MID TERM ASSIGNMENT
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Fall 2020 Mid-Term Assignment

Course Name	Max. Marks	Max. Time	Date	Instructor
Business Process Engineering	30	6 Days	20/4/2020	Aasma Khan

- **Attempt all questions.**
- **Marks will be given as per the DEPTH of the answer, not LENGTH.**

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.

➢ **PART (A)**

Answer:

Business Process Definition:

A business process is a series of steps performed by a group of stakeholders to achieve a concrete goal. It consist of two words (Business) & (Process)
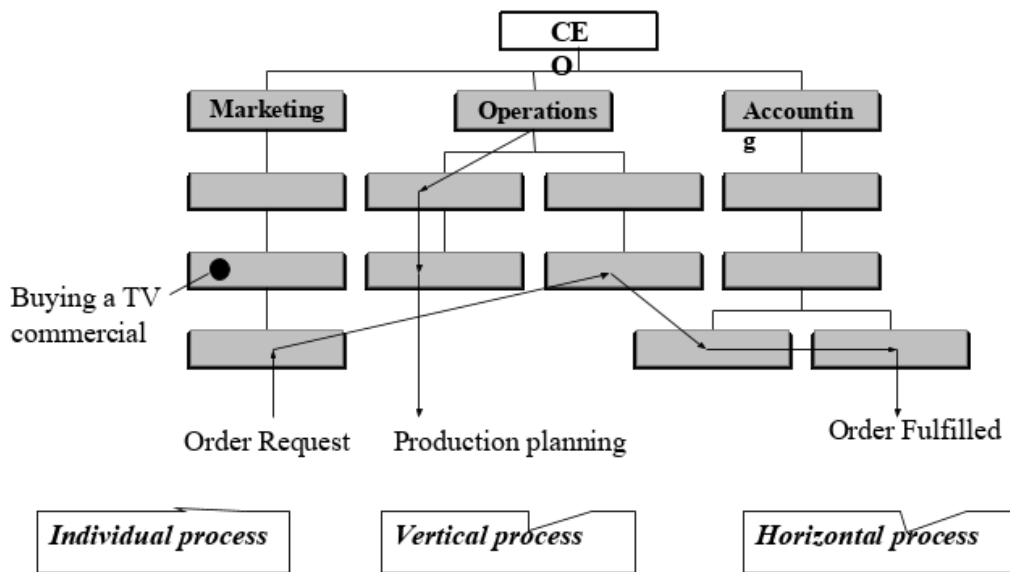
Business: Organizational entity that deploys resources to provide customers with desired products and services.

Process: A process specifies the transformation of inputs to outputs.

There are three types of Business Process

Three 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.

Buying a TV commercial

Order Request   Production planning   Order Fulfilled

| Individual process | Vertical process | Horizontal process |

Process Improvement Programme:

1. Map processes.
2. Analyze the process.
3. Redesign the process.
4. Implement and communicate change.
5. Six Sigma

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

PART (B):

Value adding activities – Essential in order to meet customer expectations

– Activities the customer would be willing to pay for

– Involves doing the right things right

– Performing the right activities

– Doing them correctly, with high efficiency

–Valuable Efforts

• **Business value adding activities** – Control activities

– Do not directly add customer value but are essential to conducting business

• **Non-value adding activities** –A nonvalue added activity is an action taken that does not increase the worth of what is delivered to the customer.

– Activities the customer is not willing to pay for

–Non valuable Efforts

–Waste of time

–Waste of Money

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.
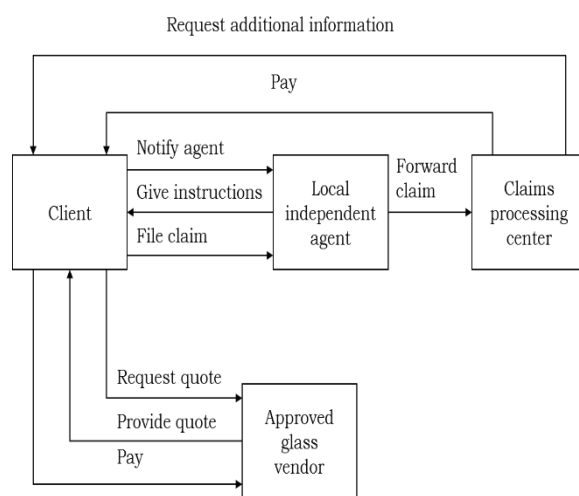

Figure 1

Answer:

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 centre.

