

Systemize Internal Operations

A common denominator of Best of the Best companies is that they perform tasks in the same way—every time. They systemize each and every internal operation. Because owners correctly assume that there are many areas that can be classified as internal operations, they can be so overwhelmed by the sheer number of areas to address that they fail to address any. For that reason, we limit our discussion of internal operations to just a few items:

- Create a system to collect and use customer feedback
- Diversify vendor and supplier relationships

If you wonder whether installing systems in these (and all) areas of your company is worth your time or effort, let's look at systems from the perspective of a future buyer. If a buyer compares your company to another, which company will he or she pay more for?

Your Company which is run by an owner who:

- Has creatively and effectively built the business with intuition and intelligence; and
- Will be gone once the buyer takes the reins.

Or

Your Competitor's Company which relies on systems that:

- Are written and communicated clearly
- Are adhered to by all employees
- Produce consistent results
- Will be in place long after the owner leaves

As you can see, systemizing internal operations is a critical Value Driver. As an owner, creating systems that work for your company should be the heart of what you do every day. If you don't do this well, your company will not be as successful as it can be, and you will work much harder and longer than needed.

Let's look at two areas where you might begin to create some internal systems.

Create a System to Collect and Use Customer Feedback. How are customer complaints addressed in



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your company? Is there a well-thought out procedure for doing so or are they addressed on a case-by-case basis in a manner that cannot easily be described? If your company uses customer feedback effectively, it can create competitive advantage for you compared to your competitors. If not, your company may be pulled in too many directions and cause you and your entire team to lose focus. Strategic use of customers and their ideas, suggestions, requests and expectations creates strength, stability and inherent value in your business.

Create a System to Diversify Vendor and Supplier Relationships. Can you name the vendors or suppliers who are essential to your ability to provide your most important products or services? If one (or more) of your primary vendors or suppliers switches its relationship from you to a competitor, goes out of business, changes its payment requirements, changes its quality standards or stops offering the products or services that you need, would your company experience a short-term or long-term negative impact? If so, do you have a plan to handle that impact?

You can stabilize your business and build business value by reducing the risk associated with unpredictable vendors and suppliers. If we can answer any questions you may have about the many ways you can systemize your company's internal operations to increase company value, please give us a call.

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