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Subject: Business Process Engineering

Program: BS(SE) 05

Question#1

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

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

Answer:

(A)

Business Process:

A business process is a network of connected activities and buffers with well defined boundaries and precedence relationships, which utilize resources to transform inputs into outputs with the purpose of satisfying customer requirements.

Different process types:

1. Individual processes:

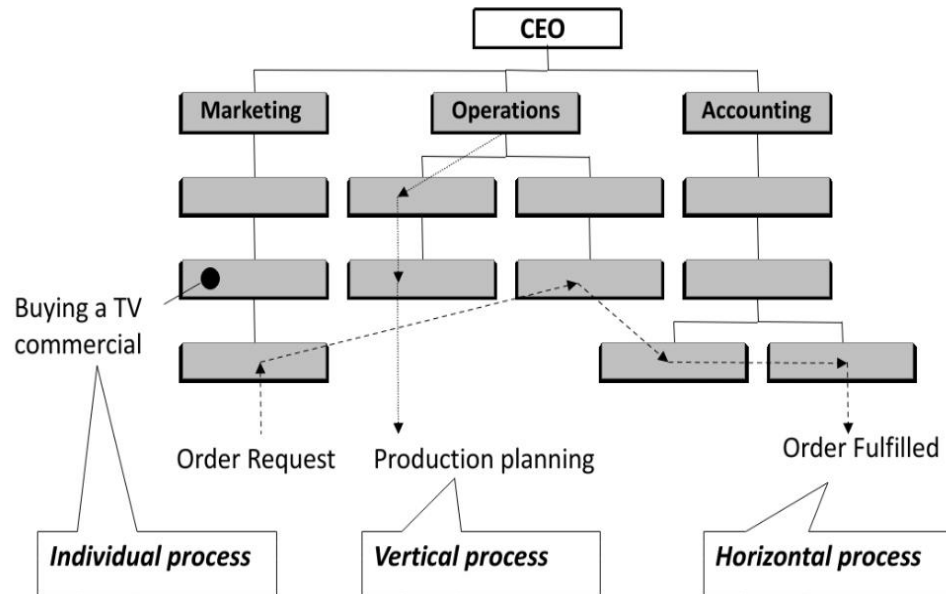
Carried out by a single individual

2. Vertical or Functional processes:

Contained within one functional unit or department

3. Horizontal or Cross Functional processes:

Spans several functional units, departments or companies



Name of 5 process improvement programs:

1. Six sigma
2. Theory of constraints
3. Toyota production system
4. Just-in-time
5. ISO 9000 quality standard

(B)

value-added:

It is the extra features a company adds to its products and services before offering them to customers. Adding value to a product or service helps companies attract more customers, which can boost revenue

For example:

offering one year of free support on a new computer would be a value-added feature.

Non value added activity:

A non value added activity is an action taken that does not increase the worth of what is delivered to the customer. ... For example, a process might include a review or approval step that does not add value to the end product;

Examples;

might include drilling, piercing or welding a part. Non-Value Added activities, or those that consume valuable resources but do not meet the CPR criteria.

Question No: 02

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.

Answer:

Procedural changes with the new recommended design:

- The Claims representative is given final authority to approve the claim.
- Long term relationships with a limited number of glass vendors enables the insurance company to leverage its purchase power to pre-negotiate low prices.
 - Clients no longer have to collect estimates.
 - Vendors are certified for quality, price, reliability, etc.
- The Client now contacts the claims representative directly instead of going via a local agent.

Structural changes with the new recommended design:

- A new 24 hour hotline enables the client to speak directly to a claims representative at the regional processing center.
- The claims representative gathers data over the phone, enters the data into the computer and resolves any issues on the spot. He tells the client to expect a phone call from a certain glass vendor to arrange the replacement.
- The claims information is immediately available for accounting via a LAN system and they can start processing the check and send it to the vendor.

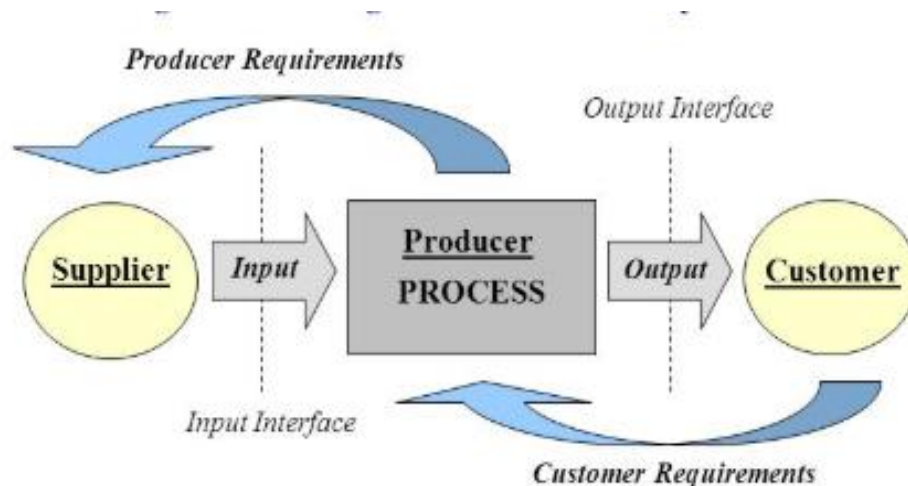
Question No: 03

- Explain CPS model with figure and why we use it?
- What and when it is needed to re-engineer Business Process Re-engineering?

Answer:

(A)

- Useful approach for resolving interface related problems
- Applying the CPS model to all critical interfaces \Leftrightarrow adopt a view of the process as a chain of customers
 - Coordination achieved by understanding internal & external customers
 - Involves negotiation and agreement between all parts



Usage of CPS model:

CPS Model is used to represent relationship between the end customer and the initial supplier on the basis of different parameter.

(B)

Business Process Re-engineering:

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. The main purpose is that work should instead be based on end-to-end processes that provide value for customers.

The end