CHAPTER 1

INTRODUCTION

This chapter will elaborate the background of the research. The explanation about problem formulation, the object of research, and limitation of research will also be explained.

1.1. Background

Business Process Management (BPM) is a set of approaches to produce better processes through integrating activities. Activities can be defined into two types, value-added and non-value added. BPM can help the organization become more agile by increasing productivity, speed to market, and achieving compliance.

By increasing productivity, it is required to eliminate the activities of non-value-added. Business Process Improvement (BPI) is a tool from Business Process Management. BPI is a systematic approach for organization to optimize its underlying processes to achieve more effective and efficient results. BPI usually has a narrow scope and is being repeated during the life of each process.

Business Process Improvement (BPI), is an internal planning methodology business process operations or employee skills that can be improved to be more both so that it can encourage procedures, workflows that are more efficient and effective for overall business growth. This process can also be called a repair process functional that can improve business processes in one company.

Business Process Improvement must be carried out for various reasons, especially what is expected from the use of Business Process Improvement (BPI) is an analysis of business processes that are currently running as well as perfecting future business processes that are aligned with the needs and maximize the benefits of information technology. The Purpose of BPI is to eliminate mistakes, give competitive advantage companies with improved business processes, meet customer demand and more effective business goals. Certainly before doing the combination of methods, tools and people, it is required in-depth analysis for business people.

In BPI implementation, this era the need of Information Technology (IT) will enable the organization to improve and deploy more effective of information flow. Usually, IT support is being used in activity of production planning, marketing, accounting, or administrative. The IT support is being supported by software. The software that is used such as Enterprise Resource Planning (ERP), and Microsoft Office packages such as Microsoft Access and Microsoft Excel.

The research was conducted in a cigarette manufacturer, in Operations Department. One of the process that is being analysed in this research is a stock opname process.

Stock opname is a set of processes that has a purpose to record the amount of work-in-process product or WIP, and also count the materials. The objective of stock opname is to know the actual amount of stamp (banderol) used within certain period. The stock opname process is done weekly and monthly. Stock opname is being run starting from 6 AM on every Monday. The teams involved in stock opname process are operator, team leader, administrator, and an engineer.

The flow of stock opname is the operators are given certain papers regarding to the brand, and at 6 AM the stock opname is run. After counting, operators have to give the papers to Team Leader based on their unit. The manufacturing has four units so there are four Team Leaders. After the papers is received by Team Leaders, the Team Leaders should write down the number given on papers. The Team Leader who is also a PIC of stock opname should first give the spreadsheet used to write down the number, to the rest of Team Leaders. If the PIC has not sent the spreadsheet, other three Team Leaders could not fill the number. When the reporting has done, the PIC analyses and send the report to the administrator. Administrator then send the report later to the Engineer. Any delay from the Engineer will result to the postponement of sending report to the Finance Department. The Finance has a responsibility to make a report and order of stamp to the Government.

The Team Leader PIC realize there are many non-value-added activities in the process of stock opname. These activities commonly include manual inputs of a data, waiting time, and also a back-and-forth movement. Doing manual input has to open, re-open, make an attention to the paper, that make the response time to request become slower and this increases the chance of manual input error to occur. When an error occurs, Team Leader PIC has to re-check by re-counting

the WIP and materials. This ultimately affects to the response time, and Engineer has to delay the analysis of report. Engineer also has to postpone sending the report to Finance Department. This leads to the complaints from Finance Department.

In a previous research presented by Yehezkiel (2015), it is required to make a semi-computerized activity. Prior to the condition of production floor in this cigarette manufacturer, each machine has one computer to maintain the quality, the total production, and to make daily report. So, operators are familiar with the semi-computerized tools.

1.2. Problem Formulation

Based on the background, problem is occurred that the process of stock opname requires long duration and exceed the work hours. This is due to non-value-added activities, such as repetitive and overprocessing, and uncertainty of events that causes motions and waiting time between operators and Team Leader.

1.3. Objective

The objectives to be achieved through this research is the activity of stock opname could be done quickly and accurately, by removing non-value-added activities such motions, waiting time between Operators and Team Leader, and overprocessing, using the available software package.

1.4. Scope and Limitations of Research

There are also some limitations of this research, such as:

a. The data used is only from the past three months (October 2018 – December 2018),
b. The department conducted for the research was in Secondary Department,
c. The interviewed personnel were Team Leader A, Admin, Operators (Production Technician, Worker), and Process Engineer
d. Regarding to the confidential information, by the agreement, some information cannot be disclosed in this research.