

ERP Course: Re-Engineering

Readings: Chapter 2 from Mary Sumner

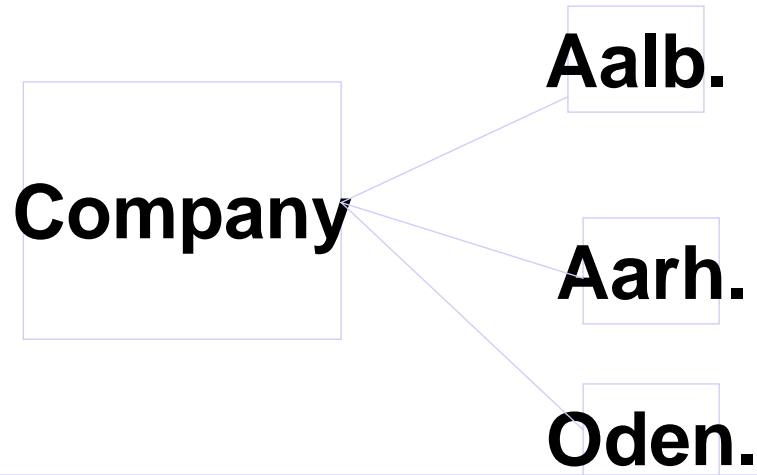
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5.2.47
Information Systems
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From Labs

A Case to set: A company XY (name it) would like to interact with new customers through mail and phone. A company deals with products which are configurable (please design your product line). A customer will express requirements on configurations in e-mail and a sales person need to record them in the system when an offer is generated. Customer should be able to express an interest in products offered independently from an order. A company has several branches distributed geographically. It has 2 warehouses which provide parts for the configurations. Some of the parts are developed by company branches themselves, some are taken from suppliers. Company management would like to have quarterly and annual reports about how offers, orders and interests are placed, analysis of the sales team behavior and prediction on future trends. The report should be made both, in financial terms and also in resources spent or used over time.

Please set the case in your selected system.

