

FACULTY OF JURIDICAL SCIENCES

Lecture-4



CONCEPT OF BUSINESS AS A SYSTEM

A business system is a defined set of principles, practices and procedures that are applied to specific activities to achieve a specific result. Basically, it's about creating a set of shortcuts that will make sure everything still gets done right.

You can create systems for many areas of your businesses. From making sales to building marketing strategies, even to managing the cleanliness of the workspace, systems can make all these tasks easier and more efficient.

Systems are also designed to connect different departments and elements of a business to work together to achieve business objectives.

Effective business systems and processes provide many benefits to the business, its staff and its customers. Here are six major benefits:

1. Achieve greater efficiency

Tasks that can be managed by a business system are usually routine and repetitive.

If these activities can't be automated with technology, a system will mean that staff will have to spend less time and effort doing these tasks, which will save the business time and money.

2. Make sure tasks are consistent

Having a system that everyone sticks to means that the same task is being done in the same way each time, which should lead to more consistent results.

This will ultimately help your business be more productive, so you can serve more customers and make more money.

3. Staff are clear on expectations

Systems give staff a better idea of what's expected of them, both in terms of behavior and results.

4. Scale at a faster rate

Developing a good set of business systems that work together to improve your how efficient and productive your business is will allow you to grow at a faster rate.

5. Streamline processes

When systems are written down or set out as a flow chart, it lets you see any double-handling that's happening. It will also help you find opportunities to streamline processes or remove those that aren't needed anymore.

6. Control without micromanaging

Effective systems give business owners confidence that things are going as planned. They provide a way to monitor and control key aspects of the business without having to micromanage.

You can find out more about how monitoring your business systems can help you avoid potential business disasters [here](#).

How to build a business system

Creating a business system might seem overwhelming at first, but take it one step at a time and you'll find it's straightforward. It's taking what you already know works and making it easy to repeat to achieve business outcomes.

1. Set your objective

What is it that you want to streamline or systematize in your business? Is it making your sales and marketing activities more consistent among sales staff with different strengths or styles? Or is it making sure payroll happens efficiently every pay run?

No matter what it is, you can come up with a system for anything and everything in your business – and it's probably beneficial if you do, just not all at once.

Choose one process at a time to create a system for. When one is embedded, start on another one.

2. Break down the task

What are all the activities that go into the task that you're creating a system for?

Record the process for the activity, noting any tools or equipment needed to complete it. Is the task usually completed by an individual or a team? What techniques or skills do they use to get the job done?

3. Identify improvements

Once the task has been recorded, step by step, look for ways to improve how it's done. Could it be done faster? Is it possible to group tasks by team or time period? Would additional resources or tools achieve efficiencies? Are there tasks that you can dispense with altogether?

Step back and critically assess every single part of the process.

4. Test and learn

Implement the system improvements and observe the results. If the business system works, train your staff and make sure everyone is clear on their roles and responsibilities with the new system.

If the business system doesn't quite hit the mark, keep refining it until it does.

Types of Business Systems

You can introduce systems to many areas of your business, but here are three that we think are particularly useful:

1. Lead generation

Every business needs to make sales to make money. One of the biggest challenges when it comes to sales is finding potential customers (or 'leads') to sell to.

There are different methods for finding new customers, making sales and automating these processes. These include making lists of businesses that could benefit from your services and cold calling or cold emailing them, or developing expression of interest forms that you put on your website, which develops contact lists for you.

This will save your sales team a lot of time researching potential customers and keeping track of who they've contacted.

2. Payroll

As you pay your staff regularly, setting up automated payroll systems will save you time and money. They'll also create records about these payments, which you will need for tax reporting time.

You can find out more about choosing the best payroll system for your business here.

3. Operations

Businesses have many operational tasks, many of which can be automated.

One example of this is hiring and on boarding new staff. Businesses can receive dozens of job applications for an advertised role. Creating a system for the way applications are scanned and shortlisted can save time. Likewise the way new staffs are on boarded can be streamlined and consistent.

4. Inventory

Any business that holds products will have to manage their inventory.

You can manage stock easily with an inventory list that assigns minimum quantities to certain products. If it's checked regularly and you replenish as required, your business is one the way to running smoothly every day.

MYOB's inventory functionality is a powerful tool that allows you to track the value of the items you buy, sell and build.

5. Workforce management

Managing staff and creating rosters and schedules is time-consuming work, and so are understanding individuals' competency levels and training needs. If you have a large number of employees, creating systems can help you understand things like how to schedule your staff for peak periods and how to manage team leave and sick days.

For larger or complex teams, workforce management software may help you stay on top of these systems.

6. ERP

For bigger businesses, an Enterprise Resource Planning (ERP), or business management software, pulls all information into one system. This gives you oversight across all business function and allows you to automate and improve processes across your business.