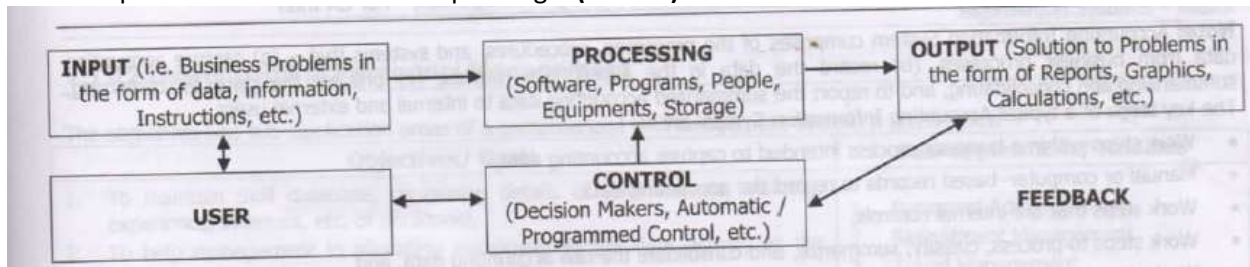


**EIS**

**Answer 1**

**A)** An Information System Model involves the following steps. These basic activities of an Information System helps Entities in making decisions, control operations, analyze problems and create new products or services. **(1 mark)**

1. **Input:** Data is collected from internal and external environments of an Entity, and converted into a suitable format required for processing. **(1 mark)**
2. **Processing:** Data is converted into information (i.e. more meaningful form) obtained after manipulation of these collected data. **(1 mark)**
3. **Storage and Output:** Information is stored for future use or communicated to User after application of specified procedures thereon. **(1 mark)**
4. **Feedback:** Feedback represents output that is returned to appropriate members of the Enterprise, to help them to evaluate at the input stage. **(1 mark)**



**B) (1 mark each)**

Item	Nature	Reasoning
(a)	Preventive Control	This control <b>prevents malicious act</b> . If the User – ID is recorded in the database along with the details of the transaction initiated by the User, it will help in tracing errors due to data input, and thus <b>prevents critical errors</b> in a financial system.
(b)	Detective Control	This control is designed to avoid omissions or malicious acts that occur, and reports the occurrence. A Periodic Report of error occurrences gives a clear understanding of lawful activities and anything which deviates from these is reported as unlawful and malicious.
(c)	Corrective Control	This control reduces the impact or corrects and error once it has been detected. This control is a part of a Business Continuity Plan, and is considered to be significant corrective
(d)	Preventive Control	This control is implemented to prevent unauthorized access. This preventive control addresses the probable threats in an authentication mechanism.
(e)	Compensatory Control	This control is designed to reduce the probability of threats and possible exploitation of the vulnerabilities of accessing the asset and leading to losses. Here, the cost of the Plastic ID – Card is negligible when compared to the cost of the assets being protected. The compensatory measure can reduce the probability to the assets.

**Answer 2**

- A)**
1. **Meaning:** Management Controls are adopted by the Management of an Enterprise are to ensure that the information systems function correctly and that they meet the strategic business objectives. **(1/2 mark)**
  2. **Scope:** The scope of Management Controls includes – **(1/2 mark)**
    - (a) Formulating high level IT Policies, Procedures and Standards on a wholistic view, [Note: The high level Policies establish a framework on which the controls for lower hierarchy of the Enterprise can be based.]

(b) Establishing a sound Internal Controls Framework within the organization.

