

## COST-BENEFIT ANALYSIS OF BUSINESS PROCESS REENGINEERING

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### Abstract

This paper objective sought to ascertain the worthiness of Business Process Reengineering (BPR) in the Port Harcourt hospitality industry. Drawing a sample of 156 registered 5-1star hotels in Port Harcourt Nigeria, it was hypothesis that there is no significant difference between the costs and benefits of BPR. The result showed that there is a significant difference between the costs and benefits of BPR; and that the benefits outweighed the costs. It was concluded that though BPR is a worthwhile exercise, care must be taken never to carry it out for the mere sake of it. Based on this, it was recommended that BPR should be preceded by strategic planning. Such an exercise should place the customer at the center of the reengineering effort. For a successful BPR, there must be recourse to corporate culture; while constant communication and feedback should not be ignored. To achieve maximum result from a BPR effort, it must be owned throughout the organization, and there should be specific time frames for any BPR project so that the organization is not thrown into a state of "limbo".

**Keywords:** *Cost-effectiveness, Improved Efficiency, Re-thinking and Re-design.*

### Background to the Study

Business challenges are as old as business itself. As varied as these challenges are, the duty of managers, business owners and professionals, is to constantly invent and reinvent solutions that adequately take care of these challenges; so that business processes can lead to achievement of corporate goals and objectives. Business Process Re-engineering (BPR) is one of such efforts at combating business challenges. Basically, it is the fundamental re-thinking and radical re-design, made to an organization's existing resources. Wikipedia (2010) sees it as an approach for redesigning the way work is done to better support the organization's mission and reduce costs. Usually, reengineering starts with a high-level assessment of the organization's mission, strategic goals, and customer needs. Davenport (1990) on the other hand posited that a business process is a set of logically related tasks performed to achieve a defined business outcome; and that re-engineering is the basis for many recent developments in management. The cross-functional team, for example, has become popular because of the desire to re-engineer separate functional tasks into complete cross-functional processes. The concept of BPR is believed to be applicable to all industries regardless of size, type, and location (Pryor,

2011). Experts claim it has a lot of benefits. Some of the more obvious and common benefits according to Counter (2004) are: Improved Efficiency e.g. reduces time to market, provide quicker response to customers; Increased Effectiveness e.g. delivery of higher quality; Achieves Cost Saving in the longer run; Provides more Meaningful work for employees; Increased Flexibility and Adaptability to change; Enables new business Growth. Irrespective of these benefits, it has often been criticized on the grounds that: It makes some fundamental assumptions which may not be true; and offers no means of validating them; It totally disregards the *status quo*; It has often resulted in massive layoffs and that it does not provide an effective way to focus improvement efforts on the organization's constraint.

The debate for and against BPR has continued to dominate center stage. Some of those that argue for it include Hammer and Champy (1993), Davenport (1990), Counter (2004), Pryor and Pryor (1994); while some of those that argue against it are Abrahamson (1996), Ponzi and Koenig (2002), and Dubois (2002). Studies (which are mostly foreign) show that some organizations that implemented it reaped of some benefits; while others are still counting their costs. Given the peculiarity of our African business environment, it was rather surprising that the researchers could not find any reported case of the benefits and/or costs of BPR exercise in our local context; hence this paper.

The issue here is that many African businesses/organizations may have implemented BPR at one point in time or the other without knowing its consequences; especially when it is wrongly implemented. Some others who implemented it based on their knowledge of the supposed benefits did so without a proper analysis and understanding of the peculiarity of our environment. Hence the exercise was carried out without considerations for the socio-cultural, politico-legal, and micro/macro-economic implications of the exercise. The manifestation of this act of ignorance is massive loss of job by job-holders (with ofcourse the ripple effect of poverty on the families and dependents of such job-holders); increase in unemployment rate, reduction in standard of living and other macro-economic indices. This ofcourse might lead to hostility against the organization and in extreme cases litigations. When this happens, the motivation for the exercise becomes bitter pills in the mouth of the implementing organizations. Therefore, this paper is not intended to take sides; but to use localized businesses (in this case, 2-5 star hotels in Port Harcourt, Nigeria) for a cost benefit analysis (CBA) of BPR so as to ascertain its desirability and applicability in the African business context. In doing this, two research questions were asked 'what are the benefits of BPR?' and 'what are the costs of BPR?'; and one hypothesis formulated there is no significant difference between the costs and benefits of BPR. The answers to these questions provided the springboard for the identification of the costs and benefits of BPR which were subjected to CBA. The outcome of this analysis and the result of the hypothesis which was tested using the test for difference between means were used to underscore the worthiness of a BPR exercise. Salient points and considerations before the application of a BPR exercise were equally highlighted with requisite recommendations made.

