

LIFETIME, INTERACTIVE BUSINESS GUIDE  
A TEN-BOOK SERIES ON TOP BUSINESS FUNCTIONS

# WIN @ BIZ<sup>®</sup>

Develop Efficient  
Business Processes

KNOW WHAT THE WINNERS DO!

Growth & Business Coach

*David Gabbert*



[davidgabbertbusinesscoach.com](http://davidgabbertbusinesscoach.com)

**WIN AT BIZ®**

**DEVELOP EFFICIENT BUSINESS PROCESSES**

A TEN E-BOOK SERIES

**AUTHOR DAVID GABBERT**

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# DEVELOP EFFICIENT BUSINESS PROCESSES

## Introduction

When your customers think of you, what comes to mind? Is it your product, your employees, a commitment to ongoing customer service, an array of convenient purchasing options, or your logo?

Hint: It's none of the above.

Experienced business owners will answer that your business is really “your processes.” A business is only as good as its operating processes. A “process” is an abstract thing, but these invisible systems have a big job: They are responsible for making a good impression, saving time, and boosting your bottom line. After all, what good is your product or service if you do not have a system for finding new customers; a way to efficiently deliver the product or service; or a means by which you ensure quality control and customer satisfaction? Think about it: If your processes are clunky, or just not quite as smooth as your competition's, how can your business survive—let alone grow? Superior *business processes* separate you from your competition.

Companies have been beating their competition with superior processes for decades, if not centuries. The Fuller Brush Company, founded in 1906, developed a direct door-to-door sales and delivery process to beat its competition. It saved the consumer time and made it more convenient to purchase personal care items. Sears and Roebuck Company developed a new sales and delivery process to capture the markets of rural America in 1927. The company's revolutionary sales and delivery process was direct mail order catalogs—a new sales and delivery process that alleviated the purchasing frustrations of rural America. In the 1960s, selling a hamburger, French fries and a Coca-Cola was nothing new or exciting; what differentiated McDonalds from the competition was not the product itself, but instead its superior processes in producing and delivering the product. And in 1963, Mary Kay Ash built a multi-million dollar cosmetics company by beating the competition with her home party sales and delivery processes, which capitalized on turning purchasing into a fun, social experience at home—where customers could sample the product while getting positive reinforcement from friends, and then purchase the product instantly.

Examples of new sales and delivery processes continue today with different faces. Consider Ebay. This company transformed America with its innovative sales and delivery processes using a website that effectively finds buyers for people's unwanted possessions. Think about UPS, Merry Maids, TruGreen Chemlawn, Rapid Oil Change, or Tupperware products. All of them are examples of leaders in their industries who succeeded on the strength of their competition-beating processes.

The take-away is simple: The most successful way to sell a product or service is often a unique, new process that finds customers and delivers the product—and does it more efficiently than the competition. To be successful at developing efficient business processes that differentiate your company from the competition, you must know what benefits your customers want, what your competition is doing to satisfy these wants, and what the competition is not doing well.

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## Win at Biz Scorecard

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- Do your sales and delivery processes differentiate you from the competition?
  - Do your processes find more customers and satisfy customer wants better than the competition?
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An excellent book on building process-run businesses is *The E-Myth: Why Most Businesses Don't Work and What To Do About It*, by Michael E. Gerber. The *E* in his title stands for *entrepreneur*, and his series of books on entrepreneurship hinge on four important insights about process. They boil down to one crucial piece of advice: The secret to operating a successful business is to devise successful processes.

### Insight 1: Processes Create Loyal Customers

Nordstrom retail clothing stores are an epitome of consistency. In a cutthroat competition for customers' department store dollars, Nordstrom has prospered by consistently delivering quality merchandise with a customer service attitude that is second to none. Consumers shop there because they can count on receiving exceptional customer service every time they visit the store. The secret to consistency is more than luck—more, even, than hiring a few great managers or employees. Nordstrom delivers consistent customer satisfaction due to its superior purchasing and training processes. These processes create consistency.

Likewise, it is only through efficient processes that you can build the same type of customer loyalty. Your company's operations depend on efficient business processes. How can a company possibly grow and prosper if it cannot deliver reliable, consistent results?

- An efficient business with proven processes creates consistency, and hence loyalty.
- Proven marketing processes allow the company to consistently develop new leads and new customers.
- Proven production processes generate consistent quality in the product or service.
- Proven delivery processes of the product or service into the consumer's possession create consistent customer satisfaction.
- Repetition of these proven processes will ensure consistency of growth and profitability.

A process-run business is also not the victim of variations in human behavior. It does not depend on people with specific knowledge or experiences, but instead can be operated by ordinary people trained to operate a few simple processes. In other words, the people run the processes; the various processes within the company all integrate together to run the business.

