

BUSINESS PROCESS ENGINEERING

Devi Pratami
Industrial Engineering
Faculty

WHAT IS A PROCESS?



WHAT IS PROCESS?

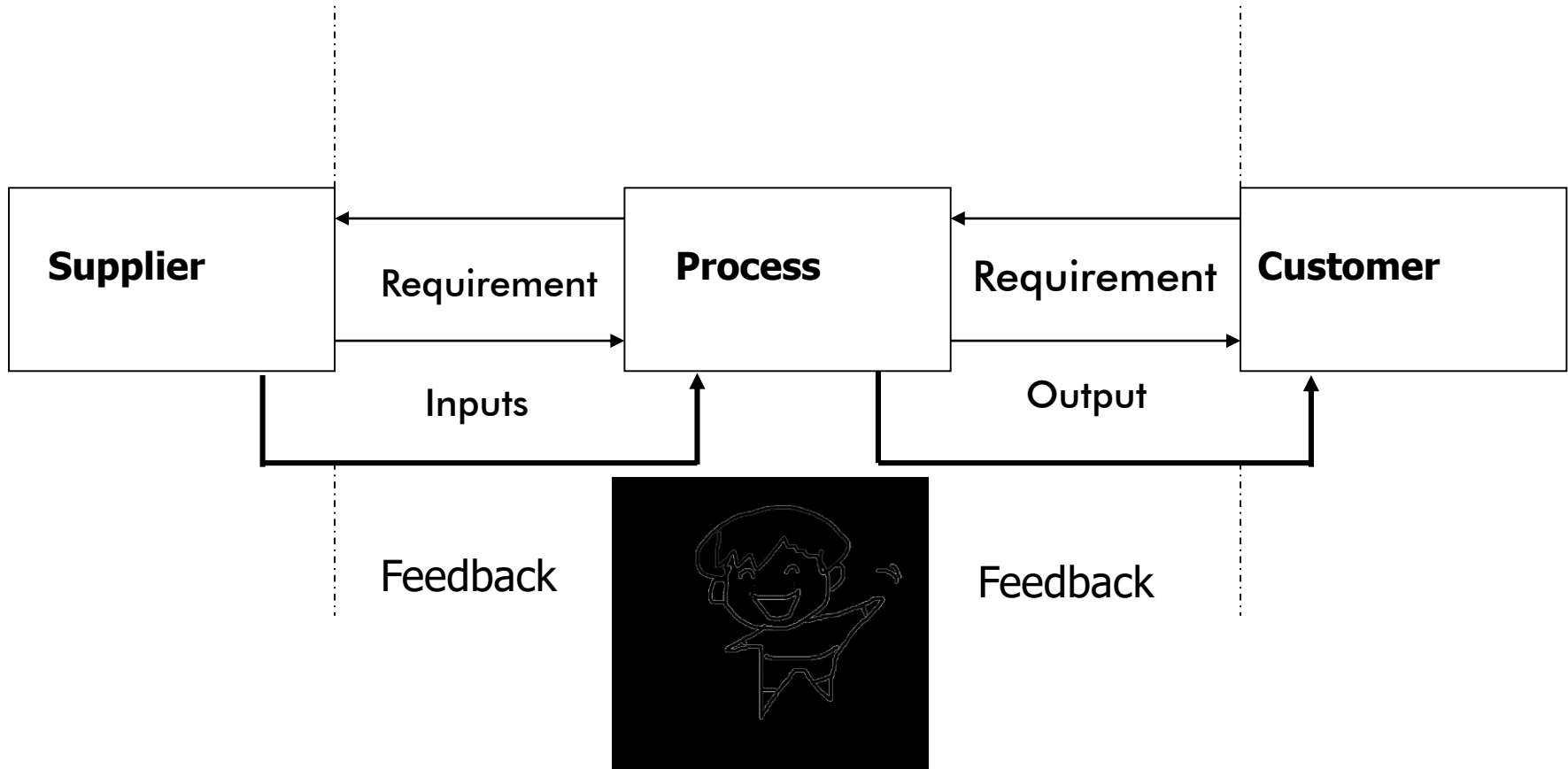
- Any activities or group of activities that takes an **input, adds value** to it and provides **an output** to an internal or external customer.
- Process use an organization's resources to provide **definitive results**

