Chapter 1

Introduction to Business Process

Learning Objectives

1. Describe the functional organizational structure, and explain why this structure creates problems for modern businesses.

2. Describe key business processes in an organization.

3. Identify the main integration points between and among processes.

4. Understand the cross-functional nature of processes and their relationship to organizational areas.

5. Adopt and apply an integrated perspective to business processes.

Learning Objectives (Continued)

6. Describe GBI's organizational structure.

7. Explain how the SAP system promotes an integrated approach to business processes

Functional Organizational Structure

- Most common organizational structure

- Functional structure divided into functions or departments

- Functions perform specialized tasks or activities

- Processes cut across functions

- Why is the functional structure so common?

The Functional Structure
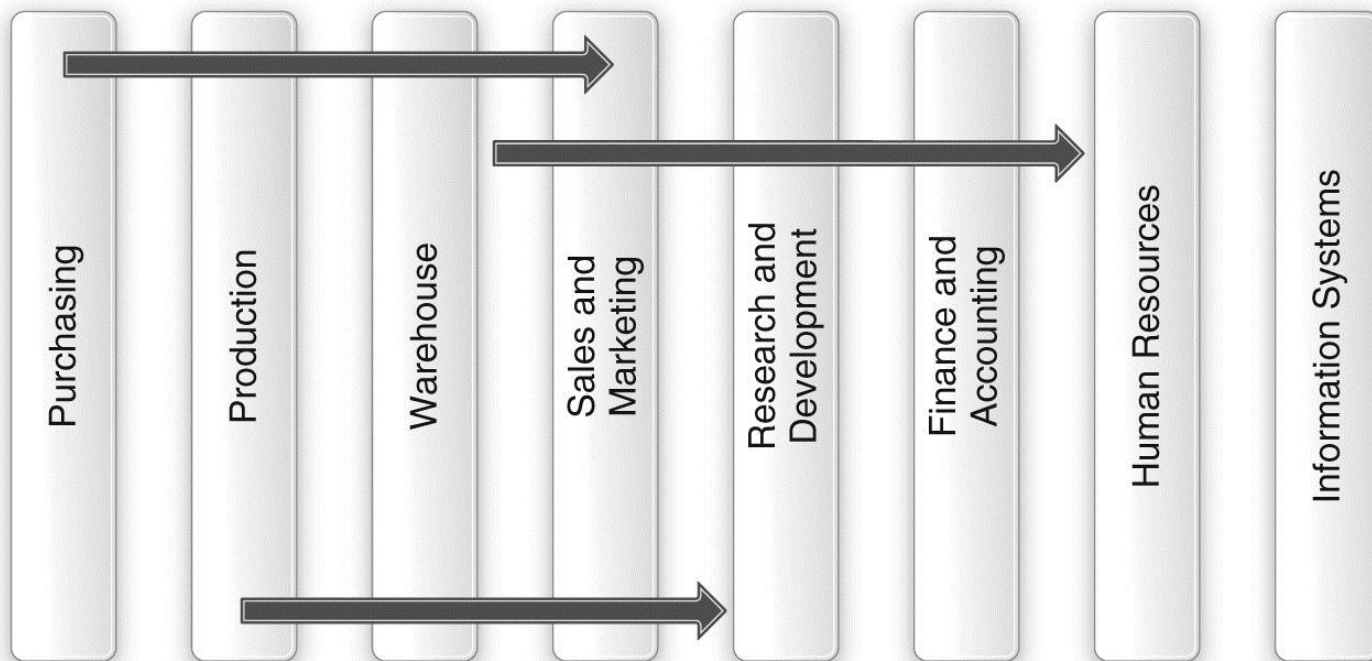
Silo Effect

- Focusing on functional objectives without regard to process objectives

- Optimizing functional goals vs. process goals

- Process execution requires
  - Communication and coordination among functions
  - How is this achieved?

Enterprise Systems

- Impossible to manage processes that are geographically dispersed without utilizing modern information systems

