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## Systemizing Your Business and Developing Effective Processes

One of the biggest mistakes a business owner can make is to create a company that is dependent on the owner's involvement for the success of its daily operations. This is called working "in" your business. You're writing basic sales letters, licking stamps, and guiding staff step-by-step through each task.

There are a number of problems with this approach. One is redundancy. You're paying your staff to carry out tasks that you eventually complete. The second is poor time management. You're spending your day – at your high hourly rate – on tasks as they arise, leaving little room for the more important tasks you need to be focused on.

The biggest issue with this approach is that countless intelligent business owners are spending the majority of their time operating their business, instead of *growing* it.

A good test of this is to ask yourself what would happen if you took off to a hot sunny destination for three weeks and left your cell phone and laptop at home. Would your business be able to continue operating?

If you said no, then this chapter is for you.

Systemizing your business is about putting policies and procedures in place to make your business operations run efficiently – and more importantly – without your constant involvement. With your newfound free time, you will be able to focus your efforts on the bigger picture: **strategically growing your business.**

### Why Systemize?

For most small business owners, systems simply mean freedom from the day-to-day functioning of their organization. The company runs smoothly, makes a profit, and provides a high level of service – regardless of the owner's involvement.

Systemizing your business is also a healthy way to plan for the future. You're not going to be working forever – what happens when you retire? How will you transition your business to new ownership or management? How will you take that vacation you've been dreaming of?

Businesses that function without their owners are also highly valuable to investors. Systemizing your business positions it in a more favorable light for purchase – and at a higher price.

A system is any process, policy, or procedure that consistently achieves the same result, regardless of who is completing the task.

Any task that is performed in your business more than once can be systemized. Routine tasks that are completed daily, weekly, monthly, and quarterly should be systemized so that anyone can perform them.

Systems can take many forms – from manuals and instruction sheets, to signs, banners, and audio or video recordings. They don't have to be elaborate or extensive, just provide enough information in a step-by-step form to guide the person performing the task.

### **Benefits of Business Systems**

There are unlimited benefits available to you and your business through systemization. The more systems you can successfully implement, the more benefits you'll see. For example:

- Better cost management
- Improved time management
- Clearer expectations of staff
- More effective staff training and orientation
- Increased productivity (and profits)
- Happier customers (through consistent service)
- Maximized conversion rates
- Increased staff respect for your time
- Increased level of individual initiative
- Greater focus on long-term business growth

### **Taking Stock of Your Existing Systems**

The first step in systemizing your business is taking a close look at the existing systems (if any) in your business. At this point, look for any systems that have simply emerged as “the way we do things here.”

How does your staff answer the phone? What script do they follow? What is the process customers go through when dealing with your business? How are employees hired? Trained? How is performance reviewed and rewarded?

Some of your systems may be highly effective, and not require any changes. Others may be ineffective or out of date. If you have previously established some systems, now is a good time to check-in and evaluate how well they are functioning.

### **Four Key Areas to Systemize**

There is no doubt that creating systems – especially when none exist to begin with – is a daunting and

time-consuming task. For many businesses, it can be difficult to know where to start. That's where this section comes in - it shows you exactly where to start and how to proceed!

Your business will require its own approach and unique set of systems in four key areas, which you can remember through the acronym **PAID**: this stands for **P**eople; **A**nalysis (Testing & Measuring); **I**.T (and other processes); **D**elivery & Distribution.

When you systemize these areas...you get PAID!

The following list of items in each of the four PAID areas show the most common items that apply to most successful businesses. Just as in chapter 1, where we used a similar concept, the lists are not comprehensive as there may be specific items for your own business or industry that you can add in.

Look through the lists and identify your highest priorities for systemizing in each case. Do NOT attempt to systemize too many items all at once. That would be setting yourself up for failure - after all, this is a general list and a number of the items may not be relevant to you.

Your task is to come up with your most important, highest priorities in each of the four areas. You'll notice that specific guidance is given for many of these items in this book and when you have identified these priorities, use the concepts in the final chapter (Success Through Achieving Goals) to set these as Goals that are specific and achievable.

