

# TAME THE CHAOS IN YOUR BUSINESS

## Why Have Business Systems?



An eBook by  
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*Helping Small Business Do Business With Big Business*

## Why have business systems?

Do you ever wish you could just plug a USB stick into your head and download everything you know to share with your team?

Do you find it easier to just do things yourself than explain to others what to do?

Do you find the same mistakes being made over and over again?

Excellent business systems are at the heart of delivering efficiently what large companies expect. You also need to make these systems work for you. .

The answer is a systemised business.

## You just have to ...

So what do they mean by 'Systems'? And why do you need them?

For many business owners, these 'Systems' that are required are just a time-consuming, money-draining, paper-wasting cost of doing business. But having them in place can add to your business.

Having good, documented systems is an entry-level requirement for dealing with all larger organisations. Without them, they simply will not give you a second look. Looking at it another way, having them in place will only stop you losing work.

## What is a "System"?

The online Business Dictionary states that a System is

*“...A set of **detailed methods**, **procedures** and **routines** created to carry out a specific **activity**, perform a **duty**, or solve a **problem**.”*

For our purposes, a system is a way of doing things – **the system allows us to get things done.**

The entire business is a system - what is getting done is supplying a product or service to solve a problem for a client, hopefully making a profit at the same time. The Business System is all the things done to make that happen.

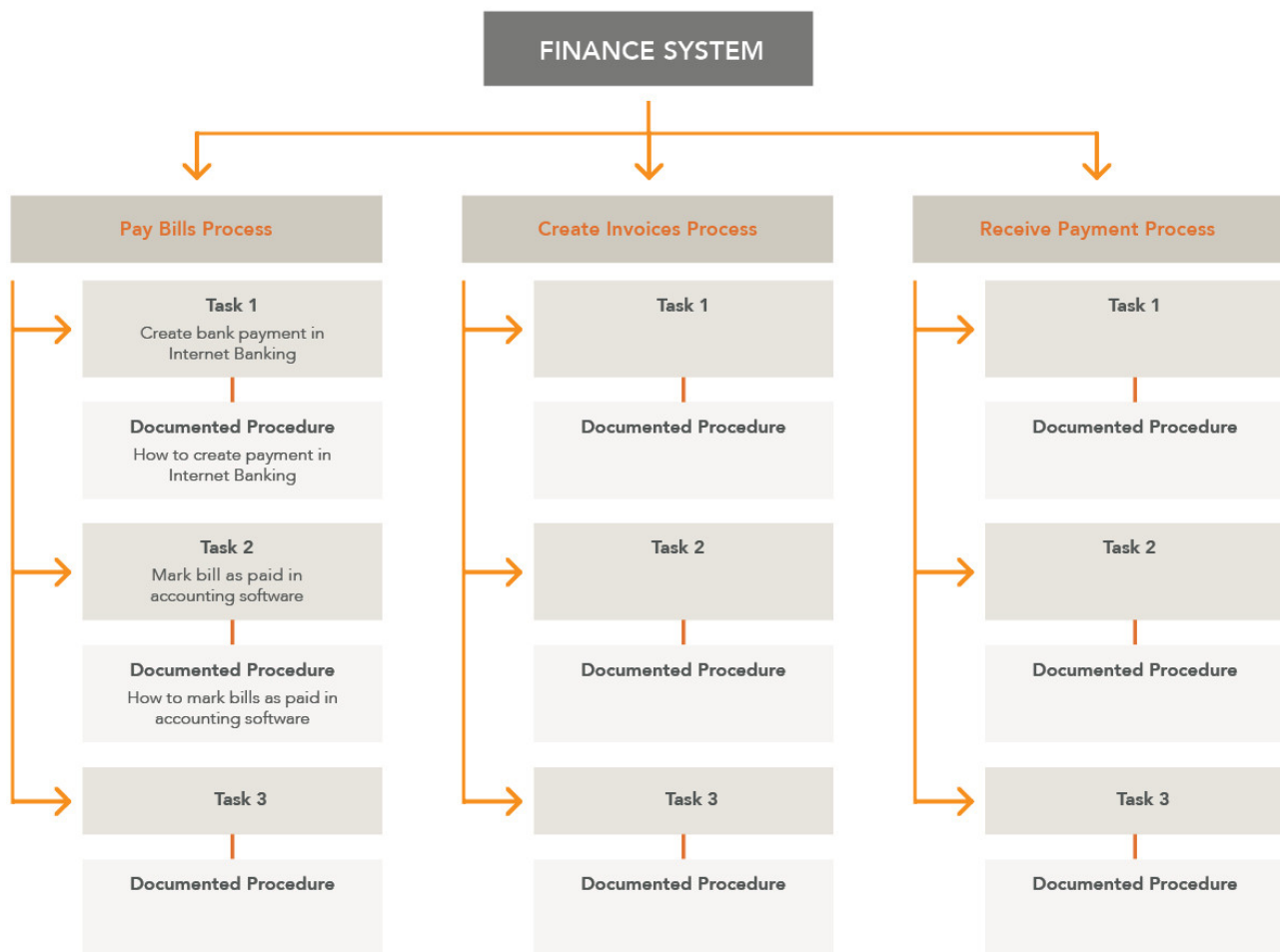
The primary system (the business) is made up of a lot of subsystems – and each of these subsystems has a purpose.