- Enterprise systems (ES) support end-to-end processes

- Investments in ES have provided
  - Increased profitability
  - Increased productivity
  - Competitive edge
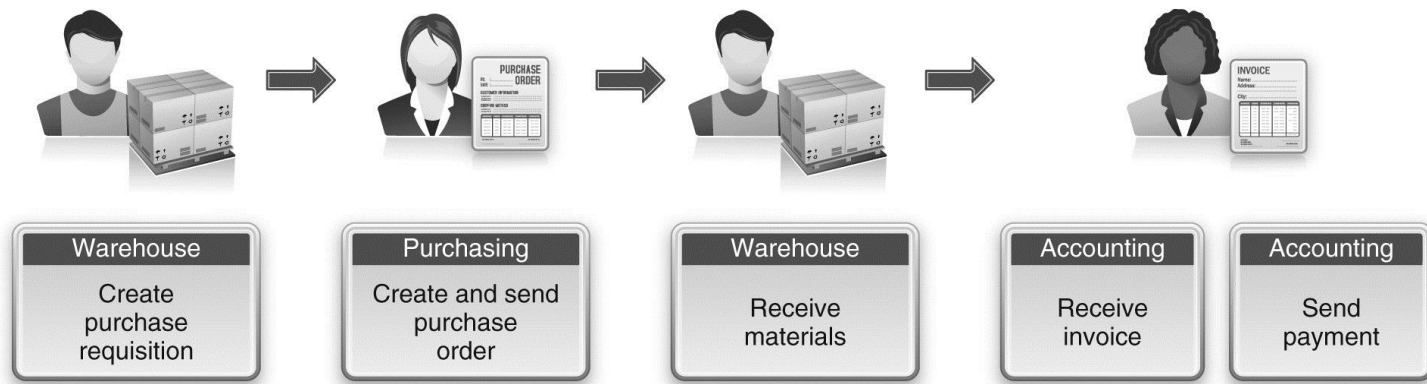
Business Processes

- Sequence of tasks or activities that produce desired outcomes
- Key processes
  - Procurement
  - Fulfillment
  - Production
- Processes interrelated with other processes
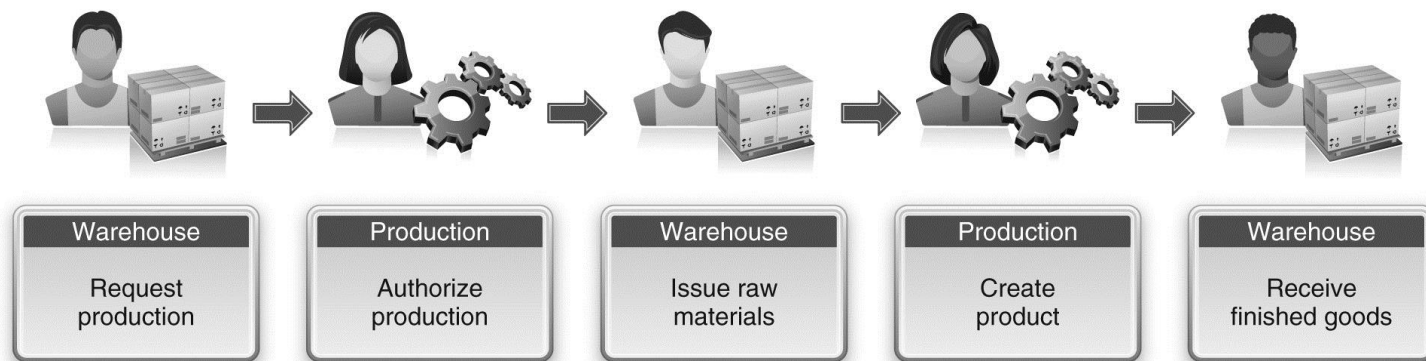- Processes may have sub-processes

A Generic Business Process

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Key Business Processes

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A Procurement Process

Warehouse	Purchasing	Warehouse	Accounting	Accounting
Create purchase requisition	Create and send purchase order	Receive materials	Receive invoice	Send payment

A Production Process

Warehouse	Production	Warehouse	Production	Warehouse
Request production	Authorize production	Issue raw materials	Create product	Receive finished goods

A Fulfillment Process

Sales	Sales	Warehouse	Warehouse	Accounting	Accounting
Receive customer purchase order	Create sales order	Prepare shipment (pick and pack)	Send shipment (ship)	Create and send invoice	Receive payment