Here's a reminder of the acronym:

**P**eople  
**A**nalysis (Testing & Measuring)  
**I**.T. (and other processes)  
**D**elivery and Distribution

**Let's get started with...**

### **People**

*The list below shows the most common items to be considered for systemizing, as relates to your People (i.e. your Staff or Team)*

- Job Descriptions
- Social Activity in and outside of work
- Induction Program
- Team Building exercises
- Training Modules
- Guidelines for personal social media and telephone use
- Rules Of The Game (what's allowed - and what's not)
- Discipline and Conflict Resolution
- Recruitment System
- Regular, productive Team Meetings

- Reward, Recognition & Remuneration
- DISC Analysis or other Personality Profiling
- Targets and Goals
- How-To Manuals
- Redundancy System
- Access to relevant publications
- Develop Contingency Staffing Plans
- Career Path and Progression within the Company
- Focus on Time/Activity Management
- Personal Goals
- Personal Development
- Success Timetable for efficiency
- No friction between employees. High Morale
- Appropriate staffing in place to cope with the workload
- All employees have a copy of organizational chart
- Company Vision is shared with all
- Strong leadership throughout the team
- Leadership qualities identified for the future
- Our culture is established, written down, promoted
- The Team shares a clear common goal for the business
- 90 day SMART goal plan for all employees
- Team and individual KPIs
- All employees are "involved and included"
- Everyone targeted and empowered to create "raving fans"
- Masterminding to develop great ideas & overcome problems
- Employees operate as a team rather than a group of individuals.
- Culture of Ownership, Accountability & Responsibility
- Other (proven and/or specific to your Business/Industry)

### **Analysis – Testing & Measuring**

*The list below shows the most common items to be considered for systemizing, as relates to Analyzing your Business and Testing & Measuring:*

- Budgets & Cash Flow
- Break Even Calculation
- Conversion Rate for Sales by Company / Individuals
- Profit Margins – Understanding, Mastery and Targets
- Purchasing System for all Internal Purchases
- DIY Marketing Critique / Marketing Campaign Analysis
- Source of Leads
- Debtor Days
- Average Sale Value
- Average Number of Transactions for each Customer
- Measure Key Performance Indicators In all areas
- Stock Control Management & Reporting
- Schedule for completion of all Regulatory filing & returns
- Keep Asset Register that includes Depreciation
- Performance of internal/external Book-keeper / Accountant
- Client Market Research
- Ideal Client Profile
- Life-Time Value of Customers
- Acquisition Cost of Customers
- The Pareto Principle (80/20 Rule) throughout company
- Profits - Analysis and Targets
- Other (proven and/or specific to your Business/Industry)

### **I.T. (and other processes)**

*The list below shows the most common items to be considered for systemizing, as relates to I.T. requirements and other routine processes:*

- Regular Maintenance on all Equipment
- “How To” Operations Manual
- Computerized Stock Control System
- Systems Training & Induction Program
- Up to date Computers & Equipment
- Computer Back-Up System
- Document & Chart all Work-Flow Processes

- Sales & Marketing Systems documented and followed
- Accurate and appropriate Database Program
- Network all Computers
- Policies & Procedures Manual
- Document all Accounting Systems
- Financial software package produces statements monthly
- Systemize Routine tasks, Personalize the Exceptions
- Ongoing re-assessment of system requirements
- Security Systems
- Promote your Company's Vision Statement
- Clear Company Profile
- Organizational Chart
- Website Design and Regular management
- 3-Month Cycle of Success (see next chapter)
- Payroll
- KPIs used and reviewed in all key areas of the business
- Quarterly / annual filings and taxes
- All meetings have a purpose /outcome and minutes are taken
- Other (proven and/or specific to your Business/Industry)

### **Delivery and Distribution**

*The list below shows the most common items to be considered for systemizing, as relates to delivering and distributing products / services to your market:*

- Run Paperless Systems
- Timely Invoicing
- Deliver with Systematic Consistency
- Prioritize Stock/Services by highest frequency of purchase
- Simplify internal methods of filing
- Forecast Stock/Service requirements
- Purchase orders & Stock Receiving System
- Outsource appropriate activities including deliveries
- Regular Stock Takes of Materials
- Regular update and review of Services

