
BPR and the learning organization

Colin J. Coulson-Thomas

The author

Colin J. Coulson-Thomas is Project Leader, the COBRA Project Office, Rathgar House, 237 Baring Road, Grove Park, London SE12 0BE, UK. Tel: + 44 (01) 81 857 5907; Fax: + 44 (01) 81 857 5947.

Abstract

Examines the extent to which European BPR experience and practice are contributing towards the building of learning capability and facilitating progress towards the learning organization. Draws on the results of a European Commission-funded programme of activities undertaken by the COBRA project team. Suggests that many applications of BPR are concerned with shorter term savings of time and cost and that little priority is being placed on enhancing the longer term learning which could be a sustainable source of competitive advantage.

This article sets out to examine the relationship between current business process re-engineering activities and the concept of the learning organization, and whether the former is leading to the latter. It presents some preliminary findings from a recent pan-European investigation of re-engineering experience and practice. First, however, let us consider the evolution of the term "learning organization" and the nature of re-engineering.

The concept of a learning organization, much written about over the last ten years, dates back to early work in the 1920s and 1930s on learning organisms and learning systems. In diverse fields a relatively rich body of literature now exists, following the investigations of such pioneers as von Bertalanffy in biology[1], Boulding in economics[2], and Parsons and Shils in sociology[3]. Consideration of how organizations use external inputs and feedback loops to learn and adapt to a changing environment has led to a distinct systems approach to learning in many disciplines, for example the systems approach to politics developed in the 1960s by Easton[4], McClelland[5], Deutsch[6] and others.

More recently, and following work undertaken during the early and mid-1980s at centres such as Xerox PARC and the Institute for Research on Learning, various approaches to the support of individual and group learning, and associated learning tools, processes and environments, have emerged. Today learning environments exist which can act as "individual tutors", able to tailor not only content but also how it is delivered according to what is learned about the learning style and capabilities of each of the users. Early use of tested learning environments suggests that dramatic breakthroughs can occur in the extent to which the learning potential of people throughout the world could be cost-effectively tapped. We stand on the threshold of a learning revolution.

Business process re-engineering

Compared with the relatively long pedigree of the learning organization, the concept of business process re-engineering (BPR) is a much more recent phenomenon. While BPR-type exercises were under way in various corporations throughout the middle and late 1980s, and many of its individual elements can be traced back to the 1940s and 1950s, the term "re-engineering" only entered the

general management literature with the publication of two articles in 1990[7,8]. Since this date, there has been a dramatic increase in the number of articles, books and papers devoted to BPR[9], and BPR exercises have become widespread among large companies and commonplace in such commercial sectors as financial services.

According to its most widely read articulation, the “radical change” variety of BPR is concerned with revolution, or fundamental change, rather than evolution and the incremental improvement of what already exists[10]. The rhetoric of BPR uses terms such as “blueskies thinking” or “blank sheet of paper exercises” to suggest that first principles questions are, or should be, asked about the rationale, structure and operations of an organization. If such fundamental reviews are occurring, an obvious area to consider is the relationship between BPR and the creation of the learning organization. Is the adoption of BPR leading to the introduction of new approaches to learning? Are BPR exercises leading to step changes in the learning capability of organizations?

The COBRA project and the challenge facing organizations

To answer the above questions, and others relating to the link between BPR and new ways of working, the European Commission and certain commercial, public and academic organizations funded and supported the Constraints & Opportunities in Business Restructuring – an Analysis (COBRA) project which has examined BPR experience and practice across Europe[11]. Various strands of work undertaken by the COBRA team have considered both written evidence and a representative selection of over 100 actual European applications of BPR covering the private, public and voluntary sectors. This article draws on all the evidence accumulated during the 12-month duration of the project and, in particular, the various BPR case studies which were investigated[12,13], and is designed to complement the background material on the status of BPR in Europe which has already been published by certain members of the COBRA team[14] and encourage further investigation.