Having addressed the questions of 'why', 'where', 'when' and 'how' to go about a BPR exercise in the African context, it is hoped that this paper will serve as a guide to African business proprietors and managers (especially those of them in the hospitality industry and allied businesses) on how best to leverage on the benefits of BPR. Moreso, the paper will contribute to the repertoire of knowledge on our subject matter.

#### Literature Review

##### Theory and Development of Cost Benefit Analysis (CBA)

The origin and development of CBA can be traced to the Engineering and Economics disciplines. According to Watkins and Allen (n.d) of the San Jose State University Department of Economics, the idea of this economic accounting originated with Jules Dupuit, a French engineer whose 1848 article is still worth reading. They posited that the British Economist, Alfred Marshall formulated some of the formal concepts that are at the

foundation of CBA. But the practical development of CBA came as a result of the impetus provided by the Federal Navigation Act of 1936. This act according to them required the U.S. Corps of Engineers to carry out projects for the improvement of the waterway system when the total benefits of a project to whomsoever they accrue exceed the costs of that project. Based on this, the Corps of Engineers created systematic methods for measuring benefits and costs without recourse to the rigorous methods of the economists which came twenty years later in the 1950's. It is important to state here that the basic decision to be made using CBA method is the worthwhileness or otherwise of a proposed project, action, process or business venture. Some technical issues of CBA have not been wholly resolved even now but the fundamental principles are well established. Based on these principles, Reh (2012) summed up the practice of CBA thus: "a cost benefit analysis finds, quantifies, and adds all the positive factors. These are the benefits. Then it identifies, quantifies, and subtracts all the negatives, the costs. The difference between the two indicates whether the planned action is advisable".

#### Theory and Development of Business Process Reengineering (BPR)

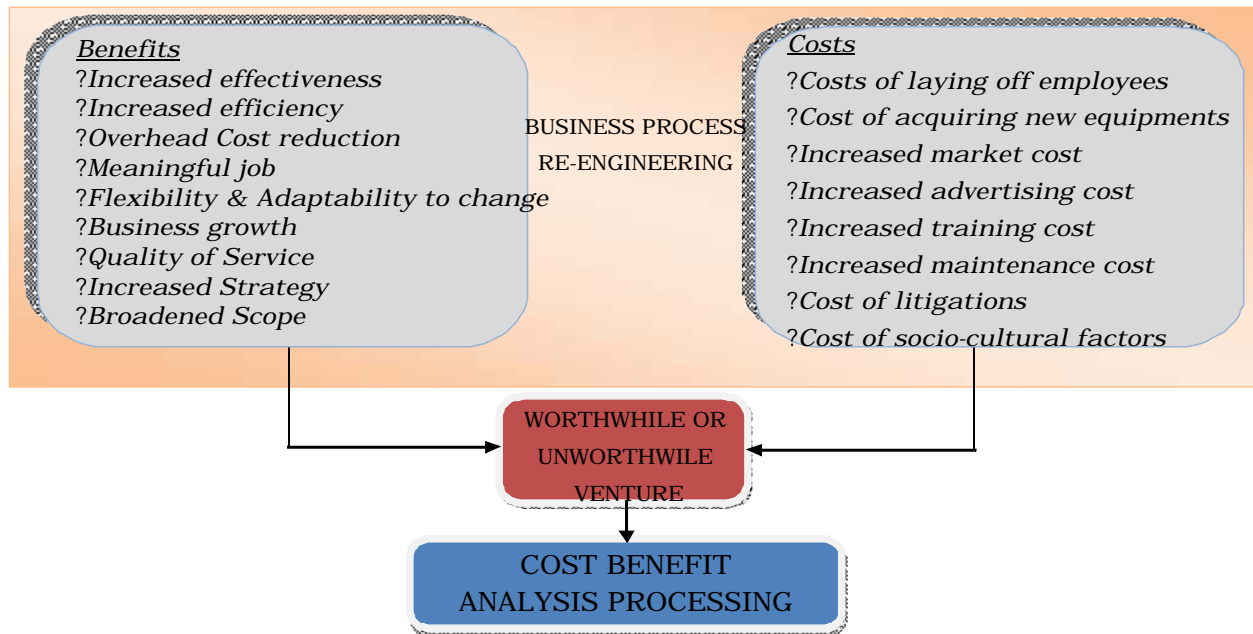
The underlining theory of BPR is capitalism. According to Weicher *et al* (2010), the concept of reengineering traces its origins back to management theories developed as early as the nineteenth century. Citing the work of Taylor in the 1880's which suggested that managers could discover the best processes for performing work and reengineer them to optimize productivity; they posited that BPR echoes the classical belief that there is one best way to conduct tasks. Lloyd (1994) believes that in the early 1900's, Henri Fayol originated the concept of reengineering when he stated thus: "To conduct the undertaking toward its objectives by seeking to derive optimum advantage from all available resources." Lloyd also believes that the admonition of Lyndall Urwick in the 1900s which states that "It is not enough to hold people accountable for certain activities, it is also essential to delegate to them the necessary authority to discharge that responsibility" foreshadows the idea of worker empowerment which is central to reengineering.

