

How to Grow Your Business Without Spiraling Out of Control



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everyone knows what to do.®

Growth is a big topic for today's business leaders in organizations of all sizes and industries. If you're already on a fast trajectory or in expansion mode, you've probably experienced some of the operational challenges in scaling an organization.

Growing before you have the right structure, consistent processes, and an efficient way to transfer operational knowledge is a recipe for disaster. Things can get out of control and escalate quickly, especially if there are lots of people and moving parts to orchestrate. It's difficult to make course corrections later.

Here's what your C-level peers are telling us:

"We still operate off tribal knowledge."

"There's no standardization. What takes one person two hours to do might take someone else four hours."

"It takes FOREVER to get anything done around here."

"We don't have a way to delegate or make people accountable."

Fortunately, these barriers to growth are avoidable. In this guide, we present the early warning signs of classic operations problems that often derail growth and how to fix them or avoid them all together.

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The Big (but Often Invisible) Barriers to Growth

Prioritizing operations is essential for scaling any organization because it's the hidden day-to-day operations problems that can make it difficult to grow your business. Surprisingly, in too many organizations, operations details get very little serious attention from upper management. Let's face it. Managing the nitty-gritty of business operations isn't on many people's favorites list.

Many executives don't concern themselves with the details. They set strategy, delegate, and hope for the best. As a result, no one sees the entire picture: how strategy, tactics, and details fit together. The organization gets siloed. Communication breaks down. The right hand doesn't know what the left is doing. Costs escalate and performance degrades.

Although it's a common state of affairs, overlooking the importance of operations leads to chaotic growth, limits your ability to scale quickly, and may even cause some valued employees to jump ship.

7 Warning Signs

Let's take a closer look at some of the common operations problems that make it difficult to grow and scale. See if you recognize any of these warning signs in your own organization.

1. Operating by tribal knowledge.
2. Do we really do it that way?
3. It takes forever to get anything done around here.
4. Overtime is considered normal.
5. Bottlenecks, backlogs, delays.
6. You can't get people trained fast enough.
7. You have no way to delegate work or move people around.



1 Operating by tribal knowledge.

One of the biggest operational barriers to growth is operating by tribal knowledge. If you're unfamiliar with the term, here is the definition according to Six Sigma's dictionary:

Tribal knowledge is any unwritten information that is not commonly known by others within a company. This term is used most when referencing information that may need to be known by others in order to produce a quality product or service.

Think only small businesses or startups are guilty of tribal knowledge? Surprisingly, we've found it to be most prevalent in large organizations.

This is a serious problem that often results in re-inventing the wheel, errors, inconsistencies, and lots and lots of wasted time.

Operating by tribal knowledge results in reinventing the wheel, errors, inconsistencies, and lots and lots of wasted time.

So, what about your organization?

Does it take a village to accomplish common tasks like shipping a package, getting a purchase order signed or just reserving a meeting room? Do operations come to a halt when key people are unavailable?

When know-how is only in heads, everyone does their own thing. If you've ever been in a fast paced, high-change environment where everyone does their own thing, you know how stressful and chaotic this can be.

Results aren't predictable. Everything is a one-off. You're never quite sure what's going to happen next because everyone is just reacting.

Growth is about replicating processes and consistency. If you don't have a way to capture processes and make them repeatable, scaling an organization is almost impossible or at best, extremely painful and costly.



2 Do we really do it that way?

When managers and the employees doing the work have a different understanding of how the process works, this causes big problems and intensifies frustration.

The more people and departments that get involved, the longer and more complicated the process grows until you end up with a bewildering labyrinth of red tape and knows one knows why.

Everyone is trying their best, but over time many organizations develop process amnesia. Everyone forgets or loses sight of how things work at the detailed level, how all the pieces fit together and why. So, assumptions get made and habits take over. Those convoluted procedures take root because they become invisible to people who could change them.



3 It takes forever to get anything done around here.

Ever hear this complaint or make it yourself? That's a clue you probably have operations problems somewhere. Slow response and low productivity almost always can be traced back to a key process that is not visible or only a few know it.

Is a particular process convoluted, confusing? Are there missing components no one understands? Is it often unclear to employees what needs to be done and why?

These are classic problems that can drag your organization down and prevent effective execution.



4 Overtime is considered normal.

When employees routinely rack up lots of overtime hours to fix errors or put out fires— and this is considered normal—you’ve definitely got operations issues. Below is a true story.