**3. Sub – Systems: Management Controls may be further analysed into the following sub – systems – (3 mark)**

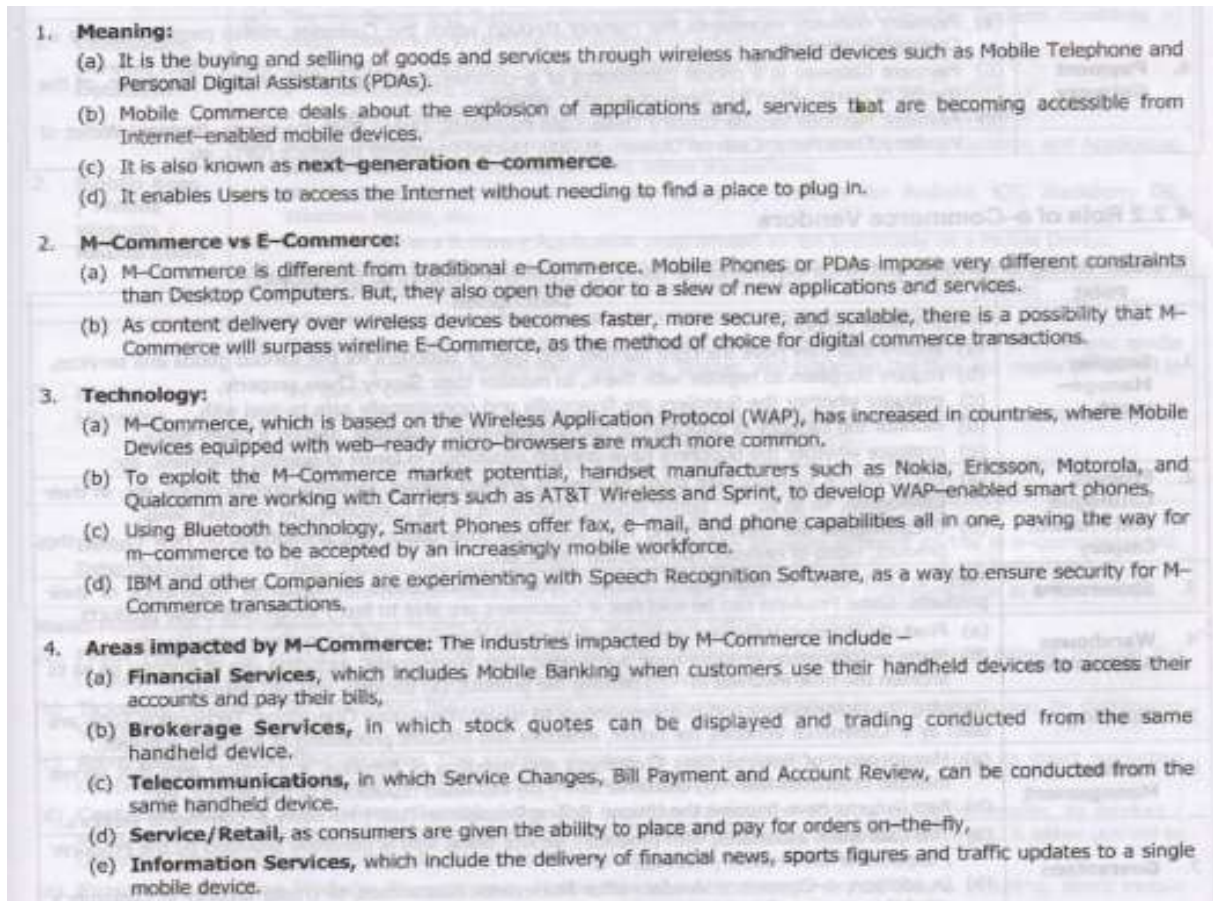
<b>Controls</b>	<b>Scope: Controls in this area cover –</b>
(a) Top Management and Information System Management Controls	<ul style="list-style-type: none"> <li>• Top Management’s role in planning. Organizing. Leading and controlling the IS Function.</li> <li>• Role of Top Management in Long – run policy decision – making and in translating long – run policies into short – run goals and objectives.</li> </ul>
(b) System Development Management Controls	Contingency Perspective on models of the IS Development Process that Auditors can use as a basis for evidence collection and evaluation.
(c) Programming Management Controls	Major Phase in the Program Development Life Cycle and the important controls that should be exercised in each phase.
(d) Data Administration / Resource Management Controls	Role of Database Administrator and the controls to be exercised in each phase.
(e) Quality Assurance Management Controls	Major functions that QA Management should perform to ensure that the development. Implementation. Operation. And maintenance of IS, conform to Quality Standards.
(f) Security Administration / Management Controls	Major Functions performed by Security Administrators to identify major threats to the IS functions, and to design, implement, operate, and maintain controls that reduce expected losses from these threats to an acceptable level.
(g) Operations Management Controls	Major Functions performed by Operations Management to ensure the day – to – day operations of the IS function are well controlled.

