

Creating System Benchmarks – Keep the Metrics Simple

As part of our series on creating business systems, we have already discussed [the need for business systems](#) and provided a basic [outline of the steps involved](#) to create effective business systems. As we advise our clients, the purpose of creating systems is to take the individual expertise out of the process so anyone can operate or supervise the system. To do that there has to be adequate instructions and the results need to be well defined. Each work step needs to be a complete statement, and there needs to be sufficient detail for each benchmark to make it clear what action needs to be taken and how the important parts of the system have to operate.

When establishing system benchmarks, it's best to stick to the essentials. Leave room for common sense and avoid the clutter of excess detail about process.

Here's an example from [e-Myth](#), who created the system that we use to develop client systems, on how to create a system for residential real estate appraisal:

1. Identify the property by parcel number and address
2. Research comparable homes in the area that were recently sold
3. Search county records to obtain critical information about the property
4. Conduct an on-site appraisal
5. Enter the data into the appraisal software
6. Draw the floor plans
7. Analyze the data and create an estimated market value
8. Complete and submit the appraisal form

Each work step is a self-contained sub-system with its own level of detail. For example, a checklist of items to research as part of step 3 would be valuable part of the sub-system. However, the system outlined here provides the basic work steps and sufficient structure to represent its own integral system. The steps are sufficiently well defined that they can be delegated to anyone and the outcome that results should be what is required for the task.

As part of the design and documentation of any system, be sure to identify ways to quantify the results in an objective fashion. For the appraisal model above, for example, the results can be quantified with a simple report cataloging the appraisal price for properties listed compared to the actual sales price. To assess performance, determine how far apart the appraisal price is from the sale price. Establish a target as a benchmark, such as a gap of no more than 10% of the appraisal value.

As part of the system plan, be sure to identify the resources required to achieve the goal. The basics to consider include:

- **Staffing** – What manpower is required to operate the system? Are there

specific people or skills required? What about scheduling?

- **Workspace and facilities** – What physical space is required?
- **Equipment needed** – Are there specific devices, vehicles, or equipment needed? In our example, consider that the appraiser needs a car to visit the properties and software to process the data.
- **Supplies** – What about consumables such as paper, forms, or other raw materials.
- **Information** – What information is needed? For example, our appraiser needs county records, comparative pricing information, schedules, etc.

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Once the performance benchmarks and necessary materials have been identified, document everything. The long-term objective is to create a system that can be maintained by anyone who is given responsibility for that system and refined over time. Documenting the System Action Plan gives you a baseline you can use to perfect the system. Systems development and refinement is a never-ending process, and that means starting with a well-documented process that can be adapted to changing requirements.