Managers at one 80-person financial services group were shocked to discover that one department was routinely expending almost 17,000 overtime hours a year—at a cost of almost \$400,000—just to catch and correct errors made by frontline employees in another department.

This went on for years, because no one had stepped back, looked at the big picture system, and added up the costs to the company as a whole. Finally, their Director of Operations did some digging. What she discovered was that one person was performing this task better and in half the time it took others in the same group. The organization took immediate corrective action by standardizing the best practice of their star performer across the work group.

Investing just a fraction of the time and money -- that had already been lost -- in finding and fixing the source of the original errors paid off, saving them money and reducing customer frustration.

5 Bottlenecks, back logs and delays.

Bottlenecks are another symptom of operations trouble that can impact Growth. Maybe everything flows smoothly until suddenly progress comes to a screeching halt at a particular phase, milestone, or department. Work starts backing up and getting delayed. Deadlines pass. Customers complain.

Bottlenecks and backlogs result from competing priorities, misallocation of resources, and errors in work estimates. You can ultimately trace all those symptoms back to operations.



6 You can't get new people hired and trained fast enough.

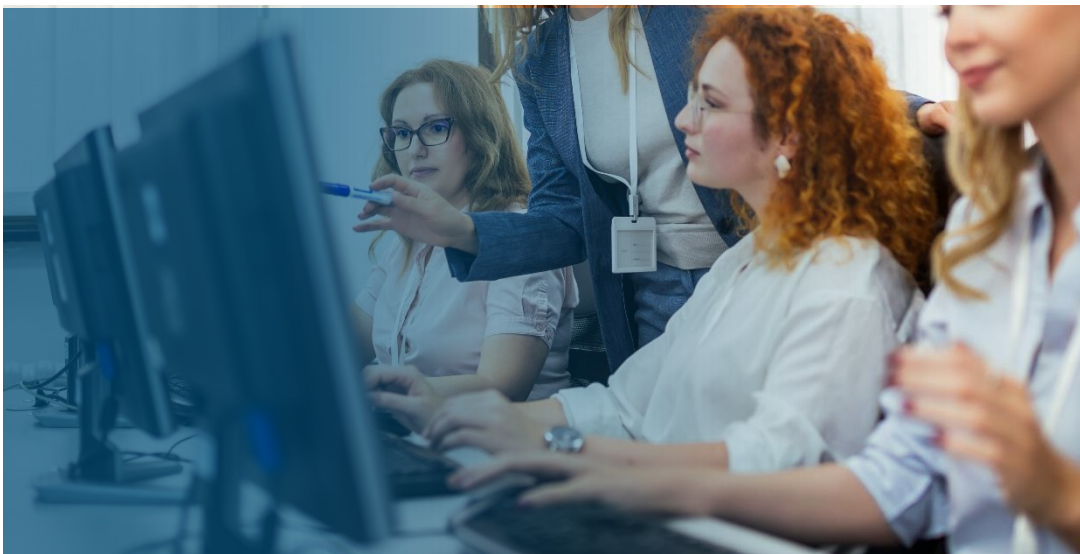
When you are rapidly expanding, staff training and ramp up is a critical issue. You might be thinking, "Why should I be concerned with that? Isn't managing staffing and hiring good people a job for Human Resources?"

Although that's true, that good people are essential to the success of every organization, the attitude *I'll hire smart people, they'll figure it out* is a costly one.

Of course, they'll figure it out. Eventually. And they'll figure it out their own way. Even the most talented people in the world, all doing their own thing, can create chaos.

Getting people in the right place at the right time is important, but making sure talented people have access to good systems and the right knowledge is the core of a successful growth strategy.

Learning on the job — how most companies train their employees — is another reason for long ramp-up time. This approach is slow, error-prone, and difficult to replicate.

