



12 Systems and Processes

IT people will immediately know what Systems and Processes mean, because the words are part of their technical lexicon. However, I want to stand back from their esoteric use of the words and consider them in the wider context of a business as a whole. One of the keys to unlocking business growth is the effectiveness of Systems, and another is the efficiency of Processes.

Systems are those arrangements whereby Processes happen at the right time and place. They may be intentional or accidental, carefully designed or the result of years of custom and practice. They can include such things as the way an order finds its way through to production, the way the customer database is structured, the way a production line of machinery is laid out or a performance management regime.

Processes are specific activities, such as the contribution to the finished product made by each of the individual production stages, Processes change whatever is being processed.

We've always done it like that

A soldier, on being posted to a sentry box at the gates of his barracks for the first time, asked why there was a pair of asbestos gloves hanging up in the box. "Dunno mate" was the answer.

Many years earlier, a bus had caught fire right in front of the barrack gates and the sentry at the time had left his post to help the passengers to escape. In the course of which act he burnt his hands, and for the ensuing decades the asbestos gloves were available, should another bus catch fire.

The moral of the story is this: the reasons why any System works as it does were usually valid when the System was set up, but over time may become invalidated by a changing environment. Occasionally it pays to 're-pot' Systems, look at what is needed with fresh eyes and change them as necessary.

That fresh look would include the following questions:

- What is the System achieving?
- How is it achieving it – what Processes does it contain?
- What developments have there been that could be used to improve the System, or give cause to replace, even abandon it?
- Who owns it? (Is that still the right ownership?)
- Who else is part of the System? (Should they still be? Should anyone else now be included?)
- Where else in the company would be affected by a change to the System?

This exercise may confirm that the System is still valid and cannot be improved; or, it can throw up some new ideas and see obstructive rituals removed.

In service industries or those parts of a manufacturing company loosely known as 'the back office', Processes are available to be scrutinised in the same way.

Process-based Companies

It has been said that a business can double in value if it moves from being dependant on one person- the owner – and instead becomes capable of functioning without that person. The way



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that this change of affairs comes about is by installing processes that take care of everything.

Just as quality is a process (see earlier article on Total Quality Management) so can other 'soft' aspects of the business be viewed. These would include:

- Decision-making.
- Price fixing and negotiating.
- Credit arrangements and terms.
- Customer management.
- Staff management.
- Employee benefits.
- Cash Flow and lines of credit.
- Hiring and Firing.
- Product range and refinement.
- Responsibilities.
- Task allocation.

For any owner planning or hoping to sell the business in the not-too-distant future, a review of Processes is a valuable way to spend some time. – it could seriously increase their retirement provisions.

For owners who want to see their family at the weekends again, as well as getting home at reasonable times during the week, a Process review will discover what it is that they need to do and how to do it. The outcomes could be beneficial for staff as well – perhaps more responsibility, more job satisfaction and greater sense of belonging.

Either way, getting the Processes right will help the business to function more efficiently and give greater satisfaction to customers.

In Summary

- Effective systems and efficient processes deliver growth.
- Not all systems are intentional.
- Systems ensure that processes happen at the right time and place.
- Systems need to reflect current circumstances.
- Process-based companies are worth more than owner-based companies

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