

Why You Need to Make Systems the Foundation of Your Operation

In working with our clients we have seen time and again that implementing proven, repeatable systems improves company performance. If you can institutionalize routine tasks such as payroll and billing using systems that are easy to manage, transferrable to new staff, and that provide real intelligence to help you run your business, then you can free yourself from the tyranny of managing routine back-office tasks in order to focus on building your business.

What is it that prevents small businesses from successfully implementing useful back office systems? Usually it is the business owner. Small business owners often lack the knowledge, the time, and the help they need to create useful systems and make them work to their advantage. And a lot of business owners don't think they need systems. That's where they are mistaken.

If you think about it, business systems are really at the heart of an organization. A business system is a repeatable process or procedure used as a delivery mechanism for goods, services, or operations. You need to lay a solid foundation of repeatable systems that perform in a predictable way before you can grow your business. If you had to reinvent your billing system every time you sold a product, or had to invent a new bidding process for every new project, you can't move on to the next level and mature.

Processes are important because they keep your business on track and deliver repeatable results that, in turn, reinforce your company's customer experience. When creating business systems or processes, try to answer these three questions:

1. How does this system affect the customer experience? When you are creating new systems, think about how implementing that system will ultimately affect the customer. Does it mean that customer service will be more efficient? Does it speed up billing? Or does it free time so your employees and managers can pay more attention to customer needs? Whatever systems you deploy, try to tie them to a positive customer benefit.

2. Where are the break points? Every system requires human agents to manage them and help the process along. Determine where the most likely points of failure are and how you can minimize them. You may want to shore up those weak points or determine how to promote redundancy. For example, if you are running a service company whose invoices are based on billable time, create fail safes to make sure the timesheets are submitted on time. Make sure that timesheets are submitted regularly by imposing deadlines. Use an automated time-tracking system with email or electronic reminders. Create a backup system so if there is a software or computer failure you can still issue your invoices.

3. Do you have business rules to handle business decisions? Systems break down when the

decision-making process stalls. If, for example, You need to boss to approve a proposal, or even if the payroll gets stalled waiting for the boss's signature and the boss is out of town, that's a problem. Add business rules to deal with project authorization or payroll authorization to eliminate this kind of bottleneck.

Effective business systems need to be well-designed, implemented early, and ingrained as part of the organization's DNA. You can use well-crafted systems to improve the customer experience, and to empower employees to work as a team to support that experience. If you create good systems that promote good habits and good business practices from the outset, then you won't have to go back and try to replace those systems later, after they are already part of the company infrastructure.