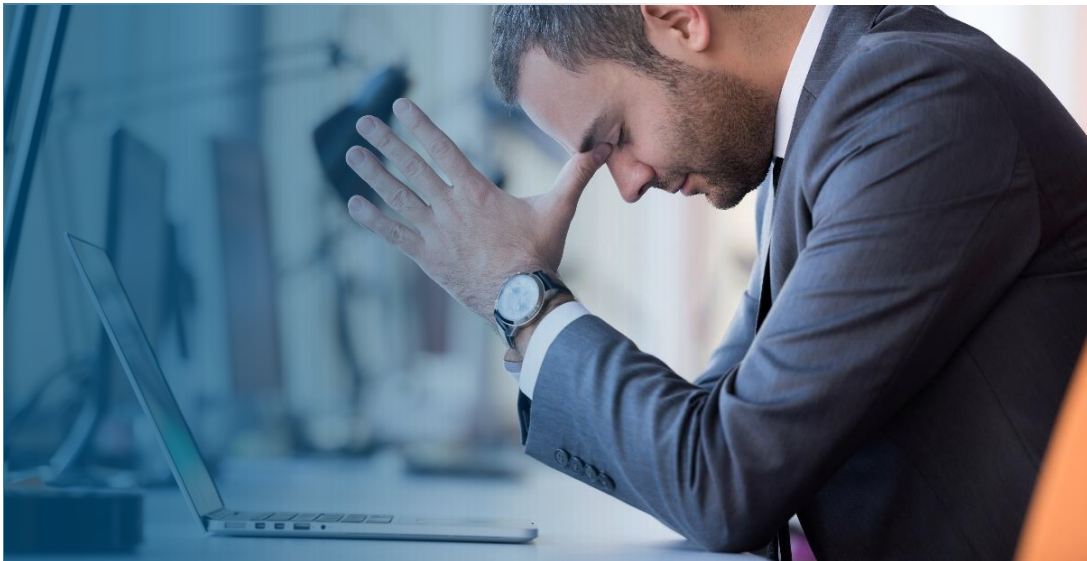


7 You have no way to delegate the work or move people around.

Delegation is another key requirement for growth.

It becomes impossible to delegate when key staff members are the only ones who know how to do certain tasks. Until they can pass along their knowledge, the work and stress piles up.

Owners and supervisors fall into the trap: *I don't have time to train someone, I'll just do it myself.* Everybody suffers.



Solution: Effective Knowledge Transfer

Organizations that successfully grow, expand, and change prioritize knowledge transfer – how-to transfer how to knowledge from those who have it to those who need it. Regardless of industry, location, size or mission, these organizations are able to leverage the know-how of their employees – at all levels of the organization – to get things done.

It's not just what you know, but what you do with what you know that counts.

Knowledge transfer eliminates operational barriers to growth. Getting know-how out of heads and communicating it in a way employees can:

- [Find it](#)
- [Understand it](#)
- [Use it to take the correct action](#)

Fortunately, there is a simple, yet powerful way to transfer know-how or fix a convoluted process. **Write it down.** Create clear processes, procedures, and policies and integrate them into daily operations.

Make the invisible visible and open some eyes.



After over three decades' experience helping hundreds of companies in all industries implement smart knowledge transfer, at Compose, we've seen several "lightbulb" moments.

On the next page, we'll share one we witnessed firsthand at a large biotech company.



The Lightbulb Moment

Subject experts write down the actual step-by-step details of how they perform internal tasks in standard operating procedures (SOPs) then routes the SOPs for review and comment among the various stakeholders—including upper management and counterparts in other departments.

At least one stakeholder, let's call him the Third VP from the Left, emails back "This is wrong. It doesn't work that way."

Subject experts reply, "Yes. It works that way."

Third VP from the Left replies: "It works that way? Are you kidding me? It cannot work that way. We've got to fix that!"

Subject experts, "We've been trying to get that fixed for two years, but no one would listen to us!"

Change happens, and the process gets fixed.

Just by virtue of proactively writing down the steps and communicating process details the organization suddenly sees what is really happening and can fix operations barriers.

When redundancies, inefficiencies, and bottlenecks are visible across the organization, it is easier to streamline work, eliminate barriers, and maximize productivity.

However, that only happens when processes are visible, tangible, written down — in detail — and shared.



Why 90% of Businesses are Failing at Knowledge Transfer

Organizations that integrate clear processes, procedures, and policies into everyday life realize improved quality, reduced training / turnover costs, and a more empowered workforce. Results like 75% error reduction or 50% reduction in employee onboarding time are not uncommon.

So, the potential value is there, but there's strong evidence that most organizations never achieve it.

Word-of-mouth Alone Doesn't Work

Learning on the job and informal training is one of the most common forms of employee ramp-up that companies use. Supervisors and co-workers teach new employees the ropes – all the little tricks, nuances.

Unfortunately, this can be a slow, ineffective approach. Schedule gridlock is common. New employees sit around with little to do waiting for someone to help them while supervisors and co-workers are too busy trying to keep up with the workload.

Old Style SOP Documents and Operations Manuals are Actually Counter-productive

Many employees readily admit that they don't trust or read the official manual. This is extremely disheartening considering it probably took [insert very large number here] days or months to create it!