Retail Shops

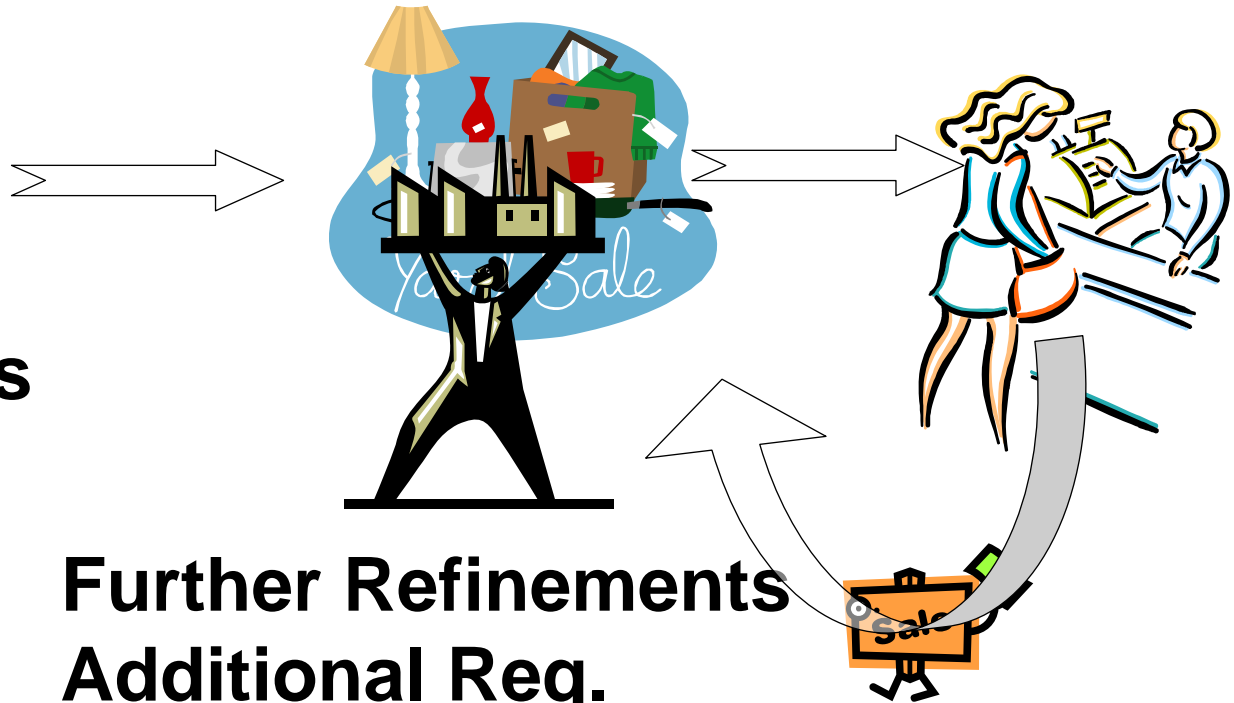


Mail/Web/Phone Channel

Work (software development as well as customer), Changes



Configurations
Parts
Features



...

Overall Picture



Business Process

Process

- A related and organized group of activities with result as a value for a customer

Business process

- Ordering of work activities across time and place with beginning, end, input, output and common goal (usually one departmental)

Enterprise business process

- End to end business process

Values

Economical

Informational

Emotional

Value innovation

Process Thinking

How business processes contribute to the value of the customer?

How am I going to change the processes, organizational structures, information flows and information to improve value for customer?

I am doing this to keep existing customers and attract new ones which will guarantee a continuous income for my company

How do I make the human resources involved to see that it is value added for them too?