**B) (1 mark for each point)**

1. Auditors should be able to obtain resources required from the organization to support development, implementation, operation, and maintenance of continuous audit techniques. Such resources may not always be available.
2. Continuous Audit Techniques are more likely to be used, if Auditors are involved in the development work associated with a new application system. However, Auditors are brought into the picture only during implementation phase.
3. Auditors need the knowledge and experience of working with computer systems to be able to use Continuous Audit Techniques effectively and efficiently.
4. Continuous Auditing Techniques are more likely to be used where the audit trail is less visible and the costs of errors and irregularities are high.
5. Continuous Audit Techniques will be effective, only when they are implemented in an application system that is relatively stable. Frequent changes to the system make audit techniques less effective.

### Question 3

A) (1 mark for each point)



B)

Mobile Computing operates similar to an Employee's Desktop PC access the Organization's applications, except that the User's Device is not physically connected to the organization's system.

1. Data Entry by User: The User enters to access data using the application on handheld computing device. **(1 mark)**
2. Connect: **(1 mark)**
  - (a) Using one of the several connecting technologies, the New Data are transmitted from the Handheld Device to the Site's Information System where files are updated and the new data are accessible to other System User.
  - (b) The communication between the User Device and Site's Informing Systems uses different methods for transferring and synchronizing data, some involving the use of Radio Frequency (RF) technology.
3. Sync. Now both systems (Handheld and Site's Computer) have the same information and are in sync. **(1 mark)**
4. Data Flow: the process work the same way starting from the other direction. **(1 mark)**

Answer 4

A)

(1/2 mark for each point)

For effective implementation of Green Computing, Government Regulation as well as – informed work habits of computer Users are necessary. Some such steps for Green IT include –

1. Use energy – efficient Central Processing Units (CPUs), Serves and Peripherals.
2. Switch Off the the CPU and all peripherals during extended periods of inactivity.
3. Switch – on and Switch – off energy – intensive peripherals such as Laser Printers, according to need of use.
4. Use Liquid Crystal Display (LCD) Monitors rather than Cathode Ray Tube (CRT) monitors.
5. Use Notebook Computers rather than Desktop Computers whenever possible.
6. Use the power – management features to turn off Hard Drives and displays after several minutes of inactivity.
7. Minimize the use of paper and properly recycle waste paper.
8. Dispose off e – waste according to applicable law and regulations.
9. Employ alternative energy sources for power supply to workstations, Servers, Networks and Data Centres.
10. Plan work so as to handle all computer – related tasks in one go, instead of alternating between paperwork and system – work. Switch off Computer in durations of paperwork.

**B) (1 mark for each point)**

Application Software have 4Gateways through which the Bank / Entity can control the functioning, access and use the various menus nad functions of the software –

1. Configuration:	
Point	Description
Meaning	(a) Configuration refers to the manner in which a Software is <b>set-up</b> for use. (b) Configuration is thus the first step after Software Installation, and is a very significant step. (c) Configuration could include both Hardware and Software Parameters. (d) Configuration will define how the Software will function and what menu options are displayed.
CBS Confi- guration	(a) CBS Configuration involves defining the various parameters as per the Bank's Policies, Practices, Procedures and Business Process Rules. (b) CBS Configuration includes – <ul style="list-style-type: none"> <li>• modifying the default parameters in Systems Software,</li> <li>• defining the workflow for each of the Products or Services,</li> <li>• setting up of different CBS Modules e.g. Advances, Deposits, Cash, Treasury, etc.</li> <li>• defining the Access Rules, User Creation, Rights, Password Procedures, etc.</li> <li>• specifying the manner of system driven transactions, e.g. Interest Computation.</li> </ul>
2. Masters:	
Point	Description
Meaning	(a) Masters refer to the setting parameters for various types of Product and Service Types as per the Software Modules used in the Bank. (b) The Parameter Settings in the Masters will determine how the Software will process relevant transactions. (c) After configuring the software, the Masters are set-up first time during installation. (d) Masters are also called <b>Standing Data</b> , since they are changed only when – (i) there are changes in Business Processes, Values, etc. and (ii) they are authorised by appropriate levels of Management.
Masters in CBS	Some Masters in CBS are given below – (a) <b>Customer Master:</b> Customer Type, Name, Address, PAN, Aadhaar, CIF ID, etc. (b) <b>Employee Master:</b> Employee Name, ID, Designation, Level, Joining Details, Salary, Leave, etc. (c) <b>Advances Master:</b> Credit Limit, Loan Period, Interest Rate, Penal Interest Rate, Security offered, Sanction Terms, Customer Details, etc. (d) <b>Deposits Master:</b> Type of Deposit, Interest Rate, Service Charges, Period of Interest Computation, Minimum Balance, Withdrawal Limits, A/c Type, etc.
Changes	Modification to Masters are made based on requirement, e.g. – (a) Interest Rate Parameters in Masters are modified if RBI announces a change in base rates. (b) NPA Parameters in Masters are modified if there is a change in Prudential Norms. <b>Note:</b> All modifications to Masters are logged, and reported as an Exception Report.