The challenge for those directing organizations is to define some form of distinctive and compelling vision and to establish the

capability in terms of people, organization, technology and finance to turn aspiration into achievement[15,16]. Management and business processes are significant in that they are the means by which “latent” capability becomes “actual”, i.e. it is applied to those activities which deliver value to customers and achieve corporate objectives[15]. The essence of continuing success is to harness more of the potential of both individuals and teams and its application to value creation[15]. There are many models of organization, such as learning networks[15] which *prima facie* are better able to integrate working and learning, and more effective than traditional organizations at enabling people to work and learn in ways which best enable them to tap more of their potential and create value[12,13].

BPR and the learning organization

The key question is whether the application of BPR actually helps or hinders transition to a more capable form of learning organization. Overall, the evidence suggests that while its use can lead to the achievement of certain short-term improvements, the application of some approaches to BPR can also postpone the life of certain forms of organization rather than fundamentally change them. The continued practice of much that is described as BPR actually depends on the continuing existence of organizations with the particular problems it has been packaged to address[11].

One does not necessarily need BPR in order to change an organization fundamentally. Thus, one could opt to aim straight for a different model, e.g. a “network” or “project” organization, or use EDI and/or other technologies to transform relationships within a marketplace.

It is possible to change processes, patterns of work and ways of learning either individually or in various combinations. In practice, BPR was not the source of the most radical organizational changes encountered by the COBRA team. In virtually all the exercises which were closely examined, questions relating to new ways of learning neither featured in the methodologies used, nor were they actually asked. While learning options are not even acknowledged, let alone considered, BPR should not be expected to have a significant impact on learning capability. If learning capability is to be improved, it is necessary to:

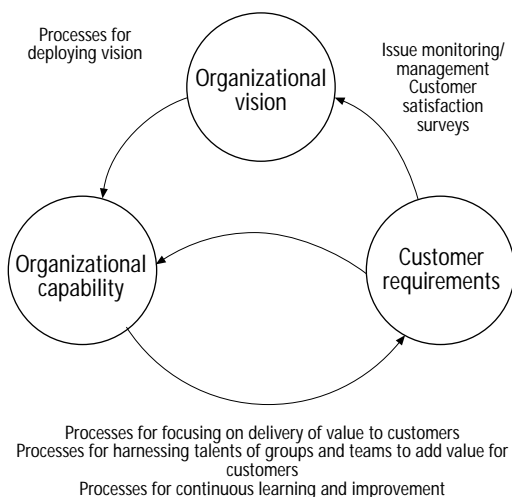
- Understand how different people learn, both individually and in groups, and to appreciate how improved learning might be facilitated[15]. Almost universally, those undertaking BPR lack the required awareness and understanding. Their direction and focus has been elsewhere.
- Appreciate the processes by which organizations learn. While learning processes can be identified[15] (see Figure 1), the focus of BPR, as practised in Europe, is almost always on business processes. Very rarely do groups set out to re-engineer a management or support process, although some companies such as Rank Xerox build learning loops into their designs. The COBRA team did not encounter a BPR exercise that was specifically initiated to redesign a learning process.

By ignoring learning processes, the BPR community is denying its clients and users widespread opportunities to achieve longer term competitive advantage. While product features, and even technological innovations, can be copied with increasing speed (due in part to BPR), approaches to learning may be more difficult for an “outsider” to analyse and replicate. Ultimately, many organizations are largely competing in terms of their capability to learn.

