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## **Chapter I**

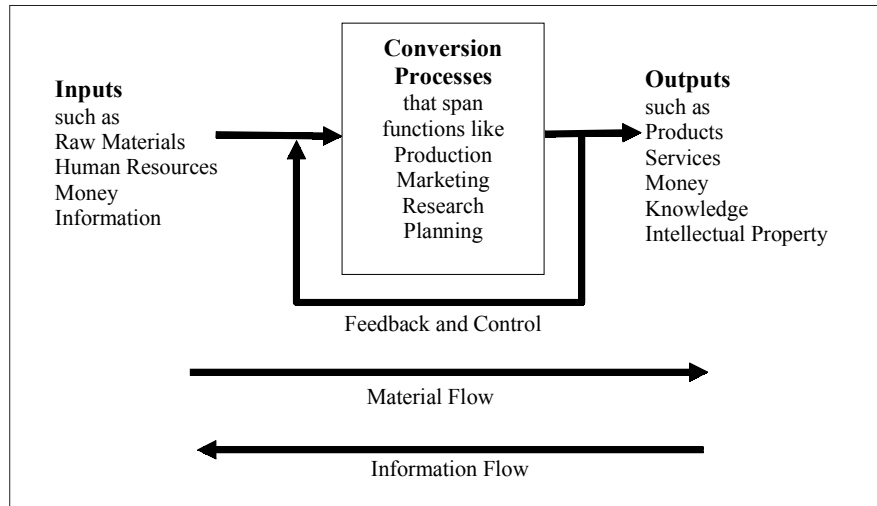
# **Business Processes: Definition, Life Cycle, and Identification**

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## **Organisations as Systems**

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Organisations are fundamentally systems that convert inputs to certain outputs and hopefully, in the process, add value. Inputs could be anything from people, to materials, to money to information, while the outputs could be products, services, waste, or even intellectual property (Figure 1.1). To support this conversion, most organisations would carry out hundreds to thousands of processes that span functions such as production, research, development, and marketing. These processes, in turn, would be overseen by planning, organising and control mechanisms. While the flow of products and services occurs in the forward direction, there is an equally important flow of information backward that enables feedback and control. But for these mechanisms and flows to function effectively, business, information and decision processes need to be interwoven together synergistically. We club all these processes together under the umbrella term “business processes.”

*Figure 1.1. Organisations as conversion systems*

## Business Process Definition

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Many definitions for business processes have been put forward over the years. Davenport (1993, p.5), for example, defines a process as “a structured, measured set of activities designed to produce a specified output for a particular customer or market” and as “a specific order of work activities across time and place, with a beginning, an end, and clearly identified inputs and outputs: a structure for action.” Rosemann (2001, p.18) defines business processes in a much more formal fashion as “the self-contained, temporal and logical order (parallel and/or serial) of those activities, that are executed for the transformation of a business object with the goal of accomplishing a given task.” A business object may be an inquiry from a customer, an order from a customer, a quotation prepared for a customer, delivery note from a supplier, and so forth. Along similar lines to Rosemann, Sharp, and McDermott (2001, p.58) define a business process as,

*a collection of interrelated work tasks, initiated in response to an event that achieves a specific result for the customer of the process.*

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