Levels as in CMM

Initial

Repeatable

Defined

Managed

Optimising

Document Current Processes

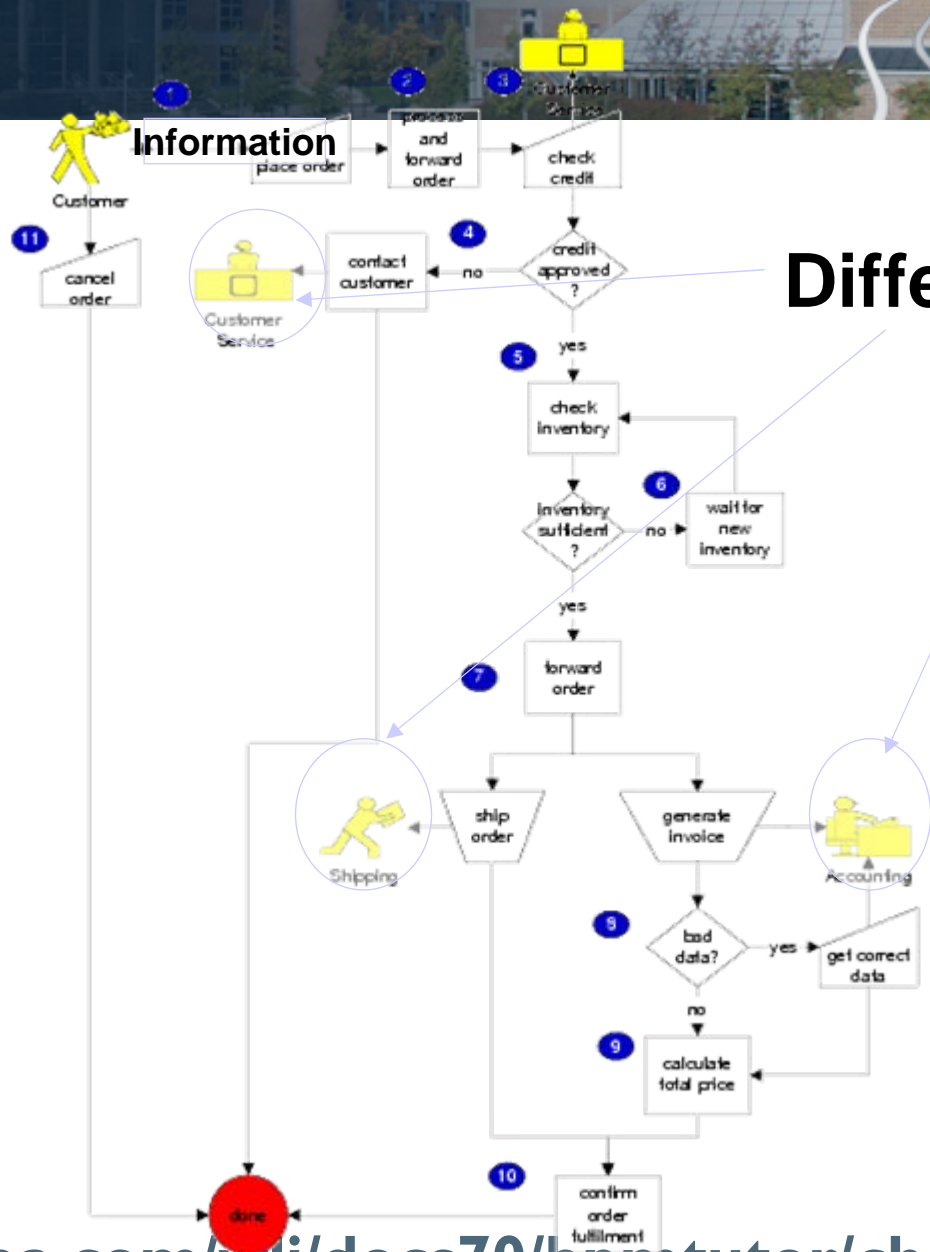
Activity graphs

Document flow graphs

Unit Interaction graphs

Organization graphs

To understand how the company works and how it delivers value to a customer



Different Units

<http://edocs.bea.com/wli/docs70/bpmtutor/ch1.htm>

Place Order

2001 Kontorcentralen A/S - Sales Order

General Invoicing Shipping Foreign Trade E - Commerce

No. 2001

Sell-to Customer No. 10000

Sell-to Contact No. E000001

Sell-to Customer Name Kontorcentralen A/S

Sell-to Address Carl Blochs Gade 7

Sell-to Address 2

Sell-to Post Code/City DK-2610 Rødovre

Sell-to Contact Hr. Anders Madsen

No. of Archived Versions. 0

Posting Date 17-01-01

Order Date 17-01-01

Document Date 17-01-01

Requested Delivery Date

Promised Delivery Date

External Document No.

Salesperson Code PS

Campaign No.