Inventory and Warehouse Management Process
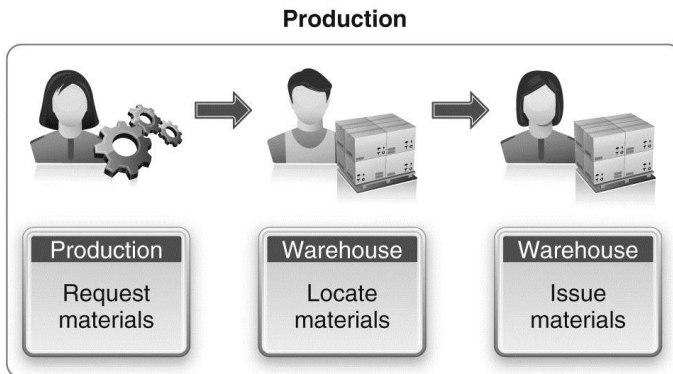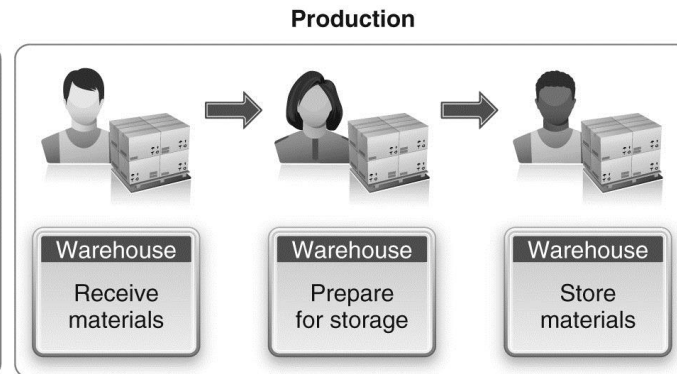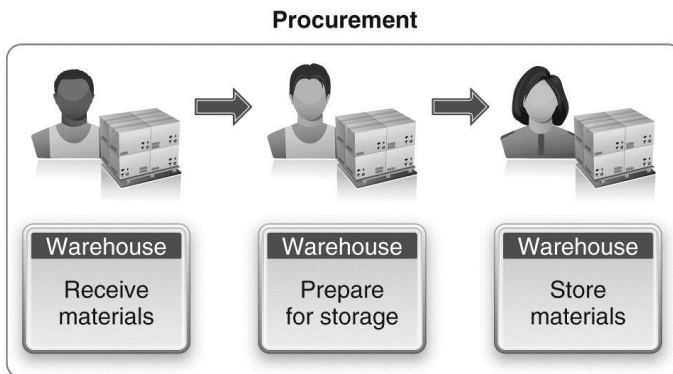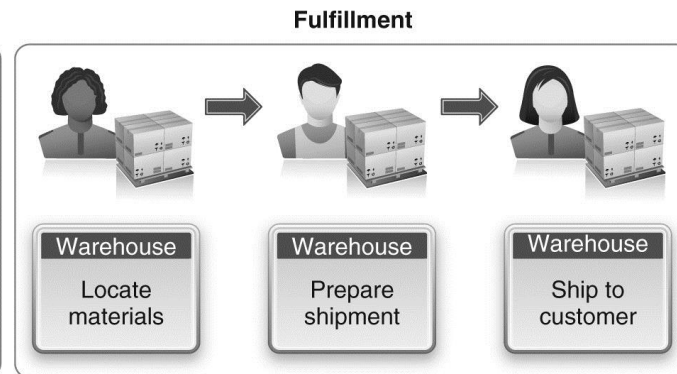
An Asset Management Process

Production	Production	Production	Accounting
Request maintenance	Authorize maintenance	Perform maintenance	Settlement
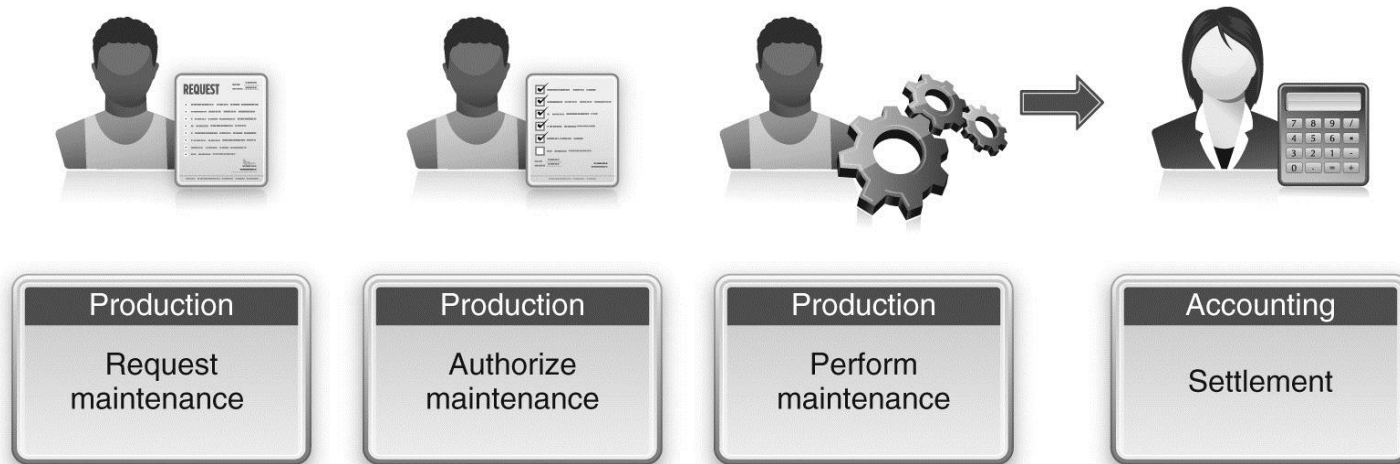
A Customer Service Process

