

# WOMEN'S BUSINESS

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## OPERATIONS

### Assess Your Back Room With Red Flag Test



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Have you begun your year-end planning?

Take the time now to assess what shape your business is in so you can address problem areas and make your hard work more focused and more successful.

To help you evaluate how you're doing from an operations perspective, the following are some key questions together with the rationale for their importance.

- Do you review your company's current business data (financial, sales, etc.) on a regular basis? Successful businesses strive to be proactive versus reactive. Departments should generate reports containing critical information on a regular basis, i.e., weekly, monthly so that managers and staff can spot opportunities and problems early.

- When you compare budget projections to the actual numbers, is there a 15 percent or greater variance? All departments should create monthly budgets for the current year, quarterly budgets for years two and three thereafter. Each month, the actual numbers should be compared to budget. When the variance is greater than 15 percent – plus or minus – it's time to make adjustments to account for changes in situation or goals.

- Are you dissatisfied with how long it takes your customers to pay you? Remember that cash flow is one of the most important measurements of successful business management. If your customers are not paying you according to your terms, perhaps the sales process needs adjusting and/or a follow-up procedure established. This will help you manage collections more successfully.

- Are your company's projects or products completed or shipped on time? From a customer's perspective, there is no excuse for being late. Laying out realistic time lines is a good way to prevent missing deadlines.

- When employees from different departments or areas work together, are there any problems? Cross-departmental work requires good communications. A team meeting including all the players should be held at the beginning of the project. Thereafter, regular communication via e-mail and in person meetings will keep the project moving smoothly.

- Do you provide regular training for all your employees on internal systems, procedures and management issues? Providing regular training for your staff is a sure sign of your commitment to them. You are investing in your company's future as well as your employees.

- Can you easily share customer and prospect information between your marketing and sales department and your accounting department? Sales and marketing staff looks at data about prospects and customers – their industries, their revenues, purchasing history and referral information. Accounting staff has the financial information about your customers – sales figures, payment history and purchasing history. Your business needs to integrate this information to develop a true picture of your customers and prospects.

- Does your compensation plan succeed in motivating your staff to contribute to your company's bottom line? Company goals, whether based on growth, profitability or penetrating a new market are reached at three levels – the business as a whole, the project or departmental level and the individual level. Success may not always occur at all three levels so create rewards for each level.

If you feel your company is in good shape, congratulations. If there are some questionable areas, use the questions as a guideline for improving your operations – and you'll see the results in your bottom line.

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