However, the idea of BPR did not gain attention until 1990, when Michael Hammer published an article in the *Harvard Business Review* in which he claimed that the major challenge for managers is to obliterate non-value adding work, rather than using technology for automating it (hence the need for reengineering). This idea was supported and popularized by the works of Davenport and Short (1990); while well-known management thinkers like Peter Drucker and Tom Peters accepted and advocated the use of BPR as a tool for achieving and re-achieving success in a dynamic business world. What followed was an accelerated growth of BPR inspite of critics' claim that it was a way to dehumanize the work place, increase managerial control, and to justify downsizing, i.e. major reductions of the work force, (Greenbaum, 1995) and a rebirth of Taylorism under a different label. Granted that there were abuses and misuses of the concept, considering business processes as a starting point for business analysis and redesign has become a widely accepted approach and is a standard part of the change methodology portfolio, but is typically performed in a less radical way as originally projected. A more recent concept, Business Process Management (BPM) has come on board and may be considered as a successor to the BPR wave of the 1990s, as it is evenly driven by a striving for process efficiency supported by information technology. Again, BPM is also being accused of focusing on technology and disregarding the people aspects of change.

#### Conceptual Framework of CBA

After reviewing the related literature on the baseline theory and development of CBA and BPR, the researchers came up with the model below as the conceptual framework for cost benefit analysis of business process reengineering. Based on this, the concepts of BPR and CBA were expounded; while the guidelines for BPR and procedure for CBA were equally explicated.

**Fig 1: Conceptual Framework of Business Process Reengineering**



*Researchers' Conceptualization, 2015*

**Cost Benefit Analysis (CBA) Procedure**

Several definitions and explanations have been advocated for CBA. Basically, it is an appraisal technique that tries to place monetary values on all benefits arising from a project and then compares the total value with the project's total cost (Riley, 2012). This analysis is done to determine how well, or how poorly, a planned action will turn out (Reh, 2012). According to Reh, although a CBA can be used for almost anything, it is most commonly done on financial questions. Its application is numerous and varied; with inherent difficulties especially as it pertains to the issue of valuation. The procedure as stated earlier involves finding, quantifying, and adding all the positive factors (benefits); and doing the same for the negatives (costs). The difference between the two indicates whether the planned action is advisable or not. The real trick to doing a CBA well is making sure you include all the costs and all the benefits and properly quantify them. The major advantages of CBA lie in the fact that it is simple to use; helps in a quick assessment of non-critical financial decisions and can be used to determine payback period for simple examples, where the same benefits are received each period. In such cases, payback period can be calculated by dividing the total cost of the project by the expected total revenues (Total cost/total revenue or benefits = Payback period).

However, CBA according to Hills (2012) struggles as an approach where a project has cash flow that comes in over a number of periods of time, particularly where returns vary from period to period. Although some authors (Riley, 2012; San Jose State Department of Economics, 2012) have argued that CBA principles include discounting of future benefits to their present values. The researchers believe that in such cases, it is better to use Net Present Value (NPV) and/or Internal Rate of Return (IRR) for the evaluation of such projects rather than using the CBA. Hills supported this view when she argued that the revenue that will be generated by a project can be very hard to predict, and the value that people place on intangible benefits can be very subjective. This according to her can often make the assessment of possible revenues unreliable. Other criticisms of CBA some of which have been well discussed by Riley include: difficulty in attaching valuations to some costs and benefits; Inability to capture all stakeholders and third parties in the decision

process; distributional consequence issues arising from different meanings attached to costs and benefits by different income groups; difficulty in equating social welfare to individual welfare; problem of how to value the environment; difficulty in placing value on human life; differing attitudes to risk and the problem of quantifying qualitative factors such as 'political goodwill' of constituency projects. In spite of these problems, scholars agree that CBA is a veritable tool for appraising projects.

