

Systemising your business

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Systemising your business

Effective systems can save you and your team both time and money. The basic rule for systemising is 'Systemise the routine, humanise the exception'. Anything that can't be systemised needs to be run by people. Always look at putting a system in place rather than employing more people. A system ensures that things are done consistently, regardless of which member of the team does them.

Remember:

- Systems run your business
- People run your systems
- You lead your people

There are six basic steps to systemisation:

1. Draw an organisation chart of the various roles that operate in your business.
2. For each of these roles list the ten major tasks assigned to that role. This full list (along with those below) forms the index page for your manual. This is also an overview of the number of tasks there are to systemise.
3. Flowchart your major processes. This will show you how it all fits together. Your major processes will include marketing, sales, delivery of your service/ product, invoicing and collections.

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4. Document how it gets done. Get the team member who is currently doing the job to write down every step in performing a task. This person then gets a new person to do the task with the written down steps. If the person currently doing the task has to step in and explain anything to the new person then add the step, etc. Once completed, start again with another person until any person can do the task without intervention.
5. Measure using key performance indicators. Typically, these will be the top five measures which indicate that the system is performing. Get these from the person doing the job; e.g. in sales you could use the no. of leads, conversion rate, average \$ per sale, etc.
6. Allow the system to change and grow. Ensure the system is self-correcting and can evolve itself.

Pitfalls of systemising.

- Start with the most frequent or important tasks first. Don't get caught up on areas that won't make a significant difference to your business.
- Systemise the process, humanise the exceptions. You can't systemise for every challenge that pops up.
- Make sure that your system is easy to use. If it is hard to access or difficult to implement then the team won't use it.

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- Don't get carried away with improvements while systemising a task. The exercise is to note how you do it, not how you can do it better. Note the improvements down and change them after you have completed your manual.

When figuring out where to start systemising, ask yourself:

- What you are doing on a regular basis that a lower paid team member could be doing if it were systemised. Systemise it, hand it over to the lower paid team member and spend your time on higher level activities.
- Is there anything you hate doing which could be done by a lower paid person if it were systemised.? If so, systemise it and hand it over.

Some final tips.

- Don't over-complicate systems or people won't follow them.
- Remember to systemise the process and humanize the exceptions.
- Use lots of photos, videos, tapes etc. This may be as simple as printing a computer screen or videoing someone doing the task at hand. This will make the systems much easier to follow. A system can be as simple as a photo of the workplace in a perfectly clean state mounted on the wall with a sign saying "At the end of the day, the workplace is to look like this."

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- Document your system in a policies and procedures or operations manual in an easy to access format. And make sure everyone knows where it is!

Your systems checklist.

Daily office operation systems

- Answering the telephone
- Receiving and opening the mail
- Purchasing and maintaining office supplies and equipment
- Faxing and emailing
- Dealing with incoming/outgoing delivery needs
- Backing up and archiving data

Product development systems

- Developing product and protecting it legally
- Developing packaging and collateral material (e.g. catalogues)
- Developing manufacturing methods and processes
- Developing manufacturing costing and bidding processes

Manufacturing and inventory systems

- Selecting vendors
- Determining product or service warranties required
- Establishing product or service pricing (retail and wholesale)
- Establishing reorder processes for inventory production
- Receiving and storing product as inventory
- Reconciling physical inventory with accounting records

Order processing and tracking systems

- Taking orders and recording the orders by mail, fax, phone or online
- Fulfilling and packaging the orders
- Confirming details before service or product delivery
- Sending the orders
- Management systems for freight, couriers and vehicles
- Order tracking systems

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Invoicing and accounts receivable systems

- Invoicing customers for the orders
- Receiving payments for the orders and crediting customers for payment (whether cash, cheque or credit card)
- Monitoring credit control and age of accounts
- Starting the collection process for outstanding receivables

Customer service systems

- Returns procedure for inventory receiving and customer payment return
- Responding to customer complaints
- Replacing defective product or performing other warranty service
- Measuring quality and professionalism of service delivery

Accounts payable systems

- Purchasing procedures and approvals required
- Payment process for supplies and inventory
- Petty cash

Sales and marketing systems

- Create an overall marketing plan
- Designing and producing promotional materials
- Developing general leads and prospects
- Creating an advertising plan
- Creating a public relations plan
- Creating a direct mail plan
- Developing and maintaining a database
- Developing and maintaining a website
- Analysing and tracking sales statistics
- Continuously measuring number and origin of all leads
- Measuring conversion rate for each salesperson
- Measuring your average dollar sale for every team member
- Keeping a record of your profit margins

People and education systems

- Recruitment procedures
- Training employees
- Payroll process
- Induction program
- Team member positional contracts
- Career planning
- Company rules of the game

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- Company vision and mission statement
- Company and individual team member goals and performance indicators
- Conflict resolution
- Contingency staffing plans
- Redundancy systems

General accounting systems

- Managing the accounting process with daily, weekly, monthly, quarterly and annual reports
- Completing and keeping to monthly and yearly budgets
- Completing a monthly balance sheet
- Daily or weekly updates to cash flow statements
- Managing cash with future borrowing needs secured and available
- Budgeting and forecasting
- Reporting payroll taxes, superannuation and withholding payments
- Completing weekly bank reconciliations
- Following a daily banking system
- Maintaining an asset register including depreciation

General corporate systems

- Negotiating, drafting and executing contracts
- Developing and protecting intellectual property
- Managing insurance needs and coverage
- Reporting and paying federal, state and other taxes
- Planning for federal, state and other taxes
- Managing and storing records
- Maintenance of equipment
- Maintaining investor/shareholder relations • Information flow processes
- Ensuring legal security
- Developing a business plan for planning and managing growth

Physical space management systems

- Maintaining and designing telephone and electrical systems
- Upgrading office equipment
- Planning permits and fees
- Licensing
- Ensuring physical security

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