NAME : RAIMA ZULFIQAR AHMED

ID: 14321   SUBJECT: BUSNIESS PROCESSING   ENGNEERING   SEM: 5TH
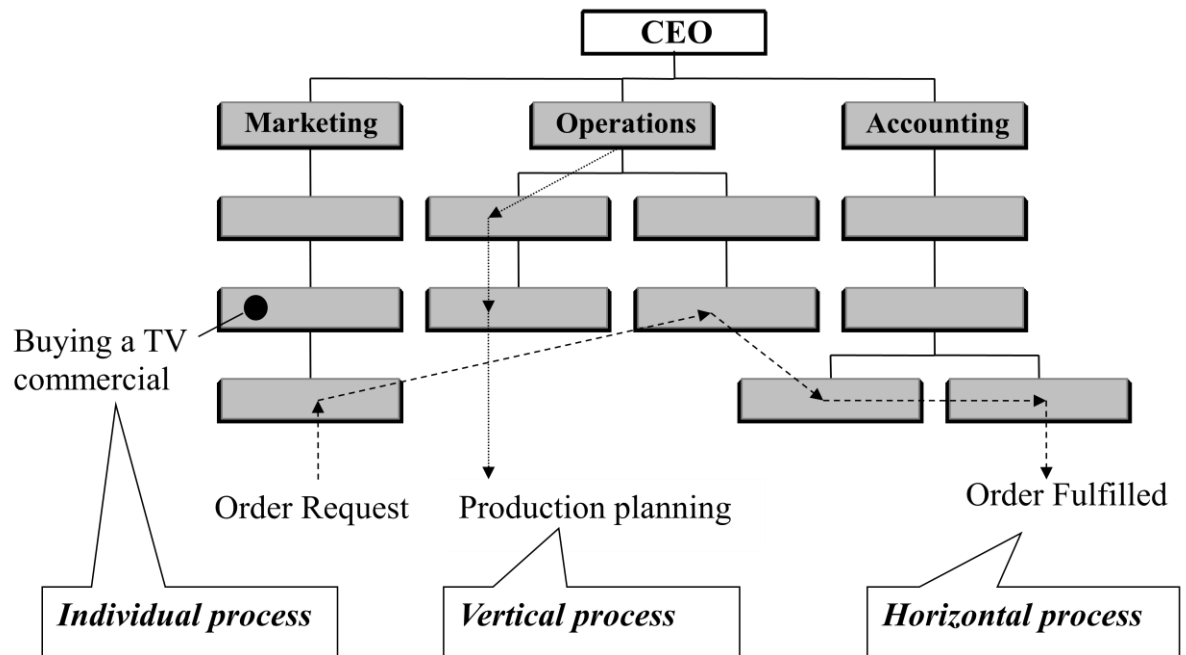
Question No: 01

Q1: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

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| CEO |
| Marketing | Operations | Accounting |

Buying a TV commercial

Order Request   Production planning   Order Fulfilled

Individual process   **Vertical process**   **Horizontal process**

- 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.
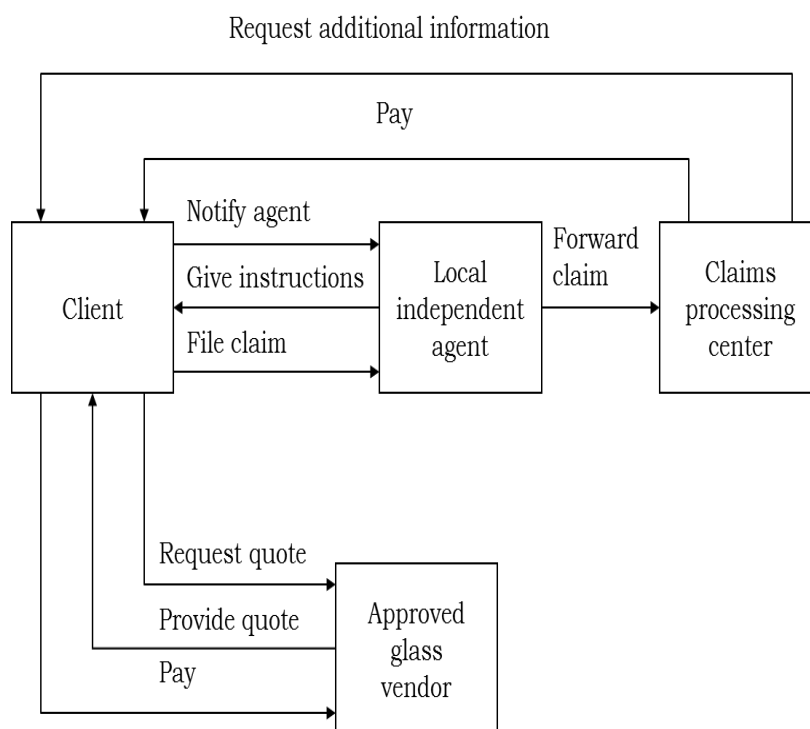
ANS:

