

# *Business Process Management (BPM)*

## **Lab 7**

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## **Process Redesign:**

any change to an existing process, be it minor or major

# Exercise 8.4

- Consider the following business processes and decide whether they are suitable for being redesigned. Use the properties that distinguish the manufacturing and services domain as a mental checklist to support your choice.
  1. Dealing with a customer complaint.
  2. Carrying out cardiovascular surgery.
  3. The production of a wafer stepping machine.
  4. Transporting a package.
  5. Providing financial advice on composing a portfolio.
  6. Designing a train station.

# Note

- Business process redesign, therefore, is easier to apply in the informational domain. In physical environments, this is more difficult, which results in a greater emphasis on the optimization of planning and the management of inventories.

# Solution

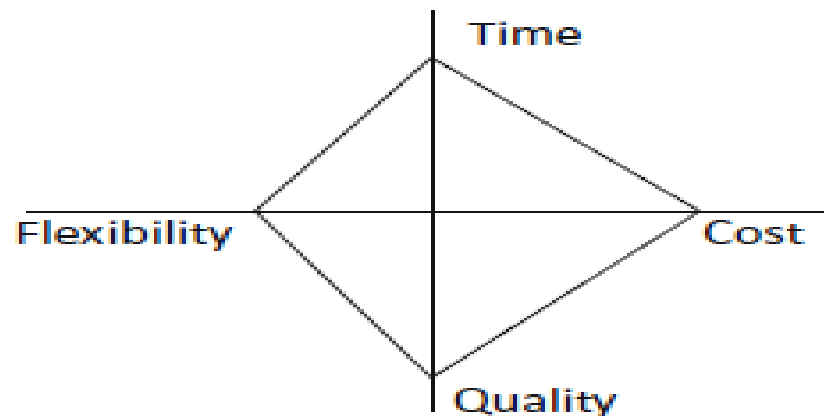
1. Dealing with a customer complaint: **Suitable**.
2. Carrying out cardiovascular surgery: **Mildly suitable**, there are physical constraints involved here.
3. The production of a wafer stepping machine: **Not very suitable**, highly physical process.
4. Transporting a package: **Mildly suitable**, there are physical constraints involved here.
5. Providing financial advice on composing a portfolio: **Suitable**.
6. Designing a train station: **Suitable**.

# Exercise 8.5

- Consider the following redesign acts. Which performance measures are affected by these, either positively or negatively?
  1. A new computer application is developed that speeds up the calculation of the maximum loan amount that a given client can be offered.
  2. Whenever a quote is needed from a financial provider, a clerk must use a direct messaging system instead of email.
  3. By the end of the year, temporary workers are hired and assigned to picking items for fulfilling Christmas orders.

# *The Devil's Quadrangle*

- This framework is based on the four performance dimensions discussed in Chapter 2, namely time, cost, quality, and flexibility. In an ideal world, a business process redesign *decreases* the time required to handle a case, it *lowers* the required cost of executing the process, it *improves* the quality of the service delivered, and it *increases* the resilience of the business process to deal with variation.



# Note

- The vexing aspect of the Devil's Quadrangle is this: It suggests that improving a process along one dimension may very well weaken its performance along another.
- If you were to move one vertex of the quadrangle it may set another one in motion in an undesirable direction. For example, suppose that a process is extended with a reconciliation activity such that the quality of the delivered service is *improved*. This extension may actually *slow down* the delivery time of the service in question, which would be an undesirable side effect.



# Solution

1. “A new computer application is developed that speeds up the calculation of the maximum loan amount that a given client can be offered”: Time is positively affected, development of the application may be costly.
2. “Whenever a clerk wants to have a quote from a financial provider, the clerk must use a direct messaging system instead of email”: Quality and time may be positively influenced since the feedback is obtained directly and may be more to the point. Quality may also be negatively affected, depending on the kind of feedback this interaction generates.
3. “By the end of the year, additional, temporary workers are hired and assigned to picking items for fulfilling Christmas orders”: This provides more flexibility which may also be exploited to improve timeliness. It’s clearly a costly affair and temporary workers may deliver lower quality since they are less familiar with the operations.

# Exercise 8.10

- Can you think of a reason why transactional methods for redesign have become more popular than transformational methods?

# Note

## Process redesign approaches

### Exploitative Redesign (transactional)

- Doesn't put into question the current process structure
- Seeks to identify problems and resolve them incrementally, one step at a time
- Example: Heuristic redesign (next week)

### Explorative Redesign (transformational)

- Puts into question the fundamental assumptions and principles of the existing process structure
- Aims to achieve breakthrough innovation
- Example: Business Process Reengineering (BPR)

# Solution

- In general, transformational methods tend to be more risky as they break away from existing, known procedures. This has a negative effect on the success rate of programs that rely on transformational methods. Over time, organizations have tended to favor redesign projects with an almost guaranteed level of establishing at least some level of improvement; hence, the popularity of transactional redesign methods.

# Exercise 8.11

- Can you come up with examples of business processes where customer interaction is crucial?

# Solution

- You may think of services where the interaction with an advisor is actually what would make the process attractive for a customer. For example, private banking is an area of financial services where so-called “high net worth individuals” are provided with personalized advice on how to manage their assets. Similarly, specialized travel agencies that develop customized travel plans would rely on excellent customer interaction.