

## Business Procedures – Why have them?

### Business Procedures

Having documented procedures allows you to visualise ‘**what**’ your employees do in a particular situation, ‘**why**’ they do those activities and ‘**how**’ to do those activities.

Importantly, this is not a one off exercise - once the procedures have been documented, it allows continuous improvement of those procedures especially as the business meets changes in market demands.

### Why have procedures?

Many small business owners, especially sole traders, know how to run their business so don't see any reason to write down the procedures. But what happens if you are aren't the one trying to carry out a particular task one day, because you are sick or on leave?

By having procedures written down, someone else is able do the job with minimal disruption to your clients, which is critical to your business.

Here are some of the main reasons to have procedures written down for your business:

- Someone is able to fill in for you or another employee, if someone is sick, on holidays or attends a trade conference etc.
- Less time and effort is required to train new staff; or train existing staff in a new role
- You also have a system to sell, either as a franchise or if you sell the entire business
- There are less likely to be human errors because someone forgets a key step
- Clients receive consistent answers and service

### Documented Procedures makes the business easier to run

As a small business, you probably have employees performing multiple roles. As the business grows and more employees are hired, having documented procedures outlining what activities the role must perform, allows for more efficient training time (and thus less cost) and the employee becomes productive in a shorter period of time.

### A business procedures manual makes the business easier to sell

If you are looking at selling the business, or creating a franchise model, having documented procedures is essential and adds real value to the initiative.

If you have worked in any business, you should know procedures manual and policies are critical for how things are to be done. They may all vary in effectiveness, but they have been thought out and written down.

Maybe you consider this is something that only belongs to big business, but small and medium businesses should also have written procedures.

A small business will have fewer procedures and may not call it a manual, as they may be more flexible in their approach, but the concept is the same.

## **What procedures do I need?**

In short, everything you do!

If a task is repeated then it should be written down. So there could be a large number of procedures for even the smallest of businesses.

Think about the person filling in for you or another employee when you/they suddenly fall ill for a couple of months. Would they know how to do things such as:

- Prepare a quote
- Prepare a client invoice
- Record sales
- Hire a contractor or new employee
- Maintain your website
- Install new software updates
- Follow your marketing plan
- Review the business' cash position
- Access client information
- Package or present your product
- Purchase from your preferred suppliers
- How to pay your suppliers

## **How do I write these procedures?**

There is no one single way to document and write procedures, it will depend on your individual circumstances. However, there is no getting around the fact that it will take time and patience to get all of your procedures written down in a usable form. Even if you get someone to help you write the procedures, you will still need to spend the time identifying the procedures to be documented.

Like anything, the easiest solution is to handle one procedure at a time rather than all at once. Start with the most important procedures relevant to your business. It may be worth preparing an initial list of all potential procedures and crossing them off as you get them written.

The following points can help with setting up your procedures:

- Procedures should include simple checklists.
- Procedures MUST include every step of the process.
- Procedures MUST be clear and simple enough that other people can follow them easily.
- Start by taking notes of what you do as you do each task.
- Consider using a simple flowchart and screen prints from your computer showing the relevant steps.
- Consider a template for your procedures so they all end up being consistent.
- Set up a system to store the procedures so they are easy to access and use. For instance, keeping them in a hidden file on your computer may make it very hard for someone else to access for you.
- Include relevant details in the procedures. For example, instead of 'send to accountant' write 'send to Gusner & Associates' with relevant contact details.
- Ensure you have version control for your procedures - *we have a separate procedure for document management / version control.*
- CRITICALLY, have someone else check your procedure to make sure it works, before you implement.

### Tip

*.....without any derogatory comment about anyone's Mum, make them "Mum proof", if your Mum can understand your procedure, anyone can!*

At this stage, *don't panic!* We have various template procedures for you to customise. Just start thinking about the type of procedures you may need. We can then help you either start and/or finalise *your* procedures, if you need.

### Finally, review your procedures

Invariably your procedures will change over time as your business changes. As part of your procedures manual you may want to consider a set review time (say) very two years, or earlier if there is a significant change to your business.

If you end up with a lot of procedures, you may also want to consider a staggered review period so you don't end up having to review all procedures at the same time - this leads to the task becoming too hard and you will no doubt defer this review, ultimately to the detriment to your business.

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Website version updated 7 April 2014.