

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners



BUSINESS OPERATIONS SERIES

Overview

Why is this important?

You may have the best product or service, but if you are unable to deliver, you won't be successful. If you aim to grow, your operational capabilities need to be on the same pace as your sales growth. At best, operational issues are bumps in the road. At worst, they can derail all your prior efforts, erode customer good will and negatively impact brand reputation. When you implement a well-thought-out business structure, you are able to document all the business processes and, at the same time, specify all the roles and responsibilities (or competencies) in your company. This is particularly important to optimizing employee performance when employees are working in multiple locations and/or in hybrid work environments. With the right business structure for your business you can easily foster a more engaged workforce without stifling innovation and position your business to compete successfully in this highly competitive world.



Vermont Sustainable Jobs Fund

When you started your business, you might have been a team of one. Or, perhaps your business started with a small team of trusted co-workers who shared your vision, understood your product/service and worked together to achieve the goals and milestones of growth over time. As your business continues its growth trajectory and your team expands, more time needs to be spent on putting in place operational efficiencies. This may require different ways of organizing, communicating with and leading your team.

The element of structure is paramount for any organization, especially one that involves hybrid and/or remote work in home offices. Essentially, an organization's structure encompasses formal and informal procedures and policies that a business owner can use to manage all operations and communicate effectively with employees. Your team needs to clearly understand what success looks like fiscally, operationally, and culturally in order to meet the expectations of your customers as well as your employees. You can streamline your operations

by putting in place operational efficiencies. This may require different ways of organizing, communicating with and leading your team. As a business owner, you are responsible for organizing all business functions and breaking them down into departments or units, which improves your employees' effectiveness.

Organizational structure is also important in improving the decision-making process, especially if there are documented guidelines detailing how the business is supposed to operate. These guidelines document how information is conveyed throughout the organization and to those individuals responsible for making critical decisions.

In this **Business Operations Series**, we will address three operational concepts that will help you more smoothly navigate growing the team as your business expands and grows.

- **The Importance of People, Process and Tools**
- **The Importance of the RASCI Chart**
- **The Purpose of KPIs and Metrics**

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1. PEOPLE, PROCESS, TOOLS:

Work in a business gets done by knowledgeable **PEOPLE** who are using defined **PROCESSES**, supported by **TOOLS** such as computer programs, manufacturing equipment, packaging systems, etc. As your business grows, the systems you had initially put into place may become inefficient or even break which creates a range of issues for you and your team.

Looking at your operations routinely and considering which of the three components of **PEOPLE, PROCESS and TOOLS** needs updating can help you resolve operational issues more quickly and effectively. In many cases, what's needed is a mix of all three being updated, in the right measure for where you are today and how you are planning for growth.

2. A RASCI chart can also be used to spark a discussion about how to improve processes within the company as well as to inform an employee's job description.

Who does what - the RASCI chart.

This tool will help you and your team confirm:

- a. **Responsible** - Who is performing and responsible for various tasks in a clearly outlined process with specific and measurable outcomes?
- b. **Accountable** - Who oversees and/or supervises the work flow?
- c. **Supporting** - Where is collaboration with other employees needed in the process?
- d. **Consulted** - Who must be consulted prior to a decision being made or a task completed?
- e. **Informed** - Who needs to be kept in the loop throughout the key points in the project life-cycle and after a decision is made or work is completed?

3. KPIs and Metrics: Most businesses and organizations set goals in order to achieve the right objectives and fulfill the needs of its stakeholders. Those goals need to be embraced by every

team member within the organization, each of whom is performing unique functions to advance the business.

There are many different ways to set and measure goals. One effective way to measure an individual, team or company's progress toward a goal is by using Key Performance Indicators, or KPIs, which set a standard of success for a specific business process or objective. Organizations use KPIs to help individuals at all levels focus their work toward achieving a common goal. KPIs also help businesses understand whether they're spending their time and money on the right strategies, and executing their tasks and using their systems in appropriate ways in order to achieve their goals. If you pick the right measures, you can keep employees focused on how they can improve the profitability of the company or at a minimum, see when something is just not going as planned.

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the entrepreneurs who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at [VSJF.org](https://www.vsjf.org)



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Accelerating Sustainable Economic Development

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