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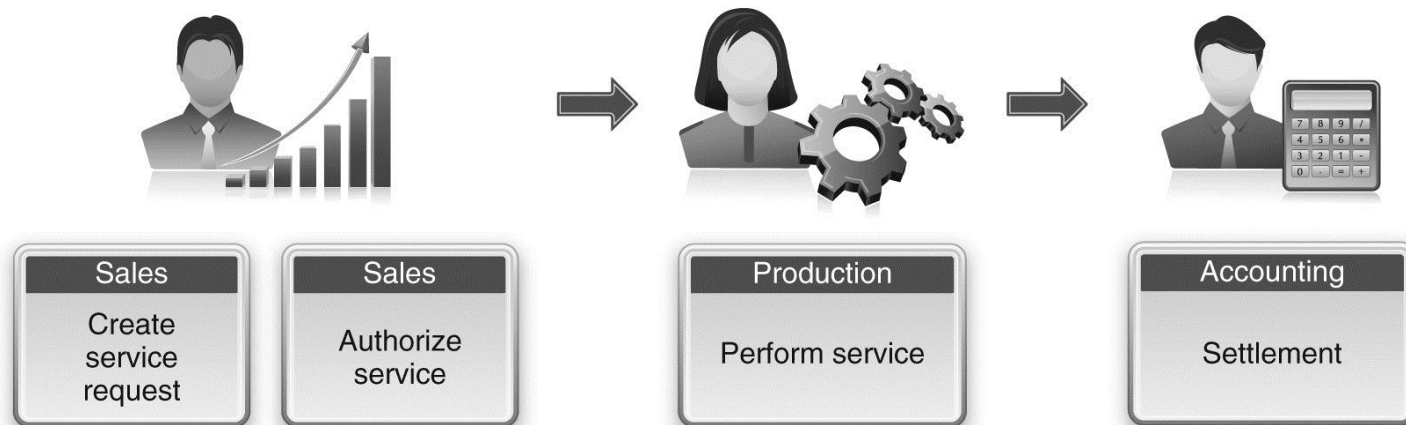
A Project Management Process

Trigger → Planning → Budgeting → Execution → Settlement → Outcomes

Various functional areas
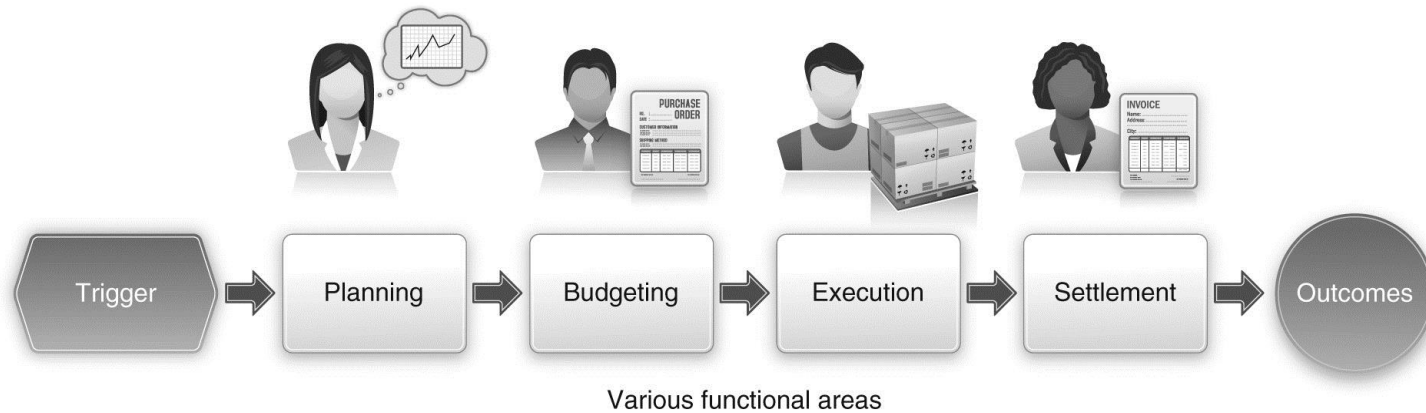
Global Bicycle, Incorporated (GBI)

- Fictional company

- Background on GBI can be found in the overview document on the SAP University Alliance Community (http://uac.sap.com)

- GBI data is used throughout the book to illustrate key concepts and processes

- Hands-on exercises and demos use GBI data

GBI Organizational Structure