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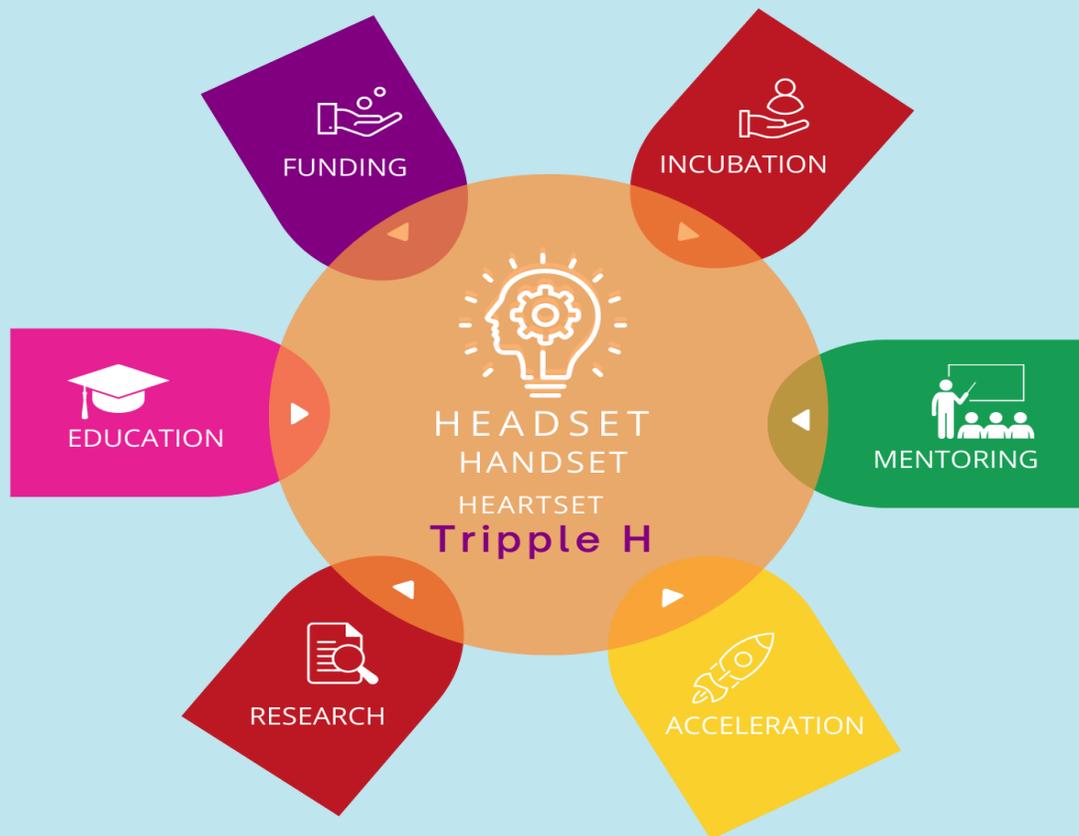
ACCELERATION

Taco Bell: A Reengineered Experience

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In 1983, Taco Bell limited (not real name) committed themselves to the goal of becoming a value leader in the quick – service restaurant industry rather than the value leader for all foods for all occasions. The process of reengineering at Taco Bell involved several steps including: Complete reorganization of human resources, dramatic redesign of operational systems, doing away with entire levels of management, creation of jobs, replacing area supervisors with market managers and reducing their numbers, eliminating district managers and promoting restaurant managers, reduction in the cost of everything about the business except the cost of the food and its packaging. In short, Taco Bell followed only one rule during the entire process of reengineering, Enhance those things that bring value to the customer and change or eliminate those that don't.

They also changed their restaurant structure by: limiting kitchen area from 70% doubling the seating capacity in the area available. Additionally, reengineering led Taco Bell to introduce two new methodologies, namely k-Minus and TACO (Total Automation of Company Operations). K-Minus means "kitchen less restaurant", based on the nature of the company. All of their food was cooked outside the restaurant in the central locations. This stemmed from the concept that food should be retailed instead of manufactured. TACO provided: Each restaurant with a Marketing Information System (MIS) and empowered the employees with computer know-how. It eliminated paper-work and allowed more time to be spent on customers. It helped keep track of sales minute by minute.

While the environment was not a factor in Taco Bell's reengineering, it had benefited through the reengineering process. The TACO program provides sophisticated MIS technology for all employees, saving thousands of hours of paper work as well as promoting self – sufficiency and reducing time spent on administration. The K-Minus program established a system where the large majority of food preparation occurs at central commissaries rather than in the restaurant, pushing 15 hours of work a day out of the restaurant, improving quality control and employee morale, reducing employee accidents and injuries and resulting in substantial savings on utilities. The K-Minus program saves Taco Bell about Ksh. 70 million a year.

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Learning Activity

a) More than half of early reengineering projects failed to be completed or did not achieve bottom-line business results. Explain some of the factors that Taco Bell had to adhere to in order to get a successful outcome from the reengineering project.

b) Other than limiting themselves to the goal of becoming a value leader in the quick-service restaurant industry, what are some of the other factors that drove Taco Bell to decide to reengineer their processes

c) What are some of the measures Taco Bell put in place to deal with resistance to Business Process Reengineering?

d) What are the pros and cons of Business Process Reengineering in Taco Bell