

**THE
BUSINESS
SYSTEMS
PEOPLE**

FAST TRACK YOUR BUSINESS

7 ACTIONS FOR A SUCCESSFUL BUSINESS

BY JOHN A FOSTER

***"SYSTEMS RUN THE BUSINESS
AND PEOPLE RUN THE SYSTEMS"***

Michael Gerber

1. Mission Statement

- Mission Statements for some businesses are just a tick box exercise
- Some businesses get it wrong as they do not live up to their mission statement
- A good mission statement tells everyone what your company's aim is
- A mission statement should be measurable

First, brainstorm words that have meaning to you and your company e.g.

Growth	Exceed	Serve
Quality	Generate	Revolutionise
Champion	Implement	Resolve
Care	Lead	Improve
Focus	Increase	Facilitate
Deliver	Promote	Exist
Establish	Integrate	Excite
Dominate	Transform	Challenge
Create	Accelerate	Connect

Now construct a mission statement using some of the words from the list e.g., “xxx consultancy **focuses** on its customers by adding **value** and **quality** to their business and **transforming** them from just another supplier to a customer **champion**.”

Now that you have your mission statement, you can come up with objectives that meet your mission statement. To do this pick out the key words

E.g., Focus, Value, Quality, Transform, Champion

- How are you going to focus on your customers?
- By understanding their needs through talking to them. Therefore, we are going to be customer centric
- How will you measure that?
- We can measure it through questionnaires, plaudits, customer complaints and warranty claims.
- What is your objective for value?
- We will remove or reduce the 7 wastes from our customers' business

- How will you measure that?
 - Measure by looking at the difference between the current state and the future state
-
- What is your objective for Quality?
 - The quality of the customer's product/service will increase.
 - How will you measure that?
 - We can measure this not only through the internal rejects but also customer rejects.
-
- What is the objective for Transform?
 - Transform the business through expansion and branding
 - How will you measure that?
 - Measure it through the amount of conversion of product/service into cash flow
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- What is the objective for Champion?
 - Customers' loyalty
 - How will you measure that?
 - Measure it by the number of repeat business and referrals.

You now have a mission statement and objectives that you can measure, so now you have direction. In effect, this is your compass as it will help point you to your true North.



2. Cost of Waste in your Business

There are 7 wastes to business, these are:

- Transport
- Inventory
- Motion
- Waiting
- Over producing
- Over processing
- Defects

Waste in your business has a cost in time and money, here is an example:

It takes you 10 minutes to find a document, and on average this happens every hour on an 8-hour shift, 5 times per week over a 48-week period

- $10 \times 8 = 80$ minutes
- $5 \text{ days} \times 80 \text{ minutes} = 400$ Minutes
- $400 \text{ minutes} \times 48 \text{ Weeks} = 19200$ Minutes
- $19200 \text{ minutes} / 60 \text{ minutes} = 320$ Hours
- $320 \text{ hours} / 8\text{-hour shift} = 40$ Days

Time Lost = 40 Days

- $10 \text{ minutes} / 60 = 0.166 \text{ Hours}$
- $\text{Overhead Costs of your business} = \text{£}25 \text{ per Hour}$
- $0.166 \text{ hours} \times \text{£}25 = \text{£}4.15$
- $\text{£}4.15 \times 8\text{-hour shift} = \text{£}33.20$
- $\text{£}33.20 \times 5 \text{ days} = \text{£}166$
- $\text{£}166 \times 48 \text{ weeks} = \text{£}7,968$

Money Lost = £7,968

By understanding the 7 wastes and monitoring your costs in time and money in your business you will begin to make improvements that will give you savings and make your business efficient and effective.

We at the business systems people have created a tool that will not only do these calculations for you for each issue but will also collate the information, prioritise them and create action plans.



3. Processes

The definition of a process is:

Business Process – a series of ordered activities that transform inputs into higher-value outputs.

One of the first descriptions of a process was created by Adam Smith in 1776 in his book *The Wealth of Nations* in which he describes the pin factory as follows:

”One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a particular business, to whiten the pins is another ... and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which in some manufactories are all performed by distinct hands, though in others the same man will sometime perform two or three of them.”

The result of labour division in Smith’s example and by creating a process and assigning the steps to individual specialists resulted in productivity increasing by 24,000%.

In 1907, Henry Ford took his head of production Charles E. Sorensen to the Piquette Avenue Plant. “We’re going to start a completely new job” he told Sorensen. Ford explained his idea for a new process. Instead of one artisan creating a product alone, everyone was taught to do one of 84 simple, repetitive jobs. With this new approach to processes, Ford cut the manufacturing time of the Model T down from 12.5 hours to 2.5 hours.

There are 3 types of processes that your business needs, these are:

Management processes

Operational processes

Supporting processes

Management Processes

Management processes are not about focusing on taking a task from start to finish as they are focused on planning and projecting the future of company operations.