There is a Finance System – where invoices, receipts and payroll are entered. There is a Human Resources System – where details about employees and their performance is kept. And so on.

## Systems, Processes, Tasks & Procedures

Each **System** is made up of a number of **Processes**. Using the Finance System as an example, there is a process to pay bills, a process to receive payments, a process to create invoices...

For each Process, there will be a number of Tasks. For every one of these Tasks, there will be a Procedure that documents how that Task should be done. We can illustrate this in a simple diagram, using the Finance System as an example:



## "System" does not equal "Technology".

It is important to clearly differentiate the **business system** from the **technology** used. For example, you might use the software Xero or QuickBooks to make your finance system easier to use. But you could also use paper and a pencil, or a series of Excel spreadsheets.

Same system, different technology.

## Again, why have Systems?

The first answer to this question is “Because you have to “.

If you want to grow your business, and particularly if you want to take on contracts with bigger organisations, your simply won't be able to do so without having robust, documented business systems.

## Having systems in place stops you losing jobs, but using them properly will help you to win.

I will use the Finance System as an example. If a business doesn't have a Finance System, it would be impossible to run the business at all, and the Tax Office would be less than impressed. The Finance System may be just the basics to comply with the legal obligations to pay tax, pay superannuation etc. Or, this information, that has to be kept to stay legal, could also be used to give more knowledge and insight.

This data can be used to keep a close eye on cash flow, profitability, stock levels, how long customers are taking to pay - and a whole lot more.

In short, the Finance System can be used to **improve the business**.

And the same applies to all the other systems that a business has.

## Systems are an asset

The first step in making systems work is to **document** them – to write down ‘how things are done around here’.

Good, documented systems are an asset to a business, just like the equipment used and the people employed. Like equipment and people, systems need to be put to work – not simply created and then left on the shelf.

That would be like paying to hire a new accountant, and then putting them in the corner office with no work to do.

This is the fate of many “turnkey” systems documents that we see. A business owner buys, say, a **“Workplace Health and Safety System”**, loads it onto the computer or prints all the documents, ticks the “I’ve got a Safety System” compliance box, and then never touches it again.

The ‘System’ they purchased bears no relation to what people in the business actually do, or even what they should do in some cases.

What the system needs to do is to document what really happens – the procedures, methods, processes etc. that take place. Of course, you need to be sure that what they are doing is correct and compliant (see our [previous Blog Post from Africa](#)). And going through the process of documenting makes you think about just that.

Once the correct procedure has been documented, two more advantages of this process become obvious...

## "It's quicker to do it myself".

Almost every business owner has said this - at least to themselves - at some stage. "It's quicker to do it myself than to explain it all the time

Once a correct procedure or process is documented, very little explanation should be needed. And the document is always there for anyone who needs a refresher.

Even better, if someone else starts performing that task, they may even find a better way of doing it as well.

## "It won't be done right"

There may be some ego problems to get over here. Nobody can do it as well as the boss - right?

Wrong.

Once a system has been documented correctly, and the right people are trained or shown 'how it works', there is no reason why things should be done incorrectly.

Any business where one person has to 'do everything' will always be limited by the time available. More hours in the day just cannot be found. By not having to 'do everything', more time will be freed up to concentrate on the tasks that simply cannot be performed by others.



## Add value to the business

There are several more advantages to having, and implementing, good documented systems:

- **Consistency:** One of the reasons large organisations give for not using small suppliers is that they can't supply a consistent product or service. Systems ensure that the same thing is done in the same way, every time – think McDonald's.
- **Cost:** If you don't have to re-invent the wheel or teach someone every time a job is done, the business will run so much more efficiently. Being efficient lowers the cost base and increases competitiveness.
- **Control:** One of the mantras of large organisations as buyers is **DIFOT** – Delivered In Full On Time. Good systems allow for this. When everyone knows what should be happening, when and how, the business will be more under control. The systems will be providing all the vital information needed to make the best possible business decisions.
- **Create Value:** If the time ever comes to sell or exit the business, having all the Intellectual Property captured will increase its value to a potential owner. If there are existing contracts, the new owner will be able to reliably continue the contract.

