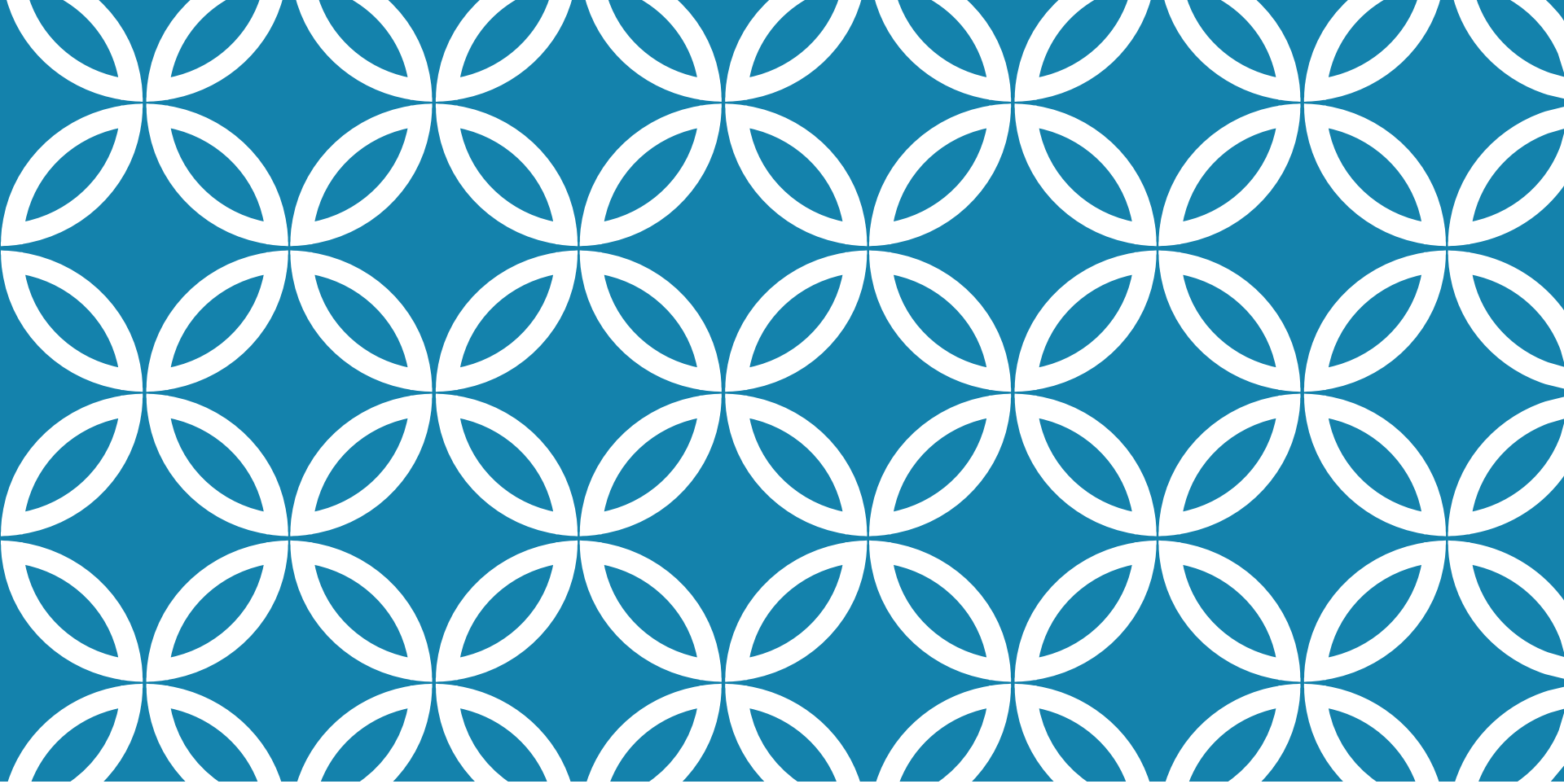
