

BUSINESS PLUG-IN B2

Business Process (on OLC)

LEARNING OUTCOMES

1. Describe business processes and their importance to an organization.

A **business process** is a standardized set of activities that accomplish a specific task, such as processing a customer's order. Business processes transform a set of inputs into a set of outputs (goods or services) for another person or process by using people and tools. Without processes organizations would not be able to complete activities.

2. Differentiate between customer facing processes and business facing processes.

Customer facing processes result in a product or service that is received by an organization's external customer. **Business facing processes** are invisible to the external customer but essential to the effective management of the business and include goal setting, day-to-day planning, performance feedback, rewards, and resource allocation.

3. Compare the continuous process improvement model and business process reengineering.

Many organizations began business process improvement with a continuous improvement model. A **continuous process improvement model** attempts to understand and measure the current process, and make performance improvements accordingly. **Business process reengineering (BPR)** is the analysis and redesign of workflow within and between enterprises. BPR relies on a different school of thought than continuous process improvement. In the extreme, BPR assumes the current process is irrelevant, does not work, or is broken and must be overhauled from scratch. Such a clean slate enables business process designers to disassociate themselves from today's process and focus on a new process. It is like the designers projecting themselves into the future and asking: What should the process look like? What do customers want it to look like? What do other employees want it to look like? How do best-in-class companies do it? How can new technology facilitate the process?

4. Describe the importance of business process modeling (or mapping) and business process models.

Business process modeling (or mapping) is the activity of creating a detailed flow chart or process map of a work process showing its inputs, tasks, and activities, in a structured sequence. A **business process model** is a graphic description of a process, showing the sequence of process tasks, which is developed for a specific purpose and from a selected viewpoint. A set of one or more process models details the many functions of a system or subject area with graphics and text and its purpose is to:

- Expose process detail gradually and in a controlled manner
- Encourage conciseness and accuracy in describing the process model
- Focus attention on the process model interfaces
- Provide a powerful process analysis and consistent design vocabulary

5. Explain business process management along with the reason for its importance to an organization.

The latest area to discover the power of technology in automating and reengineering business process is business process management. Business process management (BPM) integrates all of an organization's business process to make individual processes more efficient. BPM can be used to solve a single glitch or to create one unifying system to consolidate a myriad of processes. Many organizations are unhappy with their current mix of software applications and dealing with business processes that are subject to constant change. These organizations are turning to BPM systems that can flexibly automate their processes and glue their enterprise applications together.

CLASSROOM OPENER

Cable Ready

A current cable subscriber calls up to change the date for activating the service at a new address from Feb. 22 to March 1. The subscriber is successful and hangs up the phone happy. However, on February 22nd the cable at the current home is disconnected and the customer is no longer happy. The customer service representative forgot to change the date of the disconnection and only changed the date of the activation.

Practically speaking, these two events will almost always be linked - and the system probably should have prompted the customer service representative to ask if they were. The point: In focusing on business process, it is important to facilitate real-world tasks that are, by nature, "integrated."

CLASSROOM EXERCISE

Examining and reengineering a business process

Ask your students to discuss issues they have encountered around the college due to an inefficient or ineffective process. Choose one of the processes, break your students into groups, and ask them to reengineer the process. How would they change it to make it more effective or more efficient? Would they add a new technology device to help with the process such as a scanner, PDA, or RFID? Be sure to have them diagram the As-Is process and the To-Be process. Have them present their reengineered processes to the class.

CORE MATERIAL

The core chapter material is covered in detail in the PowerPoint slides. Each slide contains detailed teaching notes including exercises, class activities, questions, and examples. Please review the PowerPoint slides for detailed notes on how to teach and enhance the core chapter material.

CLOSING CASE ONE

Streamlining Processes at Adidas

1. Describe business processes and their importance for Adidas-Salomon.

A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order. Business processes transform a set of inputs into a set of outputs (goods or services) for another person or process by using people and tools. Without processes organizations would not be able to complete activities. Adidas-Salomon needs business processes to perform and execute tasks and activities across its enterprise.

2. Identify a few examples of customer facing processes and business facing processes at Adidas-Salomon.

Customer facing processes result in a product or service that is received by an organization's external customer. Adidas-Salomon customer facing processes might include a marketing campaign, a sales initiative, a new product or service, distribution of a product or service, customer billing, customer service, and order processing. Business facing processes are invisible to the external customer but essential to the effective management of the business and include goal setting, day-to-day planning, performance feedback, rewards, and resource allocation. Adidas-Salomon business facing processes might include strategic planning, internal budgets, internal training, and purchasing raw materials in the supply chain.

