Business process management

Business, Strategic Management

1A: How does a process perspective of organisations differ from a functional perspective? The process perspective is a factor that offers contribution to the planned impact of businesses in four separate ways. First is cost control: controlling costs by continuation of process efficacy. Second is revenue: augmenting the ability of the business to create higher revenue through it's' products and services quality that the business offers its' consumers. Third are capabilities: surrounding the companies' capabilities will create the foundation of the business's future contention. Finally are investments: getting the maximum return on each investment by certifying that they operate as projected. Process perspective business also tears down walls of the structural aspects of the company and attempt to avoid operating silos. These silos cause each departmental structure to depend solely on its purpose aside from understanding its contribution and value within the organisation. Strategic value of this perspective is from not only the analysing of the existing process, but also learning which areas need improvement. The supporting processes, which are used to achieve goals, are business process improvement. This is the core of process perspectives. Business processes need to be created and instilled to add value and contention to the company, not the inclusion of unnecessary actions. The result of a finely created business process results in value for the consumers through increases in overall effectiveness and lower costs for the business through higher efficacy. Process development is usually seen as an automated process that results in job losses. Even if these are results of process improvements, this is not the ultimate reasoning for it. Process perspective is defined as the interrelated sequential set of actions and responsibilities that turn input into output. The focus of cross-functional and optimal values is the goals of the organisation. These values are created through three separate steps. First is the identification of the customers. Second is the identification of said customers' obligations. Third is the clarification of the value that each one of these individual processes adds to the goals of the organisation. Process oriented managers often become agents of change, assisting others to consider how IS and the strategies within the organisation support the business's strategies overall. To avoid work duplications and cross-functional communication issues, organisational effectiveness is necessary. There are two highly popular methods for the transformation of businesses. They are: Business process reengineering (BPR), also called radical business process improvement. Incremental (continual) process improvement completed in union with total quality management (TQM). Both see business as a series of processes versus a functional hierarchy Managing these from a business process perspective in a functional organisation tends to end up in lesser performance rates, and these managers may stand on a business process perspective in the creation of value of the organisation. Each of these processes of business need to have: A beginning and an end Input and output Sub-processes that turn input into output Steps that measure effectiveness What is important here is: A process that creates value for the consumer Processes that efficiently combine sub-process handoffs across functional boundaries Elimination of non-valuable activity Assemblage of processes capable of responding to unique requests of the consumer Limitations to functionally organised companies Functionally organised companies often perform below optimum for three common reasons. First, individual sectors reproduce the same information found elsewhere within the organisation. Second, communication gaps that exist. Third, the functional structure tend to become embedded disallowing for reorganising. 1B: Develop a service industry example (e. g. financial services, legal practice, consulting, engineering, etc.) to demonstrate how the concept of a value chain can be adapted for service industries? Any business will generate profit if the value created by it adds to or is higher than the original costs to manufacture goods or services. In Porter's Framework, each business has nine different and distinct value actions that assist in the creation of a value chain. There are also five actions that create, market and deliver products to consumers, following that service and support. Incoming parcels requires receipt, storage and distribution of each of the materials that are inputs to the goods or services of the company. These actions consist of materials handling, inventory control, distribution scheduling, warehousing and suppliers' returns Operational activities create inputs for the last goods or services which include machining, assembling, maintaining equipment, packaging, testing and operations Outgoing parcels require the distribution of the end goods or services to the consumer which includes material handling, warehousing, delivery, processing of orders and scheduling Sales and marketing actions assist in the selling of goods and services, which include advertisements, promotions, sales teams, channel selection and relations and costs Service actions supply repairs and maintenance for the value of each good or service, which includes installation, repair, parts supply, training and adjustments Every one of these individual actions adds value as each product or service is made. Dependent on the industry, certain operations are more vital than others in reference to the competitive advantage the company may have. Most often, logistics are the most critical of all operations to the distributor. For the manufacturer, production is often the most vital. All categories of actions exist in some form and degree in all businesses, and have their part in its competitiveness. These primary actions are all possible with four supporting actions. Each support is divisible into a large number of value added actions that are industry specific. Infrastructure includes the organisations actions and functions that are supportive of the chain of value. Each company’s infrastructure contains general management, accounting, planning, government affairs, and finance, legal and quality management. This infrastructure is supportive of the entire chain of value, not solely individual actions. Human resources management correlates to the hiring, training, recruiting and compensation of employees’ wages and benefits. This department directly affects the competitiveness of the company through the cost of training, hiring, recruiting, motivation and assessment of each employee’s skills. The development of technological activity allows for the improvement of goods or services with knowledge, procedure and technological equipment that is business specific. This technological development takes shape through basic research, media research, process equipment designing, product designing and service methods. In some businesses, it is related to the goods and supports the whole value chain, while others may be linked to other specific actions. Acquisition is the action of purchasing the input that is needed in the business’s chain of value. This can include materials, machinery, supplies and a building for each of these actions. The separation of the acquisition through the entire business may make the total purchases ambiguous, so that they receive fewer enquiries than others do. Often, the cost of acquisitions has a large impact on the business's overall cost effectiveness and demarcation. Although some businesses in the same vein of industry have similar chains of value, the differences among each are the primary source of competitive advantage. Each company's chain of value will differ for each item in its product lines, buyers, distributors and geography. Value is defined as the dollar amount that consumers are willing to pay for the goods and services that a business is providing them. This value is determined by the total amount of revenue that was created from the cost and the number of units of each product sold. A company is considered profitable if its value exceeds the cost of creating the goods or services. In the chain of values, valuable actions are the technologically and physically specific operations that a company achieves that create a product or service that is valuable to its consumers. Margins are the difference between the total value and the overall cost of the performance of these value actions.