

BUSINESS SENSE

Next Level Tools for Entrepreneurs & Small Business Owners

BUSINESS OPERATIONS SERIES

Systems and Operations - People, Process and Tools (P-P-T) Framework

Why is this important?

In all types of business, large and small, the People, Process, and Tools (P-P-T) framework is used to improve the business' position in the face of market competition and to remain relevant over time.

Everything, from leadership to digital transformation, organizational talent, and management practices, needs to be combined for effective development. The concept of PPT or the Golden Triangle works with existing practices to ensure stronger and better business results.

People and processes, along with technology, are the key elements for the overall improvement and sustainability of your business. As you build the systems focusing on these three areas, you can expect to see better outcomes in every department. Your aim should be to build agile workforces that are flexible, adaptable, and responsive to the dynamics of your industry and the realities of your environment.

Businesses today need an inclusive approach to satisfy their customer's requirements. In a world where 30% of the businesses can lose precious market value due to bad customer service, it is imperative to build innovative systems around a great customer experience. Facilitating good customer service is an important part of managing the entire business smoothly.



Vermont Sustainable Jobs Fund

You have a great product and customers who want to buy it, so what's next? Making your product and getting it to customers!

When you first start your business, it is not hard to fulfill your orders, since your team is small and everyone is well versed in what needs to happen to get your product to your customers. As your company grows, formalizing your processes and having a good system to keep track of what is going on is key to smoothly growing your business and keeping your customers satisfied and loyal to your brand.

The P-P-T Framework has three components: People, Process and Tools. All three components must be in place to efficiently produce and fulfill your orders.

PEOPLE: Your employees are key to delivering high quality products and services to your customers. When they are knowledgeable and enthusiastic about your products and your business, they can help you scale your operations quickly and even help recruit other employees to

your team. That said, even if they have the best intentions, your employees need guidelines, structure and supervision to complete their work to the specifications and quality that your business requires for long term success. It's very common in growing organizations to rely upon one or two key employees, tasking them to work with others and share the knowledge and experience in their heads about how to do things. This might work for some time, but eventually, there are issues such as a key employee departs and with them their technical and/or process knowledge. Or those key employees may be slow to evolve process improvement or change to a different process you need to enhance efficiency. Your team needs the foundational support of documented processes and potentially a system of some kind to inform and guide their work.

PROCESS: Every task in your business has a process. Manufacturing processes may have evolved over time to produce your product's specifications to the quality you and your customer require. Other tasks such as shipping have discrete tasks



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that need to be followed. In some cases, options may exist such as order entry, unique shipping methods or invoicing based on customer type.

To ensure that everything goes as you planned, each process should be documented. This serves not only to train new employees, but also as a way to document key points in the process where a decision may need to be made. Processes will evolve over time, so it's important to allow for updates due to new (and better) ideas about how to get something done or other changes.

Having **Standard Operating Procedures (SOPs)** for all your key tasks and ensuring they are both used and updated is the best way to achieve the consistency vital for your business growth and reputation. As importantly, documenting the steps in a given process can identify areas that may be inefficient, which allows for continuous improvement in key processes, saving time and money. It also sets the stage for growing a business culture that values consistency and efficiency. Employees who fully understand how a process is designed to operate may discover ways to improve the process, achieving the same result with reduced time/cost. SOP development is a collaboration of