3. How could Adidas-Salomon use continuous process improvement and business process reengineering to remain competitive?

Many organizations began business process improvement with a continuous improvement model. A continuous process improvement model attempts to understand and measure the current process, and make performance improvements accordingly. Adidas-Salomon could use continuous process improvement to make its current business processes more efficient and effective, such as streamlining the supply chain, decreasing time to market for a new product, or adding customizable sneakers to its website. Business process reengineering (BPR), is the analysis and redesign of workflow within and between enterprises. BPR relies on a different school of thought than continuous process improvement. In the extreme, BPR assumes the current process is irrelevant, does not work, or is broken and must be overhauled from scratch. Such a clean slate enables business process designers to disassociate themselves from today's process and focus on a new process. It is like the designers projecting themselves into the future and asking: What should the process look like? What do customers want it to look like? What do other employees want it to look like? How do best-in-class companies do it? How can new technology facilitate the process? Adidas-Salomon could use BPR to reshape its industry by completely reengineer how it performs business.

4. How can a business process management tool help Adidas-Salomon remain at the top of its game?

A key advantage of technology is its ability to improve business processes. Working faster and smarter has become a necessity for companies. Initial emphasis was given to areas such as production, accounting, procurement, and logistics. The next big areas to discover technology's value in business process were sales and marketing automation, customer relationship management, and supplier relationship management. Some of these processes involve several departments of the company and some are the result of real-time interaction of the company with its suppliers, customers, and other business partners. The latest area to discover the power of technology in automating and reengineering business process is business process management. Business process management (BPM) integrates all of an organization's business process to make individual processes more efficient. BPM can be used to solve a single glitch or to create one unifying system to consolidate a myriad of processes.

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CLOSING CASE TWO

3Com Optimizes Product Promotion Processes

1. Describe business processes and their importance to 3Com's business model.

A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order. Business processes transform a set of inputs into a set of outputs (goods or services) for another person or process by using people and tools. Without processes organizations would not be able to complete activities. 3Com needs business processes to perform and execute tasks and activities across the enterprise.

2. How can 3Com use continuous process improvement to become more efficient?

Many organizations began business process improvement with a continuous improvement model. A continuous process improvement model attempts to understand and measure the current process, and make performance improvements accordingly. 3Com uses continuous process improvement to make its current business processes more efficient and effective, such as streamlining the supply chain or decreasing time to market for a new product.

3. How can 3Com use business process reengineering to become more efficient?

Business process reengineering (BPR), is the analysis and redesign of workflow within and between enterprises. BPR relies on a different school of thought than continuous process improvement. In the extreme, BPR assumes the current process is irrelevant, does not work, or is broken and must be overhauled from scratch. Such a clean slate enables business process designers to disassociate themselves from today's process and focus on a new process. It is like the designers projecting themselves into the future and asking: What should the process look like? What do customers want it to look like? What do other employees want it to look like? How do best-in-class companies do it? How can new technology facilitate the process? 3Com is using BPR to reshape its industry by using a BPM tool that is helping it revamp its business processes.

4. Describe the importance of business process modeling (or mapping) and business process models for 3Com.

Business process modeling (or mapping) is the activity of creating a detailed flow chart or process map of a work process showing its inputs, tasks, and activities, in a structured sequence. A business process model is a graphic description of a process, showing the sequence of process tasks, which is developed for a specific purpose and from a selected viewpoint. A set of one or more process models details the many functions of a system or subject area with graphics and text and its purpose is to:

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5. How did 3Com use business process management software to revamp its business?

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MAKING BUSINESS DECISIONS

Instructor Note: There are few right or wrong answers in the business world. There are really only efficient and inefficient, and effective and ineffective business decisions. If there were always right answers businesses would never fail. These questions were created to challenge your students to apply the materials they have learned to real business situations. For this reason, the authors cannot provide you with one version of a correct answer. When grading your students' answers, be sure to focus on their justification or support for their specific answers. A good way to grade these questions is to compare your student's answers against each other.

1. DISCOVERING REENGINEERING OPPOTRUNITIES

Project Purpose: To reengineer a class registration process.

Potential Solution: Broken, redundant, and antiquated processes can cause tremendous business inefficiencies. Your students should be able to easily identify which processes in your class registration system are broken, redundant, and antiquated since they are intimately familiar with this system. Since all colleges use different class registration systems the answer to this question will vary. The important part is to ensure they are identifying the issues along with suggestions for new ways to improve the process and fix the broken, redundant, and antiquated processes.

