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SUB : BPE

SEM: 5TH

DEP:BS(SE)

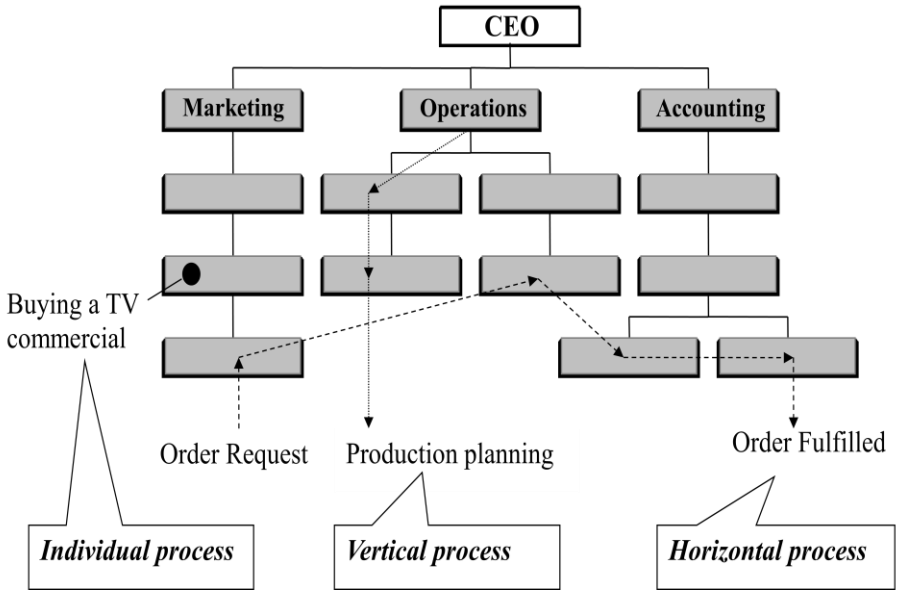
Question No: 01 (5+5)

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

ANS: A business Process describes how something is done in an organization.

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
   -



- Difficult to coordinate
- Have not kept up with improvements in manufacturing
- Difficult to detect waste and inefficiencies
- Often as little as 5% of the time considered adding customer value
- Customers more likely to abandon business because of "poor" service than "poor" products

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

NON_value added activites:

Non-Value Added activities, or those that consume valuable resources but do not meet the CPR criteria, might include extra motion or transportation involved in walking from one area of production to another, or any rework caused by defective products.

Value added activites:

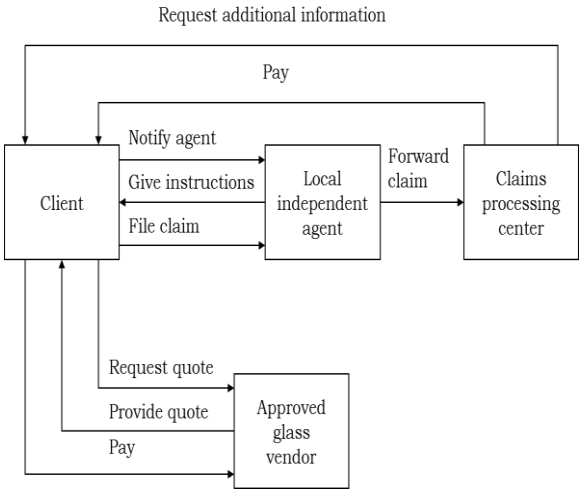
A **value-added activity** is any action taken that increases the benefit of a good or service to a customer. ... In most organizations, there is a much lower proportion of **value-added activities** than of non **value-added activities**.

Control activites:

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 No: 02 (10)

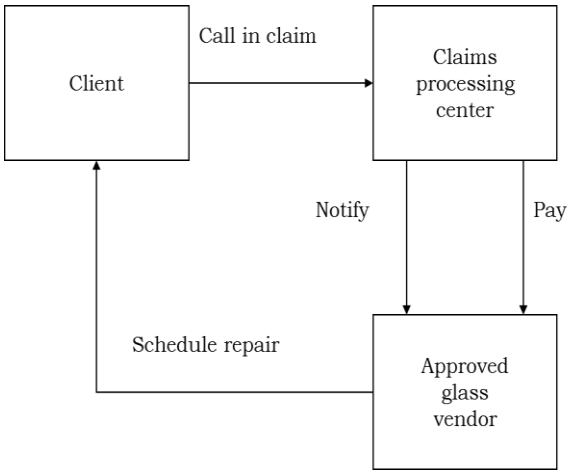
Below is the example of Claim Handling in a Large Insurance Company, Figure 1 is for the existing design and Figure 2 is for new recommended design, identify the procedural and structural changes with the new recommended design.



1. Client notifies a local agent that he/she wishes to file a claim. She is given a claims form and is told to obtain a cost estimate from a local glass vendor.
2. When the claims form is completed the local agent verifies the information and forwards the claim to a regional processing center.
3. The processing center logs the date and time of the claim's arrival. The data is entered into a computer-based system (for record keeping only) by a clerk. The claim is then placed in a hard copy file and passed on to a claims representative.
4. a) If the claims representative is satisfied with the claim it is passed along to several others in the processing chain and eventually a check is issued and sent to the client.

   b) If there are problems with the claim the representative mails it back to the client for necessary corrections.

5. When the client receives the check she can go to the local glass vendor and replace the glass



Procedural changes to the new process

- 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 to the new process

- 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

Figure 1 Figure 2

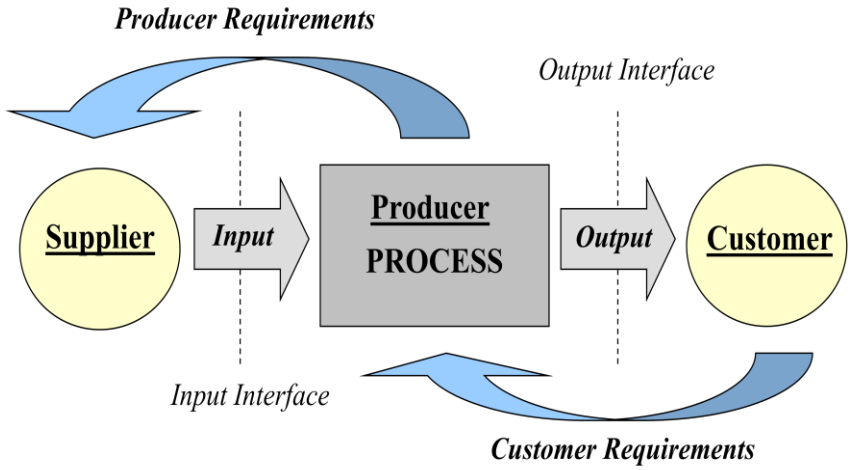
Question No: 03

(5+5)

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

A useful approach to deal with interface-related workflow problems is the **customer**-producer-**supplier** (**CPS**) model ..

a. Coordination achieved by understanding internal & external customers
b. Involves negotiation and agreement between all parts.



b) What and when it is needed to re-engineerBusiness Process Re-engineering?

Business process reengineering (**BPR**) is the practice of rethinking and redesigning the way work is done to better support an organization's mission and reduce costs.
Organizations **reengineer** two key areas of their businesses. First, they use modern technology to enhance data dissemination and decision-making **processes**