



## Business Processes – How to Tell if They’re Working

No matter what business you are in, maximizing your profits is one of your primary goals. Efficient business processes are a key ingredient in your bottom line. But how do you know if your processes are working?

The first step is to identify those processes that are key to your business. There are general procedures involved in business, such as accounting and customer service, and then there are processes specific to your business. For example, in a Distribution Center that fills orders for warehouses or retail stores, the key processes can be broken out as follows:

- Purchasing
- Inventory Control
- Receiving and Put Away
- Order Fulfillment
- Shipping

Once you have identified your business processes, the next step is to outline how each process works. The objective is to understand if there is an efficient flow through the business. It is important to identify where processes between departments intersect and ensure that the flow from one process to another is as seamless as possible. For example, software tools and computer systems that are used in one area need to be integrated with those used in another area or a manual procedure needs to seamlessly integrate the flow of your product or service where one application leaves off and another begins. In the example above, when an order enters the purchasing department, the objective is to get the order into shipping as quickly as possible. Bottlenecks might occur between purchasing and order fulfillment or between order fulfillment and shipping. If this is the case, the customer has to wait on their order, and the Distribution Center may be incurring wasteful costs if there is a substantial time lag between receiving the order and filling it.

To know if your processes are working, start with your customers. How satisfied are they with your timeliness, your service and your product? Then talk to the employees that implement the processes on a daily basis. What do they complain about? Are these valid complaints that can be rectified by implementing a better business process? Supervisors and managers on the front lines in every department often have good ideas for improvement and little opportunity to air their ideas. Look for delays in the flow from one department to another, or backlogged orders that are not being filled.

Sometimes we are too close to our own business to look at it objectively. It can be useful to have an independent business consultant come in and examine processes to look for areas of improvement. For example, in an inventory management system, is inventory control integrated with purchasing so that you can track precisely when to restock? Is your vendor database as well maintained as your customer database so that when one vendor cannot supply on time, you already have another vendor lined up?

An experienced business consultant knows how to find the right people in your company and ask the right questions to develop an integrated analysis across different business areas. He will highlight exactly what is working and what is not working. He can also make recommendations for optimizing your



business processes to gain efficiencies. Sometimes a few small improvements can make a big difference to productivity, leading to more satisfied customers, happier employees and a bigger bottom line.