3. Transactions:	
Point	Description
Meaning	(a) In CBS, Transactions refer to the actual transactions of various Products and Services. (b) Transactions may be caused by – (i) a <b>Customer</b> through Internet/Mobile Banking, (ii) a <b>User</b> handling a Customer Service Request at the Branch, using Menu and Functions, or (iii) <b>system-driven</b> like automatic computation and posting of interest, etc. <b>Note:</b> Transactions are allowed based on User Access and Access Authorization Matrix Set, e.g. view, entry, authorize/approve, etc.
Examples	Some examples of Transactions are – (a) <b>Deposit Transactions:</b> Opening of a/c, Deposits, Withdrawals, Interest Computation, etc. (b) <b>Advances Transactions:</b> Opening of a/c, Deposits, Withdrawals, Transfers, Closure, etc. (c) <b>ECS Transactions:</b> Entry, Upload, Authorize/Approve, Update, etc. (d) <b>GL Transactions:</b> Expense Accounting, Interest Computation Update, Charges Update, etc.

4. Reports:	
Point	Description
Meaning	(a) Information processed by the System is provided to Users through Reports. (b) CBS Reports include – (i) Daily General Ledger (GL), (ii) Activity Logging and Reviewing, (iii) MIS Report for each Product or Service, (iv) Exception Reports, etc.
Types	Reports may be – (a) standard or adhoc reports, (b) for monitoring the operations, and / or for tracking the performance or security, (c) periodically generated or created specifically on demand, (d) used for internal monitoring purposes, or compulsorily required for statutory compliance.

### Answer 5

A) (3 marks – 1<sup>st</sup> part, 1 mark – 2<sup>nd</sup> part)

1. <b>Process:</b> Material Management (MM) Module involves the following processes /activities –
(a) <b>Purchase Requisition:</b> Production Department (or Stores Department) sends a request to Purchase Department for purchase of the Raw Materials required for production.
(b) <b>Scrutiny:</b> Purchase Department evaluates the Requisition with current stock position and Purchase Order pending position, and decides about accepting or rejecting the requisition.
(c) <b>Quotation:</b> If the Requisition is accepted, Purchase Department seeks Quotations from prospective Vendors for supply of Raw Materials.
(d) <b>Analysis of Quotations:</b> Quotations received from Vendors are compared and evaluated, on various aspects.
(e) <b>Purchase Order:</b> Terms of Purchase are informed to the selected Vendors through the Purchase Order (PO), which provides details of –(i) Description of items to be purchased, (ii) Quantity, (iii) Price, (iv) Time of Delivery, (v) Place of Delivery, (vi) Payment Terms, (vii) Special Instructions, if any, etc.
(f) <b>Material Receipt:</b> Materials are received as per PO, after proper inspection thereof. A Material Receipt Note (MRN) or Goods Receipt Note (GRN) is prepared to increase the Stock Balance, after receipt of materials.
(g) <b>Issue of Materials:</b> Material received by Stores Department is issued to Production Departments as per requirement. A Bill of Materials (BOM) or Stores Requisition Note (SRN) is prepared for this purpose.
(h) <b>Purchase Invoice:</b> Invoice received from Vendor is recorded in the Books, resulting in a Liability (Payable) to the Vendor towards goods purchased.
(i) <b>Payment to Vendor:</b> Payment is made to Vendor based on Purchase Invoice, after verifying with GRN and PO.
2. <b>Key Features:</b>
(a) MM Module includes sub-components like Vendor Master Data, Consumption Based Planning, Purchasing, Inventory Management, Invoice Verification, etc. [i.e. relating to the processes specified above.]
(b) MM also deals with movement of materials via other modules like Logistics, Supply Chain Management (SCM), Sales and Delivery, Warehouse Management, Production and Planning.

