JURUSAN TEKNOLOGI INFORMASI
POLITEKNIK NEGERI MALANG

Analisa Proses Bisnis

Pertemuan 3
Process Identification

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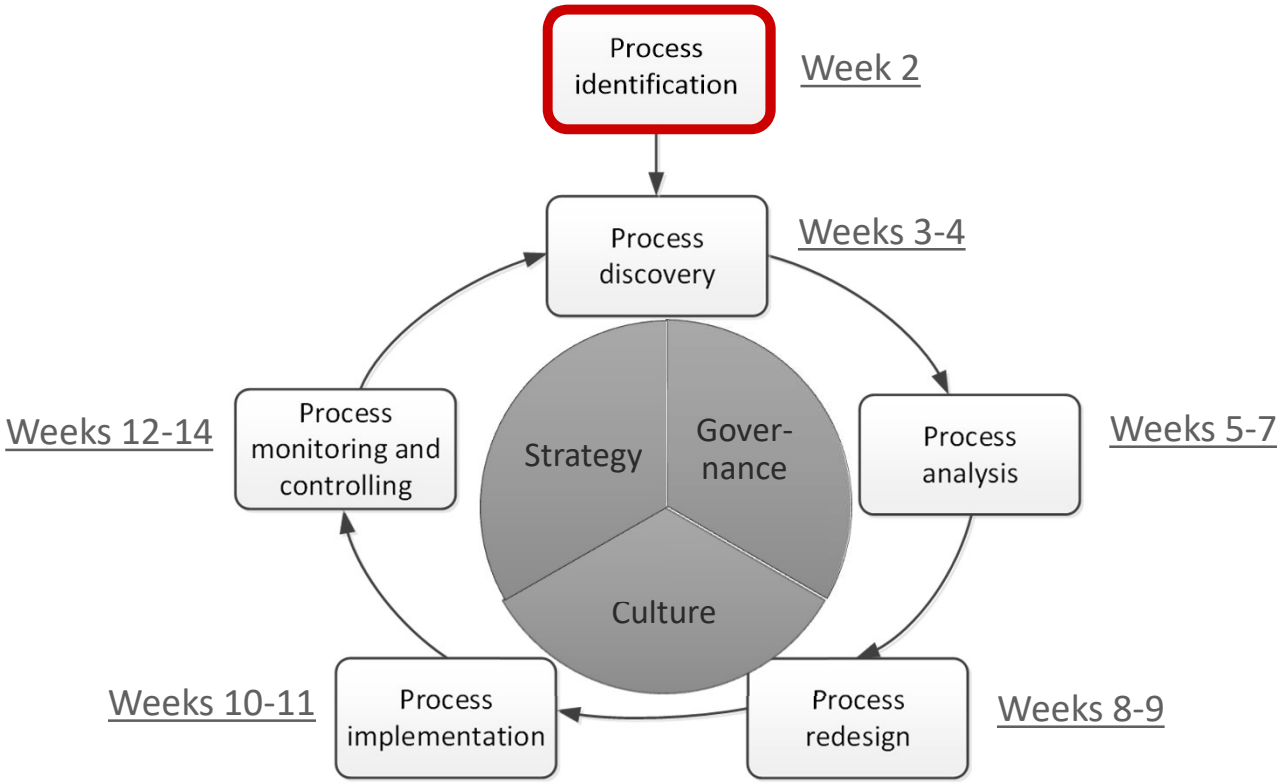
Program Studi Sistem Informasi Bisnis

Course structure



Process identification

What?

1. Identify an organization's business processes
2. Prioritize their management based on certain criteria

Why?

1. Understand the organization
2. Maximize value of BPM projects

Process identification steps

1. Designation step
   - Enumerate main processes
   - Determine process scope

→ Process Architecture

2. Prioritization step (aka Process selection)

   Prioritize processes based on:
   - Importance
   - Health
   - Feasibility

→ Prioritized Process Portfolio

After Davenport (1993)

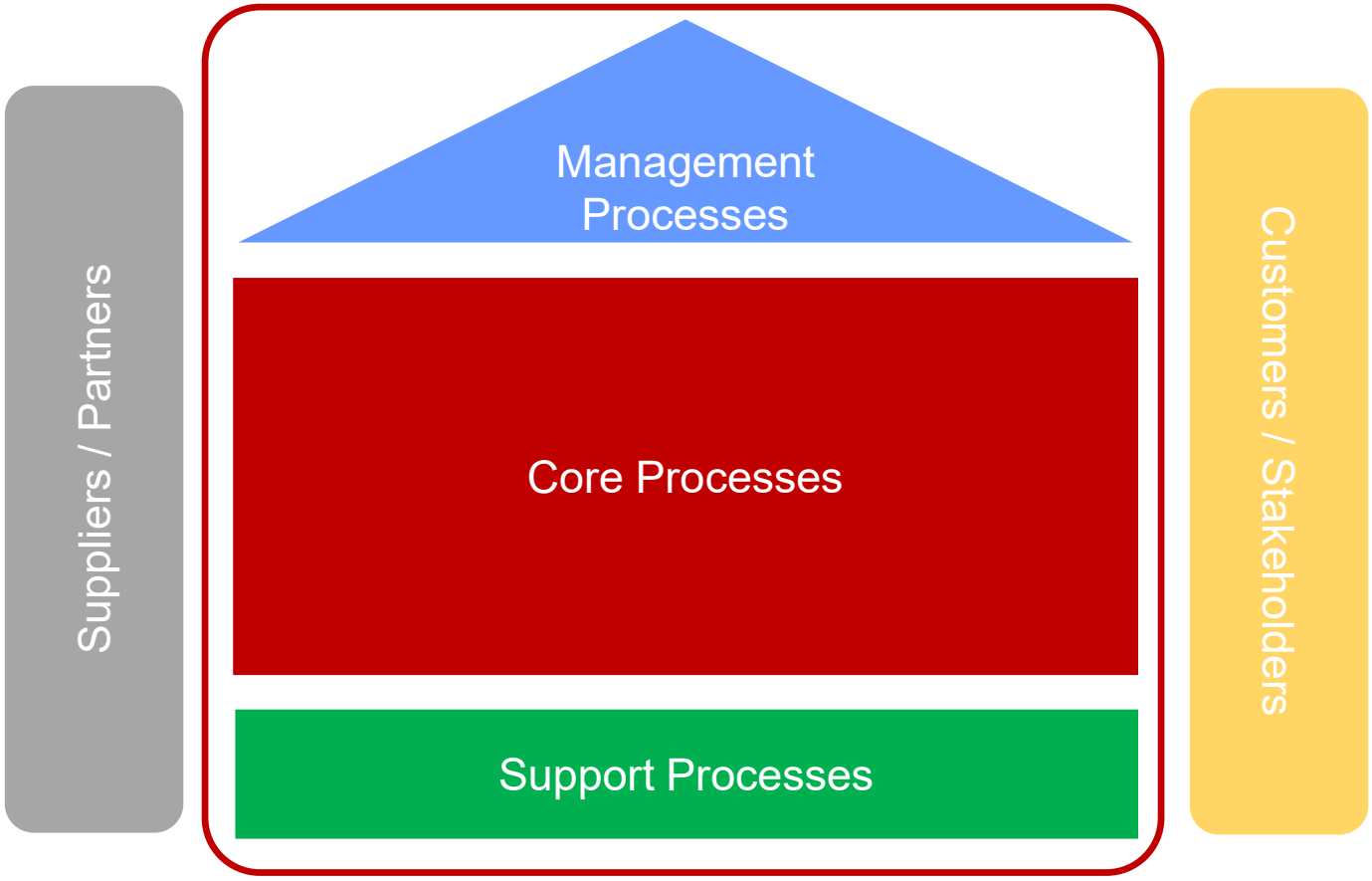
Process Enumeration

“Most businesses have just three core processes:

1. Sell stuff
2. Deliver stuff
3. Making sure you have stuff to sell and deliver”

Geary Rummler

Porter: Types of processes



After Michael Porter (1985)

Example: core, support and management processes

Grocery Wholesaler

Core processes

- Sales (lead-to-quote, quote-to-order, order-to-cash)
- Purchase-to-Pay (direct procurement, e.g. supplies replenishment)
- …

Support processes

- Purchase-to-pay (indirect procurement, e.g. parts replenishment, operational resources replenishment…)
- HR (policies update, recruitment, induction, probation…)
- …

Management processes

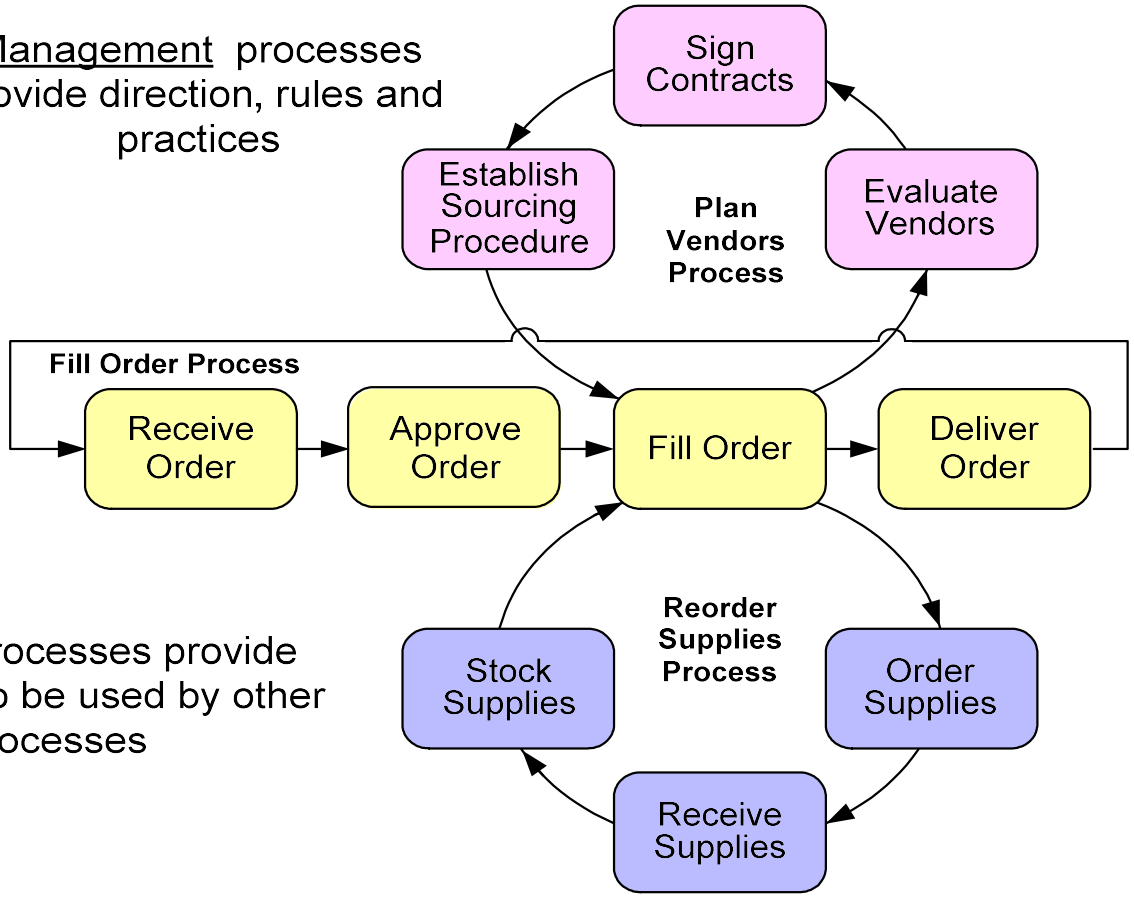
- Suppliers management (suppliers planning, suppliers acquisition…)
- Logistics management (logistics planning, logistics controlling…)
- …

