

*Research Paper*

## **Should There be Redesign or Reengineering of the Business Process in Macedonian Companies**

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**Abstract:** *The appearance of the ISO 9001 standard and the TQM (Total Quality Management) philosophy in the world led to massive usage of this strategy: from one side set as a market strategy for fulfilling the needs of the customers/users, and from other side as a superior work style for promotion of the competitiveness and the efficiency, reducing the charges and long-term and strong progress, because in general the managers are always skeptic. During a time of great competitiveness and many entities on the market, the quality of the work that's done in the company is of great importance. On the market we must present a quality product, but with affordable price and during the agreed period of time. In order to fulfill the world's and European's claims in Macedonian companies, we should make radical changes in the way of which problems are resolved and that is actually the so called reengineering, a new way of thinking about the causes and not about the consequences as it is nowadays. The essential thing in the usage of the TQM strategy in Macedonian companies is the reengineering of the business process on which the integration of informatics technology is made. This integration is done with internal standardization, methods and techniques about not defective production, system about analyses of the charges, and with continued education and motivating the employees in order to get competitive lead. After that the new phase of the business work will start with continuous progress, or with the Plan-Do-Check-Act. In this way we can guarantee that the view-points (which consist the quality politics) of the upper management will be conveyed, and a climate and information base will emerge on which the team work will be able to develop. At the same time it means that there will be dramatic changes in the behavior of the employees, radical changes in organization, clear definition of the rights, obligations and the duties of each individual.*

**Keywords:** TQM strategy, Plan-Do-Check-Act, reengineering of the business process.

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## 1. Introduction

The companies reengineer business processes in order to improve the quality, productivity and efficiency. When the vital parts are being reengineered, we look for new ways of managing and controlling. The reengineering in the quality providing is a management strategy, which is based on principles, concepts and rules, and its essence lies in reducing the losses, straightening the effectiveness of the designed processes, better communication, information and usage of the team work.

According to Hammer and Champy [13], reengineering of the business processes means: fundamental change in the way of thinking, radical redesign of the business processes in order to achieve dramatic progress in the modern, measured performances such as quality, charges and the period of delivery.

## 2. Definitions and Preliminaries

### 2.1. The Necessity of Reengineering of the Business Processes in Macedonian Companies

In the competitive environment companies are obligated constantly to change their-selves and to re-evaluate the business processes. The changes in technology and in culture are the things that give even more pressure. The necessity of reengineering can appear in companies which are in major crises, or feel that the crises will be over soon. The reengineering is used in companies which are well situated and have a potential for development and expansion, but also want to be in trend with the needs of the global market.

The changes mostly concern [5]:

- the new way of grouping the organizational parts (units);
- delegation of obligations and responsibility;
- coordination;
- communication.

The usage and the projecting of the quality system in Macedonian companies is not a classic quality control of the products, but means *projecting and usage of the adequate standard operative procedures (SOP), and instructions and usage of the organizational structure in which the quality is integrated as a function* [5]. In order to use the TQM strategy it is essential to redesign the organizational structure.

According to the deep analyses of the present condition of Macedonian companies, it was found that they have [5], [7]:

- trivial care of the quality;
- insufficient attention is paid to the continuous education;
- little investment in originality;
- a system of quality was built only in few companies;
- trivial care of the employees, customers, providers and the environment;
- insufficient application/usage of the statistic process control (SPC);
- working with big charges;
- working in a team is considered as old-fashioned;

- deficiency of macro climate for quality development in Macedonia;
- no motivation for quality development in the companies;
- no usage of informatics technology in the production;
- to get a certificate for any cost;
- no strategy planning and effective managing (usually one person does many function).

These conditions are a result from the universal level of development of the economy in our country. There is no methodology for reengineering of the business processes that will be used to improve these conditions [5].

