

Creating Business Systems: A Nine-Step Approach

As part of our continuing discussion of business systems, [we reviewed](#) how to think about business systems and how systems help you manage your business more effectively. This blog entry will review the nine steps we use to actually design business systems for our clients. These steps were originally created by [e-Myth](#), but we use a similar strategy, or system, when advising our clients:

How to Create Business Systems

- 1. Specify the desired results.** Determine the result you want the business system to deliver and then name it. Start with the word “To” and write a concise statement outlining the desired outcome, e.g. “To complete all the necessary paperwork for new employees.”
- 2. Diagram the system.** Identify the unique steps necessary to complete the system and their sequence and create a flow chart showing each step, including any dependent steps.
- 3. Write out each step in clearly stated objectives.** Each block in the diagram is a work step, so define each step with a clearly stated benchmark that delineates when the task is completed. It’s best to start with a verb. For example, “Complete W-2 paperwork within 48 hours of new hire start.”
- 4. Assign accountabilities.** Identify the roles of positions that are responsible for each step in the system, not individuals. The concept behind creating business systems is that those systems are transferrable. The final system document will end as part of the company’s System Action Plan.
- 5. Determine timing.** Open-ended tasks are not benchmarks. Each task needs to have a timeline assigned, and the overall project needs a timeframe. Timing can be specific (e.g. Day 1) or general (e.g. upon receipt).
- 6. Identify necessary resources.** Each business management system requires resources: materials, staff, information, work space, etc. List the resources and the quantities needed for each step in the system. Some systems will merely require personnel rather than material, but be sure to list what is needed.
- 7. How do you quantify results?** Determine what objective metrics you will use to quantify system performance and how to document the results.
- 8. Establish standards for your business management system performance and the staff responsible.** Standards can be stated in quantity, quality, and behavior, and can be measured in terms such as costs, dress codes, output, or ethical standards. If the standard is directly related to a successful result, then describe the standards using phrases like “will be,” e.g., “Invoices will be issued no later than the first of each month.”
- 9. Document the system.** Once the steps and metrics have been defined, document the entire system in a System Action Plan. Create a template and capture the results. The business system is not completed until it is written down.

Once the system has been designed and documented, be sure to test it. Business system development is not an academic exercise but needs to be applied in practice to assure that everything runs smoothly and no steps were overlooked. Use two more steps to make sure the system works to your satisfaction

10. **Test the system.** Use it in practice and determine if it meets the company's objectives. Does it work smoothly? Are there steps or resources missing? Do the metrics make sense and do they provide meaningful information?

11. **Revise the system as needed.** Identify gaps in the process flow or in the processes themselves and correct them. Be sure to update the documentation accordingly and revise the System Action Plan.

Creating business systems is a never-ending process. The system should be reviewed and revised on a regular basis to make sure it continues to function properly and delivers information that is valid and valuable, especially as business conditions change. Remember that technology changes, customer needs change, the size of your business changes, so your business systems need to evolve along with other aspects of your operations.