- B)
- The appropriate Government may, by notification in the Official Gazette, declare any computer resource which directly indirectly affects the facility of Critical Information Infrastructure, to be a Protected System. **(1 mark)**
  - Critical Information Infrastructure means the computer resource, the incapacitation or destruction of which, shall have debilitating impact on national security, economy, public health or safety. **(1 mark)**
  - The appropriate Government may, by order in writing, authorize the persons who are authorized to access notified Protected Systems. **(1 mark)**
  - Any person who secures ccess or attempts to secure assess to a protected system in contravention of the provisions of this section shall be punished with imprisonment of either description for a term which may extend to 10 years and shall also be liable to fine. **(1/2 mark)**

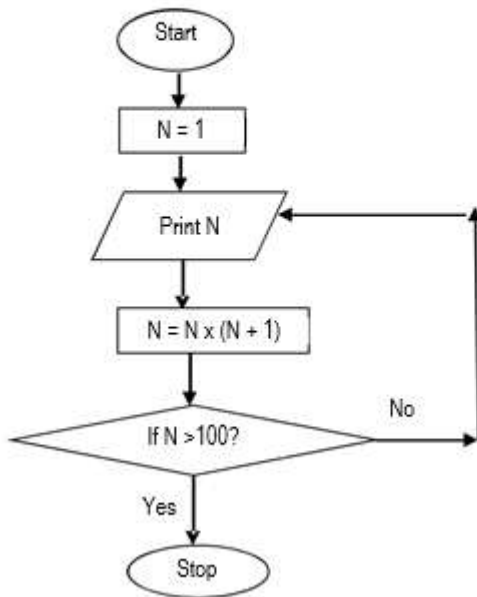
5. The Central Government shall prescribe the information security practices and procedures for such Protected System. (1/2 mark)

**Answer 6**

Let us define the variable first:

N: Number

The desired flowchart is as follows:



(b) The output for the above program is as follows: 1 2 6 42

(c) The output of the above program in case N is initialized as 0 will be - 0, 0, 0, 0, 0  
..... (infinite loop)

**SM**

**Answer 1**

**A) (1 mark each)**

The success of the efforts and activities of the Enterprise depends heavily on the quality of Strategic Management, i.e. the vision, insight, experience, quality of judgment and the perfection of methods and measures. The importance of Strategic Management is highlighted as under-

1. **Decision-making:** Strategic Management provides the framework for all major business decisions as to nature of products and markets, manufacturing facilities, investments and organizational structure.
2. **Pathfinder:** Strategic Planning works as the pathfinder to various business opportunities and also serves as a corporate defence mechanism, helping the Firm avoid costly mistakes in product market choices or investments.
3. **Core Competencies:** Strategic Management provides a Firm with certain core competencies and competitive advantages in its fight for survival and growth.
4. **Future-driven:** Strategic Management is not mere forecasting, it is concerned with ensuring a good future for the Firm. It seeks to prepare the Firm to face the future, and even shape the future in its favour.
5. **Influences and Adaptation:** Strategic Management plays a vital role in influencing the environmental forces in its favour, working into the environs and shaping it, instead of getting carried away by its turbulence or uncertainties.