2. MODELING A BUSINESS PROCESS

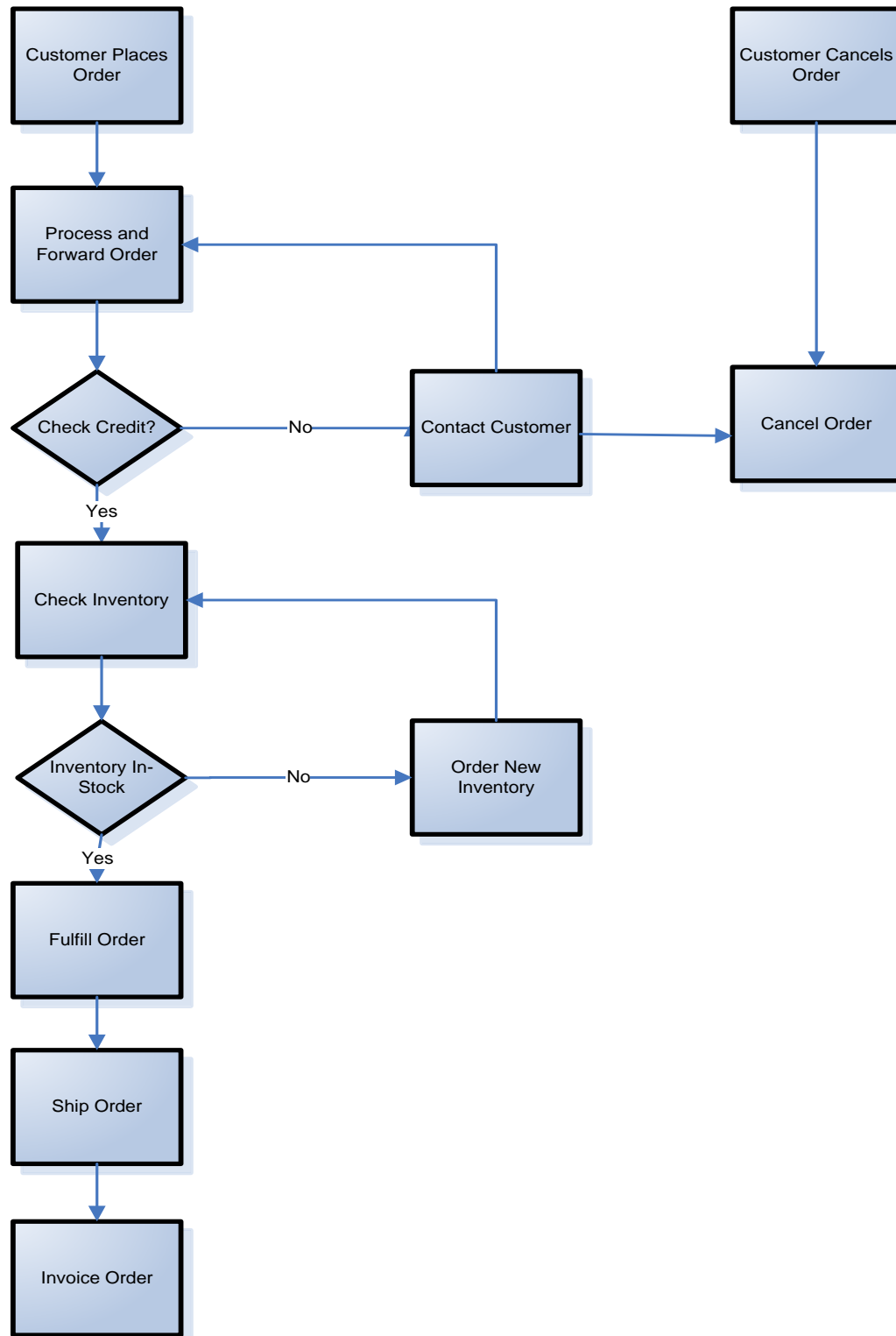
Project Purpose: To practice diagramming and improving business processes.

Potential Solution: Student answers to this question will vary depending on the process they have chosen to fix. Review Figure B2.7 for an example of an improved burger ordering process.

3. REVAMPING BUSINESS PROCESSES

Project Purpose: To practice diagramming and improving business processes.

Potential Solution: The answer to this problem will vary, a sample answer appears below.



4. REVAMPING ACCOUNTS

Project Purpose: To revamp an accounting department using BPM.

Potential Solution: A key advantage of technology is its ability to improve business processes.

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Many organizations are unhappy with their current mix of software applications and dealing with business processes that are subject to constant change. These organizations are turning to BPM systems that can flexibly automate their processes and glue their enterprise applications together. BPM technologies effectively track and orchestrate the business process. BPM can automate tasks involving information from multiple systems, with rules to define the sequence in which the tasks are performed as well as responsibilities, conditions, and other aspects of the process. BPM not only allows a business process to be executed more efficiently, but it also provides the tools to measure performance and identify opportunities for improvement - as well as to easily make changes in processes to act upon those opportunities such as:

- Bringing processes, people, and information together
- Identifying the business processes is relatively easy. Breaking down the barriers between business areas and finding owners for the processes are difficult
- Managing business processes within the enterprise and outside the enterprise with suppliers, business partners, and customers
- Looking at automation horizontally instead of vertically