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**SUBJECT: BUSINESS
PROCESSING ENGINEERING**

QUESTION#1:

a: What is a business process? Briefly explain different process types and illustrate it using figure. Name any 5 process improvement programs.

ANSWER:

A business process is a collection of related, structured activities or tasks by people or equipment in which a specific sequence produces a service or product (serves a particular business goal) for a particular customer or customers.

Business processes occur at all organization levels and may or may not be visible to the customer.

The 5 different types of business process are:

1) Sales:

Sales standalone type of business process which can make a company. Serious is considered as a primary business process because it is the ultimate revenue generator for any and every business and without revenue business cannot survive or run. Most of the startups have a strong sales system in order to get more revenue and profit generation to run the organization.

2) Customer service:

Since sales is an essential and primary type of business process the next one is customer service. Once the sales orders are generated it is essential that there is a back in the team which process is the orders and provides them to the customers. Customer service also helps in managing the situation when customers required information about the product or service for assistance with the technicalities of the product. Good customer service can retain customers as well as bring back lost customers better than size department.

1) Finance department:

Once the business picks up and the money starts flowing and it is essential to manage the finances. There should be a dedicated department to

manage the incoming and outgoing server the finances properly so that profits are eating expenses are reduced and all the employees are paid on time.

4) Operations processes:

Supply chain management and operations on the primary skill are an essential part of the business and that is why are categorized under primary processes. Once the sale starts generating inventory management and stock management should be done in a proper way in order to supply the clients with the products or services. Supply chain management is also essential for proper management of deliveries and to receive deliveries stock management and warehouse management.

5) Production:

Production or manufacturing of the product is of paramount importance for any business to run. It is crucial that the organization has a product or service to sell and that is where the production and manufacturing come into the picture. Once the product is designed, crafted and approved the initial production of how the product begins in the production or manufacturing facility.

- **Business process modeling**
- **Business process improvement**
- **Business process reengineering**
- **Business process optimization**
- **Business process mapping**

b: Explain difference among value added, non-value added and control activities with example.

ANSWER:

VALUE ADDED:

In business, the difference between the sale price and the production cost of a product is the unit profit. The sum of the unit profit, the unit depreciation cost, and the unit labor cost is the unit value added. For example, offering a year of free tech support on a new computer would be a value-added feature.

NON-VALUE ADDED:

A non-value added activity is an action taken that does not increase the worth of what is delivered to the customer. Examples might include drilling, piercing or welding a part.

CONTROL ACTIVITIES:

Control activities are the policies, procedures, techniques, and mechanisms that help ensure that management's response to reduce risks identified during the risk assessment process is carried out. In other words, control activities are actions taken to minimize risk.

QUESTION#2:

Below is the example of Claim Handling in a Large Insurance Company, Figure 1 is for the existing design and Figure 2 is for new recommended design, identify the procedural and structural changes with the new recommended design.