#### The Concept of Business Process Reengineering (BPR)

Literature reveals that several explanations and definitions have been advocated for BPR. Some of these are presented hereunder:

BPR is the main way in which organizations become more efficient and modernize. It transforms an organization in ways that directly affect performance. Carter (2005) Process reengineering requires the "fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed."

#### Hammer and Champy (1993)

BPR could be seen as "the elemental rethinking and radical redesigning of the business processes in order to achieve remarkable improvements in critical measures of performance like cost, service, quality, and speed. It is the analysis and design of workflows and processes within an organization". Kapoor (2010)

BPR relative to other process-oriented views, such as Total Quality Management (TQM) and Just-in-time (JIT), "...seeks radical rather than merely continuous improvement. It escalates the efforts of JIT and TQM to make process orientation a strategic tool and a core competence of the organization. BPR concentrates on core business processes, and uses the specific techniques within the JIT and TQM "toolboxes" as enablers, while broadening the process vision."

#### Johansson et al (1993).

"BPR encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions." Davenport (1993).

In principle, these definitions are the same as they all point to the same direction; which is helping organizations achieve their goals and objectives through radical process change or redesign. The only observed difference is in the choice of words. Hence for the purpose of this paper, the working definition is that of Hammer and Champy, which states that "BPR is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed". Some of the major principles of BPR as itemized by Hammer (1995) include: Several jobs are combined into one; Workers make decisions; The steps in a process are performed in a natural order; Processes have multiple versions; Work is performed where it makes the most sense; Checks and controls are reduced; Reconciliation is minimized; A case manager provides a single point of contact; Hybrid centralized/decentralized operations are prevalent. In a related development, Janson (1992), points to three basic principles that provide the foundation for service organizations seeking to reengineer. These include (1). Make the customer the starting point for change -- by identifying customer wants and creating the infrastructure to support these expectations. (2). Design work processes in light of organizational goals. (3). Restructure to support front-line performance. These principles notwithstanding, their practical application need not be as sequential as they have been presented above. The important thing to note is that BPR combines organizational goals and customer wants as



the bases for redesigning / restructuring work for effective output; while allowing workers to own the process.

#### Guidelines for Implementing Business Process Reengineering (BPR)

The first step in BPR is an understanding of the reason for its implementation. Pryor (2011) posited that the intent of process reengineering is to make organizations significantly more flexible, responsive, efficient, and effective for their customers, employees and other stakeholders. According to him, there are several reasons for organizations to reengineer their business processes; which may include to: re-invent the way they do work; satisfy their customers; be competitive; cure systemic process and behavioral problems; enhance their capability to expand to other industries; accommodate an era of change; satisfy their customers, employees, and other stakeholders who want them to be dramatically different and/or to produce different results; survive and be successful in the long term; invent the "rules of the game."Pryor posits further that whatever the reason for reengineering, managers should ask themselves: What do our customers and other stakeholders want/require? How must we change the processes to meet customer and other stakeholder requirements and be more efficient and effective? Once streamlined, should the processes be computerized (i.e., how can information technology be used to improve quality, cycle time, and other critical baselines)? Processes must be streamlined (i.e., re-invented) before they are computerized. Otherwise, the processes may produce results faster, but those results may not be the ones needed. Hence, in order to guide against this, Carter (2005) advises that the best way to map and improve the organization's procedures is to take a top down approach, and not undertake a project in isolation. That means - Starting with mission statements that define the purpose of the organization and describe what sets it apart from others in its sector or industry; Producing vision statements which define where the organization is going, to provide a clear picture of the desired future position; Build these into a clear business strategy thereby deriving the project objectives; Defining behaviours that will enable the organization to achieve its' aims; Producing key performance measures to track progress; Relating efficiency improvements to the culture of the organization; and identifying initiatives that will improve performance.

Once these building blocks are in place, Carter says the BPR exercise can begin. However, before commencing the exercise, Pryor cautions that experts indicate there are essential elements of process reengineering, including - Initiation from the top by someone with a vision for the whole process and relentless deployment of the vision throughout the organization; Leadership that drives rapid, dramatic process redesign; A new value system which includes a greater emphasis on satisfying customers and other stakeholders; A fundamental re-thinking of the way people perform their daily work, with an emphasis on improving results (quality, cycle time, cost, and other baselines); An emphasis on the use of cross-functional work teams which may result in structural redesign as well as process redesign; Enhanced information dissemination (including computerization after process redesign) in order to enable process owners to make better decisions; Training and involvement of individuals and teams as process owners who have the knowledge and power to re-invent their processes; A focus on total redesign of processes with non-voluntary involvement of all internal constituents (management and non-management employees); Rewards based on results; and a disciplined approach.