Relations between core, support, mgt processes

Management processes provide direction, rules and practices

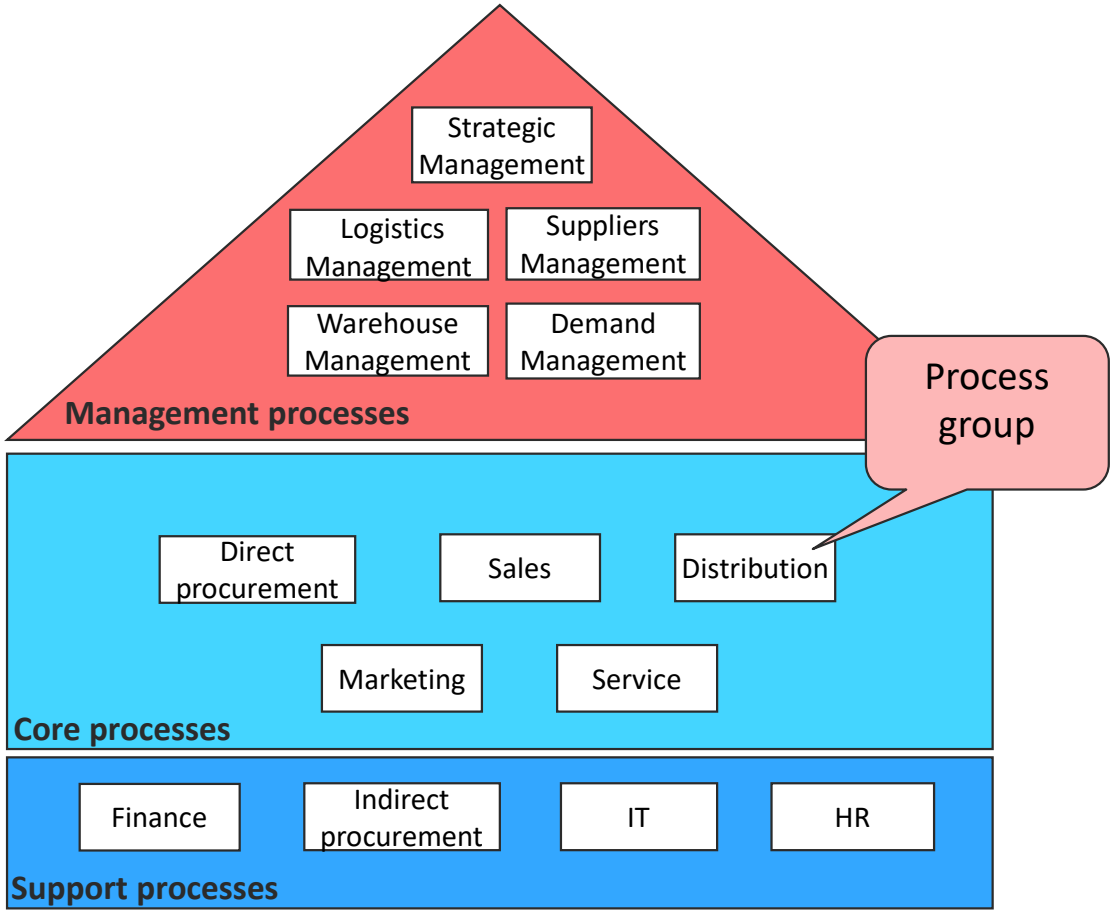
Core processes generate value as they are directly linked to external customers

Support processes provide resources to be used by other processes



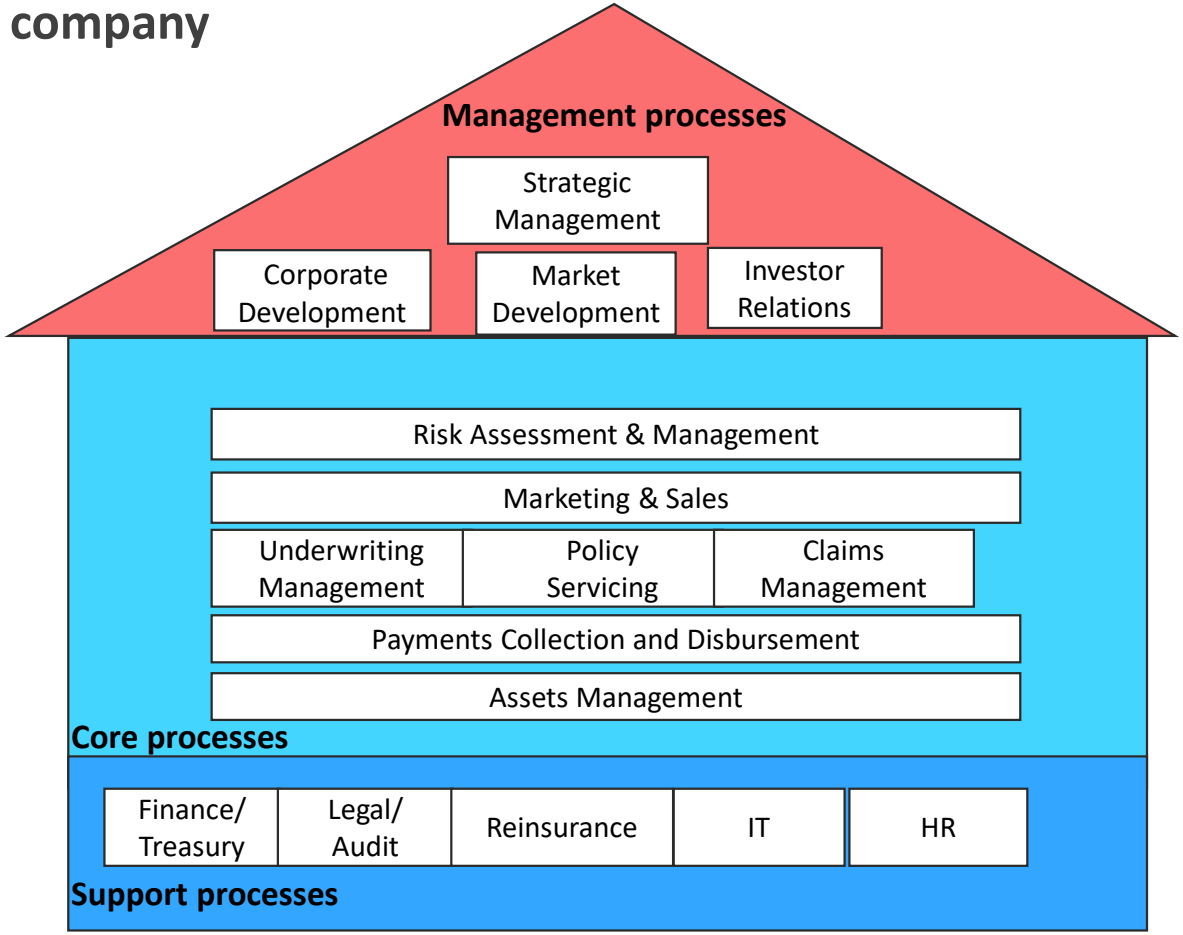
Example: process architecture

Wholesaler



Example: process architecture

Insurance company



Exercise: classify by process type

These groups of processes are typically performed at a university. Categorize each process group as core, support or manage