### **3. Methodology for Reengineering the Business Processes in Macedonian Companies**

#### **The steps that need to be taken for realization of the reengineering of the business processes**

*During the phase of projecting and implementing of the TQM system based on the strategy and the plan of the upper management, the reengineering is projected (or the radical redesigning of the business processes) in order to achieve integral conducting of the quality during times of lowest working charges. The success of the projecting and the implementing of the TQM system can be achieved only if the business processes are projected and realized with optimal usage of the resources, in order things to be done properly during the first try and without defects, without time loss and for the contentment of all customers.*

#### **1. If the upper management makes a decision for radical reengineering, then the existing structure is being ignored and the business processes are defined all over again.**

With the reengineering the customer/user is above all, and users can be even the employees of the company (from other departments). With the reengineering we can achieve a tight specialization of the work and a big autonomy in the working.

#### **2. Designing the organizational structure.**

Designing the organizational structure is a job of the strategy management. It is done as a result of the leading activities with which the elements and the structure of the company are determined, the tasks are delegated, and the elements are connected in one unit. With the leading activities a certain balance is made between the wanted aims and the real capacities of the company. The division defines and integrates the number of the parts – the organizational units.

If we want the organizational structure to have the function of implementation of the quality system, it is necessary to make complete analyses and to find out:

- *is there an adequate connection between the organizational factors (the size and the age of the organization, technically-technological system, the environment, the property and the culture) and the organizational parameters (specialization, distribution, grouping of the organizational units and coordination)?*
- *is the needed consistency between the parameters of the organization structure made?*
- *is the structure based on the organizational instructions: order, responsibility, discipline, collaboration, motivation?*
- *how many documents circulate and which is their content?*

- *which are the economical performances of the company?*

Beside this, the following steps have to be taken:

- *to reconcile the organizational structure with the existing acts;*
- *to transact all organizational changes (which are being done or need to be done) and to standardize them during a shortest period. That also applies to the status changes;*
- *documents, schemes and previews should be updated harmoniously with the changes that are made;*
- *to freeze some of the organizational changes, while the quality system is being introduced.*

If we want to describe the business process, we must answer the following questions:

- *is the given process supported with documents and how much if it is?*
- *is it in any interaction with other processes and in which kind of interaction?*
- *how can be the made document valorized?*

Describing the informational courses, we answer the question [19]: *Which information is needed to continue the process and which information is made from the process?*

Describing the executive, we answer the question: *Who is responsible for the process, which is described in the document?*

Describing the authority, we answer the question: *Who is responsible for the content of the document, which are the other standards and procedures, and who else is interested in the process and in the document?*

Also with the control we answer the question: *In which circumstances and limits is the document applicable?*

During the construction of the standard operative procedure (SOP) which is the base of the quality system, it is necessary to foresee the conception's elements of the organizational structure and the management on the very beginning. Describing the universal conception, it is essential to make a connection among the directives, procedures, working instructions and the obligation's matrix, and the responsibilities in the defined hierarchy [12].

The structure of the company, the number and the expansion of separate management levels influence the number of SOP and of the instructions. There are difficulties with the usage of the quality system which appear as a result of the difference between the structure of the organization and the structure of the processes realized in that organization. *The structure and the number of documents (SOP and instructions) should resemble the true need of the company and their actual connection.* In case differences appear, it's needed to ensure suitable instructions for their usage.

*Documents and information should give an answer to the questions:*

*Who should know, what to know, why to know, where is it taking place, when is it happening, to whom should be the information delivered and so on [7].*

The application of the separate documents of the quality system (guide-book, procedures or instructions) depends on the business culture and maturity of the upper management and the employees, from the working standards and values, the attitude towards the quality and the consciousness of the employees.

So, we can see that it is of essential importance to make preparations (before the start of the process of introducing the quality system), which will concern **the reducing of**

**organizational momentum and repulse and the creation of suitable climate for accepting the changes.**

**The educational program of the employees is the first step towards achieved aim.**

The system which provides quality, according to the international standards must orientate towards the aims that are set and the business philosophy of the strategy management of the companies. The quality system, especially the quality of the processes shouldn't be built "in the air" without deep and well-balanced attitude in the basic aims of the upper management.

The competing advantages are often crucial in the development and the usage of the system for quality supply. The danger can appear when in the system implementation or in any business process, the business philosophy of the companies is not represented.

The decision for the quality system development can be in step with the growth of the company and with the mature conception of the TQM. From that we can conclude that it is impossible to realize the TQM without formal system for quality supply [1], [10], [12].

