

Systems Management

How good systems can transform your business

Expert knowledge means success



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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

Systems have become very popular and grown in use over the past 20 years. Systems are the formal, information-based routines and procedures that businesses use to maintain the activities of the organisation. Firms adopt systems for various reasons, but mainly to improve control over the company. Being lucky with your achievements once can be a fluke, using systems to ensure it happens again is essential. Systems are the vital link between what you want to achieve and making sure it happens.

Good Systems Make Sense

Research recently carried out in Sheffield shows that business owners - people just like you - would be willing to pay a staggering 86.77% more to buy a business which differs from its rivals in one crucial way.

And that same critical factor could increase the value of your business (probably one of your biggest and most important assets) by many tens - and perhaps even many hundreds - of thousands of pounds.

So what is that one critical factor?

You probably already know the answer...

According to research, the key to making a business more valuable is making it LESS dependent on you the business owner... and MORE dependent on systems - so that when you eventually come to sell your business it works just as well for the buyer without you, as it ever did with you.

In other words, the key is to create a business where everybody knows how to do everything to the same standard you would do it yourself...

..... so that you the owner don't have to do it yourself (unless you want to, of course)

..... and so that you the owner (and all future owners) can choose when to work, how long to work, and what work to do (for example, choosing to work ON your business rather

than IN it), instead of the business always dictating those things to you.

And the key to making all of that happen is to systematise your business.

Put simply, it means creating systems that catalogue everything you know about running your business. Systems that your team can then use over and over again to do their jobs, and yours, perfectly... every single time.

- Revolutionise the way you run your business;
- Transform your results;
- Give you total control over when and how much you work; and
- Make your business much, much more valuable (an average of 86.77% more valuable according to business owners in Sheffield).

Systems and Business Growth

In order to survive and succeed, firms need to set strategic directions, establish goals, execute decisions and monitor their state and behaviour as they move towards their goal. Once a firm becomes large enough that a business owner cannot sense the firm's current state and cannot control its behaviour alone, the firm must use control systems to replace the eyes and ears of the beleaguered owner. However, since businesses tend to grow at a much more rapid rate with the accumulation of communication technology available to the market, such as the widespread use of the Internet, it makes eminent sense to begin using systems before the firm begins to grow.

The information system becomes a valuable tool in helping any business understand how it is we know what our core capabilities are, what makes us unique and what we should be doing to understand who our competitors and collaborators are, and how we can outperform them. Knowing without acting properly can be fatal. For businesses, these concerns are increasingly important as markets, competitors and customers are changing faster and causing businesses that had previously been perceived as enduring to turn up as ephemeral.



Systems are an integral component to how businesses do things and how it is they both interact that helps the business survive and thrive. It is natural, then, that businesses should show an increased interest in systems management, especially since information technology makes the diffusion of systems across businesses much simpler than in the past. The systems mantra continues to reverberate throughout nearly every corridor of business life.

Reasons Why Systems Make Sense

Systems management has a variety of uses. Here are the following reasons companies manage systems:

- To monitor and control;
- To drive improvement;
- To maximise the effectiveness of the improvement effort;
- To achieve alignment with organisational goals and objectives;
- To reward and to discipline.

There are 5 major tensions within a firm:

1. Balancing profit, growth and control
2. Balancing short term results against long-term capabilities and growth opportunities
3. Balancing performance expectations of different areas
4. Balancing opportunities and attention
5. Balancing the motives of human behaviour

Firms use systems to help monitor and control specific activities; to predict future internal and external states; to monitor state and behaviour relative to its goals; to make decisions within needed time frames; and to alter the firm's overall orientation and/or behaviour.

Problems in Implementation

However, despite the popularity of systems in organisations, the problems that firms do experience in implementing systems could be easily be solved with the right advice and support from experienced practitioners and other professionals. These problems range across a variety of topics:

- a) **Fundamental differences in how a strategy is formulated and executed in the firm** - such that partners in the business extol widely differing beliefs and values - such differences often cause divisions and do not aid the establishment of a business culture, whereas working towards common goals will fuel your business towards increased growth.
- b) **Poor quality of information** - little or no information about how a process could be implemented will possibly lead to time-wasting, whereas good information used wisely, will provide a sound platform.
- c) **Poor systems integration** - will lead to some departments following a system and others not following it, resulting in poor performance results, whereas widespread (and often incremental) take up will result in continual improvement.
- d) **Distinct lack of linkage to strategy** - the systems and processes you are using must be directly aligned with your strategic goals; otherwise, you will not achieve what you really want.
- e) **Vague and ill-defined processes** - poor descriptions and definitions will confuse and lead to poor results. Be exact but flexible with clear explanations of what is required for what situation, being prepared for all eventualities.
- f) **Challenges with analytical and implementation skills** - not knowing what to do or how to recognise a situation due to ignorance will lead to poor results or sometimes no results at all, and therefore to failure to implement. Lead from the front and encourage skilled practitioners to teach others, as all skills are learned - they are not inherent.
- g) **High levels of change in systems** - a system needs to be flexible enough to cope with change so that part rather than whole issues can be re-developed. Fundamental changes, particularly strategic changes as opposed to operational, need careful forethought and should be scheduled into the programme to avoid major disruption.



- h) **Knowledge as an individual or social phenomenon** - what is widely known but is not recorded is no use except when that person is available to ask for their opinion. Recording the information gives you the basis for a system.
- i) **Excessive diversity** - too many choices can detract you from concentrating on the true purpose of the task and what you hope to achieve, so look to exactly what you want to achieve, rather than something approaching it, and the result will be much nearer to what you picture.
- j) **Polarised judgment and bias can undermine successful systems use** - not being willing to try means not being willing to achieve. All business is a risk and therefore any tensions within that business place it at greater risk. A coalition of forces and ideas can catapult a business towards success.

The Systems Implementation Process

After defining the need for systems and improvement, the systems implementation process proceeds through the following steps:

- Create a common understanding of what the organisation does (its mission, key processes, and key outputs);
- Define key performance areas and understanding of the KPIs (so everyone will know if the process was successful);
- After a balanced and focused set of outputs has been defined, the systems must be implemented, taking into account required resources, technology, training, and communication;
- The management team must systematically use the systems to assess performance, determine improvement actions, and review the impact of these actions. The flowchart on the next page documents these steps.

System Builder

Systems Builder is an exciting product available from Added Value Solutions Limited¹. It has 300 systems built in all of which fit together, so that you can start with it straightaway copying a successful formula. It comes complete with fully editable systems that cover:

- How to recruit, hire, train and keep great people;
- How to collect every single penny of the money you are owed;
- How your sales people can get more appointments and make more sales;
- How you can set your prices for maximum profit;
- How to measure the important things and monitor your results;
- How your employees can deliver sensational customer service every single time;

And 294 other areas that are crucial to the success of your business.

Version 2 of System Builder is now available - this innovative systematisation tool has now been upgraded to allow for even more flexibility. The new version:

- Runs much faster on Networks - since it has been completely re-written in a new language;
- Makes it much easier to add, edit and disable systems (child's play in fact!);
- No longer requires the person creating systems to know anything about hyperlinking Word documents;
- Has a fully and easily customisable organisation chart - that no longer requires any knowledge of PowerPoint to edit;
- Contains a tracking system so that you always know which systems are up to date and which still need working on;
- Contains wizards to make using every other aspect of the programme easier too.

Contact details for Added Value Solutions Limited are provided on page 6.



Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

¹ System Builder is available from:
Added Value Solutions Limited:
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