The learning board

Successful adoption of BPR of the radical change variety needs, *inter alia*, top

Figure 1 Organizational learning



Source:[15]

management involvement and sustained top management commitment[15]. The lack of focus on learning processes at the “direction” stage reflects a general lack of awareness on the part of directors and boards of issues and processes relating both to their own and organizational learning[16,17]. Until boards think through their own responsibilities relating to the re-engineering of management and business processes[16] and take specific steps to become learning boards[17] and champions of learning, one should not expect learning processes to become a priority consideration when approaches to BPR are discussed in the boardroom and BPR goals are established. The learning board[16,17]:

- Understands that learning capability can be a sustainable source of longer term competitive advantage. It questions the extent to which learning issues and considerations are taken into account during strategy reviews, restructuring, TQM and BPR activities, and other corporate exercises.
- Values and rewards learning and is committed to the facilitation and support of learning. It believes that people should be enabled to work and learn in ways that best enable them to harness their potential and create value.
- Regularly assesses not only what it has learned, both individually and collectively, but also its capacity for learning. It reviews at least once a year its own operation and effectiveness in terms of the value that it adds.
- Ensures that the key management and learning processes are in place for learning about developments in the business environment, the views of stakeholders, and competitor activities and capabilities. In particular, the vision and capability of the organization must match changing customer requirements.
- Reviews itself against the changing behaviour and capability of the management team in order to ensure that it complements and supports management, rather than inhibits or stifles it.
- Not only encourages benchmarking elsewhere in the organization, but also benchmarks itself against the activities of other boards. Particular emphasis is placed on attaining or exceeding best practice in individual, group and organizational learning.

If it is not to increase learning capability significantly, why are organizations undertaking BPR? Cost and/or time reduction appeared to be the main priority in the BPR exercises observed. These seemed to be the major pre-occupations of boards. Very few cases were observed of BPR itself being deployed, even in a supporting role, as a means of either building learning capability or supporting the innovation process. The latter area ought to be one of opportunity for BPR as the failure to implement is often the result of a lack of the appropriate processes for turning an idea into a reality.

BPR and learning

In the main, BPR of the radical change variety, where it occurs, appears to be viewed as a periodic and discrete exercise, with interviewees expressing the intention of undertaking fundamental reviews of processes every five years or so. Unless some form of continuing review and refinement is built into the re-engineering solutions that are adopted, they are likely to date at a rate which will depend on the extent to which the broader environment and immediate context are dynamic. Over a period of time a step change to a new plateau could result in levels of performance which might be overtaken by a competitor eschewing BPR in favour of continuous improvement.

One way of ensuring continuing relevance and adaptation to changing circumstances is to build learning into a redesigned process as advocated by the COBRA BPR methodology [18-21] developed by the COBRA team. However, more work is needed before definitive conclusions can be drawn about the distinct contribution of such methodologies to the creation of the learning organization.

Other COBRA findings

Many of the BPR exercises which were observed appeared to result in solutions that were effectively frozen, at least during the period of implementation which involved the introduction of new technology. One case was found in which a leading player in a very competitive market was in danger of losing significant market share as a result of a ban on the introduction of new products while a new IT system was being installed. Too often, the

implications of undertaking BPR are insufficiently thought through.

The short-term nature of the goals and objectives set for many of the BPR exercises which were observed militated against the incorporation of learning considerations.

Quite simply, it was felt:

- there would be insufficient time to take on board the lessons which might be learned from building in a comprehensive set of learning loops;
- in relation to other priorities, any learning benefits which might result would not justify the costs involved.

Even where the value of learning is recognized, it is not pursued at any cost. In a few cases an argument against the building of certain learning loops into a redesigned process was put forward. For example, in the case of both a single function exercise and an internal exercise, i.e. limited to one organization, it was felt that such changes should not be introduced without taking account of the wider developments that would only be known to certain people outside of the immediate process and able to take either a cross-functional view or one which embraced the whole supply chain.

Were organizations to take a longer term view, and to put more emphasis on the determination and building of core competences, one would expect learning considerations to assume greater significance both within BPR methodologies and during their use in the course of BPR planning and implementation. There would be a longer time horizon over which to reap the benefits of improved learning, while improved internal learning processes would be less easy for a competitor to copy than certain other and more tangible areas of corporate capability such as product features or elements of a technology. In a growing number of sectors information and technology appear, increasingly, to be commodities available to all, the source of competitive advantage lying in learning how to use them more effectively in the generation of value for customers.

