

37. The philosophy of TQM is geared around four main concepts. These concepts are:
- quality, process, organisations and management.
  - quality, process, people and management.
  - quality, people, organisations and management.
  - quality, process, people and organisation.

*Correct answer: c*

*Learning objective 2.7 – summarise and evaluate approaches to changing business processes, in particular business process re-engineering (BPR).*

38. Vendor-managed inventory involves the buyer transferring the responsibility for:
- physically holding inventory items.
  - storing, retrieving, and acquiring inventory items.
  - determining what, when and how much is purchased.
  - keeping the inventory at a fixed and predetermined level.

*Correct answer: c*

*Learning objective 2.7 – summarise and evaluate approaches to changing business processes, in particular business process re-engineering (BPR).*

39. Which one of the following technology is more likely to be used in the billing and cash receipts process by the seller of goods?
- RFID.
  - Electronic bill presentation and payment.
  - Electronic bill payment.
  - Evaluated receipts settlement.

*Correct answer: d*

*Learning objective 2.7 – summarise and evaluate approaches to changing business processes, in particular business process re-engineering (BPR).*

40. Which of the following statements regarding BPR is not true?
- BPR is an attempt at downsizing.
  - Ethical issues are involved in BPR.
  - Social issues are involved in BPR.
  - Employees can be extremely wary when BPR is mentioned.

*Correct answer: a*

*Learning objective 2.8 – critically evaluate BPR techniques.*

3. Compare and contrast business process with business function.

*Answer:*

A business process was defined as a series of interlocking activities that work together across the organisation to achieve some predetermined organisational goal that is typically defined around satisfying customer needs. A business function was defined as a specific subset of the organisation that performs a particular role that contributes to the organisation achieving its objectives. Notice the differences in these definitions. A business function is a specific task or role that is performed, for example, accounting, sales or marketing. Moving from business function to business process shifts the frame of reference from looking at specific individual functions to how these functions interact with one another to deliver a good or service to the customer. So, the business process is a combination of business functions operating together to achieve a goal. (c.f. Table 2.1 in the chapter)

*Learning objective 2.2 – critique alternative organisational structures, reflecting on their strengths and weaknesses and the implications for organisational operations.*

*Learning objective 2.3 – identify and describe a business process.*

4. What are the reasons for adopting a business process perspective within an organisation?

*Answer:*

The process perspective offers an organisation a more coordinated and integrated approach, reducing wasted time due to rework, bureaucracy and administration. Moreover, the process perspective can also lead to the better use of resources. Business processes can eliminate duplication of data and wastage in storage and can also structure ineffective interdepartmental communication networks. This can lead to better information flows through the organisation, potentially leading to more effective decision making by management. Furthermore, the business process perspective can yield benefits for an organisation through improved customer service and customer relations, a value-adding emphasis and, potentially, a competitive advantage. Business processes are typically built around the desired product or result that is to be achieved. More often than not this will be based around the customer, whether inside or outside the organisation. As a result, customer satisfaction, attention and service are potentially higher in a process-focused organisation. Business processes can also provide an organisation with a competitive advantage, with organisations increasingly looking towards the design of their business processes as a means of distinguishing themselves from the host of competitors they may face in their industry. This competitive advantage comes from the design of business processes that are unique or offer something different.

*Learning objective 2.3 – identify and describe a business process.*

5. The design philosophy of ERP systems is centred on the idea of best practice. Discuss the disadvantages of this approach.

*Answer:*

The business processes supported by an ERP system have been designed and programmed into the system based on what is deemed to be, following research and investigation, the best way to perform them (i.e. best practice). These standards of best practice are one of the compelling reasons for organisations to adopt ERP systems as they are and not change the software.

However, the aim of any organisation is to gain some form of competitive advantage over its competitors. A competitive advantage is something unique that a business does that is not offered by its competitors and thus represents a way for the organisation to distinguish itself from the rest of the field. One way for an organisation to do this can be through the configuration of its business processes. Organisations designing business processes and considering the adoption of ERP systems need to carefully consider their existing business practices, how they provide a competitive advantage, and how the business processes represented in an ERP system will fit or conflict with them. The aspect of homogeneity in ERP packages is that an ERP package's best practices and processes are available to every organisation willing to pay for it. If all organisations adopt the software and have the same underlying processes, how can they distinguish themselves and gain a competitive advantage?

*Learning objective 2.4 – appraise the benefits of organisations adopting a business process perspective.*

*Learning objective 2.5 – critically evaluate the role of enterprise resource planning (ERP) systems play in business process design.*

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