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The Relation Between BPR and ERP Systems: A Failed Project

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EXECUTIVE SUMMARY

Vicro Communications (we use a *pseudonym* to mask the identity of the organization) sought to reengineer its basic business processes with the aid of data-centric enterprise software. Vicro management however made the mistake of relying completely on the software to improve the performance of its business processes. It was hoped that the software would increase information sharing, process efficiency, standardization of IT platforms, and data mining/warehousing capabilities. Management however made no attempt to rethink existing processes before embarking on a very expensive implementation of the software. Moreover, management made no attempt to obtain feedback or opinions from employees familiar with existing business or legacy systems prior to investing the software. Unfortunately for Vicro, the reengineering effort failed miserably even after investing hundreds of millions of dollars in software implementation. As a result, performance was not improved and the software is currently being phased out.

BACKGROUND

Vicro Communications is an international provider of products and services that help companies communicate through print and digital technologies. As a leading supplier of document formatted information, print outsourcing and data based marketing, Vicro designs, manufactures and delivers business communication products, services and solutions to customers.

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Vicro operates in complementary marketplaces: Forms, Print Management and Related Products which includes Label Systems and Integrated Business Solutions including personalized direct marketing, statement printing and database management. With more than a century of service, Vicro owns and operates over 100 manufacturing and distribution/warehousing facilities worldwide. With approximately 14,000 employees serving 47 countries, it provides leading edge, high-tech solutions that enable companies to adapt to the dynamics of change. Vicro is a large company with approximately 2.45 billion in 1999 and 2.26 billion dollars in 2000 revenue. The appendix contains additional financial information.

Vicro provides consulting, project management, reengineering and distribution of high volume, customized communications to its clients. It delivers personalized, easy-to-read documents intended to facilitate a positive impression on an organization's customers. Its reengineering and redesign services intend to ensure that an organization's business communications have high quality and clarity.

Equipped with the latest print and digital technologies, Vicro has become a market leader in managing critical business communications. It offers products and services that include statement/billing, cards, government noticing, policyholder and plan member communication, and database marketing.

SETTING THE STAGE

Vicro is a conservative organization in that (it purports that) it doesn't embrace "bleeding edge" technology to obtain a competitive advantage. It has been in existence for many years and depends on a good reputation with its clients and positive "word-of-mouth" to attract and maintain its client base. Hence, Vicro wants to deploy proven technology that will help satisfy and exceed customer requests and expectations. The major technologies utilized include mainframe systems to store centralized production data and serve the core applications of the business and client-server technologies for development and daily operations such as e-mail, file transfer, web access, etc.

Vicro Communications was chosen as a case study because the authors knew that it had experimented with business process reengineering (BPR) to streamline its operations and that information technology (IT) was intended as a key facilitator. Since we were interested in why BPR efforts (facilitated by IT) succeed or fail, and had contacts at Vicro, we initiated this research project. We chose the case study approach to gain a rich understanding of what really happened and why events unfolded as they did.

Business process reengineering (BPR) was used as a literature base to frame the study. The BPR literature reveals that many BPR efforts are unsuccessful. Based on this premise, it seemed a good research undertaking to explore why this is the case.

A synopsis of salient BPR literature is included as a resource for the reader. In the early 1990s, business process reengineering (BPR) came blazing onto the business stage as a savior of under performing organizations. Early advocates of BPR (Davenport, 1993; Hammer & Champy, 1993; Harrington, 1991) touted BPR as the next revolution in obtaining breakthrough performance via process improvement and process change. However, BPR has failed to live up to expectations in many organizations (Davenport, 1993; Hammer & Champy, 1993; Kotter, 1995; Bergey et al., 1999). Some of the reasons include adoption of a flawed BPR strategy, inappropriate use of consultants, a workforce tied to old technologies, failure to invest in training, a legacy system out of control, IT architecture misaligned with BPR objectives, an inflexible management team, and a lack of long-term commitment (Bergey et al.,

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