Sport services

HR

Indirect procurement

Strategic Management

Teaching degree courses

IP Management

Marketing

Curriculum Management

Additional services mgt

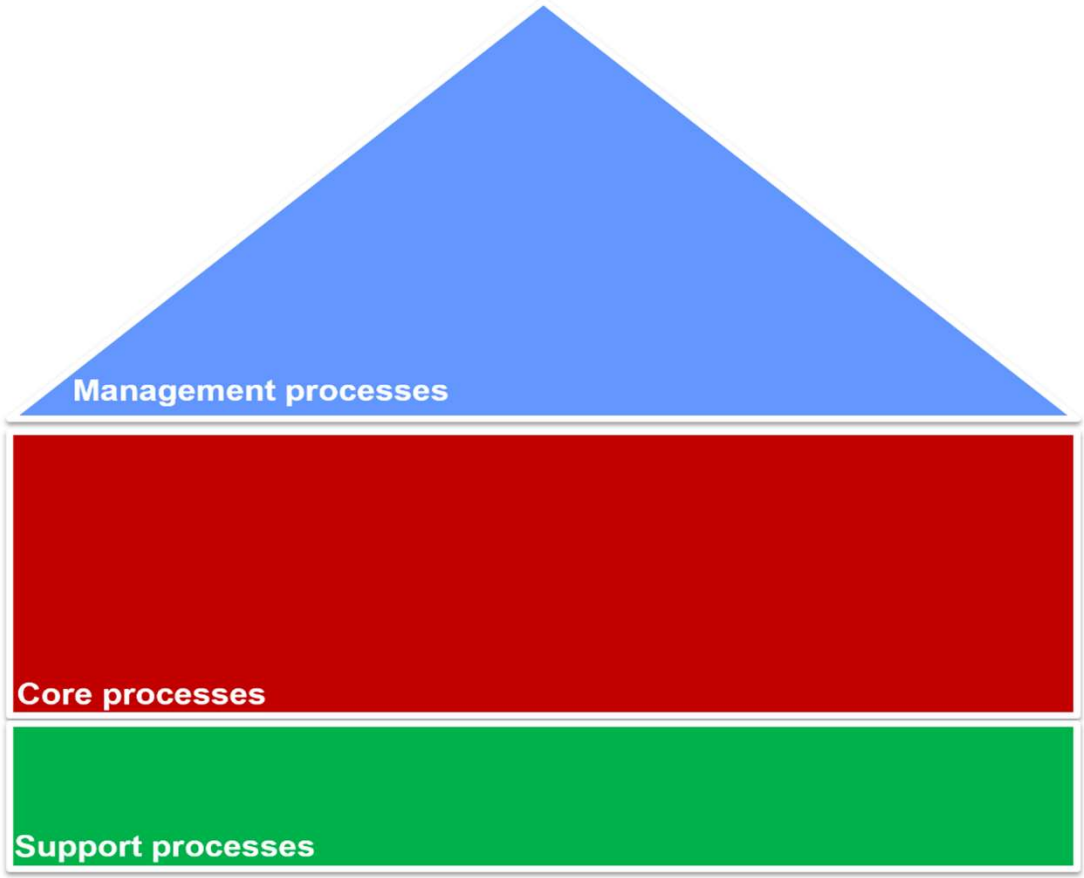
Language training

Admission

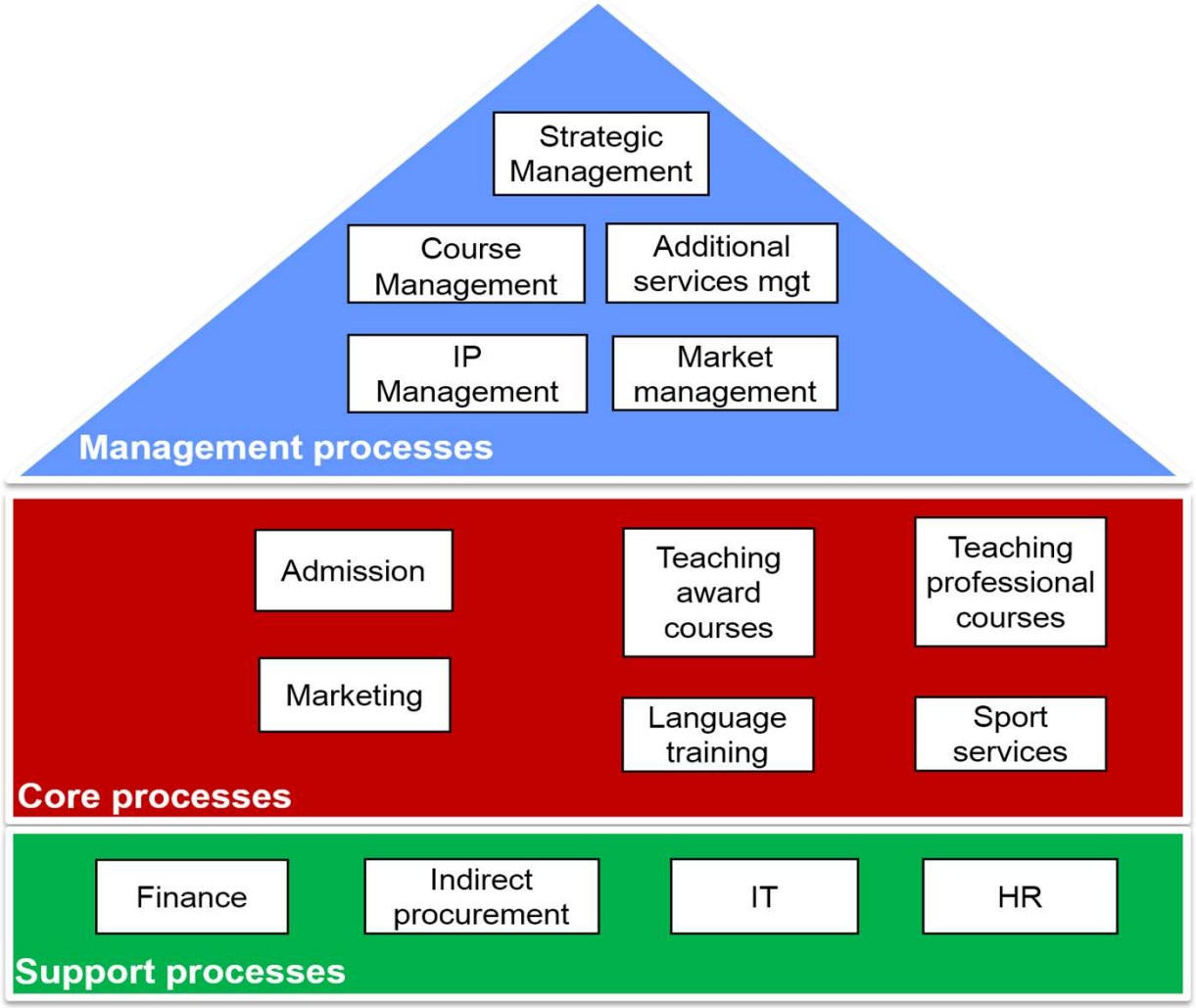
IT

Market management

Teaching professional courses



Solution: identify process types



Process scoping

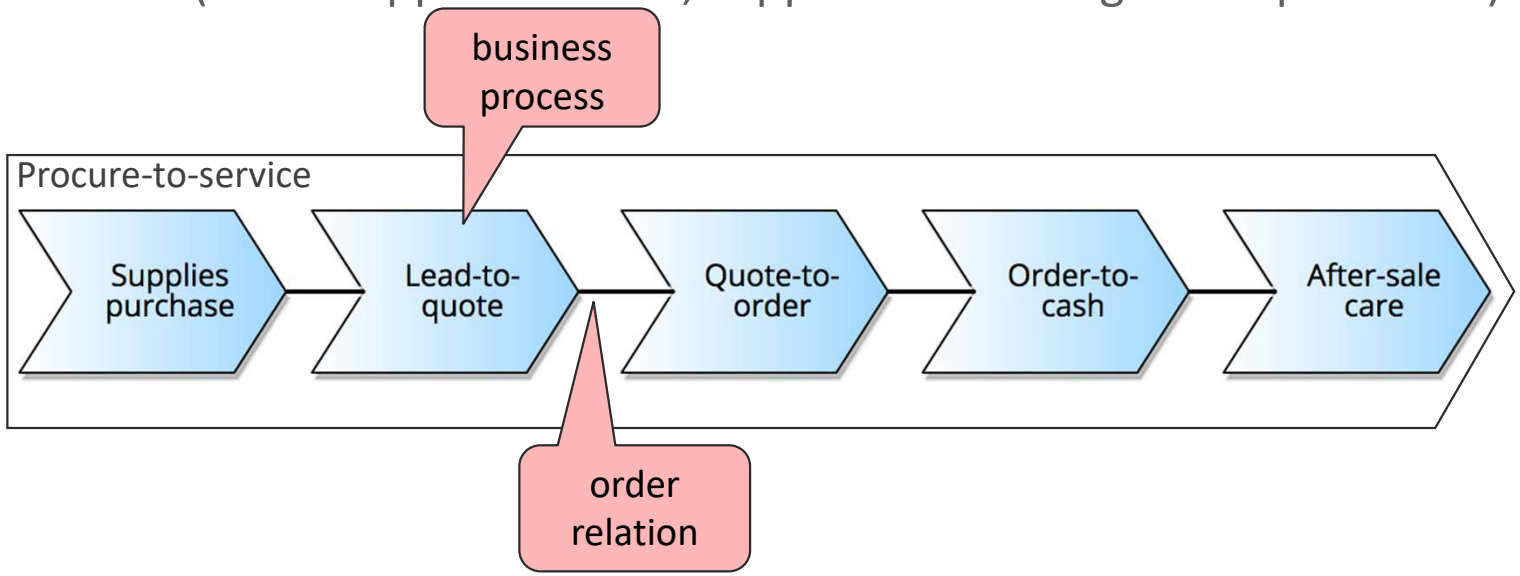
Processes are interdependent → insights into interrelations required

- Specialization: general – special product/service
- Horizontal: upstream – downstream processes and their value chains
- Vertical: main processes – sub-processes

Process architecture

Value chain modeling

- Chain of *processes* an organization performs to deliver value to customers and stakeholders
- More generally, a mechanism to group high-level business processes according to an order relation (can be applied to core, support and management processes)



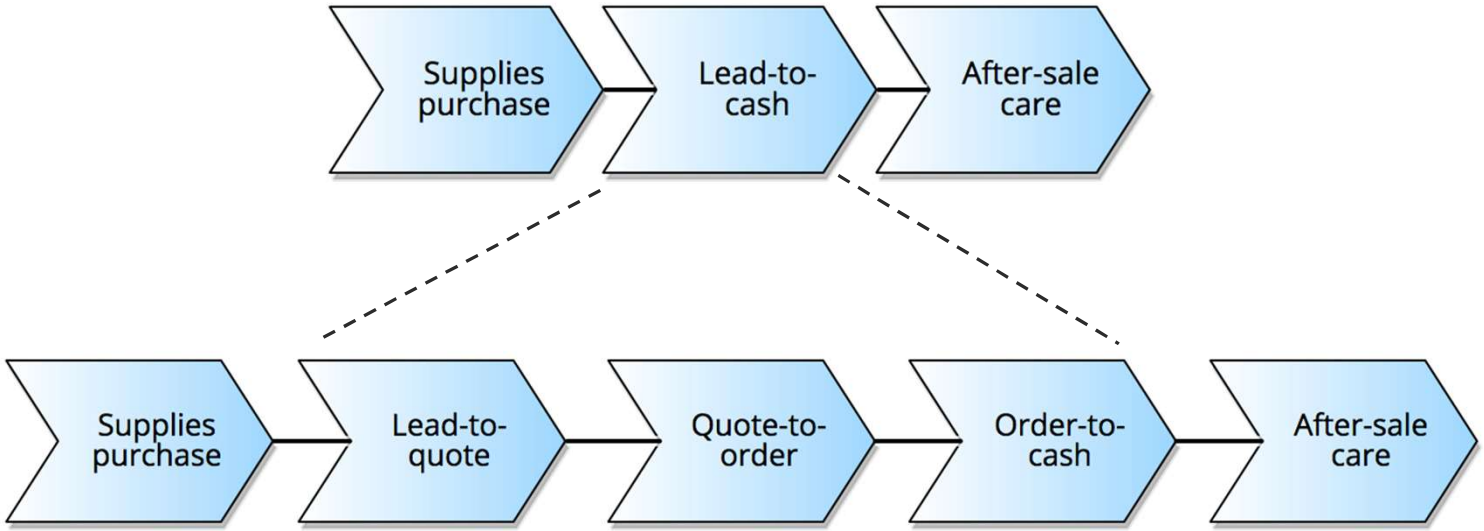
Guidelines to identify horizontal boundaries in value chains