Ordinary people can deliver extraordinary results when they operate in an efficient process. One of the best examples of this we encounter every day is the fast food business. Subway, Kentucky Fried Chicken, and Starbucks are all examples of businesses that need to prepare food with consistent quality in a clean atmosphere, and deliver it

with speed and a smile. Amazingly, these businesses are operated successfully by teenagers all over the world.

## **Insight 2: Never Stop Working to Improve Your Business Processes**

Michael Gerber says in *E-Myth Revisited*, “Work on your business, not in it.” In other words, if you own a business, you should be spending more time improving your business processes than getting bogged down with the day-to-day details.

The goal of any business owner or manager is to continue to improve the company’s processes so that its processes are superior to the competition’s. Experiment, and quantify the end result of the processes relative to

- the efficiency in finding new customers,
- the consistency of the quality of the product or service,
- the predictability of the delivery, and
- your customer’s level of satisfaction.

Do your processes deliver what your customers want while beating the competition in all of these areas? As long as your processes continue to satisfy customers beyond their expectations and beat the competition, you will not only increase productivity but also grow your sales and profitability.

Think of the last time you received poor service from a home-related service company. A pool service company comes to mind. My wife and I live in Minnesota and were having the pool opened up in the spring of the year. We arrived home after a busy day at work only to find the pool cover left in a pile on the pool patio, the leaves that were on top of the pool cover strewn around the pool area, and the pool furniture moved and disheveled. We sent a detailed letter with our payment indicating our dissatisfaction with how the job site was left.

I often wonder what action the owner took after receiving our letter. Did he call the crew into the office and blame them for their carelessness and poor workmanship, or did he look in the mirror and go to work on improving the effectiveness and efficiencies of his training and follow-up processes?

As you begin to work *on* your business rather than *in* it, start by developing your business processes one at a time. When something goes wrong, don’t blame your people; look for deficiencies in your process and correct them. Improving your processes is an ongoing effort that will reward the company with more and more satisfied customers. The work doesn’t end when you’ve revised all your processes, either. If your objective is to build a profitable growth company, you must constantly raise the bar—making these processes ever more efficient—to satisfy customer wants better than the competition does.

In a later section, we will talk about Six Sigma, a program for improving the efficiencies of your processes. (There is even a process for improving your processes!)

### **Insight 3: Your Job Is to Provide Tools and Training**

Let's compare a common service many of us have used: a lawn care company. Company 1 has no business processes in place. You call Company 1 to request an estimate, and leave a message. Several days pass without a return call. The salesperson that finally shows up is not in uniform and not very knowledgeable. The delivery of the service is days late, and when the truck does show up, it is dirty. The workman is disorganized and lacks knowledge, and the equipment breaks down. Between treatments, there is no consistency of workmanship. When you call the office for help, you get a voicemail or an uninformed customer service person who has to defer your questions to the owner, who is not in the office. There is no follow up or quality control to ensure your satisfaction.

Compare this to Company 2, a company that is committed to developing written business process manuals that run the company with clockwork precision. Company 2 has an operating process in place such that when you request an estimate, a knowledgeable, uniformed salesperson visits your lawn in 24 to 48 hours. Professional, informative literature is left, and the processes generate a follow-up sales call that evening from helpful and courteous customer service people. The business processes produce timely service by trucks that are clean, and uniformed workmen who perform the service exactly the same way every time they treat your lawn. You can count on consistent, quality, reliable service by well-trained, knowledgeable individuals because of these written, efficient processes. When you have a question, the customer service people who answer the phone are friendly and knowledgeable because they have been trained by and work within efficient, written processes. Additional quality control processes kick in after the service has been performed to ensure complete customer satisfaction.

The moral of this story: All processes are integrated if you want to leave customers with a good impression. For example, what is the benefit of a clean truck if the workmen are poorly trained? Or for that matter, why write sales processes if they are not integrated with efficient sales training? Other business processes will not be beneficial to the company if you do not provide your people with the tools and training they need to properly operate the processes for which they are responsible.

First, in order for your processes to become an integrated part of your business, all of your process procedures need to be written in a manual. This includes your

1. marketing and sales processes,
2. hiring process,
3. production process,
4. quality control processes,
5. delivery processes,
6. financial processes, and
7. customer service processes.

Your written process manuals will become part of the training for new employees. And likewise, these training procedures constitute an eighth item on the list above: a section that articulates these training processes in detail. Within this eighth section of your manual, you will also want to cover what you expect from your employees:

- a. The ideas, actions and goals that are responsible for the success of the company.
- b. The job description of the employee.
- c. How the employee's position fits into the company picture and affects the goals and success of the company.
- d. What systems are to be utilized and what the expected outcome is.

