

Systematizing your Business

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

Remember...

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

There are four basic steps to systemisation...

- 1. Flowchart your processes.**
 - i. This will show you how it all fits together.
- 2. Document how it gets done.**
 - ii. 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 following the written down steps. If the person currently doing the task has to step in and explain anything to the new person then that information is added to the step, etc. Once completed start again with another person until you have demonstrated that any person can do the task without intervention.
- 3. Measure results using key performance indicators.**
 - iii. Typically, these will be the top five measures to show system performance. Get these from the person doing the job (i.e. in sales you could use no. of leads, conversion rate, average dollar sale etc.).
- 4. Allow the system to change/grow as your business changes and grows.**
 - iv. Ensure that the system is self-correcting so as to allow it to evolve at the same pace that your business evolves.

When determining where to start systemising, ask yourself...

- What are you 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 – remember the goal is to work on your business.
- Is there anything you hate doing which could be done by a lower paid person if it were systemised? Systemise it and hand it over.

Some final tips...

- Don't over complicate systems or people won't follow them.
- Use lots of photos, videos, 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.
- Document your system in a policies and procedures or operations manual in an easy to access format. And make sure everyone has one or knows where it is! Require all of your team members to periodically review the manual with the goal of identifying needed changes on a timely and qualitative basis.

Your systems checklist...

Daily office operation systems

- Answering the telephone
- Receiving and opening the mail
- Purchasing and maintaining office supplies and equipment
- Faxing and e-mailing
- 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 procedures
- Developing manufacturing costing and bidding process

Manufacturing and inventory systems

- Selecting vendors
- Determining product or service warranties offered
- Establish product or service pricing (retail and wholesale)
- Establishing reorder process for inventory production
- Receiving and storing product 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 system for freight, couriers and vehicles
- Order tracking systems

Invoicing and Accounts Receivable Systems

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

Customer Service Systems

- Returns procedure for inventory receiving and customer payment return
 - Responding to customer complaints
 - Replacing defective product or performing other warranty service
 - Measure quality and professionalism of service delivery
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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 measure number and origin of all leads
- Measure conversion rate for each salesperson
- Measure your average dollar sale for every team member
- Keep a record of your profit margins

People and Education Systems

- Recruitment procedures
- Training employees
- Payroll process
- Induction program
- Team member positional descriptions
- Career planning
- Company rules of the game
- 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
 - Complete and monitor monthly and yearly budgets
 - Complete a monthly balance sheet
 - Daily or weekly update cash flow statements
 - Managing cash with future borrowing needs secured and available
 - Budgeting and forecasting
 - Reporting payroll taxes and withholding payments
 - Complete weekly bank reconciliation
 - Have a daily banking system
 - Maintaining an asset register including depreciation
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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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