E.g., a general manager may be planning a new product introduction. The process part would be allocating resources, defining timeframes and checking that the systems are in place and optimised.

Operational Processes

Your core business processes are your operational processes. E.g., if you are a manufacturer, one of your operational processes would be having material available. Another would be getting your manufactured products shipped to your customer. If you have a service business one of your operational processes would be onboarding a client, another would be wowing the client.

Whatever your business does at its core, there should be good processes in place to make your business scalable and efficient.

Supporting Processes

Supporting processes support the management and operational processes. The company relies on these processes to prop up the planning and doing parts of the business. It is processes like Engineering Design, IT Support, HR, Quality, etc.

While these are not what the company does to make money, they facilitate the main revenue stream and make it so that the management processes have something to manage, and that the operational processes are as friction-free as possible.

In simplistic terms a process takes an input and converts it into a higher value output e.g., eggs (cheap input) into an omelette (higher value output).



4. Systems

“Systems are like Sat Navs for your business, you may reach your destination without it, but it will take you longer, cost you more and delay your growth.”
John A Foster

The definition of a system is as follows:

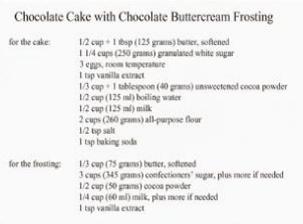
Business System – a group of interacting, interrelated, or interdependent elements forming a unified whole.

In a system, the output from one process is the input to another.



A system is a series of processes that are interconnected as can be seen in the following simplified example.

In order to make a cake you'll need; the right equipment, the right ingredients, a recipe, the ability to follow each step of the recipe to transform it into a cake which, can then be sold as a quality product.

Right Equipment 	Right Ingredients 	Procedure 	Follow the Procedure 
Utilisation of Equipment 	Transformation 	Adding Value 	Quality Product 

A business management system controls the various systems that you have in your business

Systems get your business from A to B by asking the right questions and providing the right answers.

Documenting and understanding what your systems are, and what they ultimately do for your business, is important.

Why do you need to implement a Business System?

Using a systematic approach allows you to meet the expectations of your clients. It also makes knowing the strengths and weaknesses of an organisation more conveniently monitored, leaving you better aware of what needs improvement and understand customer needs you haven't met. Business systems have the capacity to reduce costs and boost revenues by producing consistently high-quality work.

Part of the business system is the development and implementation of strategy creation, business processes and strategic planning throughout your business. Those foundational elements lead to a much more insightful way to investigate and grow top-line revenue

If you use a systematic approach, your business will analyse, measure, compare and test all the possibilities of what your customers want and don't want. This ensures that you have information on areas that need to be improved and, even more importantly, you will begin to understand the unmet needs of customers.

Whether we are considering safety, quality or ensuring on time delivery, a business system is designed to give you effective, efficient and repeatable results.

A system will enable proper education and opportunities to all employees so they can complete their work more efficiently and effectively. Additionally, having the system in place allows you to quickly integrate new employees, and makes it easy for them to see their role within the business and help them bring forth new ideas.

It has been proven time and again that the implementation of good business systems helps reduce costs without taking the shortcuts that often lead to an erosion of profitability due to the necessity to lower quality expectations or service levels.

5. Process Mapping

In order to make improvements to the process you have to understand what goes on in the process and this where process mapping will help you.

What is a Process Map?

A visual representation of the actual sequence of events that any product, service or process follows.

Each step in the sequence is shown, and each step is clearly identified.

Process mapping is used to document specific tasks, roles and responsibilities; the who, what, when, and how of detailed process steps. Think of a process map like a road map that you would use to get directions and follow a pre-determined route.

Describe current process (document reality)