Responsibility Center RYDOVRE

Status Open

Customer Information

Sell-to Customer

- Ship-to Addresses (2)
- Contacts (5)
- Sales History

Bill-to Customer

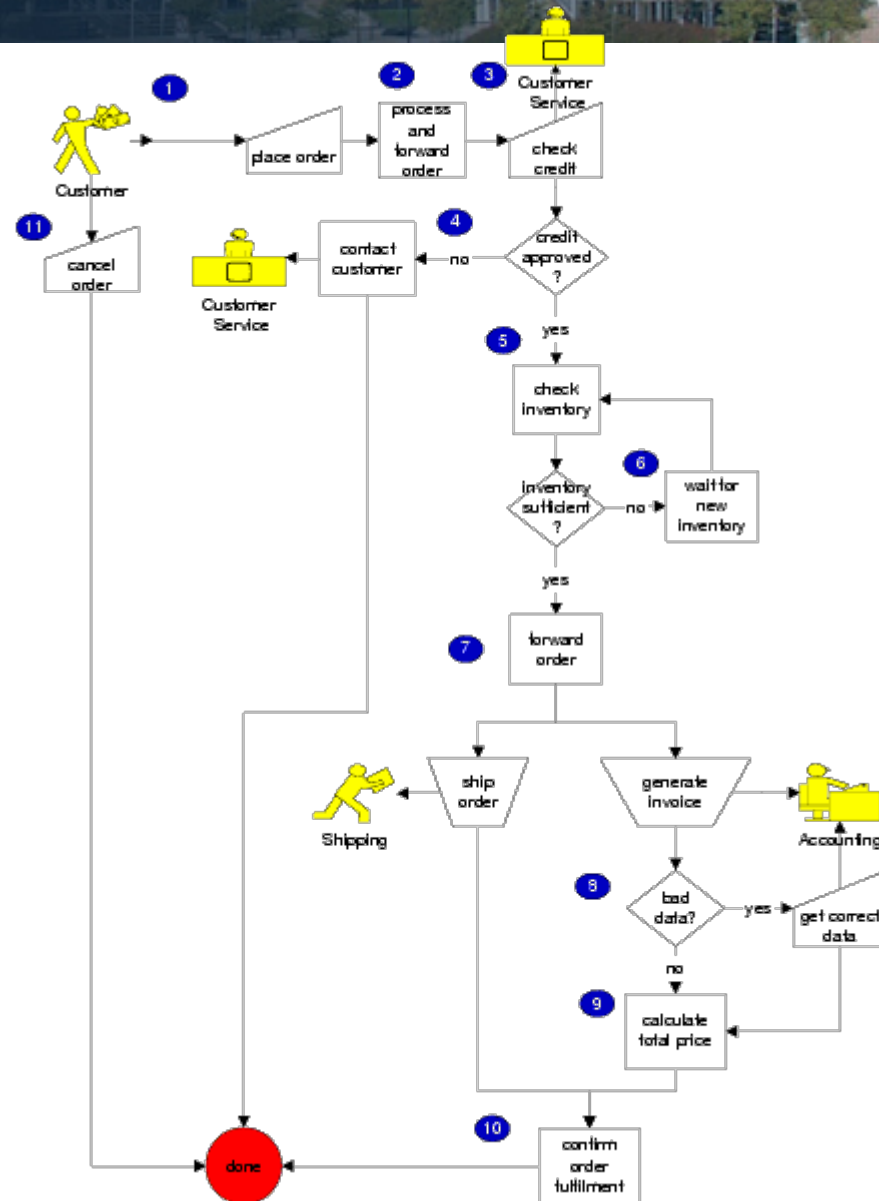
- Avail. Credit 0

T..	No.	Description	Location ...	Quantity	Reserve...	Unit of M...	Unit Pric...
▶ I...	LS-MAN-10	Brugervejledning t. hjøttalere	HVID	4		STK	

Item Information

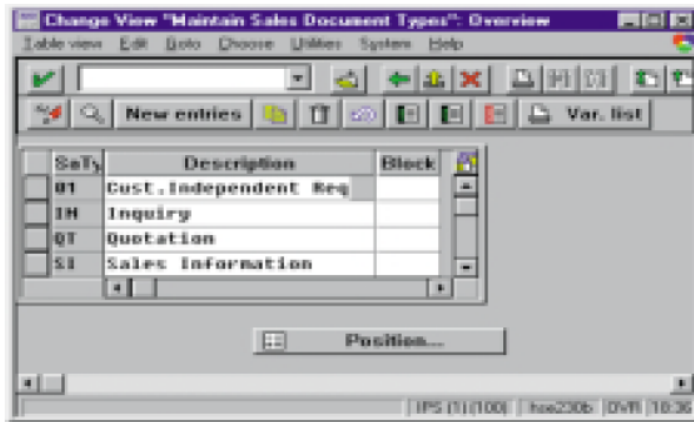
- Item Card
- Availability (75)
- Substitutions (0)
- Sales Prices (0)
- Sales Line Di... (0)