## It's about profitability

Good systems that are used well will improve the profitability and the value of a company.

Getting them in place is not always easy, but the effort will be well worthwhile.



## Interested in learning more?

Small Company, Big Business provides training on how to Tame The Chaos In Your Business.

This training is offered at three levels:

Do it myself.

Do it with me.

Do it for me.

Find Out More

## Ready to start?

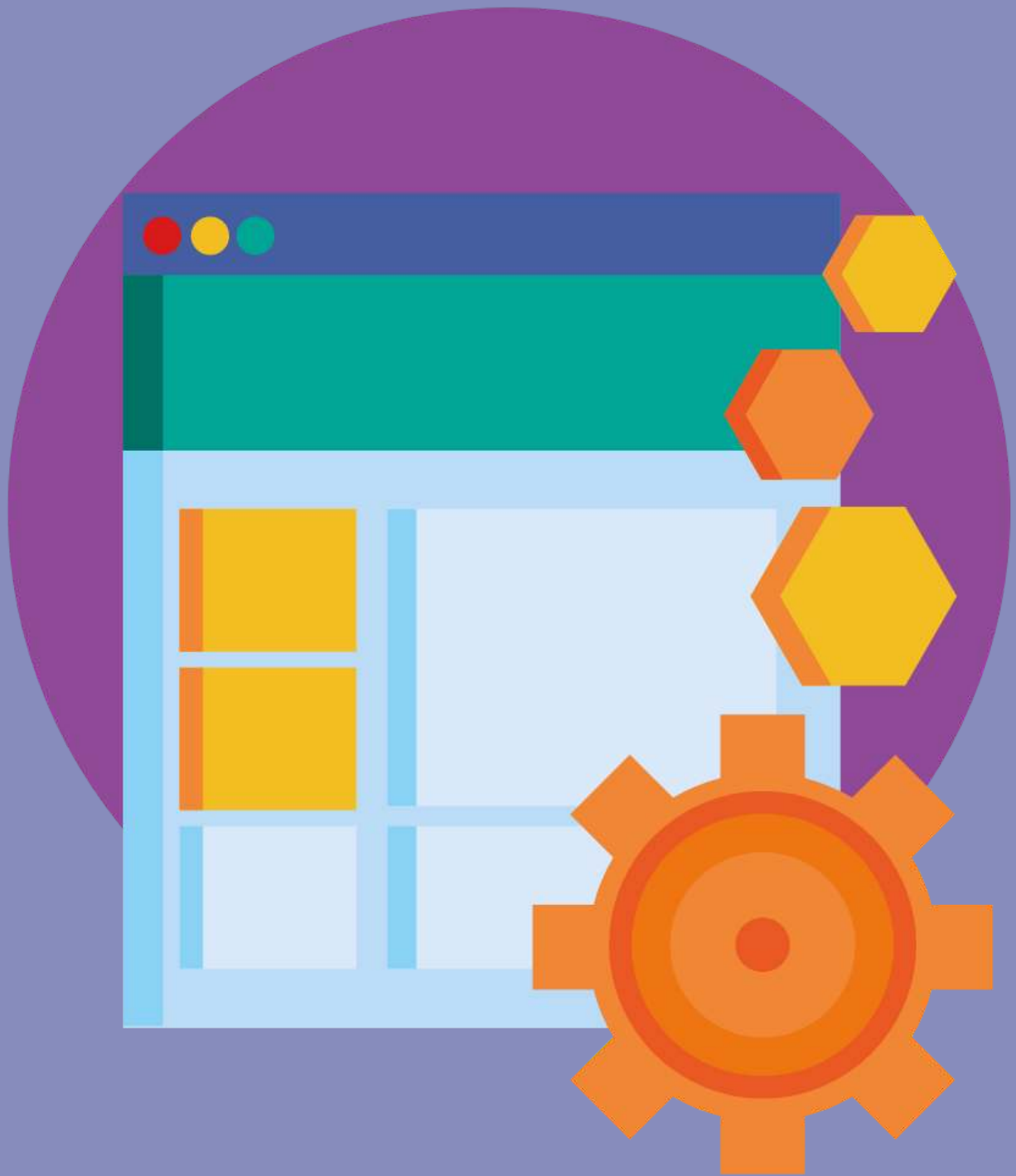
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