*Our practice<sup>2</sup> shows that the quality is part of the company's politics, but mainly refers to the formal and legalistic quality supply.*

It can be concluded that the creation of SOP during the acceptance of the TQM strategy, requires a lot of engagement and devotion of the managers, and the entire company needs to help itself and to identify the problems, because the if the managers are not engaged enough with the TQM implementation it would result with loss of the market positions.

Each organizational unit and each employee must think systematically and learn permanently.

*Only the companies with employees that possess a lot of knowledge and with analysis and diagnosis of the weak parts make a continuous improvement in the quality of the business processes, an enormous improvement of the effect and the reduction of the total charges.*

**3. In the following phase of the TQM system projecting, the key business processes and their units are established.**

*The strategy is reduced to recognized and everyday activities, and the functional approach is replaced with a processed approach.*

*Therefore, it is necessary to choose projection teams for each subsystem from the quality house (internal standardization, methods and techniques for non-defective working, charges for quality, education and motivation).*

Building manager teams is fulfilled through:

- implication, giving warranty and encouraging the managers in projection of each subsystem in the TQM system;
- making an effective dialog with the employees and building an effective communication system.

**The implication of the managers from tactical level** is a process in which the same managers are given warranty and are encouraged by the upper management to project the subsystems of the TQM (internal standardization, methods and techniques for non-defective working, charges for quality, education and motivation, as well as an analysis of the quality charges), to solve the problems and to make decisions that will suite the company's business politics.

In order to build effective subsystems, the upper management must create business climate of cooperation and communications because every idea is not just a potential for improvements and innovations, but also it generates new ideas.

***The plan for projection and implementation of the subsystems*** needs to be the simplest way of dividing the tasks during a certain period of time and in turns, in order to complete the job successfully and on time, and the most used tool is the Gantt chart.

***The projection of the TQM subsystems is a team work*** and in environments where the rules of the team work are not respected, can be marked as unacceptable. The team mustn't be a place where the individual initiatives will be held down or will be annexed by the leader. At the same time the projection of the subsystems from the quality house must provide certainty that the process of decision making won't be blocked by the exaggerated individualism, exaggerated expectations, lack of flexibility and making consensus in the viewpoint, because the modern interpretation of the TQM's value and the value of the employee's in achieving the aims of the total quality management is: coordination between the system and people.

#### **4. The following phase consists of the success assessment of the projected and implemented system after TQM (Audit).**

The **self-assessment** as a basic approach in the usage of integral methodology for the TQM system is from fatal importance for its own regular usage. The self-assessment is accomplished through many documented actions for comparison of the realized model in regard to the planned one. ***The monitoring does not concern only the quality of the products/services, but also the adequate of the entire TQM system in realization of the quality functions.***

## **4. Conclusions**

The benefits of the companies which will do the reengineering are:

- Changed working units – from functional units into processed teams. Processed teams are groups of employees that work together on one project. This way of organizing showed to be logical.
- Changed role of the employees – from controller to accredit individuals. The employees who work in reengineered processes are accredited and emancipated.
- The preparations for working are changed – from training into education. In companies with reengineering the emphasis moves from training in the workplace toward the continuous education.
- The assessment parameter is changed – from assessment of the activities to assessment of the results.
- The value is changed – from protecting into productive. The reengineering request from the employees to believe that they work for the buyers and not for the bosses.
- The organizational structure is changed – from hierarchy into flat structure. In companies which have reengineering, the work revolves around the processes and the teams that do it.
- The upper management is changed – from gatherers of point to true leaders.

With the application of the system for the total quality management and with well build informational quality system, the following benefits are achieved:

- provided quality products/services that suit the buyer's/user's needs;
- provided quality of the business processes, with which is provided a greater efficiency for the companies;
- optimization of the business processes;
- balance between the strategy and the operative management of the company;
- provided base for permanent promotion of the quality.

Companies that formally get a certificate for the ISO 9001 standard, without previously to project and implement the quality system of the products/services, just create unnecessary charges and legalism, do not provide the necessary advantages of the market and of its internal working.

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