Order Line Functions Posting Print... Help

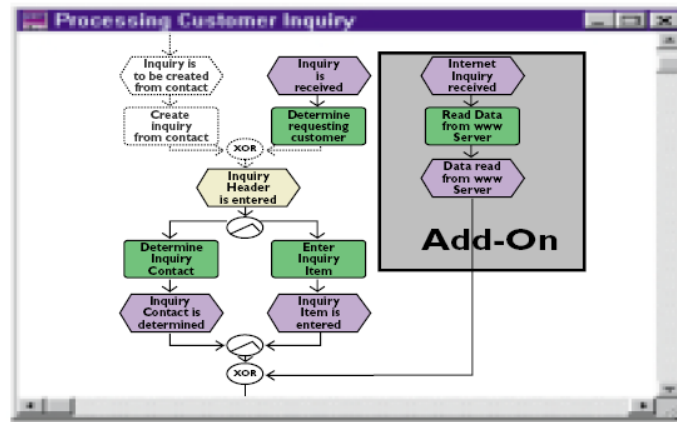


August-Wilhelm Scheer and Frank Habermann: MAKING ERP A SUCCESS

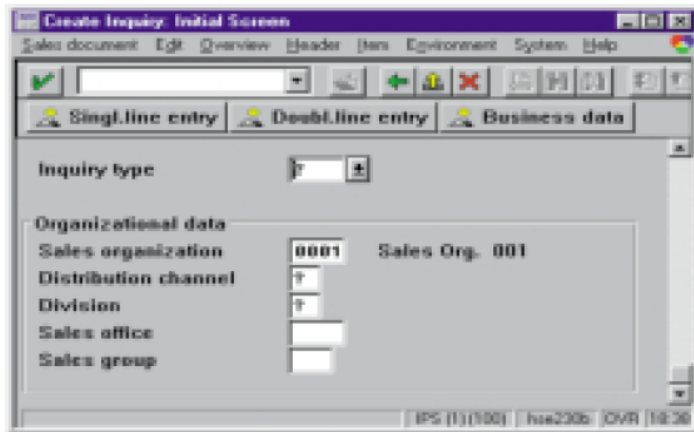
Figure 2. Model-based BPR and customization of ERP systems.



Customizing: Maintain Sales Document Types



Process Model



Function "Create Inquiry"

Process: Processing Customer Inquiry						
Function	As-is/Target	Unresolved Issues	Interface	In Charge	Date	Effort
1. Determine Ordering Customer	From now on, ordering Customers will be queried in Accordance with ISP Country Codes	CPD Customer necessary	Customer Master Data (internal)	C. Jones	May 29	Standard
2. Determine Inquiry Contact	Define third-party as new Partner Type in customized Version	None	Customer Master Data (internal)	P. Miller	May 29	Standard
3. Enter Inquiry Item	Use AFN Item Type as Standard	None	Customer Master Data (internal)	P. Miller C. Jones	May 30	Standard

Documentation of Results

Creating Metrics

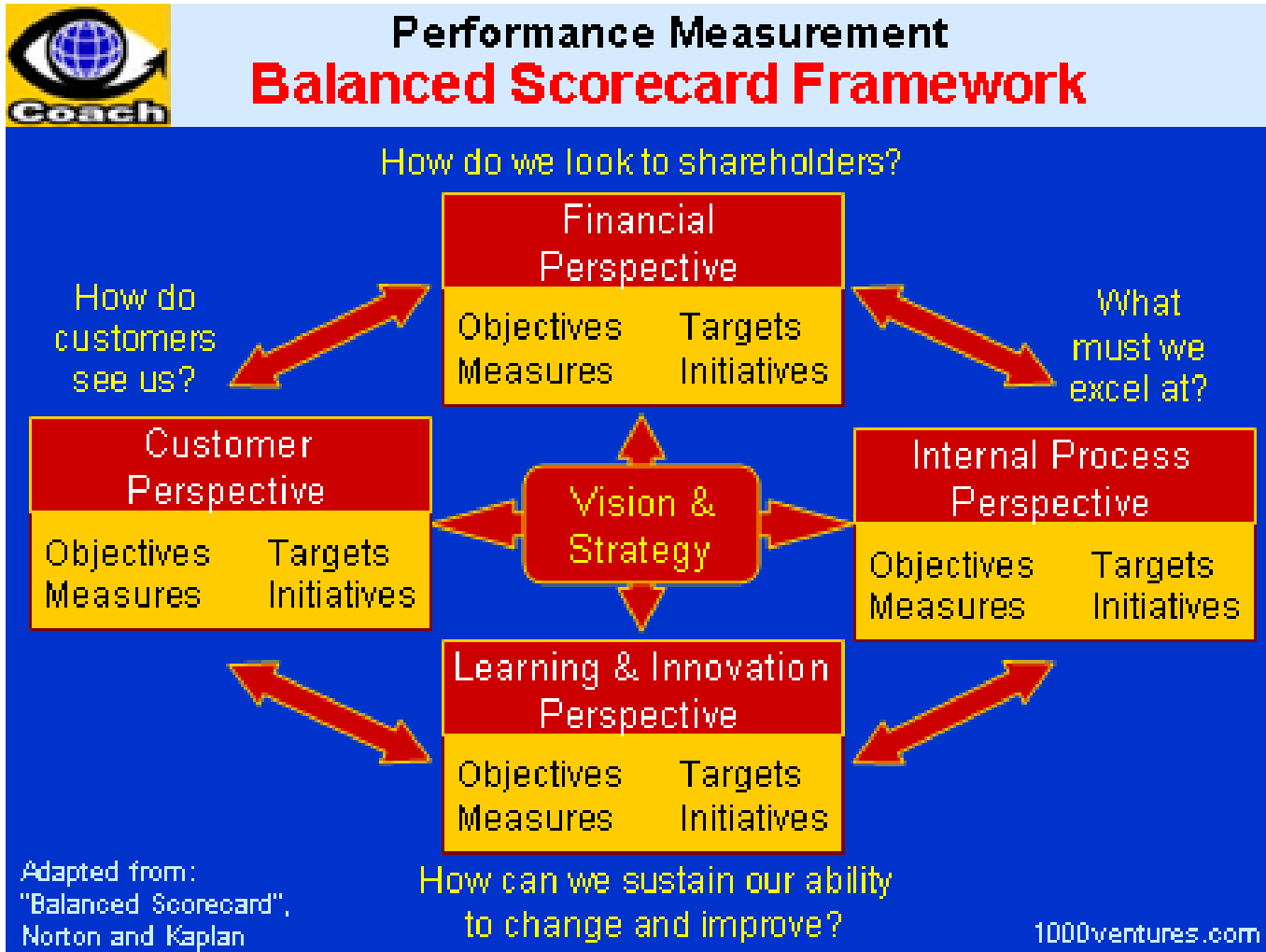
Performance Measurement to perform better