Even with all the available tools and technologies, far too many organizations continue to give employees convoluted, incomprehensible operations manuals and SOPs that only confuse, frustrate, and confound their employees. Despite investing significant time, money and staff resources, many corporate SOP manuals end up unusable, unreadable, and sometimes even dangerous!

Every year business waste hundreds of hours and dollars creating policies and procedures no one reads or understands.



Common Misconceptions Aren't Helping

SOPs are a necessary evil. No one documents SOPs and policies unless they have to -- for regulatory compliance. Instead of viewing SOPs as the game plan for growth, some managers perceive SOPs as, at best, a necessary evil. You may be one of them— especially if you've watched your organization spend colossal sums of staff time and money creating content that doesn't get used. "Where's the business value in that?" is a fair question!

We see this especially in highly-regulated industries, where policies and procedures are developed only to pass the next audit. If management doesn't see the business value, they won't commit resources to it unless they are forced to.

We have a Training Department, they handle this. Instructor-led training and Learning Management Systems (LMS) are great for certain kinds of training, but don't fill the gap for day-to-day quick look-up. They are not easy to change, so they often fall out of sync with fast-changing operations.

And often it's the written SOPs that are the basis for formal training systems, so they have to be developed first.

We have flow charts, we're all set! If all your employees have are high-level flow charts to go by, there is major danger of operations running aground. Flowcharts and process maps are great for understanding the big picture. We highly recommend them. But alone, they don't provide enough detail for employees executing the tasks. SOPs give the experts an opportunity to share tips, nuances, and possible gotchas based on their experience doing the job themselves. This is valuable information that cannot be communicated in a flow chart or process map.



Taking into account all the ways of training employees, written SOPs still remain the most efficient and cost-effective method for training and re-training employees.

According to One CEO of a Company on the Inc. 500 Fastest Growing Private Companies List:

"Most companies think that 'policies and procedures' is an HR manual, and we have that.

What I'm talking about is really a 'playbook'.

When A happens, you do B. And when C happens you do D.

This has worked for us."



How is Your Organization Doing?

To assess the effectiveness of knowledge transfer in your organization, ask the following Yes/No questions:

Yes	No	
		Does everyone in the organization have easy visibility on how things are done -- at all levels?
		Are roles and responsibilities clearly defined?
		Are work processes repeatable?
		Is it easy to shift people from location to location? (delegate tasks)
		Can your policies and procedures support daily operations as well as training?
		Are best practices still in peoples' heads?
		Are your experts overwhelmed by people constantly asking them for help?
		Are training costs too high? Is it taking too long to get a new employee productive?
		Is new employee training taking too much supervisor time?
		Are managers spending too much time fighting fires, dealing with mundane issues, instead of mentoring employees and focusing on innovation?

Unless you can say **YES to questions 1-5** and **NO to questions 6-10** you are not getting the business benefits you should be from your company's knowledge transfer method.



Key to Success: The Right System

We know this to be true, we've heard it many times: MS Word is not an effective knowledge transfer tool. General-purpose tools have serious limitations for development and ongoing maintenance. Modern knowledge transfer requires a system that has the below attributes:

Complete – Processes, standard operating procedures (SOPs), policies and tasks are captured and interconnected. Procedures give how-to, policies set boundaries.

Just in time – Employees can find what they need fast. The latest and greatest version is at employees' fingertips 24/7.

Flexible – Employees can access information in the way they need it: online from mobile devices or printed paper.

Engaging – Content is engaging, useful, incorporating a variety of media: visuals, podcasts, video.

Easy-to-understand content – Processes and SOPs are clear, thorough, easy-to-scan, and navigate. Information is presented in bite-size pieces so that readers are not overwhelmed.

Agile – Change and updating is easy so content is always fresh.

Accessible – Employees just log in to access content from their desktop, tablet, or phone.

Success also requires management's commitment to achieving operational excellence—and willingness to commit resources to it.

Our Zavanta software is a system intentionally designed to manage all aspects of knowledge transfer. To learn more: visit: www.comprose.com





About Comprose

We are dedicated to helping people thrive by gaining access to accurate, updated “how to” knowledge anytime, anyplace, in any language.

Everything we do – our method, our software, our advice – is focused on one thing: helping our clients achieve their strategic goals by getting procedural knowledge out of peoples’ heads and shareable.

We’re passionate about the power of good systems and clear standard operating procedures because of the tangible results we’ve seen our customers achieve: agility, reduced operating costs, faster training, predictability, and greater transparency.