Those same experts according to Pryor, state that there are many reasons that process reengineering fails, including - Not focusing on critical processes first; Trying to gradually "fix" a process instead of dramatically re-inventing it; Making process reengineering the priority and ignoring everything else (e.g., strategy development and deployment, restructuring based on new strategies, etc.); Neglecting values and culture needed to support process reengineering and allowing existing culture, attitudes, and behavior to hinder reengineering efforts (e.g., short-term thinking, bias against conflict and consensus decision making, etc.); "Settling" for small successes instead of requiring

dramatic results; Stopping the process reengineering effort too early before results can be achieved; Placing prior constraints on the definition of the problem and the scope for the reengineering effort; Trying to implement reengineering from the bottom up instead of top down; Assigning someone who doesn't understand Reengineering to lead the effort; Skimping on reengineering resources; Dissipating energy across too many reengineering projects at once; Attempting to reengineer when the CEO is near retirement; Failing to distinguish reengineering from, or align it with, other improvement initiatives (e.g., quality improvement, strategic alignment, right-sizing, customer-supplier partnerships, innovation, empowerment, etc.); Concentrating primarily on design and neglecting implementation; and Pulling back when people resist making reengineering changes (not understanding that resistance to change is normal);

#### Benefits and Costs of Business Process Reengineering (BPR)

Some of the common benefits of BPR according to Kapoor (2010) are:

1. **Increases Effectiveness.** As all employees are aware of the processes to which they belong, they have a greater sense of responsibility. All processes are completely monitored under the strict control of the management. The net result of this is that employees deliver high quality products to their customers.
2. **Helps to Improve Efficiency.** Proper management and control of all business processes reduces the time lag between different processes, which otherwise is quite high causing delays. This in turn reduces the time to market the product to the target customers and gives quicker response to buyers.
3. **Reduces Cost.** With the proper management of processes, improved efficiency and quick delivery of products to the buyers the overall product costs are reduced resulting in cost saving for the organization in the long run.
4. **Meaningful job for employees.** As the time lag of product processing between different departments gets reduced due to the application of business process reengineering, there are more meaningful tasks to be performed by employees. This leads to increase in their levels of motivation and the desire to perform well.
5. **Improvement in organizational approach.** According to the traditional approach of managing an organization there is no flexibility or adaptability to change. The management formulated strict rules for employees of the organization. Whereas now, when most organizations have implemented process reengineering there is an increase in flexibility and adaptability for change. This has created better environment for people to work, thus leading to employee satisfaction.
6. **Growth of business.** Implementation of BPR results in the growth of the present business thus enabling the emergence of new businesses within the organization. Although BPR is very effective in controlling cost and improving efficiency, its implementation is a hard nut to crack. Employees are very resistant to this kind of change thus, it is important to have extensive support from the top management.

Literature shows that some organizations implemented BPR and succeeded. For instance, Counter (2002) tells the stories of IBM and Singapore National Library Board as some of the more famous success stories of BPR. According to him, "IBM was at the verge of failure about 10 years ago; and a major BPR project helped to turn the company around. While if you compare the Singapore National Library Board now with what it was six years ago, you can clearly see the drastic improvement in its operations" Although the fruit of BPR is significant, Counter admonished that there are things (associated costs and disadvantages) to be fully aware of if one decided to go ahead with the project. Viz:

1. Although it is a very effective tool to reduce operation costs, BPR can be a painful process. Unless the company is willing to go through the pain, it should not start BPR.
2. Top Management support is very important. The top management must be personally involved and lead the project. There will be resistance from some employees to carry out this project, without the clear and up front support of the top management; it will not be possible to make the project successful.
3. Be prepared for attrition of staff. If you are not ready to allow some less productive or less versatile staffs to leave, you cannot get the full benefits of the project.
4. Be patient. Once you start, you should not turn back. The tangible and intangible cost of abandoning the project is very high. BPR is a long term solution and not a short term fix.
5. Start now and do not procrastinate. Carry out the improvement process while you still can. It takes time to obtain approval of government grant and carry out the project. When your situation gets worse, it will be too late to do anything.

These notwithstanding, with determination and strong focus, *BPR* can bring about very significant improvement over the company's bottom-line. Apart from Counter's observation and admonition, there have been a lot of other criticisms against BPR. According to Wikipedia (2010), reengineering has earned a bad reputation because such projects have often resulted in massive layoffs. This reputation is not altogether unwarranted, since companies have often downsized under the banner of reengineering. Furthermore, reengineering has not always lived up to its expectations. The main reasons seem to be that:

- a) Reengineering assumes that the factor that limits an organization's performance is the ineffectiveness of its processes (which may or may not be true) and offers no means of validating that assumption.
- b) Reengineering assumes the need to start the process of performance improvement with a "clean slate," i.e. totally disregard the *status quo*.
- c) According to Goldratt (1985), reengineering does not provide an effective way to focus improvement efforts on the organization's constraint.