Balanced scoreboard

Economic value added

Measuring cleaner production

Balanced Scoreboard



Example Balanced Scorecard: Regional Airline

Mission: Dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit.

Vision: Continue building on our unique position -- the only short haul, low-fare, high-frequency, point-to-point carrier in America.

Theme: Operating Efficiency	Objectives	Measures	Targets	Initiatives
Financial 	<ul style="list-style-type: none"> Profitability Fewer planes Increased revenue 	<ul style="list-style-type: none"> Market Value Seat Revenue Plane Lease Cost 	<ul style="list-style-type: none"> 25% per year 20% per year 5% per year 	<ul style="list-style-type: none"> Optimize routes Standardize planes
Customer 	<ul style="list-style-type: none"> Flight is on -time Lowest prices More Customers 	<ul style="list-style-type: none"> FAA On Time Arrival Rating Customer Ranking No. Customers 	<ul style="list-style-type: none"> First in industry 98% Satisfaction % change 	<ul style="list-style-type: none"> Quality management Customer loyalty program
Internal 	<ul style="list-style-type: none"> Fast ground turnaround 	<ul style="list-style-type: none"> On Ground Time On-Time Departure 	<ul style="list-style-type: none"> <25 Minutes 93% 	<ul style="list-style-type: none"> Cycle time optimization program
Learning 	<ul style="list-style-type: none"> Ground crew alignment 	<ul style="list-style-type: none"> % Ground crew stockholders % Ground crew trained 	<ul style="list-style-type: none"> yr. 1 70% yr. 4 90% yr. 6 100% 	<ul style="list-style-type: none"> Stock ownership plan Ground crew training

© <http://www.balancedscorecard.org/>

Metrics

Customers

- Performance against requirements
- Customer satisfaction

Internal work processes

- Cycle times
- Product and service quality
- Cost performance

Metrics II

Financial

- Profitability (company level, product line level, or individual level)
- Market share growth

Employee satisfaction

Performance of suppliers against your requirements

Other metrics

Economic Value Added

- Efficiency with which the company used their resources
- It is a difference between return received on resources and cost of the resources

Measuring Cleaner Production

- Producing less waste – using less raw material, using recycled material, ...
- Lean manufacturing: doing more with less: less time, inventory, space, people and money

Factors of Reengineering

Focusing just one activity or one unit usually fails to improve globally

Too general focus usually fails too

Important is to understand a problem