements;
- Reorganize a business into cross-functional teams with end-to-end responsibility for a process;
- Rethink basic organizational and people issues;
- Improve business processes across the organization.

Related topics

- Cycle-Time Reduction
- Horizontal Organizations
- Overhead-Value Analysis
- Process Redesign

Common uses

Companies use Business Process Reengineering to improve performance substantially on key processes that impact customers. Business Process Reengineering can:

- Reduce costs and cycle time. Business Process Reengineering reduces costs and cycle times by eliminating unproductive activities and the employees who perform them.
Reorganization by teams decreases the need for management layers, accelerates information flows, and eliminates the errors and rework caused by multiple handoffs; 

Improve quality. Business Process Reengineering improves quality by reducing the fragmentation of work and establishing clear ownership of processes. Workers gain responsibility for their output and can measure their performance based on prompt feedback.

Related Bain capabilities

Business Process Redesign
Cost & Supply Chain Management
Performance Improvement

Selected references


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