The most frequent and harsh criticism against BPR concerns the strict focus on efficiency and technology and the disregard of people in the organization that is subjected to a reengineering initiative. Very often, the label BPR was used for major workforce reductions. Other criticisms brought forward against the BPR concept include the following: It never changed management thinking, actually the largest causes of failure in an organization; Lack of management support for the initiative and thus poor acceptance in the organization; Exaggerated expectations regarding the potential benefits from a BPR initiative and consequently failure to achieve the expected results; Underestimation of the resistance to change within the organization; Implementation of generic so-called best-practice processes that do not fit specific company needs; Over trust in technology solutions; Performing BPR as a one-off project with limited strategy alignment and long-term perspective; Poor project management.

#### Methodology

The researchers surveyed two hundred and twenty-six out of the two hundred and thirty-five registered 5-1star hotels in Port Harcourt (Jovago, 2015). No information was available from this source on the details of the remaining nine hotels. A Questionnaire developed by the researchers was sent to each of the managers of these hotels; out of which 171 were responded and returned (75.66% response rate). Of this number, only 156 were found useful for the analysis (91.23% usability rate). The instrument which had two parts was titled 'Costs and Benefits of Business Process Reengineering'. Part A was basically on personal information and had only five items to be responded. Part B had two sections. The first section contained a listing of possible benefits of BPR in the hotels while the second section had a similar listing of possible costs of BPR in the hotels. The response format was in the form of a five point Likert-type scale: very high extent (VH) - 5, high extent (H) - 4,

