

11th Newsletter



CROSS-INNO-CUT
Cross border implementation of
innovative cost cutting
technologies

Project Partners

*Federation of Industries
of Northern Greece*

*Aristotle University of
Thessaloniki
URENIO Research Unit*

*South-West University
"Neofit Rilski"*

*Industries Association of
Eastern Macedonia*

*Federation of Industries
of Rhodopi*

*Industrial Association of
Petritch*

*Union of Industry and
Manufacture of Xanthi*

*Industrial Association
Karjali*

*Federation of Industries
of Evros*

Action Planning – High cost area “People and Processes”

The elaborated Action Planning is prepared for a to help a Bulgarian SME which has high cost of processing goods and services as well as low employee efficiency, due to:

- obsolete business processes;
- lack of ISO certification 9001;
- lack of ERP system.

In this regard, the main threat for the company is losing customers that prefer competitors offering the same quality at lower prices thanks to the its business processes optimization.

If this is also your case, and if you are in the textile manufacturing business or in the finishing and processing of different textiles, then this article could help your company to improve its business performance and should assure a better **visibility and positioning** of the company among key markets and players. *If the company implements this proposed Action plan, the company will be able to meet on better way the market demands of high quality production at low prices.*

Action plan objectives for the case High cost for processing goods and services

Today profitable are the companies that seek to change the method of business activities. The rules for a sustainable development should also be reconsidered. Their efforts should not be concentrated entirely on the customer needs. They are one of the aspects of the successful business. Since clients constantly change their needs organizations not always can react to these requirements. In order to satisfy the customer needs, the companies should also take into account the specific features of the analysis of the business processes and units that will help them react adequately to problem situations. Changes in business areas execute a new approach to manage the enterprises. To the success of high tech enterprises, this model of business is the best way to adapt the

environmental changes and done optimal results. Towards the conducted analysis, the performed studies and the established facts, through the present article it is also necessary to summarize the achieved results. In knowledge economy and radical change in business processes, the modern enterprises focus their attention in high-tech operations. Now in the knowledge economy more experts realize the indispensability of human capital and advanced-guard technological strategies for competitive advantage. The short life-cycle of products, radical changes and business risk are the cause that modern enterprises must react flexibly and adequate in new business challenges.

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This Action Plan envisages to reduce costs of processing goods and services by applying Re-engineering of key processes

Business process re-engineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary modern measures of performance, such as cost, quality, service, and speed. Business process re-engineering is different from other approaches to organization development, especially the continuous improvement or TQM movement, by virtue of its aim for fundamental and radical change rather than iterative improvement. This management strategy is focusing on the analysis and design of workflows and processes within an organization.

In order to achieve the major improvements Business process re-engineering is seeking for, the change of structural organizational variables, and other ways of managing and performing work is often considered as being insufficient. For being able to reap the achievable benefits fully, the use of information technology is conceived as a major contributing factor.

While information technology traditionally has been used for supporting the existing business functions, i.e. it was used for increasing organizational efficiency; it now plays a role as enabler of new organizational forms, and patterns of collaboration within and between organizations. Business process re-engineering derives its existence from different disciplines, and four major areas can be identified as being subjected to change in BPR -

organization, technology, strategy, and people - where a process view is used as common framework for considering these dimensions. Business strategy is the primary driver of Business process re-engineering initiatives and the other dimensions are governed by strategy's encompassing role. The organization dimension reflects the structural elements of the company, such as hierarchical levels, the composition of organizational units, and the distribution of work between them. Technology is concerned with the use of computer systems and other forms of communication technology in the business. In Business process re-engineering, information technology is generally considered as playing a role as enabler of new forms of organizing and collaborating, rather than supporting existing business functions. The people / human resources dimension deals with aspects such as education, training, motivation and reward systems. The concept of business processes - interrelated activities aiming at creating a value added output to a customer – is the basic underlying idea of Business process re-engineering. These processes are characterized by a number of attributes:

- *process ownership,*
- *customer focus,*
- *value adding,*
- *and cross-functionality.*