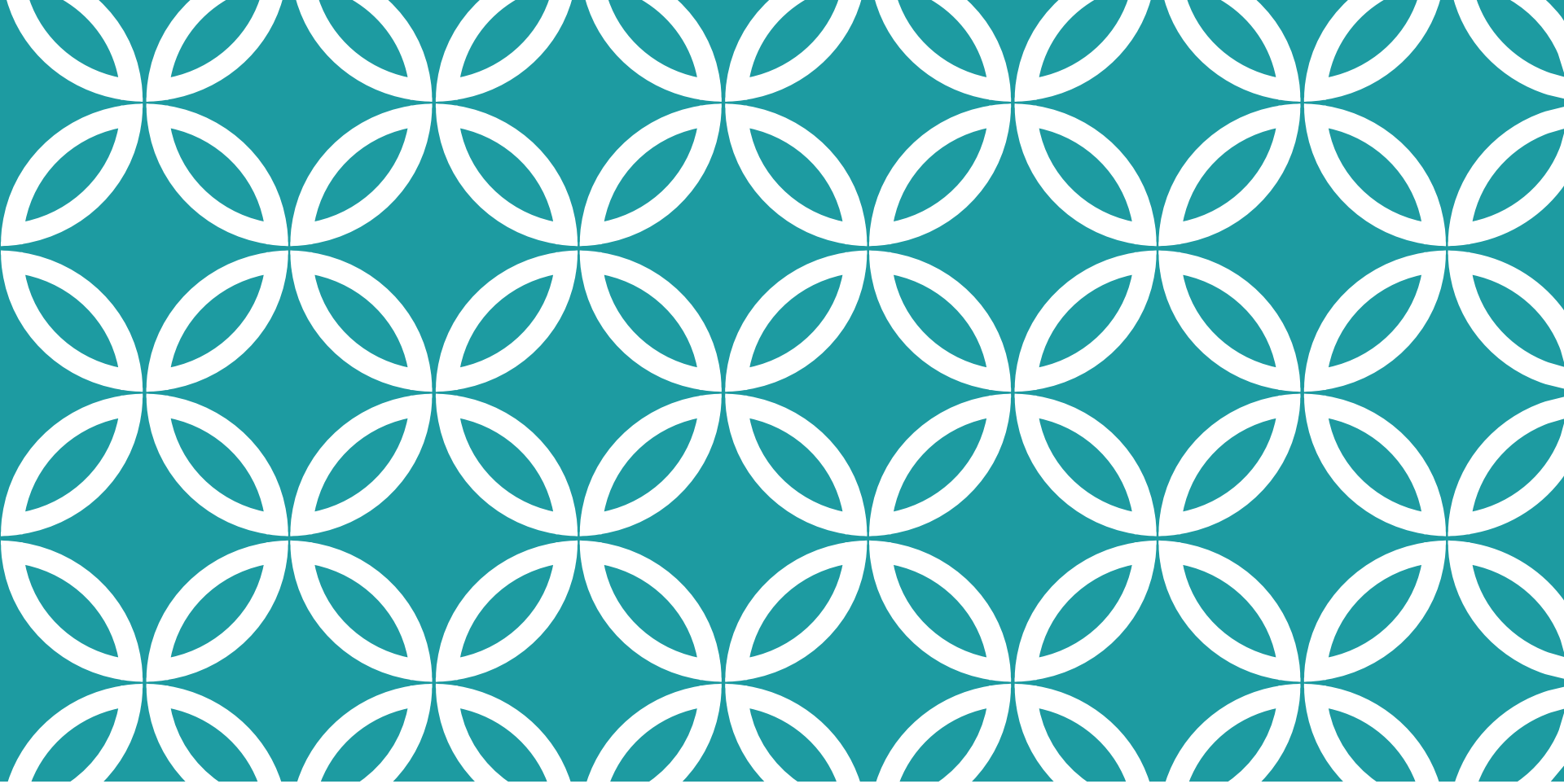