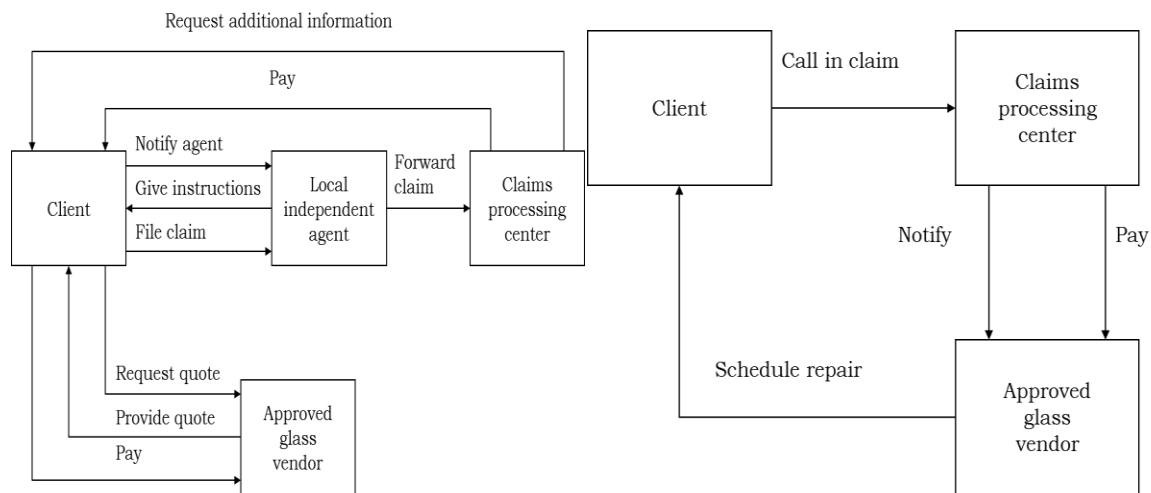


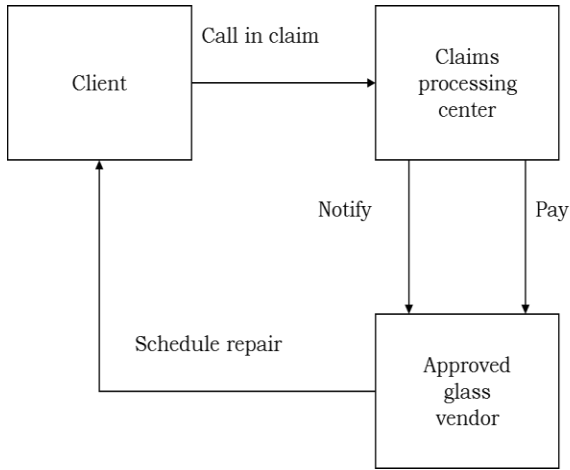
FIGURE.1

FIGURE.2

ANSWER:

Description:

Insurance companies incur a plethora of costs and claim handling cost is a pivotal component of the same. This component impacts the profitability of the insurer in a significant manner. There are a number of steps that need to be followed before settlement of any claim. Claims made have to be scrutinized for their validity first, negotiated and then further processing of the same is undertaken. These procedures carry administrative and operational cost for the company and as such a prudent management of the claims handling process gives unassailable benefit to the insurer which has a direct bearing on the profitability of the insurer. Some of the claims handling cost that the insurer incurs are adjusters' fees, court fees (if any) etc.



QUESTION#3:

a) Explain CPS model with figure and why we use it?

ANSWER:

The CPS model provides a simple way of thinking about creative problems. It has four stages, as shown in Figure 5.1. If there were a single magical creativity bullet then we would tell you what it is. If there was a single creative problem solving method

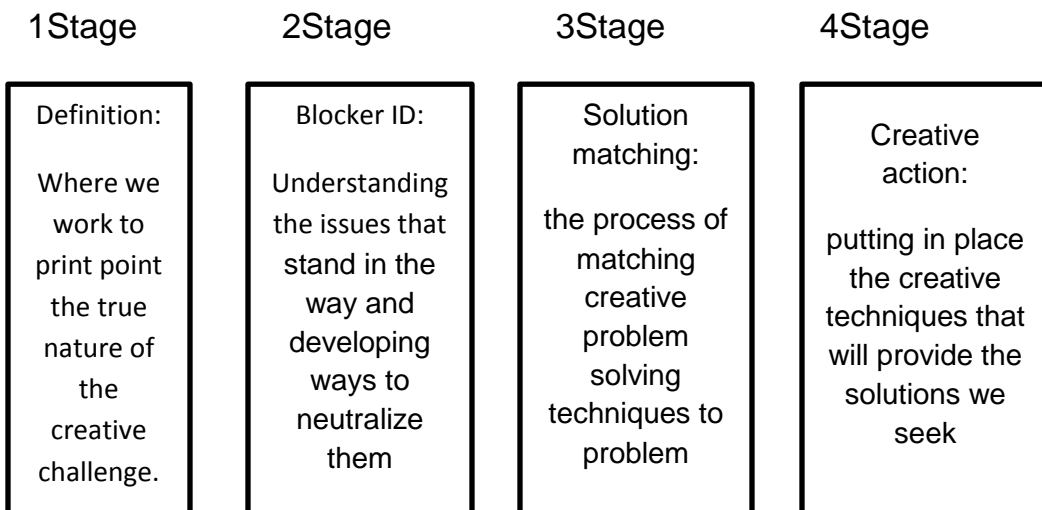


Figure 5.1

That delivered results for every scenario in business, then everyone would know about it. However, the truth, borne out by years of creative problem solving work for companies across every possible industry sector, is that one size does not fit all problems. The more we look at the role and importance of creativity in business, the more evident it becomes that there are many routes to solving creative problems, not just one. What determines the most suitable creative attack will depend upon the two key variables outlined below.

b: what and when it is needed to re-engineer Business Process Re-engineering?

ANSWER:

Business Process Reengineering involves the radical redesign of core business processes to achieve dramatic improvements in productivity, cycle times and quality. In Business Process Reengineering, companies start with a blank sheet of paper and rethink existing processes to deliver more value to the customer. Many unsuccessful BPR attempts may have been due to the confusion surrounding BPR, and how it should be performed. Organizations were well aware that changes needed to be made but did not know which areas to change or how to change them. As a result, process reengineering is a management concept that has been formed by trial and error or, in other words, practical experience. As more and more businesses reengineer their processes, knowledge of what caused the successes or failures is becoming apparent. To reap lasting benefits, companies must be willing to examine how strategy and reengineering complement each other by learning to quantify strategy in terms of cost, milestones, and timetables, by accepting ownership of the strategy throughout the organization, by assessing the organization's

current capabilities and process realistically, and by linking strategy to the budgeting process. Otherwise, BPR is only a short-term efficiency exercise.