

# Review

## GLOBAL BUSINESS PROCESSES

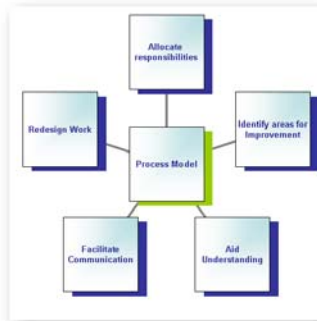
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Explain how the process view of organizations may provide the international organization with a source of sustainable competitive advantage and enable the attainment of strategic goals.

Explain how processes may be used in organization design and structuring.

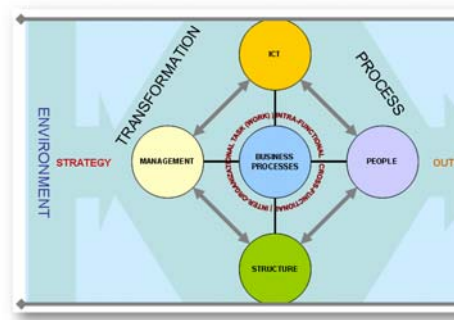
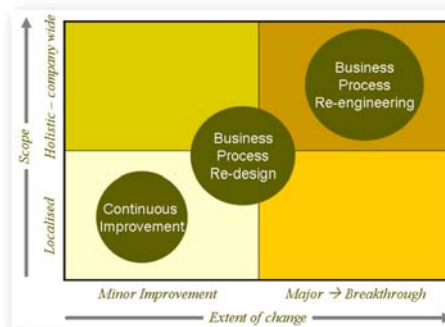
Define what is meant by a business process and explain how processes are designed and managed.

Compare and contrast the process view with traditional views on organizational design and structure.



We focused upon work and how it is organised and designed - work activities transform inputs into outputs (products and services) for the benefit of customers, adding value along the way. We compared and contrasted the traditional (bureaucratic and 'vertical') view with process (horizontal) views on organizational design and structure. Traditional (bureaucratic) organizations typically adopt a hierarchical and functional perspective on structure, emphasising command and control and organise work into specialist areas managed vertically by similar specialists (functions). Organisations grouping activities by function are known as 'silo' organisations because each functional area is distinct and isolated from all other functional areas. People in Silo organisations tend to focus on their individual task rather than the whole process delivered as a cross-functional team. It has been argued that organizing around processes, as opposed to functions, permits greater self-management and allows companies to dismantle unneeded supervisory structures.

A Process is a structured set of activities designed to produce a specified output for a particular customer or market. It has a beginning, an end, and clearly identified inputs and outputs. A process is therefore a structure for action, for how work is done. The systematic identification and management of the processes employed within an organization and particularly the interactions between such processes is referred to as the "process approach". The most visible difference between a process enterprise and a traditional organization is the existence of process owners - senior managers with end-to-end responsibility for individual processes. However, companies making the shift to a process enterprise must examine the basic elements of their organizational infrastructure, particularly in terms of culture, team work, information and reward systems.



We explained how the process view of organizations may provide the international organization with a source of sustainable competitive advantage and enable the attainment of strategic goals; the process approach: (1) presents an opportunity to improve effectiveness and efficiency thus adding value, differentiating products and services and reducing cost; (2) may lead to the enrichment of work by empowering people and enabling them to take a holistic perspective thereby seeing the value of their contribution; (3) may make better use of enterprise wide information systems and technologies which can make the organization more responsive, enable time compression and further motivate people through the removal of mundane tasks which become automated.

Managing processes involves establishing ownership, defining boundaries, documenting the processes, identifying control points and measurements and monitoring and taking corrective action where necessary. Business Process Management (BPM) is intended to align business processes with strategic objectives and customers' needs and requires a change in emphasis from functional to process orientation. The primary aim of BPM is to improve business processes and so ensure the critical activities affecting customer satisfaction are executed in the most efficient and effective manner. Process Alignment considers the fit between processes and institutional elements - the organizational effort needed to make processes the platform for organizational structure, for strategic planning, and for information technology.

## Key Terms

### BUSINESS PROCESS REENGINEERING

The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, speed, and service.

### BUSINESS PROCESS MANAGEMENT (BPM)

"an approach dependent upon strategic and operational elements, use of modern tools and techniques, people involvement and on a horizontal focus to best suit and deliver customer requirements in an optimum and satisfactory way"

### BUSINESS PROCESS

A collection of activities that take one or more kinds of inputs and create an output.

### PROCESS ENTERPRISE

An organization whose design and supporting management systems are strongly oriented to horizontal work flows

### PROCESS OWNER

"The person who co-ordinates the various functions and work activities at all levels of a process. This person has the authority or ability to make changes in the process as required, and manages the entire process cycle to ensure performance effectiveness"

### TOTAL QUALITY MANAGEMENT (TQM)

"A quality approach that emphasises a continuous process of improvement, through the involvement of people "

### BENCHMARKING

"A process of systematically comparing your own organizational structure, processes and performance against those of best practice organizations, to achieve sustainable business excellence"