- Value adding activities
    - Essential in order to meet customer expectations
    - Activities the customer <u>would be willing to pay for</u>
    - Involves doing the right things right
        - Performing the right activities
        - Doing them correctly, with high efficiency
- Business value adding activities
    - <u>Control activities</u>
    - Do not directly add customer value but are essential to conducting business
- Non-value adding activities
    - Activities the customer is <u>not willing to pay for</u>

Question No: 02   (10)

Request additional information

Pay

Notify agent

Forward claim

Give instructions

File claim

Client

Local independent agent

Claims processing center

Request quote

Provide quote

Pay

Approved glass vendor

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.

Figure 1
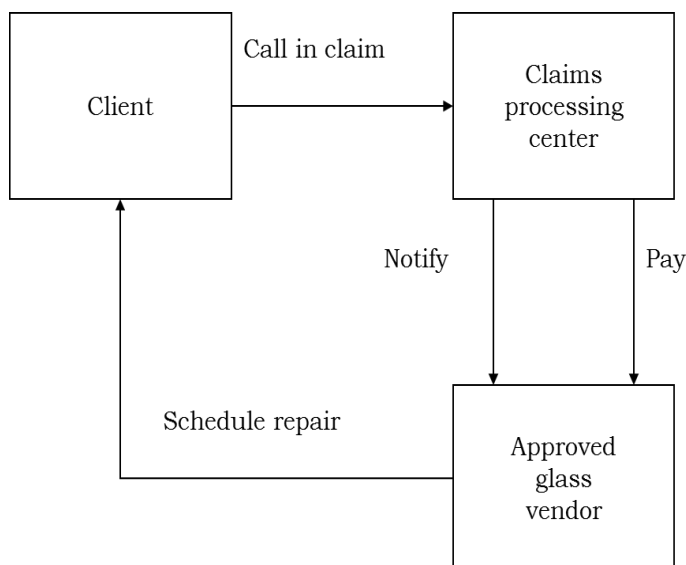
Procedural changes to the new process

- 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 the check and send it to the vendor

Question No: 03

Q3: Explain CPS model with figure and why we use it?

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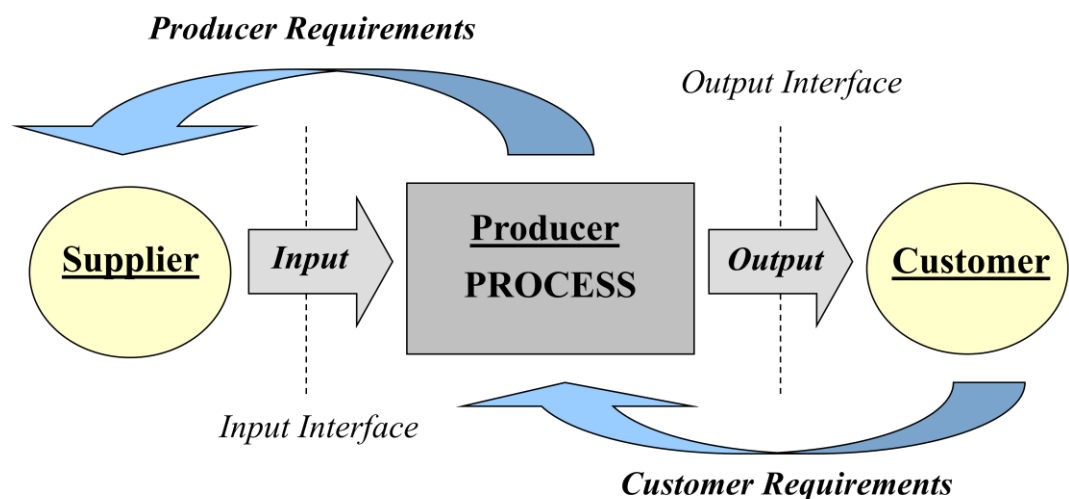
b)What and when it is needed to re-engineerBusiness Process Re-engineering?

ANS: **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.