**B) (1 mark each)**

The elements to be considered in a Strategic "Situational" Analysis are –

1. **Product:** The nature of the product produced by the Company should be analysed as to its utility, life, need satisfying ability, cost, price, re-use possibility, etc. The Manager should also classify the Company's product into – (a) Core or main product, (b) supporting/ secondary/ allied products and services.
2. **Competition:** The main competitors, their expected moves, their competitive advantages, etc. should be carefully reviewed.
3. **Distribution:** The Company's distribution channel should be reviewed, i.e. ways of capturing the market and the mode by which the products are to reach the prospective customers.
4. **Environment:** The external and internal environmental factors, including economic or sociological factors, that have an impact on the Firm's performance, should be listed for situational analysis.
5. **Opportunity and Issues:** Current opportunities that are available in the market and the main threats that business is facing and may face in the future, the strengths that the business can rely on and any weaknesses that may affect the business performance, are to be considered.

Answer 2 (4 marks – 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> part, 4 marks – 4<sup>th</sup> part)

1. **Meaning:**

- (a) **Merger** is a process when two or more Companies come together to expand their business operations. In such a case, the deal generally gets finalized on friendly terms, and both the Companies share profits in the newly created Entity.
- (b) **Acquisition** occurs when one Company (called Acquirer) takes over the other Company (called Target) and controls all its business operations. Acquisitions generally happen during recession in economy or during declining profit margins. The combined operations are then run under the name of the powerful entity, viz. Acquirer.

**Note:** Expansion through Mergers and Acquisitions (i.e. takeover/ absorption/ amalgamation) is an attractive method of Diversification. It circumvents the time, risks and skills involved in screening internal growth opportunities, seizing them and building up the necessary resource base required to materialize growth. **Examples:** Tata's Acquisition of Anglo Dutch Steel Maker Corus, British Jaguar Land Rover, etc.

2. **Reasons:**

- (a) To meet the basic business urge to grow.
- (b) To achieve a measure of synergy between the Parent and the acquired enterprises, which results from factors like physical facilities, technical and Managerial skills, distribution channels, general administration, R&D etc.

3. **Advantages:** Mergers and Acquisitions are –

- (a) mechanisms are **quick inorganic growth**.
- (b) useful in deploying surplus funds.
- (c) strategies to increase the participating Firm's strengths and financial gains, and break trade barriers, if any.

(d) methods to achieve synergy between the Parent and acquired entities. Synergies may arise due to Physical Facilities, R&D, Technical or Managerial Skills, Distribution Channels, etc.

4. **Types of Mergers:**

(a) <b>Horizontal Merger</b>	<ul style="list-style-type: none"> <li>• These are combinations of Firms engaged in the <b>same industry</b>.</li> <li>• It is a Merger with a direct competitor.</li> <li>• This Merger seeks to achieve economies of scale in the production process, by shedding duplication of installations and functions, widening the line of products, decrease in Working Capital and Fixed Assets investment, getting rid of competition, etc.</li> </ul>
(b) <b>Vertical Merger</b>	<ul style="list-style-type: none"> <li>• It is a merger of two Firms that are operating in the same industry but at <b>different stages of production or distribution system</b>. This often leads to increased synergies with the merging Firms.*</li> <li>• Such Merger can take the form of Backward Integration or Forward Integration.</li> <li>• Vertical Merger – (i) results in operating and financial economies, (ii) helps to create an advantageous position by restricting the supply of inputs to other players, or by providing the inputs at a higher cost.</li> </ul>
(c) <b>Co- Generic Merger</b>	<ul style="list-style-type: none"> <li>• Here, two or more merging Firms are associated in some way or the other related to the production processes, business markets, or basic required technologies.</li> <li>• Such merger includes the extension of the product line or acquiring components that are required in the daily operations.</li> <li>• It offers opportunities to businesses to diversify around a common set of resources and strategic requirements.</li> <li>• <b>Example:</b> A Refrigerator Manufacturing Firm merging with another Firm doing business in Kitchen Appliances.</li> </ul>
(d) <b>Conglomerate Merger</b>	<ul style="list-style-type: none"> <li>• These are the combination of Firms that are <b>unrelated</b> to each other. There are no linkages with respect to customer groups, customer functions and technologies being used.</li> <li>• There are no important common factors between the organizations in production, marketing, research and development and technology.</li> <li>• In practice, however, there is some degree of overlap in one or more of these factors.</li> </ul>

**Note:** A Joint Venture is a business agreement in which parties agree to develop, for a finite time, a New Entity and new assets by contributing Equity. They exercise control over the Jointly Controlled Enterprise and consequently share Revenues, Expenses and Assets.

