

## Grow Your Business By Increasing Process Efficiency

In previous GYB fact sheets we have looked at three of the four ways (and there are only four) you can grow your business. They are

1. increase the **number of customers** of the type you want to have
2. increase the number of **times a customer comes back** to buy from you, and
3. increase the **average value** of each sale you make.

In this fact sheet we cover the fourth way, increasing the **effectiveness of each process** in your business.

While it's the fourth, it is by no means the least. In fact this is **the step that ties it all together**. Getting value from the other three ways can only come about if the processes involved in them happen efficiently within your business. Without changing and improving the way your business operates it will be very difficult to successfully implement the strategies we've presented to you in the other fact sheets.

When you think about it, **a business is nothing more than a group of processes** – production, marketing, selling, managing the finances and so on – and it's the actual quality of these processes that determines the quality of the outcomes. So increasing the number of customers will be reliant on the effectiveness of your marketing processes; increasing customer retention on how well you handle customer service processes; increasing the average value of sales on how good your selling process is, and, in general, making all other processes, such as inventory management, cost efficient so as to save money (increase profit) and minimise waste.

One way of pinpointing where your operations can improve is to take the time to really **investigate how the key processes are operating** so as to **identify inefficiencies and performance failures** and establish the real underlying causes for them. For instance, a business may not be getting enough new customers. The immediate reaction, in the absence of knowing exactly why, might be a shotgun approach – increase marketing spend and widen it out to all sorts of channels to attract more leads. In fact, take a little more time to investigate and it may turn out that the business is getting plenty of leads but is failing to convert many of them. That's a sales process that needs improving, and the solution might be in getting sales reps to perform more effectively or getting back to telephone enquiries faster rather than throwing more money at marketing.

The fact is, **most owner/managers don't see their business as a series of processes**. But that's exactly what they are and each one needs to be analysed at some stage to see how efficiently it is working and if the right drivers are being measured, for instance, conversions per sales rep and average time to respond to phone calls in the case above, so that performance can be tracked and the real reasons for poor performance identified.

Deciding what drivers to track can sometimes be a bit involved and it's good to work out which ones are relevant to your particular business in conjunction with a business advisor like CFO Insight. We will usually start the ball rolling by giving your **business a 'health check'** to **'diagnose'** just how well it is currently performing.

A business health check can look at both what is happening in the business world around you and at your in-house operations. You may be tempted to look just at in-house operations, but consider how changes in technology, for example, could affect your production methods, or upcoming legislation in, say, managing pollution, which might alter the way you need to handle waste. Those things may not necessarily be negative – sometimes a review of the wider world opens your eyes to new opportunities as well.

The Four Ways of growing a business **work best when used together in an overall strategy**. Think about the concept of synergy, the whole is greater than the sum of its parts. The mistake many businesses make is to focus on just the customer/sales processes, and thereby miss out on significant growth opportunities from making other processes more cost efficient as well.

*If you would like further help on how you can increase your process efficiency, or to discuss other issues about your business, please call **Philip Barnes**, Director, CFO Insight on **0405 800 767**.*