Lessons and implications

Overall, the COBRA team did not establish any clear relationship between BPR and the learning organization, let alone a positive causal link. Where both were found to be

discussed within the same organization, each tended to be the concern of a different team. An obvious area for further enquiry is why organizations do not adopt more holistic approaches to the achievement of fundamental change that embrace, *inter alia*, both BPR and the learning organization and result in them being considered together as complements by the same team.

A note of caution needs to be sounded. Many of the BPR exercises observed were still “in progress”. Relatively few of the BPR exercises which did involve a solution with some form of learning built into it had been implemented for long enough to enable a full assessment to be made of the extent to which learning was occurring.

BPR should not be allowed to become an alternative to other learning activities. In some cases, the view appeared to be: “we have done BPR, it’s now important to have a period of stability”. The implication was that for a period active external scanning, questioning and learning need no longer occur.

When examining the possible outcomes or implications of BPR, the COBRA findings suggest that many organizations have a clear preference for incremental and evolutionary change and they may actually seek to avoid change that is perceived as radical or revolutionary. Incrementalism was justified in various ways, including reference to a total quality management philosophy and references to the risks, uncertainties and costs of large steps. An incremental approach can sometimes be rationalized in terms of being responsible and prudent.

In reality, while most of the organizations observed either employed, or had access to, people with the competences to undertake process improvement exercises, they usually lacked the very different skills required to undertake re-engineering of the radical change variety[22].

Some evidence emerged which suggests that, as with learning, organizations do not pursue innovation at all costs. In fact, in most of the cases observed radical change was avoided rather than actively sought. Thus interviewees mentioned promising developments that were not progressed because of their likely impact on an existing market position or skill base.

One company decided against an innovation which would probably have “wiped out” its past investments in building up a capability

that overnight could be rendered inappropriate. Another identified an area of potential, but drew back because of “insecurity” concerning its likely competitiveness in what would effectively have become “a new game for all of us”. As a director put it: “Who knows whether we or someone else would come out on top”.

Other interviews suggest that certain directors and senior managers have a tendency not to think through the likely consequences of innovations involving corporate structure, or the adoption of a different model of organization, for their own roles. It was suggested that some reluctance to innovate stems from doubts that people may have about the continuing relevance of their own skills.

In the short term BPR is unlikely to become more significant as a route to major increases in learning capability or either the capacity for, or the adoption of, innovations. Those building new organizations can simply ignore BPR and set out consciously to create, as in the case of ASK Europe plc, a culture which optimizes learning for all those involved as employees, clients or business partners.

Those seeking to transform an existing organization may find that ongoing BPR activities could well be reducing the prospects for radical change. The people involved might be locked into a two-year improvement exercise using methodologies which do not address critical learning issues, while in most cases new technology is probably being introduced with little thought as to its potential use for supporting new approaches to learning.

The COBRA team uncovered some BPR exercises that were yielding improvements in speed and cutting costs by reducing discretion and introducing prescribed or automated approaches that were effectively deskilling those involved. Some of the deskilling and associated standardization was consciously sought in order to save costs and reduce response times in business sectors in which the key to longer term differentiation is likely to lie in creating the time and skills to offer responses that are increasingly tailored to the distinct requirements of individual customers.

The conduct of business restructuring and the failure of the application of BPR to contribute more significantly to the building of learning capability deserves to become a “boardroom issue”. In some circumstances, a board might be advised either to truncate BPR or complement a particular set of BPR

exercises with other initiatives that are focused on the building of longer term and strategic learning capability.

In other cases, especially in those sectors in which in essence companies are competing in terms of their relative abilities to learn, more boards would be advised consciously to set out to establish and/or re-engineer learning processes. It should be remembered that effective learning needs to occur at individual, group and organizational levels. Hence in addition to reviewing formal learning processes, learning responsibilities should be built into the roles of individuals and groups within processes and a learning culture established by such means as commitment to learning from the top and reward and remuneration systems which positively reinforce learning outcomes.

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