3. The processing centre 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 claim 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
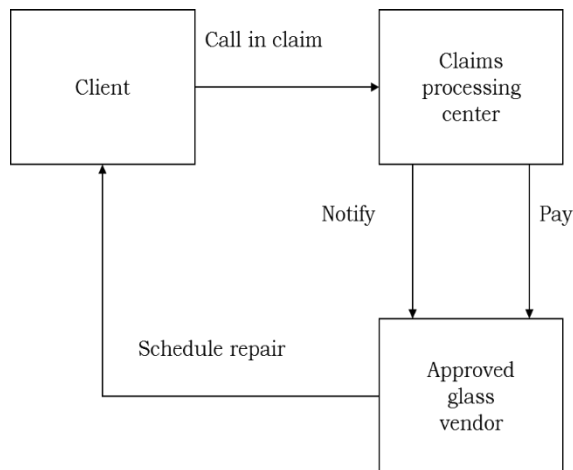

Figure 2

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 centre.

• 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   (5+5)

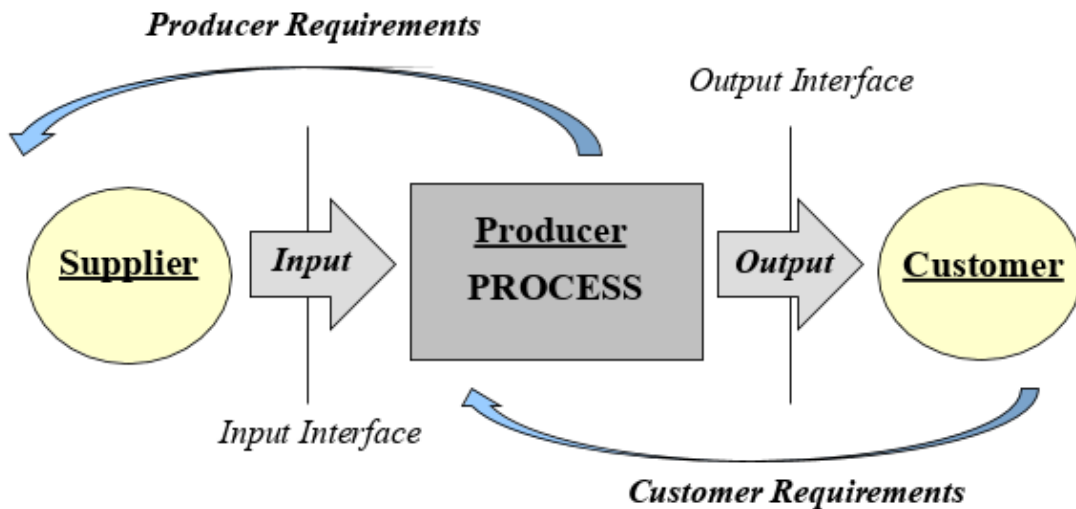a) Explain CPS model with figure and why we use it?

CPS Model:

Useful approach for resolving interface related problems

Applying the CPS model to all critical interfaces ⟺ 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

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

Answer: Business process re-engineering is the radical redesign of business processes to achieve dramatic improvements in critical aspects like quality, output, cost, service, and speed. Business Process Reengineering (BPR) aims at cutting down enterprise costs and process redundancies, but unlike other process management techniques, it does so on a much broader scale. Business Process Re-engineering (BPR) is also known as process innovation and core process redesign - attempts to restructure.