1. Change of key business object in the process
2. Change of granularity of main business object
3. Change in frequency/time
4. Change in intermediate outcome/resolution/objective

Example: value chain

Wholesaler

Core processes

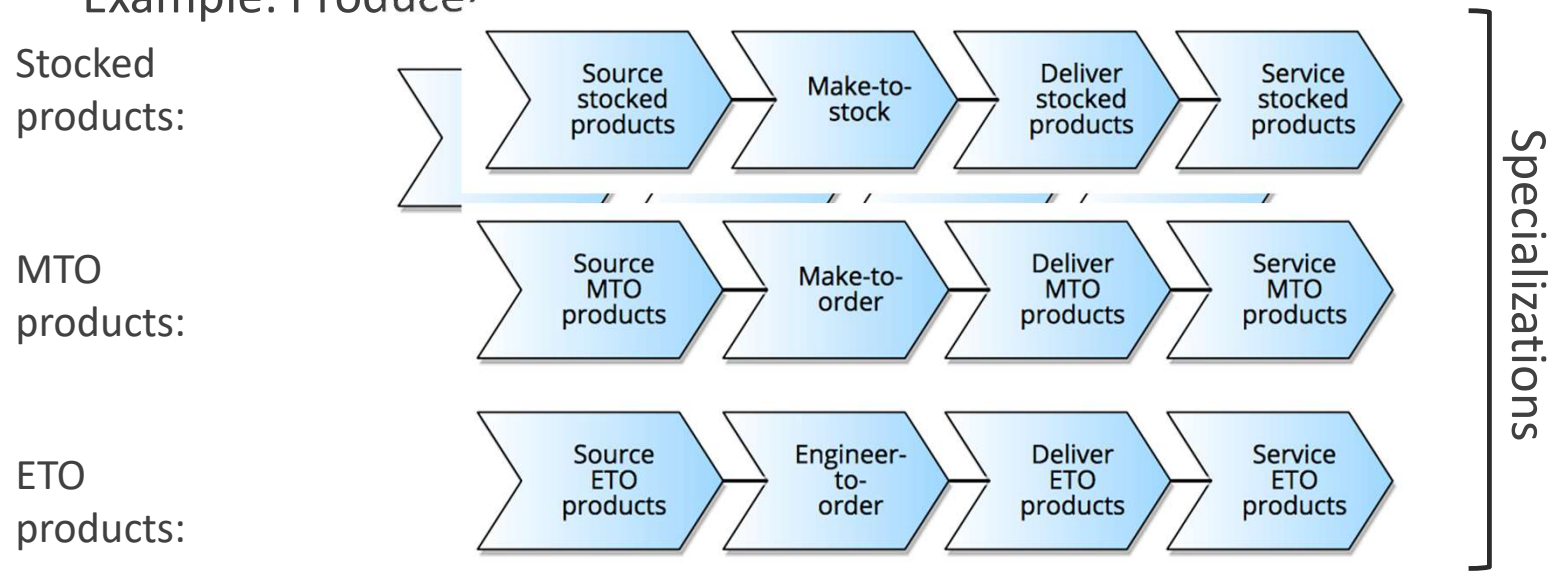


Typical value chains for core processes

Think around three main steps:

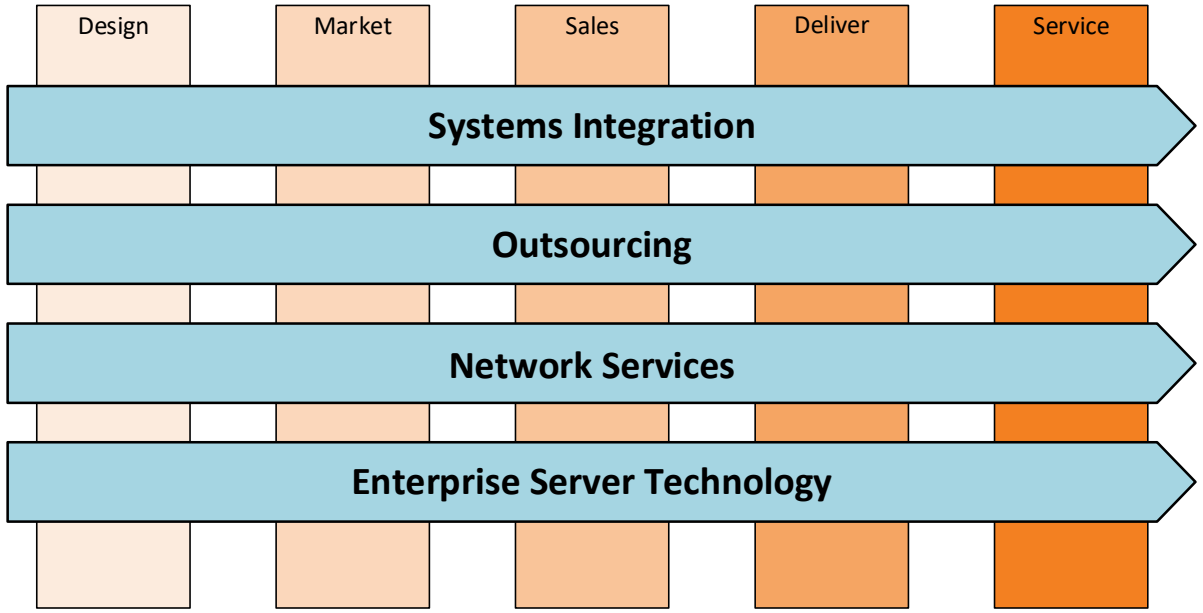
- Imagine it (design new product/service)
- Build it (source, assemble, deliver product/service)
- Sell it (market, sell, service product/service)

Example: Producer



Example: value chains for service provider

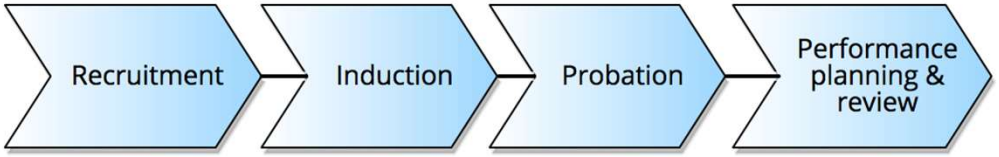
IT service provider



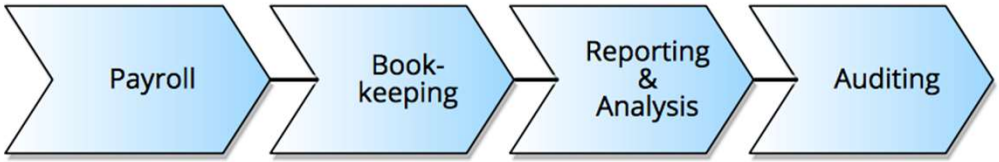
Example: value chain of non-core processes

Support processes

HR:



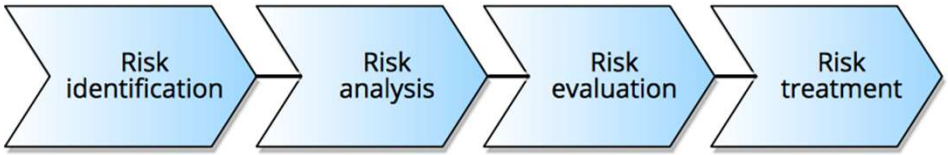
Accounting:



Management processes

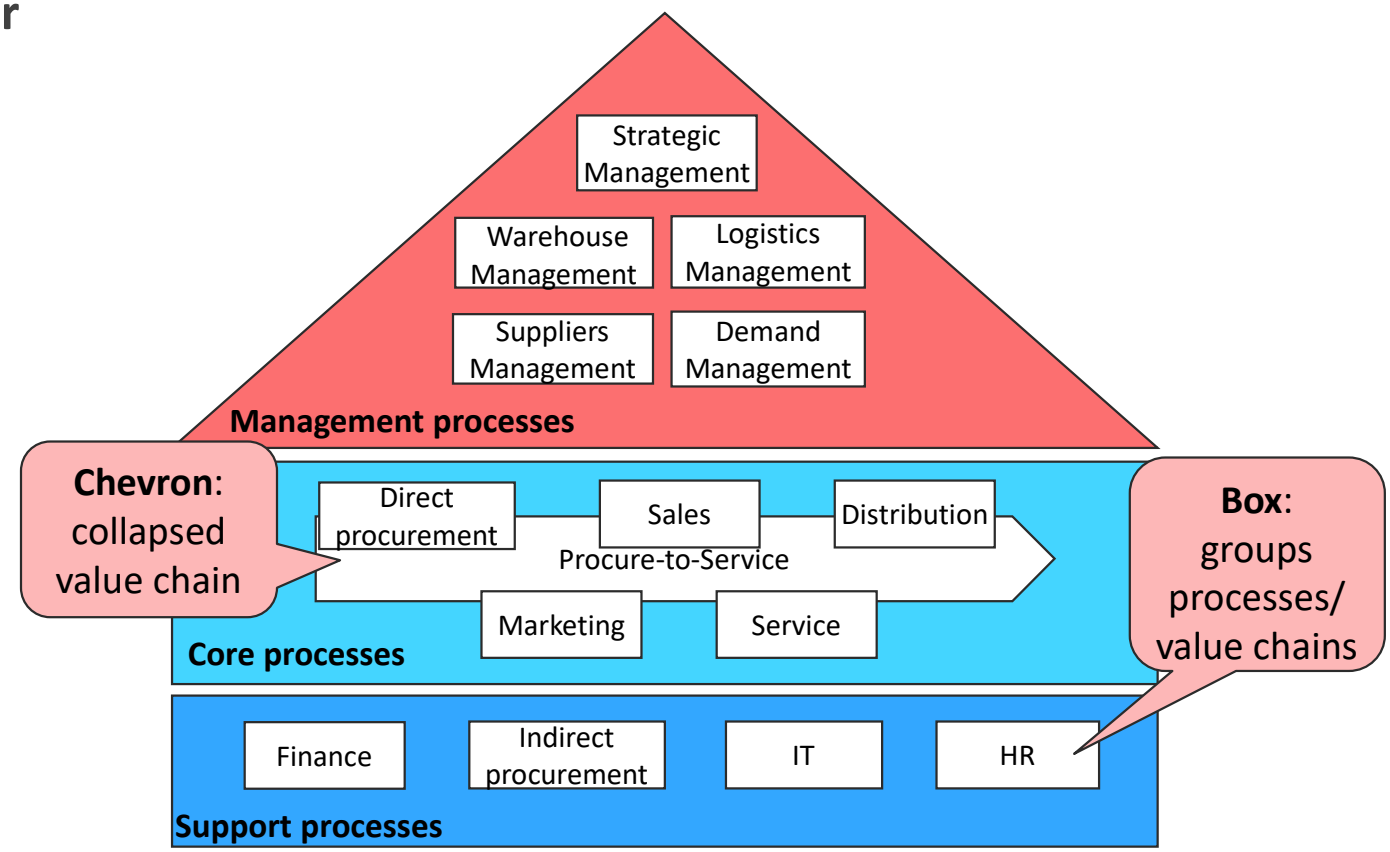
Suppliers management:

Risk management:

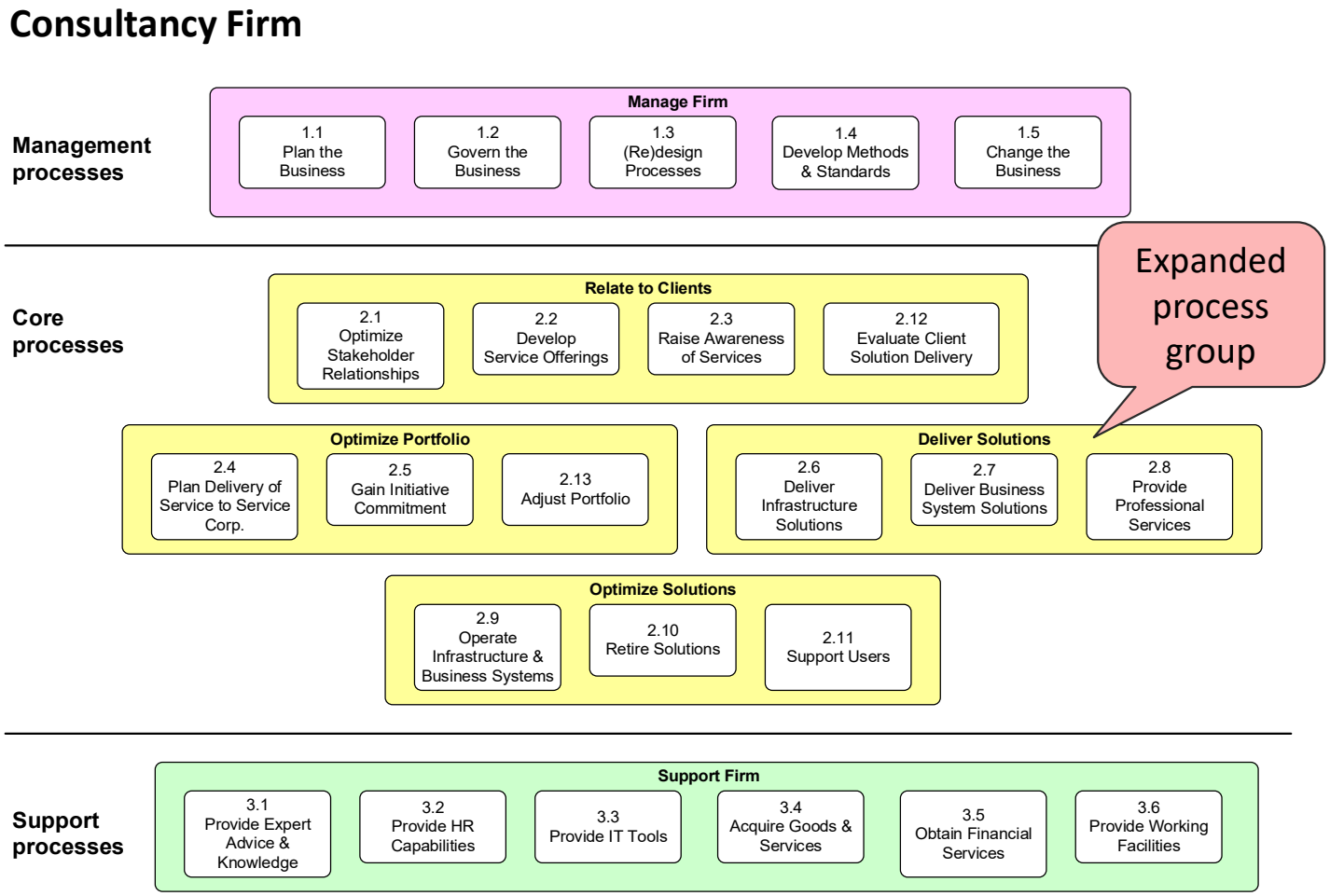


Example: process architecture & value chains

Wholesaler



Alternative: process architecture – groups



Typical artifacts for vertical scoping

Typical focus of Process enumeration

Value chains

Chains of processes. Stay at a high level. Rule of thumb: 3-7 processes

- *Procure-to-service, Risk management*

(Root/Main) Processes

Build up value chains and affect each other. They are abstract

- *Lead-to-quote, Quote-to-order, Order-to-cash*

Subprocesses

These are detailed, involve multiple activities and can be layered on different levels.

