

The Nuts and Bolts of Running Your Business

By Terry H. Hill

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There are three key processes in operating a small business—management, strategy and operations—all of which are tightly integrated. The management process provides a framework for hiring, training, and managing people to produce results. The strategic process defines your short-term, as well as, your long-term goals—where you want to take your business (earnings, sales, and revenues) and how you will get there. The operational process provides the roadmap, tools, and resources for getting there.

Effective business processes depend on standardization— setting standards of how things should be done and formalizing processes for getting things done to meet those standards. With basic systems in place, jobs, tasks and decisions are easily performed rather than becoming confusing challenges.

One of the most common causes of business failure is the lack of standardized systems. Fly-by-the-seat-of-your-pants management generates chaos and inconsistency. However, if you create basic systems and processes for performing day-to-day tasks that can be easily replicated, then you are well on your way to building a business that produces consistent results.

One of the greatest entrepreneurial success stories is that of McDonald's, a complex, well-run business system that is operated by ordinary employees who serve over 45 million people every day. Its founder, Ray Kroc, didn't invent the McDonald's concept, but he did revolutionize the food service industry through automation, attention to detail, exceptional efficiency, and the highest standards of safety and cleanliness.

Standardization of processes is a necessary part of the transition from a fledgling company to a professionally managed enterprise. As your business grows, standardization of processes and procedures is essential to future growth and success.

Early stage entrepreneurships are characterized by informal management, ad hoc procedures, and, at times, a total lack of systems, processes, and procedures. At some point in the business lifecycle, standardization becomes critical. Very few businesses can manage by exception or flourish because they do not have a system for getting things done.

Standardization means creating a prototype of how your business should run, charting an organizational path, identifying key functional areas, and establishing positions to support them. It means hiring, training, and acculturating people. It means creating a system of standard processes, procedures, and guidelines that inform employees how to deliver goods or services and formalize the steps in an operations manual.

One of the goals in producing a policy and procedure manual (operations manual) is to document the core business processes that produce an optimal business model. An optimal business model should be easy to understand, should be repeated on a continued basis by other employees, in other offices, over time. Optimal models generally produce consistent results, increase profits, and improve employee morale. Consistency reduces risk and uncertainty while producing a more stable company.

Business growth does not have to equal complexity. Success sometimes hinges on elegant simplicity. Many times, when companies expand as a result of rapid, unplanned growth rather than a carefully orchestrated plan, complex inefficient operations result. Organizations find themselves with staff, resource, and equipment redundancies, lack of formal systems, duplicated efforts, and no clear line of sight to the strategy driving the business.

In order to safeguard your business from becoming too complex and inefficient, streamline your business processes.

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Here are some tips to help you streamline your company's workflow processes:

- Analyze each existing business process.
- Identify gaps in efficiency and productivity.
- Develop a solid plan to redesign and formalize processes.
- Nurture cooperation from partners, investors, managers, and employees.
- Prepare your company for inevitable changes.
- Establish performance benchmarks.
- Roll out the plan using a phased approach.
- Monitor and evaluate progress.
- Consider outsourcing processes that you cannot handle in-house.

In today's competitive market, the processes that you employ to deliver your products and services are often what differentiate your company from your competition. Therefore, make sure your company is as efficient, responsive, and as productive as it can be.

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Terry H. Hill is the founder and managing partner of Legacy Associates, Inc, a business consulting and advisory services firm. A veteran chief executive, Terry works directly with business owners of privately held companies on the issues and challenges that they face in each stage of their business life cycle. To find out how he can help you take your business to the next level, visit his site at <http://www.legacyai.com>