BUSINESS PROCESS ENGINEERING

Devi Pratami



PROCESS IMPROVEMENT CONCEPT (1)

Devi Pratami

PROCESS IMPROVEMENT

*"A series of actions taken to identify, analyze and **improve existing processes** within an organization to meet new goals and objectives"*

PROCESS IMPROVEMENT

1. Identify the improvement subject
   - Recognize Improvement triggers (non value adding activities)
   - **What is value?**

"value is what you get, price is what you pay, cost is what is your effort"

"Anything or anyone who does not add value is waste"

PROCESS IMPROVEMENT

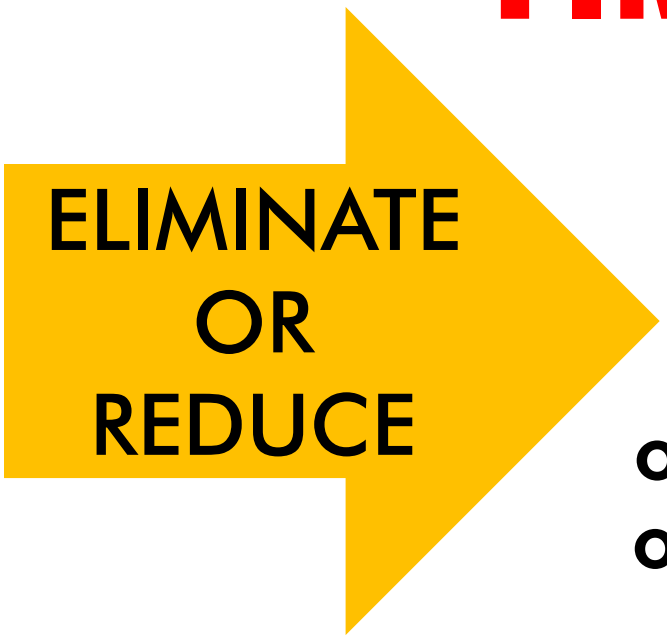
"Only an activity that **physically changes** the shape or character of a product or assembly can add value."

"Any activity that **does not change the product** or assembly is waste."

PROCESS IMPROVEMENT

Waste concept by Lean Manufacturing:

TIMWOOD



Transport

Inventory

Motion

Waiting

Over Processing

Over Production

Defects

TIMWOOD IS ALSO KNOWNS 7 MUDA,TOYOTA

PROCESS IMPROVEMENT

TRANSPORTATION

Each time a product is moved it stands the risk of being damaged, lost, delayed, etc

Moving materials in the manufacturing process can add costs, but no value. involves using expensive equipment

PROCESS IMPROVEMENT

INVENTORY

Raw materials, work-in-progress (WIP), or finished goods, represents a capital outlay that has not yet produced or processed

Holding inventory costs money - roughly **25 percent** of the value of the inventory if held for a year.

PROCESS IMPROVEMENT

MOTION

Moving, walking that is not required in the process

Time looking for tools, extra product handling, walking and product arrangement, stacking, etc.

WAITING

This includes all idle time, such as waiting for parts from up-stream operations and waiting for tooling, set-ups and instructions

Whenever goods are not in transport or being processed, they are waiting

PROCESS IMPROVEMENT

OVER PROCESSING

Redundant process, use excessive tool, expensive component, design than absolutely required

OVER PRODUCTION

Product is produced than is required at that time by your customers.

DEFECTS

Major waste in manufacture, resulting form poor control, machine, labor which may produce rework or extra cost

PROCESS IMPROVEMENT

An organization could then achieve a cost advantage by reducing the cost of individual Value Chain activities, or by re-configuring the Value Chain

Organization could organize its activities in order to achieve **competitive advantage** by making it hard for others to copy.