CUSTOMER*

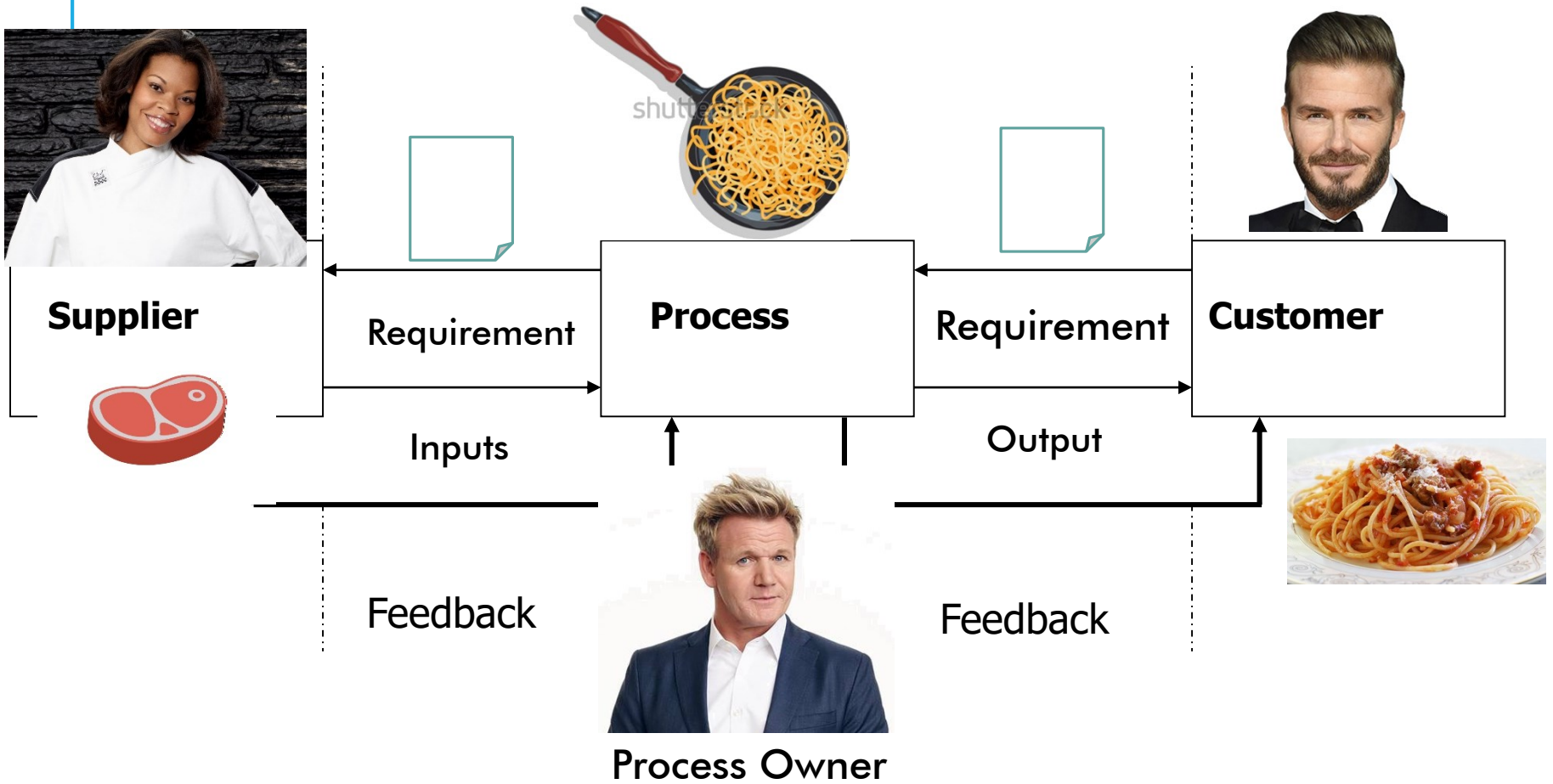
There are 2 type of customer

1. Internal customer → within organization
2. External customer → outside organization, who use, consume, supply etc.

PROCESS MODEL



PROCESS MODEL



TERMINOLOGY

- Customer: the individual **receiving** the product or service. Customer should be declared as individual (not organization).
- Outputs: goods or services **produced** by the process and provided to the customer.
- Transform: activities and procedures in the process that **provide added value** from input to output.

TERMINOLOGY

Inputs: goods or services **provided by the customer** and transformed into output.

Providers: individuals **working** in the process and engaging in input **transformation** into outputs.

Suppliers: individuals who **provide** input

TERMINOLOGY

Requirements: **output expected** by the customer, the **expected input** from the supplier.

Feedback: statement of **satisfaction** or **dissatisfaction** of the customer about output performance.

Boundaries: process **boundaries**

Process Owner: the person **responsible** and implementing the operation and improvement process.

THE BUSINESS *PROCESS*

- **Business process** : "a set of logically related tasks performed to achieve a defined business outcome"
(Davenport and Short, 1990)
- Hammer & Champy (1993): "a collection of activities that takes one or more kinds of input and creates an output that is of value to the customer".

