

UNIT-4

BUSINESS PROCESSES, PROJECT REPORTS AND PROJECT APPRAISAL

BUSINESS PROCESS DEFINATION

A business process or business method is an assortment of connected ordered actions or tasks. These activities can produce specific service and product or can also serve a specific objective, for a particular customer or customers.

BUSINESS PROCESS DESIGN

Business process design is a method or way of designing an appropriate and aligned process with proper sequence executed for activities in a logical manner. In short, it involves understanding and defining the business activities so that the organization could function in a flexible manner. This design should be prepared following certain requisites viz., meeting customer demand, optimizing the use of resources in an effective and efficient manner, and supporting and sustaining the development and growth of the organization.

There can be three types of business processes:

- (a) **Management Processes:** In this focus is on the processes which govern the way the systems are managed in the organization. Management processes involve strategic management wherein strategies are charted to manage the planned and unplanned changes which occur in organizations. It also involves corporate governance initiatives of the organization wherein ethical formulations and integrity holds the key to organizational performance.
- (b) **Operational Processes:** In this the thrust is on the core business activities which create a primary value stream. For example, for a manufacturing firm manufacturing products and then taking general orders from the customers can be said to be a part of operational process of that organization.
- (c) **Supporting Processes:** In this the main thrust is on the support activities which hold up and maintain the core activities of the business. For instance the technical support offered for a machinery division, or an accounting system etc.

LOCATION DECISIONS

For an entrepreneur location decisions are very important to get right. It assumes significance because location decision is appropriate. There are certain theories like Weber's theory of location given by Alfred Weber which talk about the proximity to the source of raw materials and labour and also the proximity of the final customers to the place of manufacture. These factors generally determine the location of the industry. Economic criteria should be followed before the final selection of a place where the industry is to be set up. For instance, places which are already economically advanced and all the necessary inputs are easily available viz., agglomeration, in such places, setting up an industry becomes comparatively easier than in a place where the facilities are not available and hence need to be imported.

LAYOUT DECISIONS

In an industrial set up, layout decisions depend upon the specifications required for a particular type of manufacturing. Plant layout are generally considered a very important decision as it includes an effective utilization of resources and facilities. It includes an efficient and the most economical arrangement and usage thereof of machinery, materials, personnel, supporting activities, and storage spaces etc. within the available floor space.

Plant layouts are of three types:

- (a) **Product Layout:** In this the emphasis is on the product to be manufactured. The requisite processes and the machines thereof for manufacturing the product lie in a specific sequence such that the raw materials are being fed at one end and the final finished product is manufactured at the other end.
- (b) **Process Layout:** In this the emphasis is on the function performed by machines. All the machines performing similar kind of functions are grouped at one place viz., all welding machines, drilling machines, assembly inspections, shipping and receiving, painting etc, this type of layout is also called functional layout.

(c) **Combination Layout:** The above two layouts are somewhat impractical as of now; the real practice of layouts is combination layout. In this there is a combination of product and process layout. Layout according to function is laid in the earlier stages of manufacture of the product viz., stamping, welding etc., and the final assembly is done in a product type layout.

PLANNING AND CONTROL

Forecasts are vital to departments and for every significant management decision. While a forecast is never perfect due to dynamic nature of the external public service environment, it is beneficial for all levels of functional planning, strategic planning, and budgetary planning. Decision-makers use forecasts to make many important decisions regarding the future direction of the department.

A successful business plan up and working, intentional and thoughtful planning should be in place to determine the functioning of the business processes. Proper emphasis should also be laid upon planning the measurement, governance and management of the business process. It also involves creating the specifications for business processes within the purview of the business objectives.

The strategic plan is about setting a direction for the organization, devising goals and objectives and identifying a range of strategies to pursue so that the organization might achieve its goals. The strategic plan does not stipulate the day-to-day tasks and activities involved in running the organization.

In the same essence monitoring and controlling operations by aligning the organizational performance and the business process is of utmost importance. The business process objectives are met through measures of monitoring and controlling and thereby adjusting resources to meet the objectives of the business process.

DEVELOPING AN OPERATION PLAN

Operation plan refers to the planning done on daily and monthly basis, strategic planning however, determines the entire direction in which an organization is moving including activities which ought to be done but presently is not being done.

The operational plan provides the what, who, when and how much:

1. What- the strategies and tasks that must be undertaken.
2. Who- the persons who have responsibility of each of the strategies/tasks
3. When- the timelines in which strategies/tasks must be completed
4. How much- the amount of financial resources provided to complete each strategy/task

Operational planning is about having a clear direction to steer towards but also being able to respond to changes as necessary.

OPERATION CONTROL

Operational control regulates day-to-day output relative to schedules, specifications, and costs. Some specific questions give us a hint of what operational control may look like:

- Is product and service output high-quality and delivered on time?
- Are inventories of raw materials, goods-in-process, and finished products being purchased and produced in the desired quantities?
- Are the costs associated with the transformation process in line with cost estimates?

Operational control can be a very big job, requiring substantial overhead for management, data collection, and operational improvement. The idea behind operational control is streamlining the process to minimize costs and work as quickly and efficiently as possible. Operations control is a management function aimed at achieving defined goals within an established timetable, and usually understood to have three components:

- Setting standards
- Measuring actual performance, and
- Taking corrective action.

CONTROLLING OPERATIONS

The management process should involve continual checking of the implementation of the operational plan and exercising control of the organisation's resources to ensure success. The checklist that needs to be checked by the operations manager includes:

- Timelines
- Performance Measures
- Responsibilities
- Physical Resources
- Budget