


BUSINESS PROCESSES AND PROCESS ARCHITECTURE

Business 2710 – Class 3

Learning Objectives

- Understand the concept of business processes
- Understand how business processes can be reengineered to increase business value
- Understand the role of IT in reengineering efforts



Hammer, M. (1990) Reengineering work: Don't automate, obliterate. *Harvard Business Review*, Jul-Aug 1990, 104-112.

Business Process

- A business process is a set of activities that deliver an outcome with some value to a customer (external or internal)
 - “How we do things”
- Business processes are build based on business rules
 - “Why we do things the way we do them”

Old Ways of Doing Work

- “Business disaggregated work into narrowly defined tasks, re-aggregated the people performing those tasks into departments”
- Focus on
 - Organization Control
 - Hierarchical information flow
 - Cost

Old Ways of Doing Work

□ Consequences

- Fragmented work, lack of integration
- Narrow local goals are sub optimal
- Unclear accountability
- Hand-off of work between units

Essence of Reengineering

- Cross-functional perspective
- Team work
- Understand how business value is created
- Question underlying business rules
- Use of IT
 - To enable new processes, not to automate old ones

Principles of Reengineering

1. Organize around outcomes, not tasks
2. Have those who use the output of the process perform the process
3. Subsume information-processing work into the real work that produces the information
4. Treat geographically dispersed resources as though they were centralized

Principles of Reengineering



- 5. Link parallel activities instead of integrating their results
- 6. Put the decision point where the work is performed, and build controls into the process
- 7. Capture information once and at the source

Potential Issues

- External partners need to adapt (vendors, customers)
- Compensation and performance evaluation schemes need to be aligned and adapted
- Organizational/departmental structures need to be changed
- Top-level executives must drive the reengineering effort

Video Exercise

“A Tale of Two Invoices”

Discussion Questions

- What has ProductIFF Inc done differently than Manuel Enterprises? Which principles/essences have they used?
- What could ProductIFF Inc do further?
 - Which other principles have they not used?
 - What might their process look like then?
 - What problems might they run into?
- Do you think a workflow management system like the one used by ProductIFF Inc embodies Hammer's notion of technology in the process reengineering?