

VPM's
DR VN BRIMS, Thane
Programme:MMS (2015-117) (Operations)
ThirdSemester Examination October 2016 –Paper-1

Subject	BPR & Benchmarking		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	22.10-2016

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1)Case: Reducing Shipping Errors in Order Fulfilment 20 Marks (Compulsory)
Rockford Consultants

Rockford Consultant is a global productivity consultancy company. The case below tells about their project that they did for one of their clients, a wholesaler of domestic and imported wines and liquors in the business of supplying to restaurants, liquor stores, taverns, and hotels.

The Company's Annual sales exceed \$170 million. The company was incurring delivery variances in the form of shortages and overages. We were asked to audit the warehouse operation, and recommend measures to take to decrease the error rates. The objectives of the effort were to:

- (1) Review the warehouse processes and procedures,
- (2) Review operations for inconsistencies to policies and procedures, and
- (3) Develop solutions.

We reviewed and rationalized warehouse operations. During this review, the concentration of time was spent in understanding how the warehouse operation worked, and what was causing the overages and shortages on deliveries. Our findings revealed that the main causes of delivery variances were a string of events that included:

- Not having a full complement of inventory at primary picking locations
- Picking errors
- Total reliance on human judgment for picking accuracy by pickers/console operators
- A 5 hour delay in posting purchasing receipts to the ERP system.
- One-half of the night shift workforce had less than 6 months experience
- Low inventory balance accuracies, estimated at 53%, that exacerbated picking errors
- Lack of sustainability with formal policies, procedures, job instructions and job descriptions

Based on our findings, we recommended the following:

- 1) Replenish all inventories at picking locations at the end of every night shift.
- 2) Use continual off-line replenishment of picking location stock throughout the night.
- 3) Implement "inventory-by-location" at receiving, warehouse and shipping operations
- 4) Move transactional processing and posting receipts, issues, and inventory balance updates from the office to the functional locations at receiving, warehouse, and shipping.
- 5) Implement bar coding applications within receiving, warehouse, and shipping.
- 6) Begin cycle counting during downtime to increase balance accuracy to 98%
- 7) Develop written operating policies, procedures, job instructions, and job descriptions for warehouse operations to stabilize operations, provide sustainability, and to be used to train workers.
- 8) Convert the job of the person in the office posting transactions to a full time inventory auditor
- 9) Use a separate audit team during monthly physical inventories checking 10% of counts, and requiring a recount when physical count discrepancies are found
- 10) Program the current system to automatically produce shipping/delivery invoices
- 11) Program the current system to include manual transactions such as pick-up and reship memos, and to sort them with picking lists.

The results from the implementation of our recommendations were: Productivity improvements of 20-30% in warehouse receiving, picking, and shipping operations. Annual operational savings due to increases in productivity \$250,000- \$300,000.

Questions: Answer any two out of three questions

1. Using your understanding of logistics and warehousing map the key processes involved in the warehousing operations
2. Examine critically whether BPR principles were applied by the consultants .
3. How would you justify that this exercise by the Consultant is a BPR and not a Process Improvement exercise.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

“Without Reengineering,IT delivers very little payoff; Without IT very little reengineering can be done” Explain its significance in the light of the following cases

- a) Parcel delivery by a Courier company
- b) Purchasing by a large retail outlet
- c) Auto Loan management by a Bank

Q3)Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

What are Business Processes?. Compare the key features of the core process and management process in the following cases

1. A Bank operation
2. A Share Brokers Business
3. A Fast food company

Q4)Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

Explain what you understand by the term “Visualization of Processes”. What methods are used for visualizing processes?. Using a suitable method making the following processes ‘visible”

- a) A Bill payment process to a supplier
- b) A goods dispatch process for an outstation customer
- c) A Customer’s buying process for a car insurance policy

Q5)Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

Explain the main responsibilities and roles of the following in the BPR project implementation

- a) The Leader
- b) The Process owner
- c) The BPR Czar

Q6)Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

What are the different types of benchmarking? Identify giving reasons for

- a) John Deere benchmarked its equipment insurance operation with GE’s
- b) Institute ABC benchmarked its student enrolment process based on Harvard’s,
- c) A City hospital benchmarked its patient discharge process based on a customer discharge process followed by a prominent Star Hotel

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

It is said that BPR is intimately related with ERP implementation. Explain the relationship between BPR and ERP. In the following cases

- 1.Sale and delivery of Cars
2. Sourcing of raw materials for a fast food company
- 3, Payments to utilities through Internet Banking
