

RATIONALISATION IN ORGANISATIONS

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Introduction

As the recession continues to bite in the globalised economies, cost pressures are still evident. However, it is reassuring that supplier relationship management is also a priority to ensure continuity of supply and get the best out of suppliers when times are tough. Inefficient processes are the most frustrating because this is where preventative measures reap rewards.

Every procurement and supply management professional worth their salt should tackle this as a priority. 'The whole concept of value engineering itself emerged from the American giant, General Electric, during the Second World War. Since then it has been dressed up, supplemented and rediscovered in different forms'. (Davis, Evan 2009)

By finding solutions that integrate, businesses can simplify the payment process and gain greater visibility of all payments being made, even those that are typically very complex. And, by aligning, businesses become more efficient and can also spend less time and fewer resources on even complex payments, helping them build better relationships with suppliers.

The Main Features of a Rational Organisation

For some organizations, there is recognition that continuous improvements alone will not achieve the sought after enhanced performance and more radical solutions are being considered. BPR has become a sometimes competing "solution" to TQM, by which more far-reaching organizational transformations are sought. The concept of BPR originated in relation to the use of IT in internal organizational transformations but has since been broadened to cover the radical redesign of business processes to enhance performance. It has been criticized as a purely top-down approach to restructuring organizations in order to increase efficiency on the basis of

technical design criteria and as a repackaging of old concepts, but it has been widely adopted by consultants.

Burke and Peppard identify five generic steps for process design, which underpin the different methodologies adopted by BPR consultants as: develop a vision, determine and understand the current operations, redesign the processes, implement the redesigned processes and measure the results. As with the other cost cutting approaches, successes and failures have been reported with BPR and a need is recognized to underpin the current largely trial-and-error approach with a sound theory.

Cost cutting remains the priority of business professionals working in the globalised economic conditions. This was revealed in a survey of almost 400 purchasers in the UK, Europe and US. The study, conducted by SM in association with Barclaycard Global Commercial Payments as part of the Intelligent Finance Series, found the chief focus is cost control while helping to meet overall corporate objectives.

Of those who saw cost cutting as core, 71 percent said this was their top goal, making it the biggest issue on the agenda. In order to reduce spend, the Procurement & Payment Lifecycle Survey found many are implementing procurement transformation programmes amidst globalized economies and attempting to ensure their aims closely match those of the wider business. 'Nearly two-thirds of social workers in England say they do not have enough time to serve children and young people properly, an Ofsted survey has found'. (Bureaucracy hampers social workers, 28 July 2010)

'Globalization and the global society are increasingly occupying the centre of sociological debates'. (Waters, Malcolm 2001) The rise of globalisation has changed the entire business scenario. (Barbara Parker, Stewart Clegg 2014) Tackling maverick spend and

centralising certain categories were common, as global organisations seek targeted measures to make a significant impact in a reasonable timeframe.

Other strategic initiatives are also being introduced. Supplier rationalisation is a target for many, with 34 per cent of those involved in this area citing it as their primary focus. For others, category management is a priority while outsourcing as a means of driving efficiencies is also on the agenda. Organisations are also deploying more tactical approaches to drive down costs. Reducing spend by implementing more efficient sourcing was the most common tactic, while others pointed to initiatives to improve compliance and gain better management information.



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