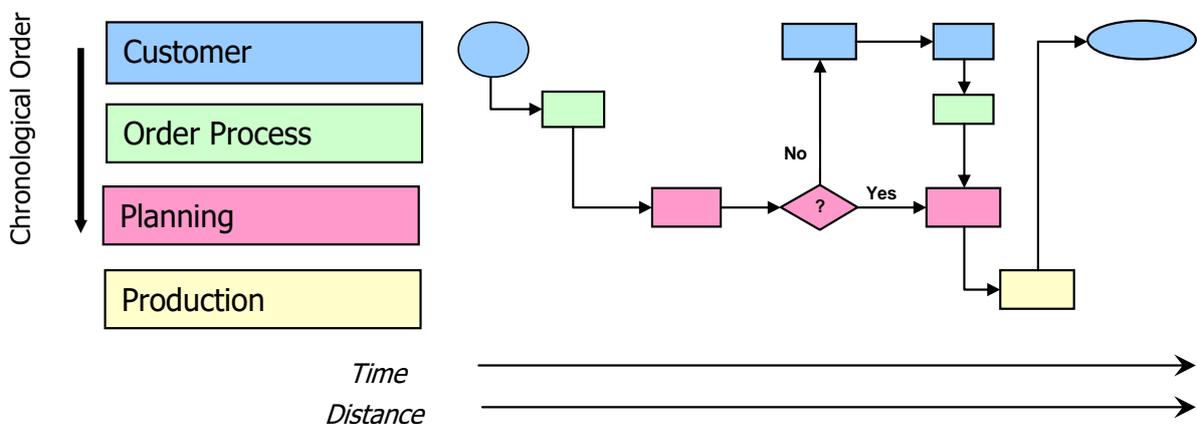
NOT

How it was designed

How it's "supposed to be"

How we think it is

A schematic would look like this:



6. Standard Operating Procedures

A standard operating procedure (SOP) is a set of step-by-step instructions compiled by an organisation to help workers carry out routine operations. SOPs aim to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure to comply with industry regulations.

Your business has a lot of moving parts. And to keep things running smoothly, you need all those moving parts to be working well together.

That's where SOPs come in!

They're the nuts and bolts of how your business keeps everything moving! And more importantly, they keep your business running like a well-oiled machine.

A SOP is a set of clear, written directions for how to complete complex routine tasks. In other words, it's the agreed-upon way that your company does something.

When it comes to getting new hires up to speed, teaching new skills, delegating things off your plate, and making sure everything gets done consistently SOPs are your best friend.

comprehensive SOPs save companies and employees an incredible amount of time, money, and stress. Without them, it's nearly impossible to hold people accountable as most people will do things "their way" and assume it's best even if the results don't back that assumption.

Part of business is that people come and go. But these transitions shouldn't send your business to a grinding halt, they should be pretty seamless even when people decide to leave unexpectedly.

When someone leaves, they shouldn't be the only one who knows what they know. It should already be documented in an SOP somewhere. That way your tribal knowledge doesn't go with them. Also, anyone can pick up the slack while you work on finding a replacement.

SOPs set your company standard. When you document the right way to do something, you set an expectation that that is how it will be done. From that point forward, that's how it's done, so no more best guesses or reverting back to the old way. No exceptions.

By getting everyone to do something one way, you reduce the risk for things going haywire. Meaning, there should be no surprise outcomes.

Let us look at an example of drawing a happy pig

Standard Operating Procedure - Procedure Number PIG0001		page 1 of 1
Owner: J Bloggs.	Revision: 01	Revision Date: 31 st July 2021
Location: //server A/standard-work/PIG0001		

Task	Description	Sub-task	Detailed Instructions
1	Draw a 'M' at the top left intersection	Bottom-center of 'M' touches the intersection	
2	2.1 Draw a 'W' at the bottom left intersection 2.2 Draw another 'W' at the bottom right intersection	Top-center of 'W' touches the intersections	
3	Draw an arc from the 'M' to the top right intersection		
4	Draw another arc from the top right intersection to the bottom-right 'W'		
5	Draw an arc between the two bottom 'W's		
6	6.1 Draw a circle in the center-left box		
	6.2 Draw two dots in the middle of the circle		
7	7.1 Draw an arc from the left 'M' to the top tangent of the circle		
	7.2 Draw an arc from the bottom tangent of the circle to the left 'W'		
8	Draw an arc for the mouth	Must be a happy pig	
9	Draw a large dot for the eye		
10	Draw a curled line near the center of the right-hand-side arc		

7. Basic Problem-Solving Tools

“We can't solve problems by using the same kind of thinking we used when we created them. “ – Albert Einstein

Introduction to the ‘5 Whys’

Here is how the ‘5 Whys’ works:

Problem description: -

‘I brought a washing machine 2 weeks ago (Serial No 123456). When doing the 2nd load, I heard a loud noise and the machine stopped and I could not restart it.’

Problem verification: -

The service technician checks the washing machine to the company’s test procedure XYZ123. The machine does not operate.

WHY? - The fuse has blown

WHY 1

Why has the fuse has blown? - Because the motor overheated

WHY 2

Why has the motor overheated? - Because the shaft is damaged

WHY 3

Why is the shaft damaged? - Because the bearing is damaged

WHY 4

Why has the bearing has failed? - Because the oil seal is missing

WHY 5

Why is the oil seal was missing? - Because of inadequate work instructions

Root cause - inadequate work instructions

Brainstorming

Brainstorming is a technique to encourage creative thinking as a generation of ideas.

How to use it

- Assemble the group.
- Appoint a scribe.
- Agree the subject (e.g., the RCA Problem Statement).
- Agree the ground rules.
- Capture ideas exactly as expressed.
- Evaluate/clarify/develop ideas.

