

Short Notes

From Measured Success Inc.

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Are your business **Processes** revenue bleeding or revenue building? Processes are the systems in your business through which you accomplish work. A process can be as complicated as a multi-step manufacturing process or as ordinary as your billing process, but whether they are complicated or simply ordinary they are a necessary part of how you run your business. Your business processes provide an opportunity for you to improve your productivity and profits. Less than ideal processes often result in unnecessary expenses, damaged customer relationships, and low employee morale. Why does that happen and how can you improve your processes?

No one ever sets out to develop less than ideal processes. These processes frequently develop over time as the business grows and faces a scarcity of resources. Those resource scarcities may be related to time, talents, treasures, man power, machines, and even unexpected acts of nature. When the organization is faced with a scarcity of resources the people within the organization compete for those resources. As a result decisions are made to protect turf or to do things “the way we always do it” without regard to the impact of those decisions on the end user, the customer.

In an attempt to keep up with increased demand processes are reactively developed to fulfill the immediate need rather than proactively developed with an eye on enhanced effectiveness and efficiency. In other words, developed in a manner that ensures that the process consistently produces a product/service that meets the customer’s expectations and in manner that is streamlined for speed and low cost. When business owners take the time to evaluate their processes and the expenses associated with some of their back room processes they are often shocked by how expensive those processes really are.

The expenses associated with a process are not limited to the direct expenses. The direct expenses are relatively easy to measure, yet it is frequently the much more difficult to measure indirect expenses that have the most significant overall impact. When a process isn’t capable of consistently producing a product/service that meets customer’s expectations the business will frequently have additional expenses that come from trying to compensate the customer for their dissatisfaction in the hopes of retaining the customer for future business. Most business owners clearly understand that it costs much more to attract a new customer than it does to keep a current customer. In addition, dissatisfied customers are much more likely to share their dissatisfaction with others than their satisfaction, and cost the business potential customers. Inconsistent processes generate dissatisfied customers and dissatisfied customers lead to low employee morale which leads to employee turnover. All in all a pretty negative impact on an organization’s bottom line.

So, how do you evaluate and improve your processes? The first step is to identify the process that has the most immediate opportunity for improvement and direct financial benefits. This process must be evaluated for effectiveness (doing the right things), and consistency (doing things right). Frequently organizations don’t realize the inefficiencies in a process because they evaluate their process based on averages.

Averages can be devastating in real dollar impact because they mask the gravity of a situation. Once the effectiveness and consistency have been established the next step is to map the process and identify low-cost no-cost initiatives for improving the process. The last step is immediate implementation. I'd like to be able to tell you that you could read a book and successfully do this on your own, but the truth is that this is not a sport for the novice. The risks are too high and you really need an expert to guide you through the process in order to obtain the most immediate benefits from your investment and efforts. You know your business and we know process improvements. Together we can positively impact your productivity and profits.

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This month's book review: "The Big Moo" edited by Seth Godin (available on our website)

Look for my column in *The West "O"*, *The Midtown "O"*, *The Bellevue*, and *The Bluffs*.

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