



Systems define Outcomes

In this 5-part series on the most important things for a furniture retailer to learn, we have seen the importance of developing and maintaining a sound financial and business plan. The understanding and the tracking of the key financial and inventory metrics have been shown to be critical factors in getting hold of your business, so that you can achieve the targets defined in your plan. However, the existence of a financial plan and the understanding of the basic ratios and measurements cannot by themselves guarantee the desired outcome.

You don't just drift to greatness...you achieve your goals by planning, determination and follow through. "Seat of your pants" retailing is dead in today's market economy. To reach your full potential and get the most out of your business in terms of profit and enjoyment, you must implement effective systems and have a strategy to follow up and monitor those systems.

Your company is similar to a football team. Even if you have the best quarterback in the NFL a win at the Super Bowl is far from guaranteed as there are many facets that have to come together seamlessly. The offence, the defense, special teams and all the specific positions need to work together and be properly guided by their coaching staff in order for the "Team" to succeed. Similarly, your business requires proper leadership to enable all of your departments (sales, finance & administration, warehousing & delivery, and customer service) to come together so that your team will accomplish the collective objectives of the business.

In order that the desired targets of a business are attained, the general manager or coach must coordinate the efforts of the team members, so that all of their activities and work are performed, in a complimentary manner. This means that effective and smooth-running systems, for all aspects of the business, must be designed and implemented. Everyone in the organization must understand the systems and receive on-going training in their operation. It is of paramount importance that each employee understands and follows the systems – they are not optional but are the guideline for conducting their jobs and operating the business efficiently. The business leaders must set an example, to the employees, by diligently following the systems and ensuring that all team members to do likewise.

The creation and implementation of any system is not the end, but the beginning of the process of achieving the desired outcomes.

Problems can and do occur in all business activities. Systems must be in place to identify the problems. The exact nature of the problem and the root cause of the problem need to be identified. Problems must be prioritized so that the energies of the business and the employees, remains focused on the key tasks and objectives.



Each system must have a constant means of measuring its effectiveness, to ensure that the various components and sub-systems are working together to achieve the common goal. Every system must be continually monitored to ensure that undesirable changes do not occur and to eliminate any rough spots, which might develop. Inspect what you expect! The continual review of the various systems and procedures not only helps to identify problems or potential problems, but also provides a forum for solutions and improvements to the respective process.

The business, which stands pat and does not constantly seek improvements, is actually going backwards. You cannot simply maintain the status quo. The quest for on-going improvements to systems and procedures must be never-ending. Management must embrace and foster the attitude of constantly seeking better ways of doing things, in order to truly grow the business.

For information on how you can start to take the steps towards implementing, maintaining and improving the systems of your business, please contact Wayne McMahon at 800-888-5564 or by e-mail – wayne@profitsystems.net.