You will see these points discussed in detail in Book 6 of the Win at Biz series, *Train for Productivity*.

As a consumer, you know that it becomes all too obvious when you are doing business with a company that has established, proven processes in place compared with a business that does not.

As a businessperson, if you hope to manage a profitable company that beats the competition and satisfies customers, you need to provide your employees with written processes, efficient training, and the tools that they need to perform like experts.

#### **Insight 4: Empower Employees, Improve Your Business Processes**

Companies that visualize things through their customers' eyes and develop business processes to deliver what they want will have an advantage over the competition. Get your employees to monitor customer comments and complaints. Only when your company begins to listen to your customers can you start to deliver what is important to them.

One employee-empowering program is Six Sigma, and it is designed to improve business processes. An introductory book detailing the Six Sigma program is *What Is Lean Six Sigma*, by Mike George, Dave Rowlands and Bill Kastle. Its focus is to raise the level of customer satisfaction, improve profitability, and foster teamwork among employees. The principals of the program focus on serving the customers' needs.

One of the many ways the Six Sigma program can help to improve business processes within a company is to use employees to document every customer complaint. As employees record all complaints, you will accrue information about how customers define quality and what is important to them. A Six Sigma team is then created with representatives from different departments, who collect data on the problems that appear to be creating customer dissatisfaction, and ultimately develop solutions to these problems.

To improve, you must get rid of quality variations and defects. A *defect* is simply a lack of quality or speed that creates a gap between what a customer expects and what the company actually delivers. Any company whose product varies in quality is going to incur a lot of defects, thus disappointing customers. Once you improve operating processes to increase speed and consistency, you will be viewed as a more reliable resource and will have developed an advantage over your competition. Customers will



become more loyal and operating costs will decline.

As the team works together to improve business processes, the company will realize additional benefits from everyone working together toward common goals. As each team member shares information openly and is involved in the decision-making process, it will give everyone an opportunity to be heard, creating a sense of ownership. Communication will improve among employees in various departments.

Additionally, consider developing reward programs for the Six Sigma team members. A good reward program is tied to desired outcomes. For example, the reduction of the time of production from order entry to ship date, reducing the number of customers who drop out of a continuous re-ordering cycle or reducing the number of complaints regarding the quality of the product could all be goals with incentives tied to improvement.

Consider the actions of this manufacturing company. Management established a goal to ship 95 percent of their orders within twenty-four hours of the order entry date. They also established a goal to reduce the packaging errors from four one-hundredths of one percent to one one-hundredth of one percent of all orders being shipped. The management understood that if they could excel in satisfying these customer wants, they could develop the customer loyalty they desired to lock out their competition. These outcomes could be measured and the production employees were rewarded with quarterly bonuses for achieving the desired results.

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## Win at Biz Checklist

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- ✓ Do you work on developing and improving the operating processes to run your business versus getting lost in the day-to-day details of your business?  Yes  No
  - ✓ Do your processes out perform your competition? Are your processes more efficient at (a) attracting new customers? (b) achieving consistent quality? (c) producing convenient and predictable delivery? (d) satisfying customers?  Yes  No
  - ✓ Have you developed your operating processes in written manuals? Do you supply your people with the proper tools to operate the process efficiently?  Yes  No
  - ✓ Do you have a formalized, written training program so your people understand their roles in the company, how to operate the processes, and how the outcome of their position affects the success of the company?  Yes  No
  - ✓ Do you empower and reward employees in an established program, similar to Six Sigma, to improve your operating processes?  Yes  No
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## About the Author

# David Gabbert

Entrepreneur, business mentor and growth coach, David Gabbert helps business professionals, business owners, new startups, and students learn how to win at business. Self employed for forty-seven years, founder and owner of four million-dollar-plus businesses, and author of ten Win at Biz® business books, Dave offers free business articles about a variety of proven business strategies which compose the basic building blocks of starting and operating a successful business.

Free monthly e-zine subscriptions are available: [www.davidgabbertbusinesscoach.com](http://www.davidgabbertbusinesscoach.com)

We welcome your comments and questions: [david@winatbiznow.com](mailto:david@winatbiznow.com)

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### Win at Biz E-book and Workbook Series

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- Book 1: Build a Successful Business Model
- Book 2: Develop Successful Marketing Strategies
- Book 3: Initiate Effective Financial Management Tools
- Book 4: Develop Efficient Business Processes
- Book 5: Hire the Right People
- Book 6: Train for Productivity
- Book 7: Motivate Your Employees
- Book 8: Build a Successful Sales Organization
- Book 9: Develop Effective Speaking and Listening Skills
- Book 10: Develop Successful Leadership Skills

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