**Week 01 Discussion - Business Processes vs. Traditional Functional Areas:**

**The following are discussions posted by students. For each discussion post read the discussion posted by the student and provide a half page discussion response stating your point of view for each post. Talk about what you like and what you dislike if anything along with providing any other alternate ideas to each post and number each response to each post accordingly.**

**Discussion Post #1:**

Functional areas like accounting, finance, general management, and human resources may have specific IS applications which operate independently, or these can be integrated to form a more coherent functional system across departmental lines to match a business process. The greater the degree of integration across functional lines, the greater the potential information systems have for supporting the company cost-effectively and for helping to identify significant strategic initiatives. Often times the processes for traditional functional areas overlap and focusing on business processes and improved collaboration across functional areas can help identify inefficiencies.

Information systems support business processes by implementing activities, serving as data repositories, and controlling the flow of data (Kroenke, 2012). One major advantage of focusing on business processes is to encourage collaboration across traditional functional areas. Business processes can help to identify inefficiencies; for example a process which can be automated by computers, rather than done by people. The components of the information system in this example (hardware, software, data, procedures, and people) can come from multiple functional areas. An advantage of the traditional functional areas may be that people are specifically trained in the aforementioned components of their department, and can provide more detailed information when necessary. A disadvantage of this may be an inability to change or react quickly to changing technology and shifting demand. By focusing on business process, abstract reasoning, systems thinking, and collaboration can be used to experiment with different processes and manipulate output. These skills are especially important when developing IS applications, as experimentation may be necessary with each of the components to achieve the desired output.

I would think that in recent years there would be an increased emphasis on IS due to advances in technology. Ecommerce, for example, would create a huge demand for increased developments in computer hardware and software which would help collect, analyze, and store data, convert the data to useful information, and use this information as a resource to create a competitive advantage. One of the more important disadvantages of these IS applications is their ability is limited to how they are being used. For example, if the information that becomes available is simply used to automate an existing process, rather than as an opportunity for business process change, it is not being fully used to its potential.

Hasbro, the second-largest toy maker in the US, decided to replace its manual vendor-inquiry process in an attempt to better identify gaps, bottlenecks and opportunities for improvement in its manufacturing process. The company used BP to combine planning and data analysis to develop strategic goals and track progress toward meeting those goals using financial and operational metrics. Historically, when customer inquired about a product, the inquiry was manually entered into Hasbro’s operations system, printed and faxed to the product vendor with a requested commitment date for the product. The vendor would review the faxed inquiry, make changes, then fax the document back to Hasbro, where an employee would enter the commitment date into the SAP ERP system. This resulted in long lead times for delivery, errors caused by missed calls and faxes, and little transparency into the ordering process.

Using BP, Hasbro implemented eConnect, which automatically sends all customer inquiries to a Hasbro employee for review. If the inquiry is not reviewed within a specific period of time, as designated by Hasbros business rules, the system automatically sends the inquiry to the product vendor to avoid bottlenecks. Once the vendor receives the inquiry electronically, the vendor responds via the portal, and that order is automatically updated in Hasbros SAP system. The implementation was so successful that Hasbro has been able to take days out of the vendor-inquiry process. The company has expanded the use of eConnect to handle purchase orders, capacity analysis, shipping notices and custom interfaces, in addition to quotes for orders. This is an example of how effective using BP across functional areas (such as Accounts payable, customer service, and sales in the case of Hasbro) to develop IS applications ca n be.

As stated by Hasbro CIO Doug Schwinn, "The purpose of a BPM system was to drive good results, and we constantly get comments from our vendors that were far ahead of other companies they deal with. We increase productivity on our end and help lower costs on the vendor end, so its really a win-win for all." (Chen, 2004)

Chen, A. (2004, August 2). *Hasbro Plays to Win with BPM.* Retrieved August 28, 2012, from Enterprise eWeek: http://www.eweek.com/c/a/Enterprise-Applications/Hasbro-Plays-to-Win-With-BPM/1/

Kroenke, D. (2012). *Experiencing MIS.* Upper Saddle River: Prentice Hall.

**Discussion Post #2:**

When I think of traditional functional areas within an organization, I immediately image an organization chart. Within the breakdown of that org. chart, are a listing of the functional areas that make up the heart and soul of the organization. These areas typically include Marketing, Finance, Operations/Production, Research and Development and Information Systems to name a few. Within each of these units, specific needs and criteria are developed and determined. At times, there comes a need where a manual process will not be sufficient to get the job done and IS applications are needed. However, before these application(s) can be developed, an understanding of the need or “process” behind the desired outcome is essential.

**Advantages of focusing on “business processes “as compared to “traditional functional areas”, especially while developing IS applications.**

Let’s use a simple Marketing example to go into further detail. Let’s say a company’s marketing department is looking to change the labeling on an existing brand of popular soap. One of the first things they may attempt to do is develop a focus group showcasing the existing brand and its labeling, alongside the same brand with new labeling. Through this exercise, input produces some sort of output. In this scenario, the input is the panel of people reviewing the product, and the output would be the feedback marketing receives from the panel via surveys conducted at the end. It is important to have an understanding and a correlation of how the process works so that you can determine what works, what does not work, and how the process could be improved via an IS application.