Ground rules for brainstorming	
No criticism	Crucial if barriers to creative thinking are to be overcome
Encourage wild ideas	All ideas are acceptable
Strive for creativity	Generate as many ideas and volume as possible
Hitch-hike	Build on, add to and combine ideas
List all ideas	No editing or interpretation by the scribe
Incubate	Taking time to reflect on ideas listed often stimulates new thoughts

What happens with the output?

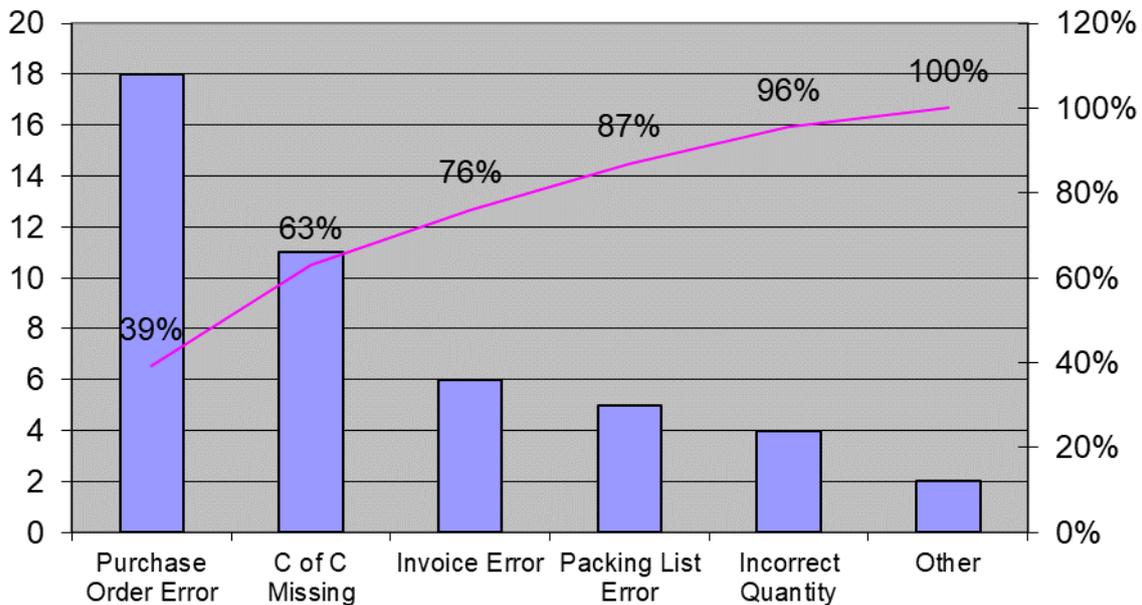
Focus the ideas that came out of the brainstorm.

For example:

- Discuss and clarify
- Consensus reaching to identify most likely items
- Group ideas into categories.

Pareto Analysis

Pareto analysis also known as the 80/20 rule visually highlights main contributors to a problem as the data is displayed as a bar chart that is sorted in descending order, this helps priorities the improvement activity.



How to use Pareto Analysis

- Gather data about the problem, (use Check Sheets, etc.).
- Rank the contributions to the problem in order of frequency.
- Draw the value (errors, facts, etc.) as a bar chart.
- Review the chart

How this helps

- It identifies and priorities major problem areas based on frequency of occurrence.
- It separates the 'vital few' from the 'useful many' things to do.
- It helps identify major causes and effects.

There are more problem-solving tools and techniques available that can be used to help identify and resolve issues.

e-book summary

Thank you for reading my e-book. I hope it has given you an insight into the things that are an integral part of a business's success. I hope the simple explanations of the 7 things for your business will encourage you to ensure your business is the best it can be for the benefit of your customers and the business.

Get in touch now to create and implement procedures, processes, systems or continuous improvement in your business. Contact me at: john@thebusinesssystemspeople.co.uk

About the Author:

John Foster is a Chartered Quality Professional with a sharp sense of what it takes to drive results effectively. He has years of high-level experience in quality and has specialised in lean and total quality management. John has worked with many entrepreneurs and businesses to help them maximise their profits and time and has become known for his ability to provide sound advice whilst working with property investors, Letting agents, manufacturers and a range of other businesses.

Valued for his far-reaching expertise as much as for his unbeatable work ethic, he is a highly sought-after consultant and coach. He knows how to manage projects as well as people and is used to performing under pressure, whilst still delivering the desired results.

John is approachable, captivating when telling stories of his experiences and has a knack for coaching and leading others as he helps them to develop. John strongly believes in the concept of ongoing education, seeking constantly to expand his base of knowledge to better serve his clients.

John is also the author of the book "Right First Time Property Investing" which explains through a telling of a story of how systems can be used for property investing.

Social media pages and website can be found at <https://linktr.ee/TBSP1> or use the QR Code