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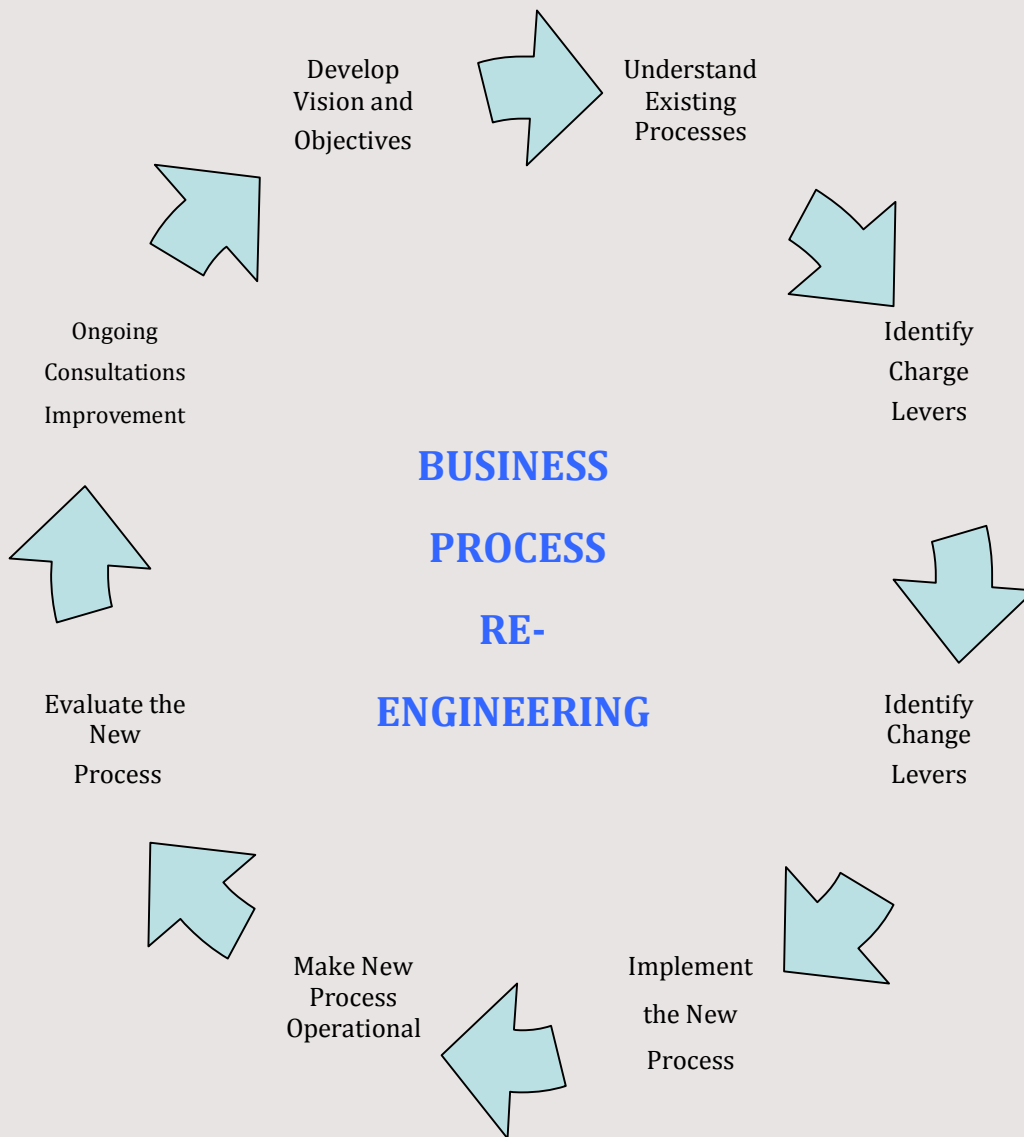
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Functional specification of the changes required



Source: *Vakola et. al. (1996)*

When following the entire cycle of business re-engineering, the expected result would be: reducing cost for ineffective processes, increasing quality and labour productivity of the employees.

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