

Lecture 2: Business systems and processes

1. A systems view of business (business processes and information systems)

(1) A **system** is an asset of interacting components that form an integrated whole e.g.

organization or a business.

Characteristics: **boundary**: the scope of the system

Hierarchy: system as part of a larger system

Structure: parts that are related to each other

Behavior: contains processes (input => Throughput => output)

(2) A **business process (BP)** is a **structured network of activities** supported by **resources**, **facilities**, and **information** that interact to achieve some **business function**.

BP is a system, sometimes it is referred to as business systems.

We refer to the network of all business processes of the organization as its

Activity System.

Characteristics: **Complete**: all activities necessary to achieve the business goal.

Minimal: do not include unnecessary activities (cost efficiency)

Well-structured: structured in a logical sequence

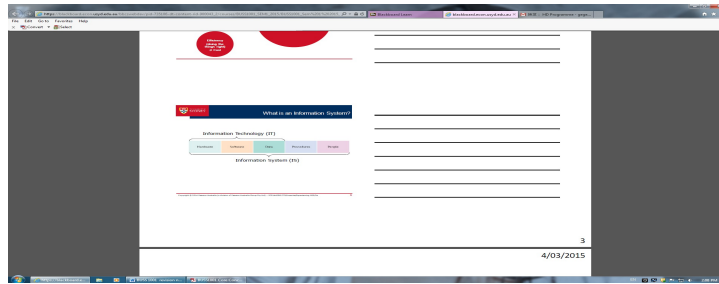
Embedded: connect and interact with other BPs in the

organization in effective and efficient ways.

A well-designed business process will **increase effectiveness** (value for the customer) and **increase efficiency** (less cost for the company).

The business process generates information by bringing together important items of data in a given context. Over time, this process will generate information that will be useful for management and strategy decisions.

For example, we can use the information produced by the process to determine the cheapest, fastest or most reliable suppliers. We could use the information in the Inventory Database to assess our Inventory Database to assess our inventory ordering strategy. We could also use it to estimate pilferage and theft losses.



Information Systems are used by the activities in a business processes.

2. Building the value system (Business process improvement and management, process modeling , enterprise systems)