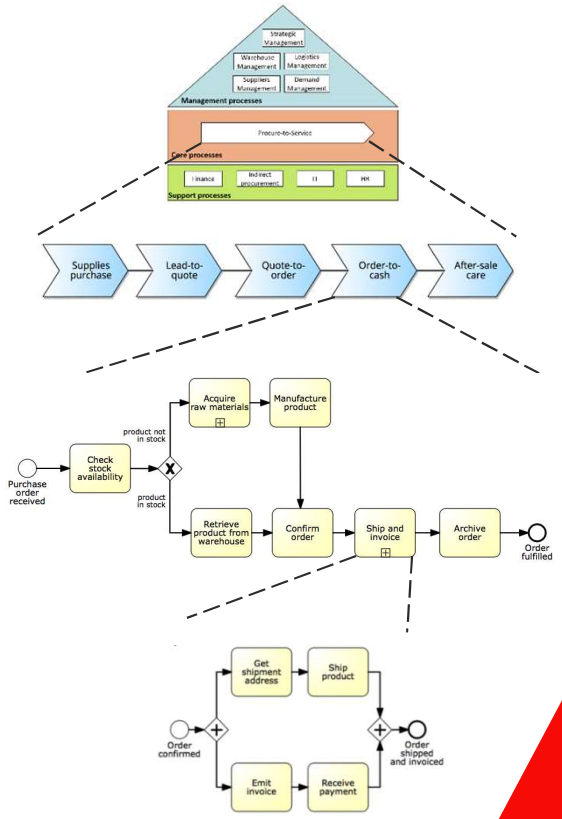
- *Order shipment, invoicing*

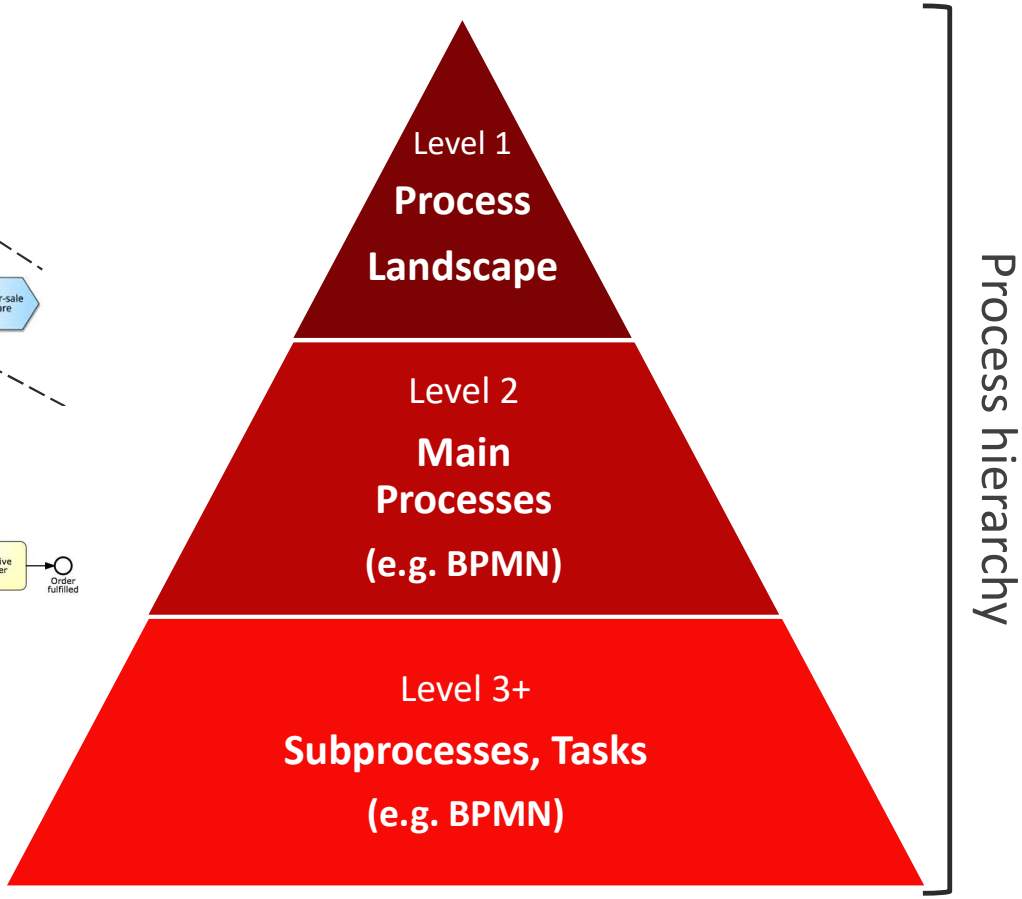
Tasks

These are atomic and performed by human resources, IT systems or equipment

- *E.g. Approve invoice*

Process architecture: hierarchical view

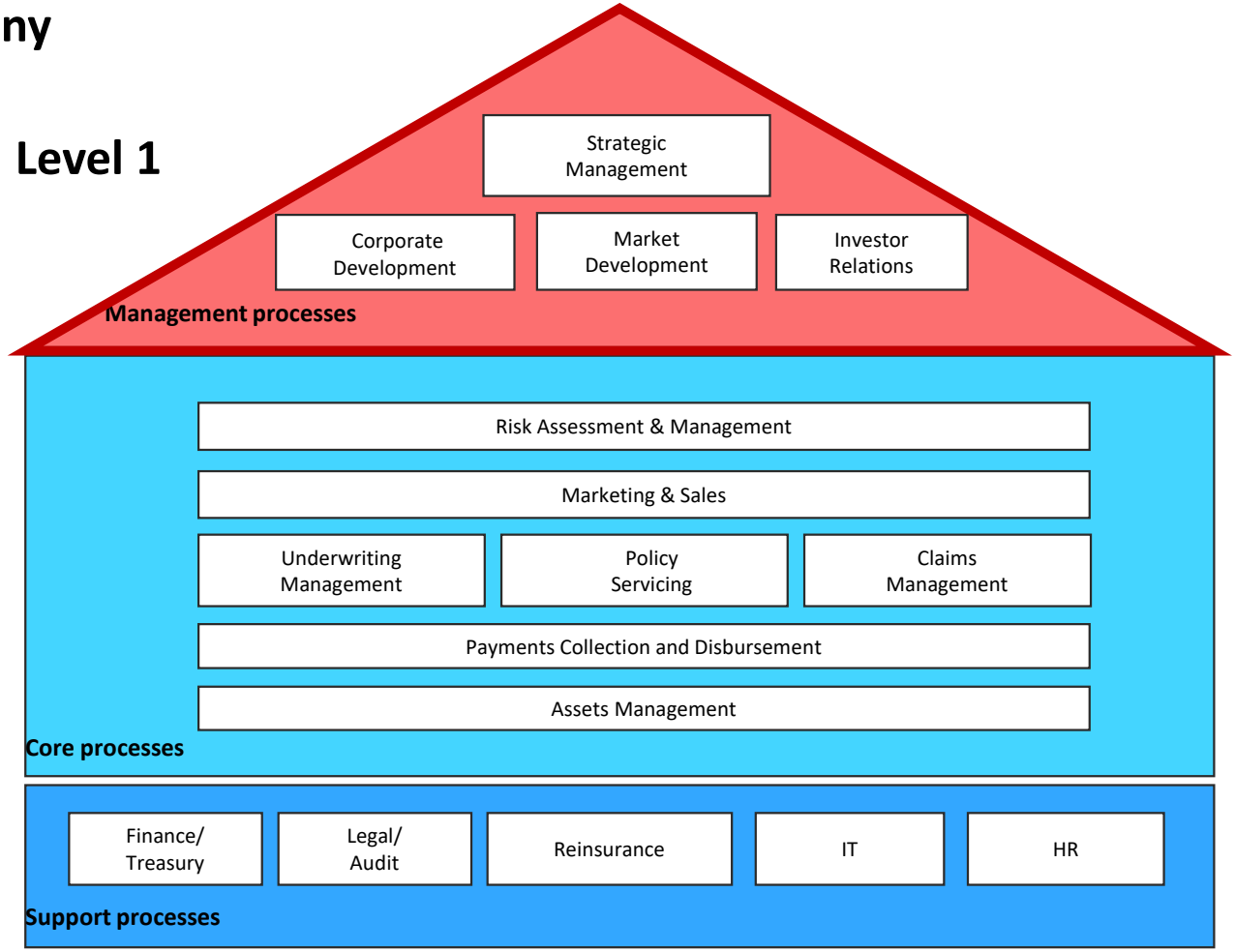




How many levels in the process architecture?

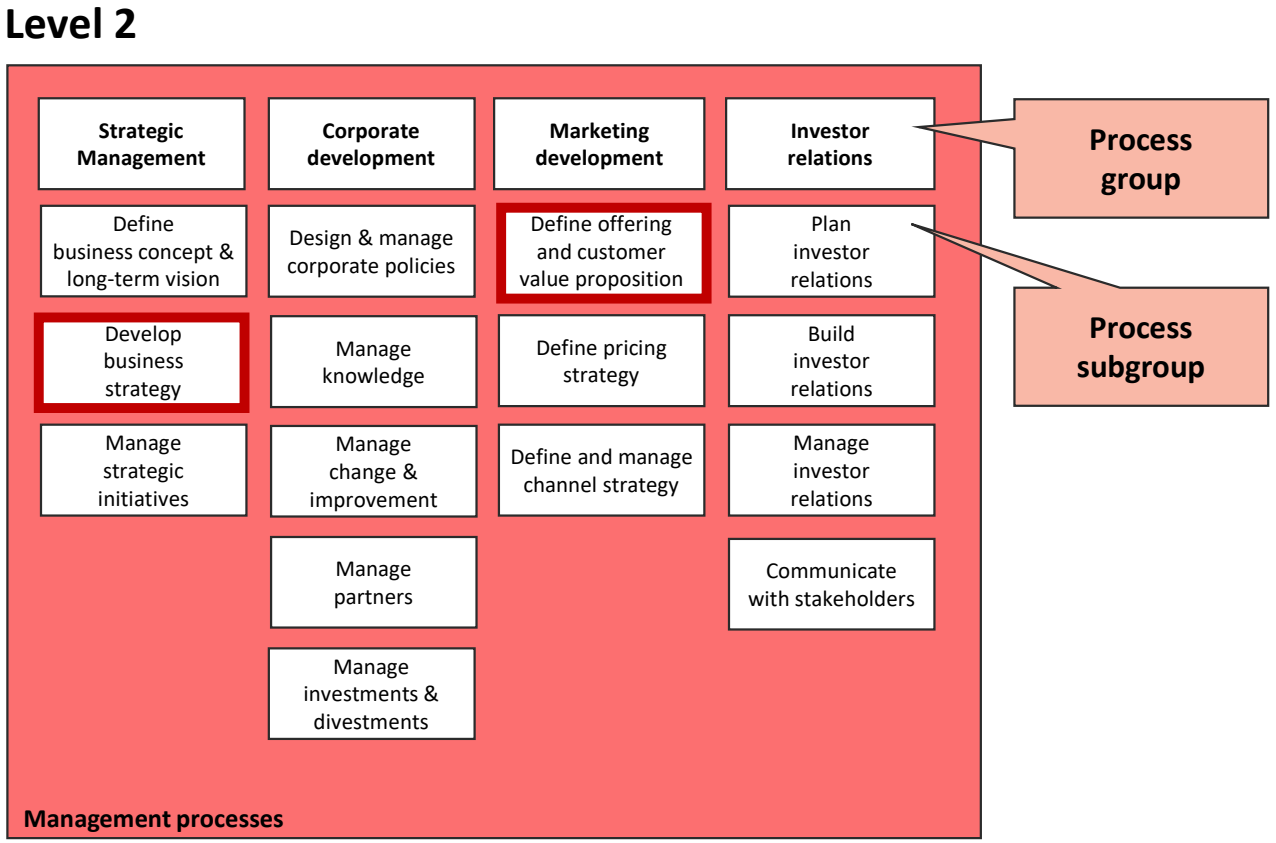
Example: hierarchical process architecture