**Answer 3**

- A)**
- 1. Defined Study:** Business Policy is the study of – (a) the functions and responsibilities of Senior Management, (b) the crucial problems that affect success in the total enterprise, and (c) the decisions that determine the direction of the organization and shape its future. **(2 marks)**
  - 2. Organized:** Business Policy emphasize on the rational – analytical aspect of Strategic Management and Strategic decision – making. **(1 mark)**
  - 3. Framework:** Business Policy presents a framework for understanding strategic decision – making. This Framework enables a Manager to make preparations for handling general management responsibilities. **(1 mark)**
- B)** The strategy making and implementing process consists of five inter – related Managerial tasks. These are –
- 1. Setting Vision and Mission:** Forming a Strategic Vision of where the Enterprise is headed, so as to provide long – term direction, identify what kind of Enterprise the Company is trying to become, and infuse the organization with a sense of purposeful action. **(1 mark)**
  - 2. Setting Objectives:** Converting the Strategic Vision into specific performance outcomes or goals, for the Company to achieve. **(1 mark)**
  - 3. Crafting a Strategy** to achieve the desired outcomes. **(1/2 mark)**
  - 4. Implementing and Executing** the chosen strategy efficiently and effectively. **(1/2 mark)**
  - 5. Evaluating Performance & initiating** corrective adjustments in vision, long – term direction, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas, and new opportunities. **(1 mark)**

**Answer 4**

- A) Types of Objectives (1 mark for each point)**
1. Objectives can be classified into – (a) long – term objectives, and (b) short – term objectives.
  2. Strategies represent the actions to be taken to accomplish long – term objectives.



3. Long – term Objectives represent the results expected from pursuing certain strategies.
4. Short – term Objectives helps to focus attention on delivering immediate performance improvements. They serve as ‘milestones’ in achieving long – term objectives.

**B) Combination Strategy (2 marks for each point)**

**1. Meaning:**

- (a) Stability, Expansion and Retrenchment Strategy alternatives are not mutually exclusive. Hence, a combination thereof can be adopted.
- (b) **Example:** An Enterprise may seek stability in R & D area of activity, expansion in some product lines and retrenchment in the less profitable products. Alternatively, Retrenchment of ailing products followed by stability and capped by expansion in some situations.

**2. Reasons:** Some reasons for adopting Combination Strategy are –

- (a) The organization is large and faces complex environment.
- (b) The organization is composed of different business, each of which lies in a different industry requiring a different purpose

**Answer 5**

**A) (1 mark for each point)**

1. **Meaning:** A Simple Structure is an organisational form in which the Owner-Manager makes all major decisions directly and monitors all activities, while the Company's staff merely serve as executors of decisions taken by the Owner-Manager.

2. **Features:**

- (a) Little specialization of tasks.
- (b) Few rules and little formalization.
- (c) Unsophisticated information systems.
- (d) Direct involvement of Owner-Manager in all phases of day-to-day operations.
- (e) Frequent and direct communication.

3. **Competitive Advantages:**

- (a) Appropriate for Companies that follow a single-business strategy and offer a line of products in a single geographic market.
- (b) Appropriate for Companies adopting focussed cost-leadership or focussed differentiation strategies.
- (c) A broad-based openness to innovation.
- (d) Greater structural flexibility,
- (e) An ability to respond to environmental changes, more quickly.

4. **Demerits:**

- (a) Not suitable when the Firm grows larger/ bigger.
- (b) Cannot manage complicated information processing requirements.
- (c) More pressure on Owner-Managers (due to lack of skills or experience or time).

**B) (2 marks for each)**

1. **Conclusion:** Correct. **Reason:** Strategic Planning is process of determining organizational strategy. It gives direction to the Firm and involves making decisions and allocating resources to pursue the strategy. It is the formal consideration of future course of the Firm. It determines where a Firm is going over the future periods and the ways for going there.