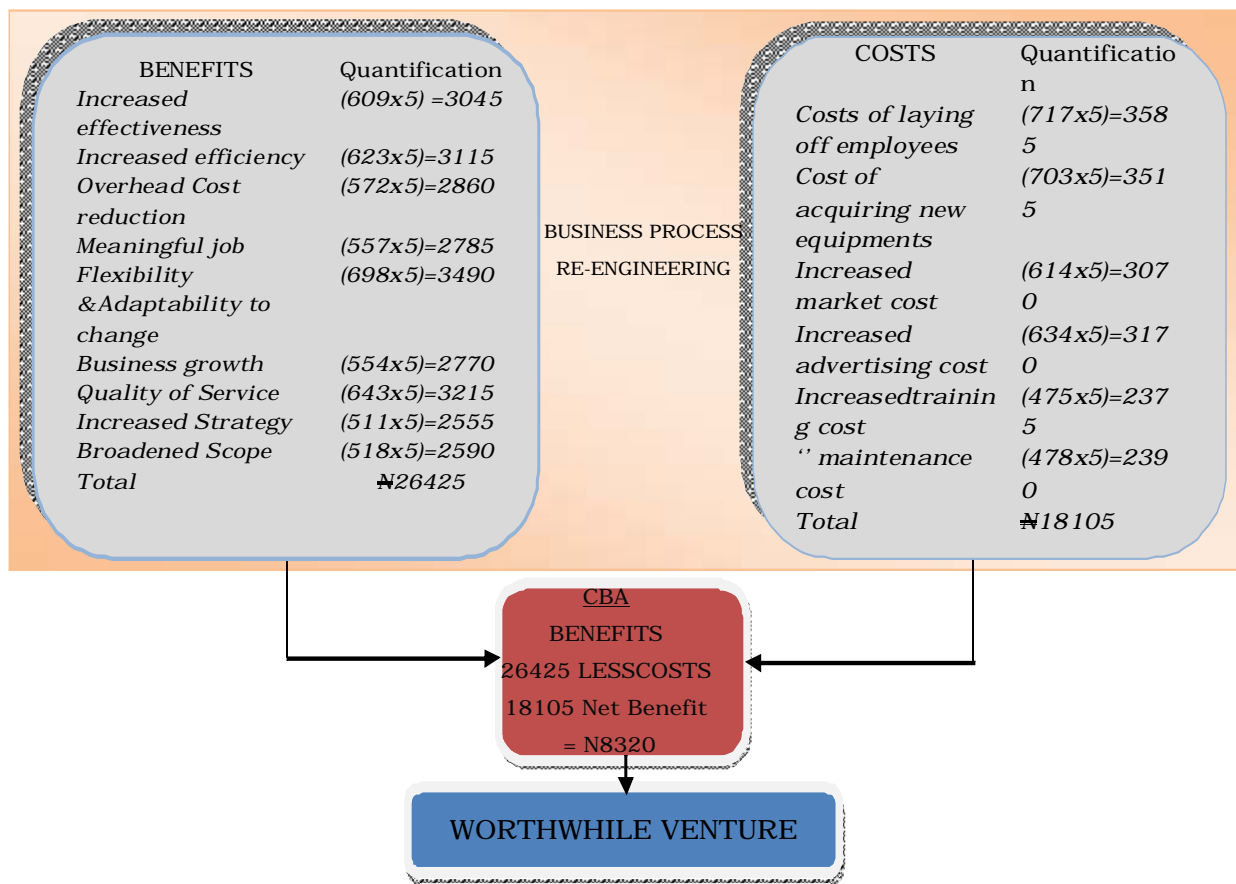


moderate extent (M) - 3, low extent (L) 2 and very low extent (VL) 1. The inputs of colleagues and experts in the field helped to guarantee both the face and content validity of the instrument. While the reliability of the instrument was ascertained through the test-retest method using the Pearson's product moment correlation technique; which showed a 0.79 level of stability. The data generated was tabulated and analyzed using the mean and standard deviation technique. While the t-test statistic for difference between means was used in testing the hypothesis at a significant level of 0.05.

### Results

The findings showed the following as applicable benefits - Increased effectiveness, increased efficiency, Reduction in overhead cost, Made jobs more meaningful, Increased flexibility and adaptability to changes in the environment, Business growth, Quality service delivery, Increased business strength & reliability; and Broadened scope of operation. While the associated costs include - Cost of laying-off employees, Cost of acquiring new equipments, increased marketing cost, increased advertising cost, increased training cost and increased maintenance cost. These associated benefits and costs were subjected to the cost-benefit analysis and the outcome has been captured in figure 2 below.

**Fig 2: Results of CBA of BPR for Hotels in Port Harcourt**



*Researchers' Conceptualization based on Survey, 2015*

For the ease of quantification, the weights of each applicable benefits and costs as revealed by the respondents were multiplied by a benchmark price of N5 per weight and summed up. Thus giving rise to a total weight of 26425 for the benefits as against 18105 for the costs. Since the result showed a net benefit of BPR in the hotels, the exercise is a

worthwhile venture. More so, the hypothesis testing showed that there is a significant ( $Z_{\text{calculated}}$  9.91 as against  $Z_{\text{critical}}$  1.96) difference between the benefits and costs of BPR in the hotels.

### Discussions

The findings with regards to the applicable benefits are in agreement with earlier postulations in the works of Kapoor (2010). It was observed that though there are several other hotels in Port Harcourt, the reengineered ones seem to be more efficient and effective in their operations. This stems from the fact that reengineering afforded them the opportunity to go online so that clients could book for reservations from any part of the world. About 55% of the managers opined that this singular act forced them to professionalize their operations and link up with other big players in the industry. This according to them helped to stabilize and broaden the scope of their operations with the resultant effect of quality service delivery and happy customers.

The associated costs agree with the position of counter (2002) and Goldratt (1985). There was strong support for the first 2 associated costs in Wikipedia (2010); which stated that "The most frequent and harsh critique against BPR concerns the strict focus on efficiency and technology and the disregard of people in the organization that is subjected to a reengineering initiative. Very often, the label BPR was used for major workforce reductions". Some of the managers (37% of the sample) revealed through personal discursions that one of the major motivating factors for their re-engineering exercise was the need to cut down on the number of staff and consequently reduce overhead cost. A few others opined that since the regulatory ministry (Ministry of culture and Tourism) needed them to automate their processes so as to create a brand for the industry, they had no choice than to lay off some staff and automate their processes as a cushion to the high cost of capital investments in the acquisition of the needed computers and equipment. This ofcourse increased training and maintenance cost; viz-a-viz increased marketing and advertising cost. This perhaps, is the explanation of the findings in numbers 3 6.

It was not surprising that the hypothesis indicated a significant difference between the costs and benefits of BPR in the hotels. However, what was rather surprising was the fact that the CBA specified that the benefits outweighed the costs; thus agreeing with the previous findings of Hammer and Champy (1993), Davenport (1990), Counter (2004), Pryor and Pryor (1994) and Weicher *et al* (1998). The researchers think that the support and encouragement from the overseeing ministry played a very import role in the decision of the hotels to re-engineer inspite of the perceived costs. Moreso, the rebranding campaign of the ministry tagged *Fascinating Nigeria* and the fact that Port Harcourt plays host to major oil companies and international businesses may have contributed to boosting the image of tourism in the country and attracted the influx of tourists, businessmen and visitors into the city. This unwittingly increased patronage of Port Harcourt hotels and compelled hoteliers to reengineer so as to professionalize and improve standards.