THE BUSINESS *PROCESS*

- **All service processes and processes that support productions process** (e.g., Order Process, Engineering Change Process, Payroll Process, Manufacturing Process Design).
- A business process consists of **a group logically related task** that use the resources of the organization to provide defined results in support of the organizations process (Harrington,1991)

BUSINESS PROCESS ATTRIBUTES

- **Definability** : It must have clearly defined boundaries, input and output
- **Order** : It must consist of activities that are ordered according to their position in time and space
- **Customer** : There must be a recipient the process's outcome → a customer*

BUSINESS PROCESS ATTRIBUTES

- **Value Adding** : The transformation taking place within the process must add value to the recipient, either upstream or downstream
- **Embedded** : A process can not exist in itself, it must be embedded in an organizational structure
- **Cross-Functionality** : A process regularly can, but not necessary must, span several functions

TYPE OF BUSINESS PROCESS

- **Management Processes**, the process that govern the **operation of a system**. Typical this processes include : Corporate Governance and Strategic Management
- **Operational Processes**, processes that constitute the **core business and create the primary value stream** (Purchasing, Manufacturing, Sales and Marketing)
 - *Delivers external customer value*

TYPE OF BUSINESS PROCESS

- **Supporting Processes**, which **support the core process** (Accounting, Recruitment, Technical Support)
→ *Support core business processes, internal value*

BUSINESS PROCESS ANALYSIS

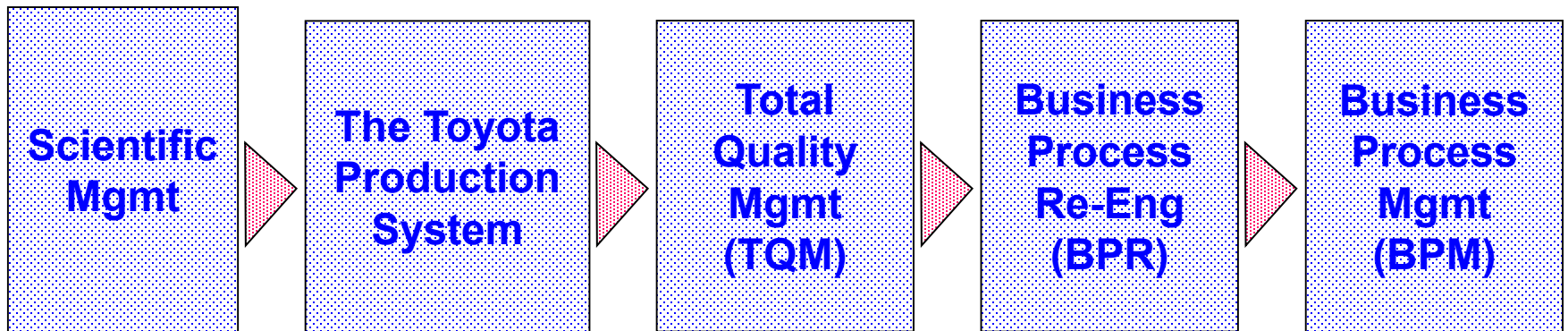
“Mapping of Process and Sub Processes down to activity level”

“Core Process and Sub Process is identified and documented”

PROCESS MANAGEMENT

- The continuous monitoring of a business process*
- Implementation of **incremental process improvement or radical reengineering** of a process, in order to ensure process objectives continue to be met

THE EVOLUTION OF PROCESS MANAGEMENT



PROCESS IMPROVEMENT

- *a series of actions taken to identify, analyze and **improve existing processes** within an organization to meet new goals and objectives*
- *These actions often follows a specific methodology or strategy to create successful results (e.g. Benchmarking, BPI, BPR, Capability Maturity Model, ISO 9000)*

ADVANTAGES PROCESS IMPROVEMENT

- high-performance processes, lower costs, faster speeds, greater accuracy, reduced assets, and enhanced flexibility.
- assure that its processes deliver on their **promise and operate consistently** at the level of which they are capable
- determine when a process no longer meets its needs and those of its customers and so **needs to be replaced.**

ADVANTAGES PROCESS IMPROVEMENT

- Companies can drive out the non value adding
- improved customer satisfaction, which in turn drive improved enterprise performance.
- Better responds of rapid changes

BUSINESS PROCESS MANAGEMENT

A systematic approach to documenting and *streamlining processes* within the business
a comprehensive system for managing and transforming organizational operations.

BUSINESS PROCESS IMPROVEMENT

- a methodology that is **designed to bring about step-function improvements in administrative and support process**
- Systematic approach to help any organizations optimize its underlying processes to achieve more efficient results

BPI METHODOLOGY

- 1. Carrying out BPI is a project, so all principles of project management is applied**
- 2. AS – IS Analysis (define existing structure)**
- 3. TO BE DESIGN (determine process owner, add value to organization's objectives and how best to align its process to achieve those outcomes)**

GUIDELINES IN REDESIGNING PROCESSES

- **Reduce** preparation;
- Use **parallel** processing;
- Establish **relationships** with customers and suppliers;
- Apply automation **appropriately**; consider automation during or after process redesign; and
- Establish a **continuous improvement** mindset and capability