Generic Value Chain Porter's

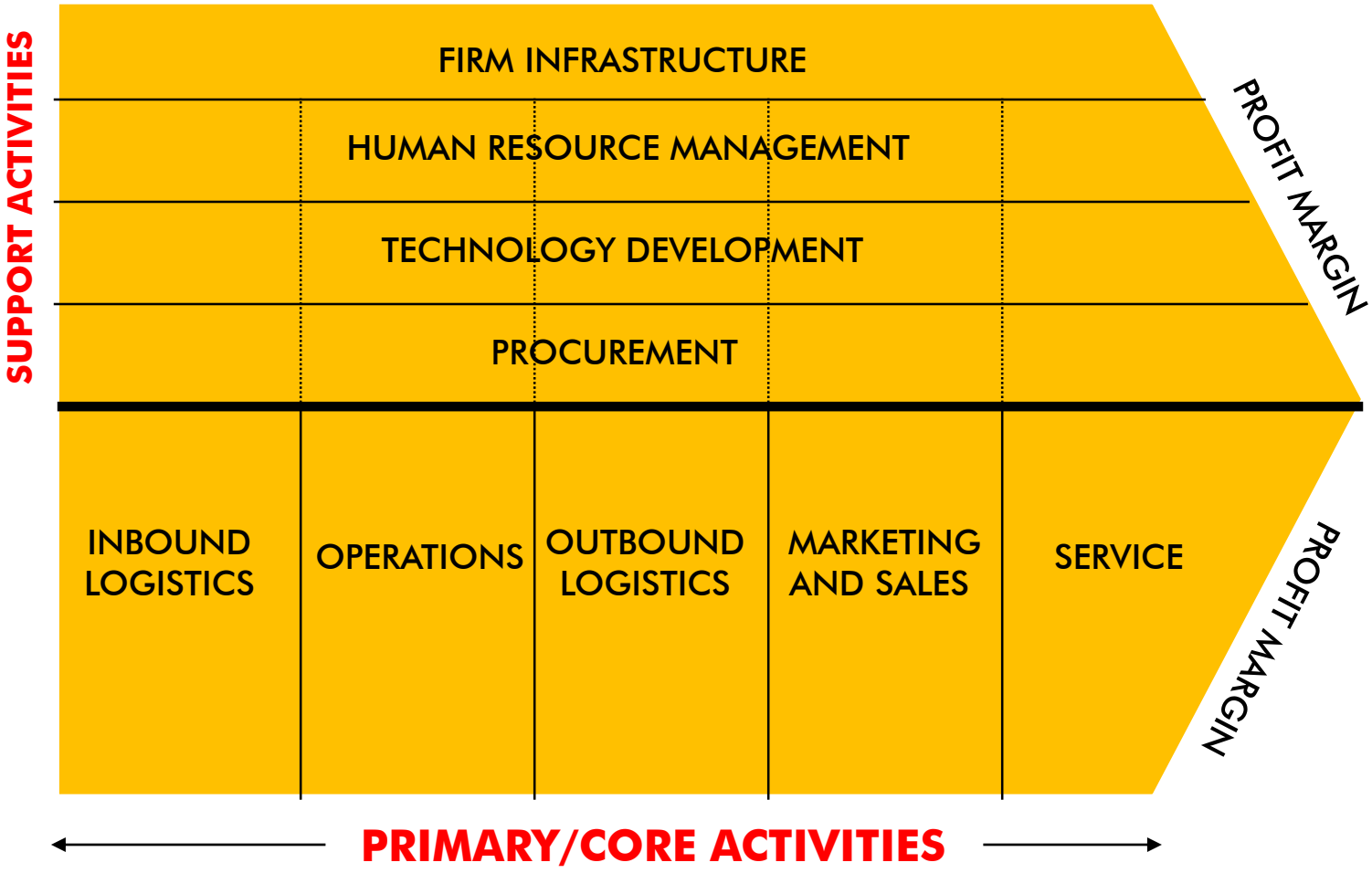


Figure 3-6

PROCESS IMPROVEMENT

- 1. Identify the improvement subject
  - Clarify the Improvement Project
    - Step 1 : Map the Process
    - Step 2 : Review Direction Setting Statements
    - Step 3 : Rank Output Priorities

PROCESS IMPROVEMENT

2. Select Improvement Alternatives

- Set a target
- Select Improvement Path (assessment then select the path : Benchmarking or Reengineering and Continues Improvement)
- Launch Improvement Teams

Improving process could be view as project

BENCHMARKING

- PLANNING
  1. Identify the benchmark subject
  2. Identify benchmark partners
  3. Collect data
- ANALYSIS
  1. Determine the gap
  2. Project future performance
- INTEGRATION
  1. Communicate Results
  2. Establish Goals
- ACTION
  1. Develop Actions Plans
  2. Implement plans and monitor results
  3. Recalibrate benchmarks

BENCHMARKING

Experience shows that benchmarking is potential to drive dramatic improvement

It lies squarely in making out-of-the-box comparisons and searching for insights not typically found within intra-industry paradigms.

APQC'S PROCESS CLASSIFICATION FRAMEWORK®

The Process Classification Framework was originally envisioned as a "taxonomy" of business processes during the 1991 design of the **American Productivity & Quality Center's International Benchmarking Clearinghouse.**

Involved more than 80 organizations with a strong interest in advancing the use of benchmarking in theU.S. and around the world.