### Conclusion

This paper has shown that in spite of the associated costs of BPR, it is a worthwhile exercise since the benefits outweighed the costs. It also showed that BPR carried out with precaution and supervision especially by a regulating body can be a success. Since the paper did not find support for costs like litigation by layed-off staff, hostility from host communities and other anticipated socio-cultural and macro-economic costs, it goes to show that Port Harcourt has evolved as a modern city driven by capitalism and the tenets of globalization. Consequently, hotels and other organizations especially in Port Harcourt contemplating to reengineer are encouraged to do so with necessary caution and supervision. Hotels and perhaps other businesses outside Port Harcourt need to understand the socio-cultural dynamics of their environment before adopting the findings of this study for their business decisions. It is therefore encouraged that this study be duplicated in other industries and cities so as to ascertain the applicability of BPR to

businesses around the globe; with particular emphasis on Africa. Some of the necessary precautions have been itemized hereunder in the form of recommendations.

### Recommendations

Based on the findings and conclusions, the following recommendations were made:

1. BPR should never be carried out for the mere sake of it. Rather, it should be preceded by strategic planning, which addresses leveraging IT as a competitive tool.
2. Such an exercise should place the customer at the center of the reengineering effort. This can be achieved by concentrating on reengineering fragmented processes that impact negatively on customer service.
3. For a successful BPR, there must be recourse to corporate culture; while constant communication and feedback should not be ignored.
4. To achieve maximum result from a BPR effort, it must be owned throughout the organization, not driven by a group of outside consultants or sections of the organization.
5. A synergy of efforts between the managers and ordinary employees is inevitable for a successful BPR project.
6. The IT group should be an integral and complementary part of the reengineering team, right from the start of the exercise.
7. BPR exercises should never be undertaken without the active participation and sponsorship of top executives, who are not about to leave or retire.
8. There should be specific time frames for any BPR project so that the organization is not thrown into a state of "limbo". Although this may vary from organization to organization, ideally between three to six months is being advocated.
9. It might be necessary to secure the support and supervision of regulatory agencies.
10. Effort should be made to understand the socio-cultural milieu of the business to ascertain its supportiveness of reengineering exercise.

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APPENDIX

BENEFITS	VH	H	M	L	VL	Total	N	Mean	S.D	Remark
<i>Increased effectiveness</i>	47	62	31	16	-	609	156	3.90	0.94	Accepted
<i>Increased efficiency</i>	62	47	31	16	-	623	156	3.99	1.00	Accepted
<i>Overhead Cost reduction</i>	64	22	32	30	8	572	156	3.67	0.49	Accepted
<i>Meaningful job</i>	3	47	62	15	1	557	156	3.57	0.92	Accepted
<i>Flexibility &amp; Adaptability to change</i>	101	31	22	1	1	698	156	4.47	0.46	Accepted
<i>Business growth</i>	48	42	30	20	16	554	156	3.55	0.98	Accepted
<i>Quality of Service</i>	61	60	29	5	1	643	156	7.12	0.75	Accepted
<i>Increased Strategy</i>	33	45	29	30	19	511	156	3.28	1.02	Accepted
<i>Broadened Scope</i>	30	43	46	21	16	518	156	3.32	1.03	Accepted
<b>Total</b>						<b>5285</b>		<b>36.87</b>		<b>7.59</b>

Cut-off point: 3.00

BENEFITS	VH	H	M	L	VL	Total	N	Mean	S.D	Remark
<i>Costs of laying off employees</i>	109	31	16	-	-	717	156	4.60	0.66	Accepted
<i>Cost of acquiring new equipments</i>	94	47	15	-	-	703	156	4.51	0.67	Accepted
<i>Increased market cost</i>	62	46	31	10	7	614	156	3.94	0.78	Accepted
<i>Increased advertising cost</i>	47	78	25	6	-	634	156	4.06	0.70	Accepted
<i>Increased training cost</i>	20	22	7	45	2	475	156	3.04	1.14	Accepted
<i>Increased maintenance cost</i>	10	18	15	49	64	478	156	3.06	1.28	Accepted
<i>Cost of litigations</i>	35	28	32	31	30	342	156	2.19	1.25	Rejected
<i>Cost of socio-cultural factors</i>	38	25	33	29	31	329	156	2.11	1.27	Rejected
<b>Total</b>	<b>4292</b>			<b>27.51</b>	<b>7.75</b>					

Cut-off point: 3.00