**Disadvantages of focusing on “business processes “as compared to “traditional functional areas”, especially while developing IS applications.**

Business processes become convoluted when you begin to stray away from their intended purpose. Using the marketing example from above, if you begin to add additional components to the process that really do not belong, you lose sight of the vision. Let’s say that in addition to mapping out the process of panel review and feedback, you throw in a component of the panelists views of other products that are similar to the bar of soap (i.e.-body washes, facial washes, etc). You’ve now complicated a simple process and added additional factors that should have been segregated from your original intentions.

IS applications can add to this frustration when users automatically assume that the application is a magical problem solver. IS applications are meant to be an enhancement to human thinking and common sense. The problem lies when people become to dependent upon the outcome of an application and consider it as truth without skepticism. Until an application is tested numerous times, the data it produces should be considered very cautiously.

**Discussion Post #3:**

For every business, the ultimate goal is to produce a product or provide a service that contributes to the fulfillment of the company’s mission. (In most cases, that mission is to generate a profit and satisfy shareholders, but in other cases, such as for nonprofits, the mission may be to generate enough income to sustain and grow the activities of the organization. In either case, successful, final outcomes are key.) With the final goal in mind, a focus on business processes makes more sense than focusing on individual functional areas. Understanding the entire process, and how all the functional areas relate to one another, will allow managers to better identify and thereby improve certain aspects along the continuum that may be impeding the final product or service from becoming as successful as it could be. A focus only on functional areas, however, may in fact lead to improvements in particular areas, but still not contribute to the final outcome.

Health care offers a great example for understanding this. Until recently, most hospitals and other health care providers were very functional area-focused. Surgery, imaging, internal medicine, therapy, etc., all necessary aspects of a patient’s overall care, did little communicating with one another. Each department did its own thing for the patient, and did it very well according standards established for that particular discipline, but patients still got discharged without having an overall favorable experience. Over the last couple decades, this lack of good patient outcomes has been attributed in most case to a lack of coordinated care. The hospital CEO and others managers focused only on how each department performed its function. If the department did its work well, managers were pleased. If problems were identified, managers intervened to make improvements. But in the end, patients were still not satisfied.

A relatively new push in health care is care coordination. The goals have shifted from departmental excellence to overall patient satisfaction at the end of a care process. This has caused a shift in management focus from individual functional areas to a focus on the entire process, what we call the care continuum. Relationships among the functional areas has taken on new importance, and breakdowns in communication among these areas have become the main area of concern and investment of resources. Computerized information systems (electronic health records) have been found to alleviate many of the communication challenges. While functional areas must obviously still exist, they are now able to better share vital information with one another that contributes positively to the patient’s overall experience. Lots of time and money is being invested in implementing the components of our IS systems (hardware, software, data, procedures, and people), but it is recognized as resources well spent because the patient’s overall satisfaction is what matters in the end.

**Discussion Post #4:**

Focusing on traditional functional areas is like working in a vacuum. While it may permit a structured process that delivers timely and accurate information that meets the overall goal for a functional area, it does not offer scalability across departments and/or companies. Today’s companies require adaptable processes that interrelate and can create harmony across activities, roles, resources, repositories and data flows, such that a company can meet the goals of the whole organization, not a department, with speed and efficiency.

Within an IS application, business processes from multiple functional areas can be brought together under one umbrella. This is particularly helpful when there are dependencies on information from various functional areas. For instance, I work in a financial organization. We have customers that have credit cards and checking accounts. While the Credit Card is one separate area, and the bank is another separate area, there are activities, roles, resources, repositories and data flows that allow us to engage both areas such that we can create seamless business processes.

The disadvantage is that there are high upfront cost associated with implementing enterprise wide applications.  However, it is likely that through the implementation process, duplication of resources are identified. This may help offset some of the early upfront costs.

**Discussion Post #5:**

A business process will focus on every aspect of an application. As stated in our textbook, it is a network of activities, roles, resources, repositories, and data flows that interact to accomplish a business function (Kroenke 26). In developing a IS application it requires the process of all business functions within an organization. Traditional functional areas focus on a specific function, and how that functions affects the overall organization. If a IS application is developed for an organization it will not just operate one specific function. A business process will produce an application that is more simplistic to process or obtain information.   A business process uses efficient functions that get the job done accurately.

In developing an IS application it requires the use of numerous resources and a network of activities. The disadvantage is that depending on what is required for the application it can be very costly. Another disadvantage is when developing any type of application there is always room for human error. If there is inaccurate information placed into an application this can generated insufficient data.

**Sources**:

Kroenke, David. Experiencing MIS. Upper Saddle River, NJ: Prentice Hall, 2012.