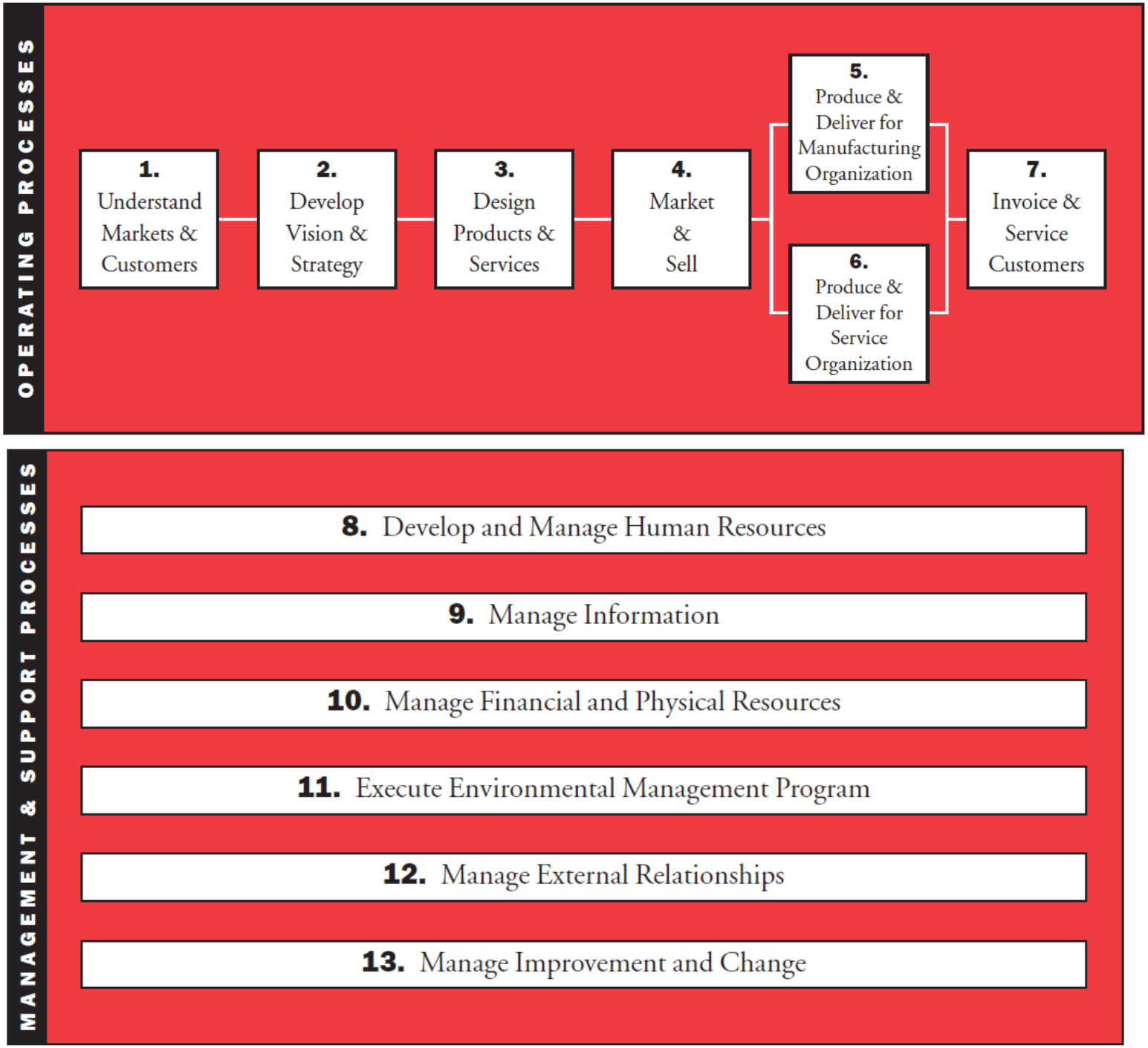
APQC'S PROCESS CLASSIFICATION FRAMEWORK®

A list of processes that organizations use to define work processes comprehensively and without redundancies.

Many organizations now have used the Process Classification Framework in practical ways to **better understand their processes**

APQC'S PROCESS CLASSIFICATION FRAMEWORK®

The Process Classification Framework seeks to represent major processes and sub-processes, not functions


OPERATING PROCESSES
1. Understand Markets & Customers
2. Develop Vision & Strategy
3. Design Products & Services
4. Market & Sell
5. Produce & Deliver for Manufacturing Organization
6. Produce & Deliver for Service Organization
7. Invoice & Service Customers
MANAGEMENT & SUPPORT PROCESSES
8. Develop and Manage Human Resources
9. Manage Information
10. Manage Financial and Physical Resources
11. Execute Environmental Management Program
12. Manage External Relationships
13. Manage Improvement and Change