2. **Conclusion:** Correct. **Reason:** Management of Funds can play a pivotal role in Strategy Implementation, as it aims at the conservation and optimum utilization of Funds – i.e. objectives which are central to any strategic action. Good management of funds creates the difference between a strategically successful and unsuccessful Company. Firms that implement strategies of stability, growth or retrenchment should have proper management of funds.

**Answer 6**

**A) (concept – 2 marks, merits & demerits – 2 marks)**

**1. Concept:**

(a) Hourglass Organization Structure consists of three layers with a constricted Middle Layer, a short and narrow Middle-Management Level.

(b) Information Technology links the top and bottom levels in the organization taking away many tasks that are performed by the Middle Level Managers.

(c) Traditional Middle Level Managers are often Specialists. But the Managers in the Hourglass Structure are generalists and perform wide variety of tasks. They would be handling cross-functional issues in marketing, finance or production.

**Hourglass Organisation Structure**

2. Merits	3. Demerits
<p>(a) Reduced Costs.</p> <p>(b) Better Responsiveness in decisions, since decision making authority is shifted close to the source of information so that it is faster.</p>	<p>(a) Promotion opportunities for the lower levels diminish significantly, due to reduced size of middle management. [See Note]</p> <p>(b) Continuity at same level may bring monotony and lack of interest and it becomes difficult to keep the motivation levels high.</p>

**Note:** Organisations try to overcome these problems by assigning challenging tasks, transferring laterally and having a system of proper rewards for performance.

**B) (1/2 mark for each point, 1<sup>st</sup> point- 1 mark)**

1. **Starting from Scratch:** BPR means starting all over, starting from scratch. BPR means pulling aside much of the age-old practices and procedures. It involves forgetting how work has been done so far, and deciding how it can best be done now.
2. **Re-thinking:** BPR begins with a fundamental re-thinking. The Strategists who initiate BPR ask basic questions about the Firm's operations. They try to find out answers to questions like "What is being done now? Why is it being done in this way?"
3. **No Assumptions:** BPR does not begin with any given assumptions or premises. The thinking process in BPR begins with a totally free state of mind without having any pre-conceived notion.
4. **Normative:** BPR is not a subjective process. It is a normative process which first determines what a Company must do, and then it decides on how to do it. BPR ignores what the existing process is and concentrates on what it should be.
5. **Radical:** BPR involves radical re-designing of processes. Radical re-designing means going to the root of the problem areas and not attempting to make any superficial changes. It involves completely discarding all existing structures and procedures, and evolving completely new ways of doing the work.
6. **Dramatic Improvement:** BPR aims at achieving dramatic improvement in performance. If a Firm needs marginal improvement in any area of operation at any point of time, it can be achieved by making some simple adjustments to conventional processes. BPR is about substantial improvements.
7. **Re-invention:** BPR is about business re-invention, not business improvement, business enhancement or business modification.

8. **Process Orientation:** BPR focus is on the process in an attempt to improve performance. The process involves producing the output or rendering the service, and the output is the result of the process.
9. **Detailed:** BPR looks at the minute details of the process, such as why the work is done, who does it, where it is done, and when it is done.
10. **Thrust Area:** BPR thrust area may be identified as "reduction of total cycle time of a business process:/ This involves – (a) eliminating the unwanted, unnecessary and redundant steps, (b) simplifying the systems and procedures, and (c) eliminating waiting and transit times to the extent possible.
11. **Continuous:** BPR is a continuous improvement process. Even after re-designing of a process, BPR maintains a continuous effort for more and more improvement.
12. **IT-supported:** BPR recognises the vast and expanding potential of information technology for the most rational, simple and efficient re-design of work structure. BPR aims at utilizing information technology for evolving a new process, instead of merely automating the existing processes.
13. **Wholistic:** BPR has its effect or implication on all parts of the Firm. BPR requires viewing the processes from a cross-functional and wholistic perspective. BPR focusses on a multi-dimensional approach, disregarding the constraints of organizational structure and departmental boundaries.
14. **Organisational Change:** BPR efforts involve massive organizational change. Work changes from task-oriented to process-oriented. People have the choice of making their own decisions rather than being directed. Every aspect of the Firm changes beyond recognition.
15. **Top Management Support:** BPR drive is supported by the vision and commitment of the Firm's top leadership, to ensure its effective completion and implementation.