- Quality Control based on Client Feedback
- Quantify Service Or Product Delivery Costs
- Measure Quality & Professionalism of Delivery
- Follow Up & Measure Quality & Time Of Delivery
- Measure and Use Re-order Levels
- Use an Order Tracking System
- Increase Delivery Security
- KPIs for objective assessment of all key areas
- Confirm Details before Delivery
- Use a 'Just In Time' Stock Delivery System
- A highly positive "customer experience"
- Written high standards - Delivered on Time every time
- Customer feedback surveyed and acted upon
- Product/Service Consistency
- Knowing what our clients want and need
- Delivering Clients' wants and needs
- Customer service standards are clearly defined
- "Kaizen" - Constant and never ending improvement
- Exceeding Customers' expectations
- Written Sales, Marketing & Customer Service processes
- All processes followed and updated frequently
- Mistakes analyzed and remedied immediately
- Appropriate dress code
- Scripts for greeting customers (phone and in person)
- Other (proven and/or specific to your Business/Industry)

## **Implementing New Systems**

By now, you probably have a good idea of the systems that are currently in place in your business – and what may be lacking. The next step is to determine what systems to create.

To do this you will need to get a better understanding of the tasks that you and your employees complete on a daily and weekly basis. If you operate a timesheet program, this can be a good source of information. Alternately, ask staff to keep a daily log for a week of all the tasks they contribute to or complete. Doing so will not only give you valuable insight into how they spend their time on a daily basis, but also involve them in the systemizing process.

Review all task logs or timesheet records at the end of the week. Remove duplicates, and group ‘like tasks’ together. From here you can categorize the tasks into the four key areas detailed earlier. The objective is to identify productive tasks – and do more of them, while getting rid of (or delegating) unproductive tasks.

Once this is complete, prioritize and plan the creation of your new systems and how you will implement them. This will depend on your business needs, and the staff resources you have available to you for this process.

Remember that system creation is a long-term process – not something that will transform your business overnight. Be patient, and focus on the items that hold the highest priority.

### **Creating Your Systems**

There are many ways to create systems for your business – depending on the type of system you need and the type of business you operate. Some systems will be short and simple (a laminated sign in the kitchen that outlines step-by-step how to make the coffee) while others will be more complex (your sales scripts or letter templates).

One thing all of your systems have in common is... steps. There is a linear process involved from start to finish. Begin by writing out each of the steps involved in completing the task, and provide as much detail as you can.

Then, review your step-by-step guide with the employee(s) who regularly complete the task and gather their feedback. Once you have incorporated their input, decide what format the system will be in: manual, laminated instruction sheet, sign, office memo, etc.

### **Testing Your Systems**

Now that you have created a system, test and measure to make sure it works. More specifically, make sure that it works without your involvement.

Implement the new system for an appropriate period of time – a week or month – then ask for input from staff, suppliers and vendors, and customers. Evaluate if it is informative enough for your staff, seamless enough for your suppliers, and how well it meets or exceeds your customers’ needs.

Use the feedback to revise and improve your systems accordingly. You will rarely get the system right the first time – so be patient.

Evaluate and revise your systems on a regular basis to keep your business processes up to date. Structure an annual or bi-annual review of systems, and stick to it.

### **Employee Buy-In**

Involve your employees when developing systems. These are the people who will be using them, and who are currently completing the tasks on a regular basis without them. Employees can even draft the systems for you to review and finalize. This speeds up the process and gives them ownership. Plus, they have a wealth of knowledge and insight to assist you. There will also be less resistance to changes when they are involved from the start.

## **Delegation**

The final step to systemizing your business is delegation. What is the point of creating systems unless someone other than you can use them to perform tasks?

This doesn't have to mean completely removing your involvement from the process, but it does mean giving your employees enough freedom to complete the task within the new structure.

When you're comfortable with the flow, this frees you up to focus on the tasks that you most enjoy, and most deserve your time – like creating big picture strategies to grow your business and increase your profits.