Insurance company



Example: hierarchical process architecture

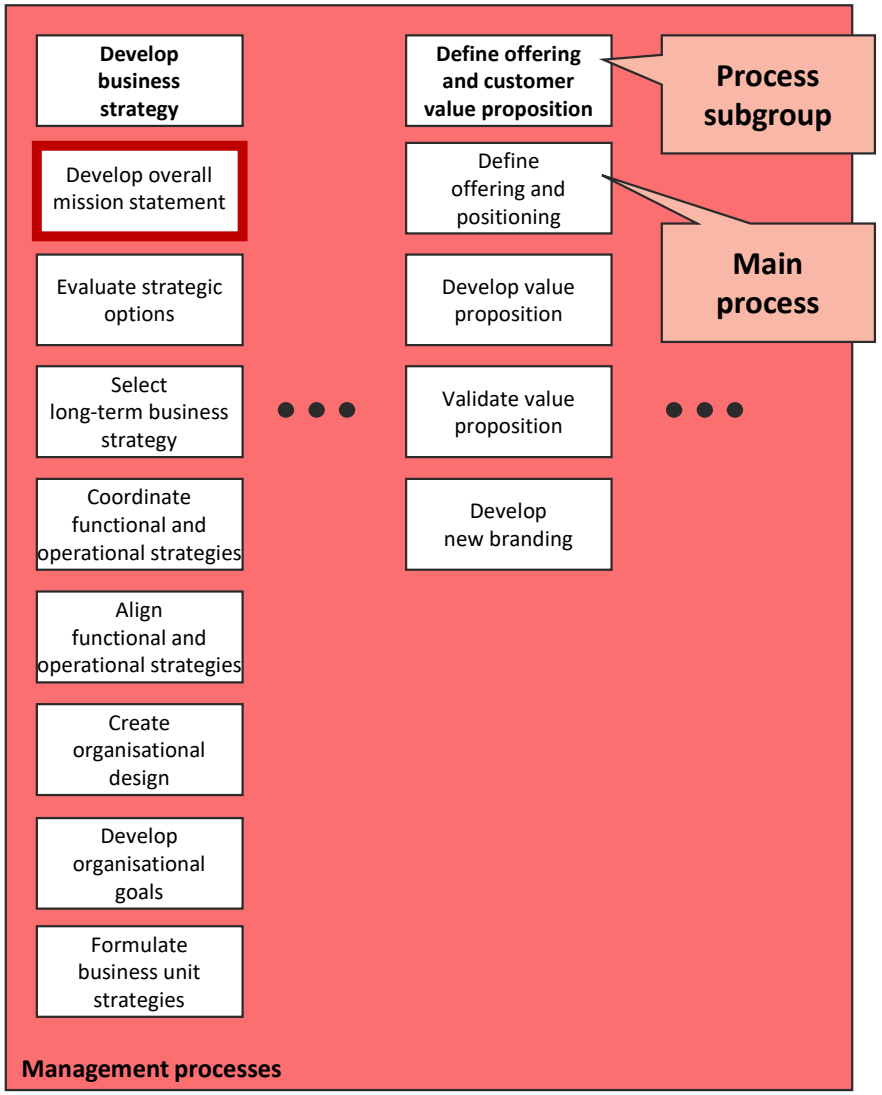
Insurance company



Example:
process architecture

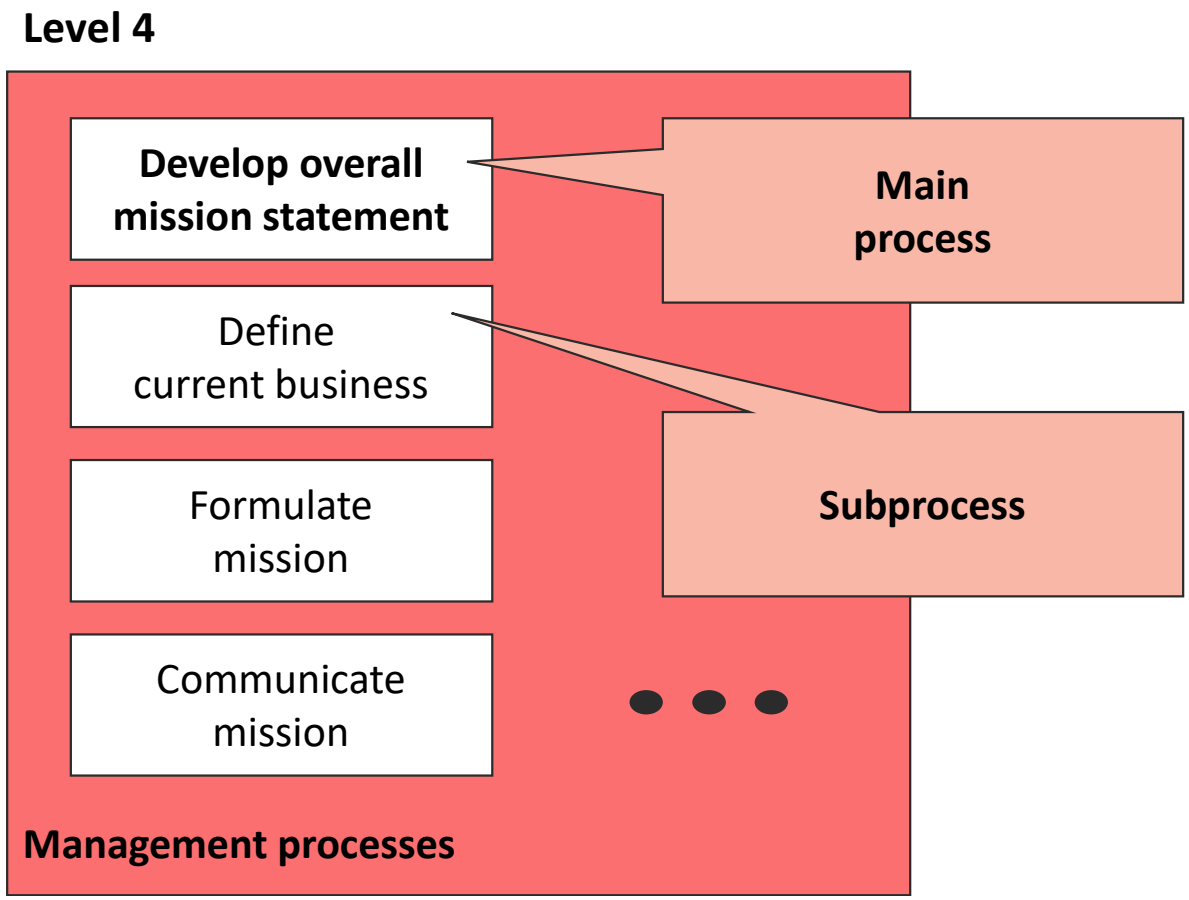
Insurance company

Level 3



Example: hierarchical process architecture

Insurance company



Designation via reference models

A reference model is used as a template to design the process architecture

Examples:

- Information Technology Infrastructure Library (ITIL)
- Supply Chain Operations Reference Model (SCOR)
- Process Classification Framework (PCF)
- Control Objectives for Information Technology (COBIT)
- Value Reference Model (VRM)
- Voluntary Interindustry Commerce Solutions (VICS)
- eTOM Business Process Framework

Example: APQC Process Classification Framework (PCF)

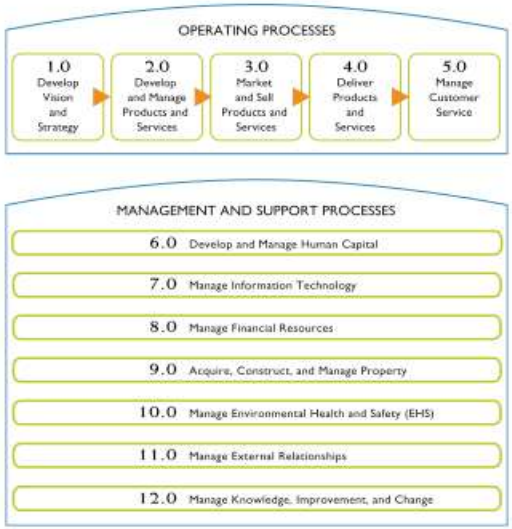
- Industry-neutral enterprise model
- Open standard for benchmarking
- Four levels
  - Categories
  - Process group
  - Process
  - Activity

THE FRAMEWORK FOR PROCESS IMPROVEMENT

Experience shows that the potential of benchmarking to drive dramatic improvement lies squarely in making out-of-the-box comparisons and searching for insights not typically found within intra-industry paradigms. To enable this beneficial benchmarking, the APQC Process Classification Framework℠ (PCF) serves as a high-level, industry-neutral enterprise process model that allows organizations to see their business processes from a cross-industry viewpoint.

This cross-industry framework has experienced more than 15 years of creative use by thousands of organizations worldwide. The PCF provides the foundation for the Open Standards Benchmarking Collaborative℠ (OSBC) database and the work of its advisory council of global industry leaders. The PCF will continue to be enhanced as the OSBC database further develops definitions, processes, and measures. The PCF and associated measures and benchmarking surveys are available for download and completion at no charge from the Open Standards Benchmarking Collaborative Web site at www.apqc.org/OSBCdatabase.

To capture the value inherent in intra-industry benchmarking, industry-specific frameworks are also available on the APQC Web site. Organizations can therefore choose the framework most relevant to specific process improvement needs, whether benchmarking, business process management/re-engineering, or content management.



HISTORY

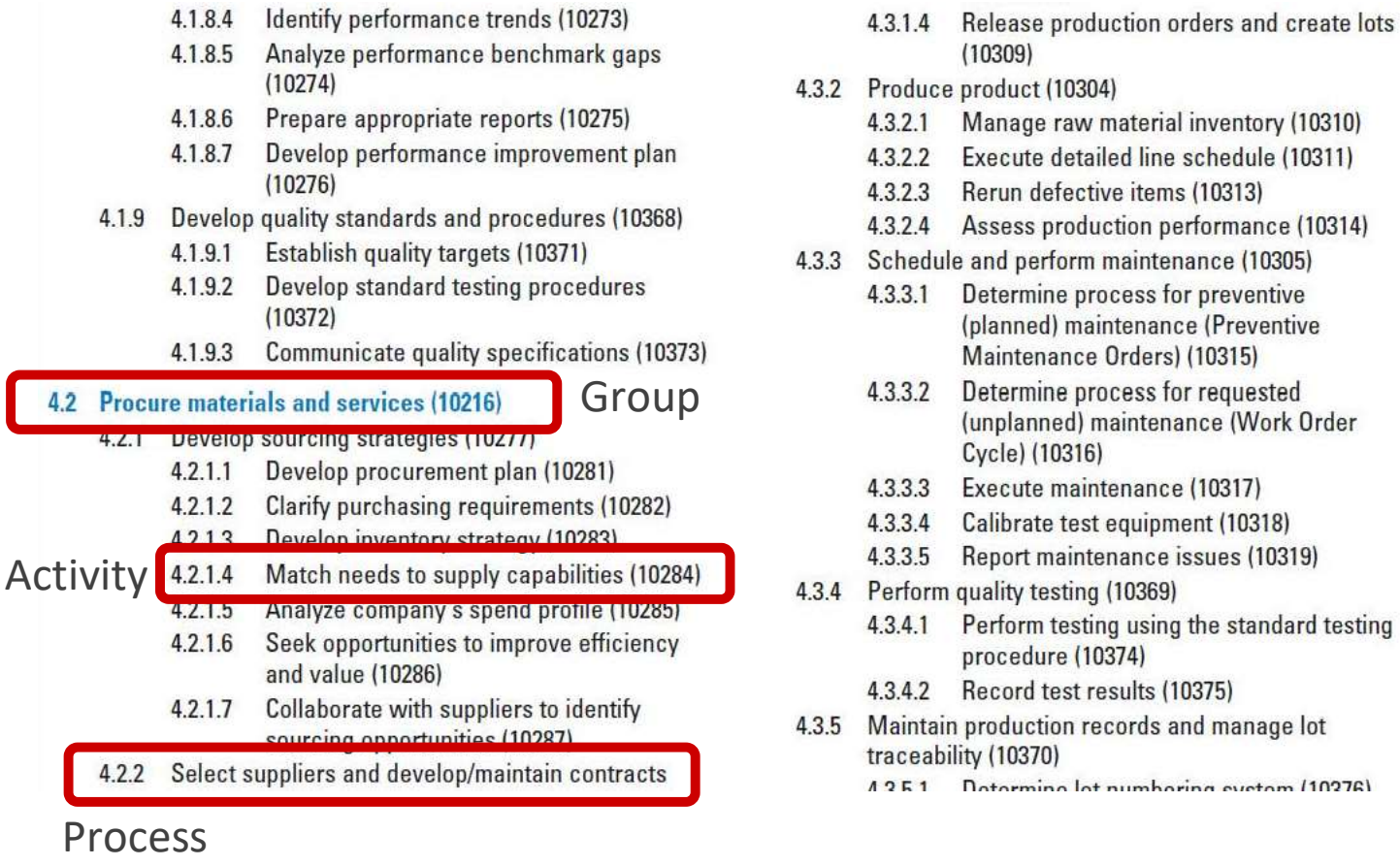
The Process Classification Framework was originally envisioned as a taxonomy of business processes and a common language through which

APQC would like to acknowledge the contributions of the various member organizations and individual members that have contributed

APQC PCF Overview

Category

APQC Classification Framework



Prioritization (aka Process Selection)

1. **Importance**

   Which processes have greatest impact on the organization‘s strategic objectives?