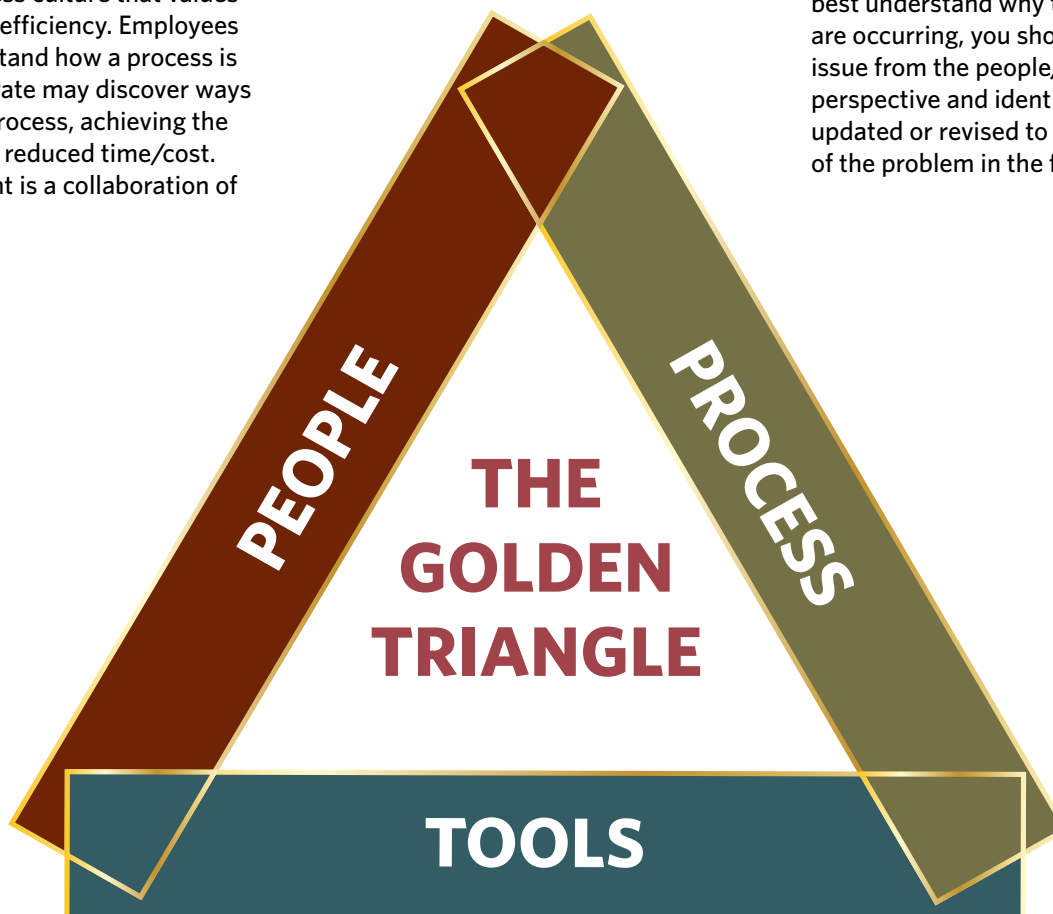
good minds figuring out the best way to do something and understanding how a particular process interacts with other processes in the company. No one, including yourself, should change an established SOP independently of others' knowledge.

TOOLS: When you start out, you may be able to keep track of your production and shipping on a piece of paper. A spreadsheet may be fine for your early stage business. Over time, the interactions of your various employees as well as the complexities of your operations mean you will need to have a computer system to track your work. Accounting systems such as Quickbooks are viable for many aspects of your business such as tracking sales, but your manufacturing operations, purchasing calculations and other processes may need a more sophisticated tool that meets your specific business needs. There are many applications which can be added onto your accounting software. You can also look at an Enterprise

Resource Planning (ERP) system which will keep track of all the common processes of your business. Some businesses will require special computer tools to handle your specific needs, such as reservations or customization. Whatever your need, it is important to understand your options before you experience issues because the business' needs have outgrown your existing system. It can take some time to implement some systems, and everyone in the organization needs time to learn the new system and understand how it may change their work processes.

As you grow, the components of People, Processes & Tools become more complex. It's very common to see different parts of a growing organization working in their own ways and losing some of the efficiencies that come from aligning the organization's processes as a whole.

As your business grows, you may experience breakdowns in your systems, or issues you haven't seen before. To best understand why these breakdowns are occurring, you should examine the issue from the people/process/tools perspective and identify what needs to be updated or revised to avoid reoccurrence of the problem in the future.



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People Review: Was the issue caused by an employee not following your procedures? Reinforcing what needs to happen to get the job done (via your written SOPs) is a starting point. Over time, you may find that the employee doing a particular task is not doing what you need them to do. Or it may lead you to wonder if the task has become too complicated and needs more support from another employee or computer application. In other cases, the employee may not be the right person to do the task and will need to be replaced.

Process Review: When your business experiences an issue (shipping delays, product issues, etc), naturally work is done to figure out what is going wrong in order to fix it. The first step is to identify whether the issue is a random event, or

whether you are experiencing a process issue that needs to be corrected. Once you identify the problem and resolve it by updating a process, you need to revise the SOP to incorporate the changes you've made. It is best practice to review all SOP's on a regular basis to confirm they are relevant and continue to meet the needs of the organization. As you grow, you will notice that some of your processes may become more complex, or that they should be two or more separate processes. You may even decide that certain elements of an SOP should be outsourced to another company causing you to revise your SOP's, and communicate the new procedures to your team. Even simple fixes will likely need to be supported by updated procedures and new SOPs.

Tools Review: You may find that the issue was caused by a failure of your computer system or tracking mechanisms. If possible, you should see how the application could be improved to accommodate your needs. It may be a simple fix or lead to investigating a new computer system to accommodate your business growth. As you implement new tools you may find that steps that previously needed special checks are now guided by your computer system.

Finally, you may find that a mix of all three - people/process/tools - will be needed to solve the issue. As your business grows, tasks that work well should be reviewed periodically for improvements and efficiencies which is all part of business growth and success!



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://vsjf.org)



Vermont Sustainable Jobs Fund

Accelerating Sustainable Economic Development

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