2. **Health (or Dysfunction)**

   Which processes are in deepest trouble?

3. **Feasibility**

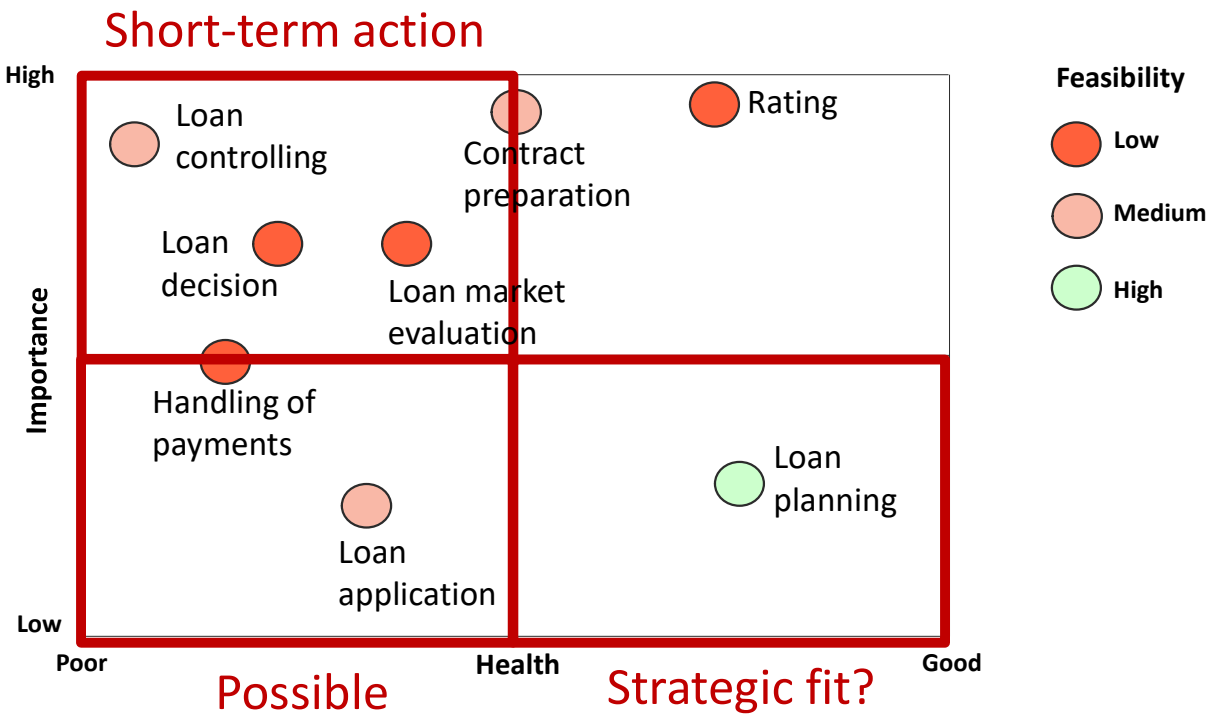
   Which processes are most susceptible to successful process management?

Prioritized process portfolio

Hammer, Champy (1993)

Example: prioritized process portfolio

Financial institution



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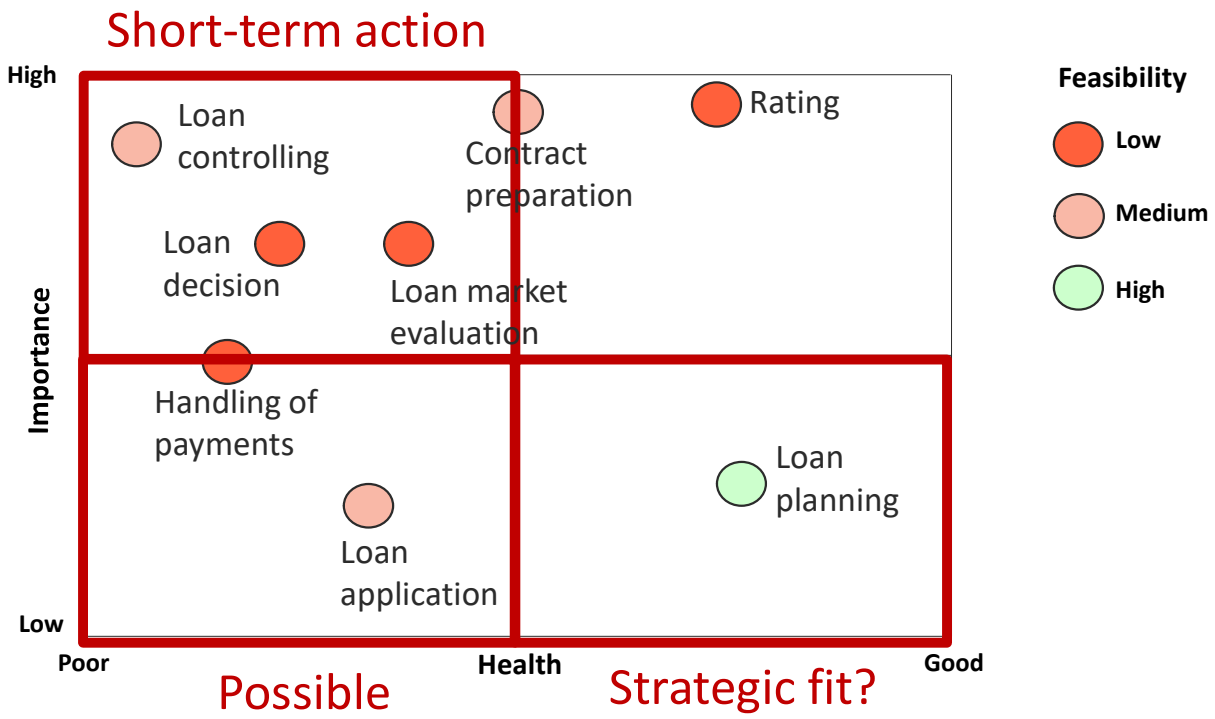
Prioritized process portfolio

Hammer, Champy (1993)

Example: prioritized process PICK chart

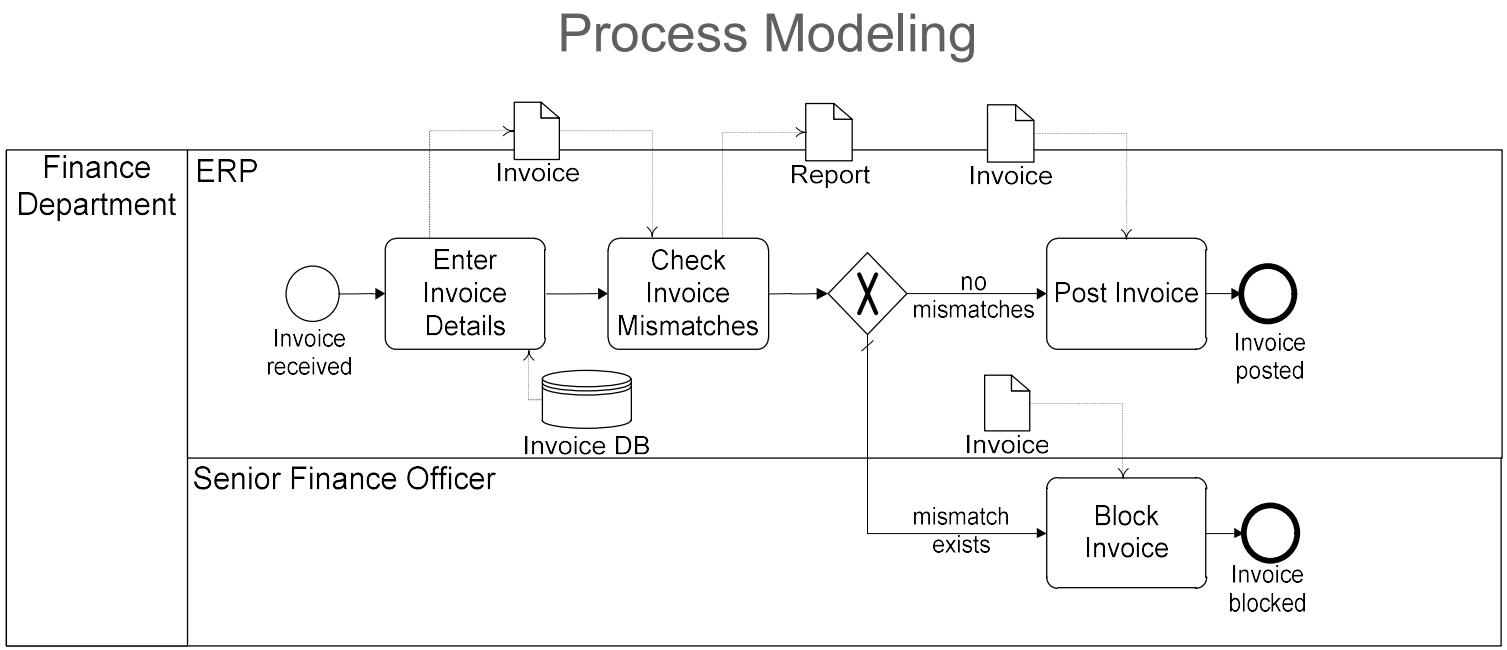
Financial institution



Further Readings & Resources

- Fundamentals of Business Process Management
  - Chapter 2 – Process Identification

Next Week


Process Modeling
Finance Department
ERP
Invoice
Report
Invoice
Enter Invoice Details
Check Invoice Mismatches
no mismatches
Post Invoice
Invoice received
Invoice posted
Invoice DB
Invoice
Senior Finance Officer
mismatch exists
Block Invoice
Invoice blocked