

ONLINE BUSINESS SYSTEMIZATION



GUIDE 4:

How To Document Your Processes - Create
Standard Operating Procedures (SOPs)

How to Document Your Processes – How to Create Standard Operation Procedures (SOPs)

To truly systemize your business and ensure that it continues to run smoothly, you have to document your processes and create a Standard Operation Procedures Manual, or SOP.

Standard operating procedures are an essential part of the operating system for any company. The idea is a simple one and is used by the US military and successful businesses like McDonald's.

The SOP guidelines are created to facilitate the entire way that you do business. They are designed to make things run smoother and more effortless and help to prevent costly mistakes from occurring.

Not only do SOPs simplify and formalize every task in your business, but they also make it, so no process in your company rests solely in the hands of a single member of your team.

The lack of SOPs in your business creates a condition that if key people were to leave, their knowledge and expertise wouldn't disappear with them.

Without these systems in place, you are running the risk that your business may eventually be crippled because you have an operational reliance on

the expertise of a handful of individuals who are the only ones who know the “secret sauce” of your business model. Having SOPs in place means you won’t have to worry that the loss of key people could cripple your business.

How to Document Your Business Systems

When documenting your business systems and creating an SOP, it is essential to include both how the task is done and the reason why the task is done and the importance of the task to the overall success of the business.

Your employees must understand that no matter how menial they might think a function is, it is, in fact, an essential part of the overall design for the success of the business. The initial draft of each procedure should include the following:

- The Title of the SOP
- The reason for the SOP
- The specific action steps that are required to complete the task

These three items must be covered in the draft for the process to be successful. The method of drafting the document is simple. You want to think about it as having a conversation with a person that you want to complete the task.

You are essentially having a written communication and covering every step of the process from inception to completion. You may find it helpful to

include photos in the document. Illustrating the tasks could be essential for the person to be able to comprehend the task.

Videos of the process can also prove to be helpful in showing a multi-step process. Your goal, when documenting your methods is to completely illustrate the task to eliminate any potential questions that might be raised as to the how and why.

Develop Naming Conventions

The first thing you need to do before you even put pen to paper, is to develop a standardized naming convention for the documents you are going to create. Having a standardized naming convention will allow you to remain consistent and will make it easier for employees to find the correct material.

While you may only have a few documented procedures to start with, as your business grows, so will your SOP. Here are some tips for developing naming conventions that will help you control how procedures are written, reviewed, published and archived.

What are Naming Conventions?

Simply put, naming conventions are how you name your documents in a structured manner. The key is to have consistency across the SOPs. Your primary goal in adopting a naming convention is so that you and others can quickly identify the type and purpose of all the SOP documents.

You want to make sure you use a naming convention that is easy to follow, understood by everyone in your team, and that is meaningful. You want to avoid using obscure or cryptic terms because if they aren't practical, those tasked with writing the SOPs may stop using the guidelines.

The following are important guidelines that you should follow for naming your SOP documents.

- Client Name or SOP Document Owner - e.g., RAM
- Project Name – e.g., PUR for Purchasing or ADM for Administration
- SOP to show that it is a standard operating procedure
- Abbreviated Title – e.g., ReceivingProducts
- Version Number – e.g., v1_0, v1_1, v2_0
- Document Number – e.g., 21

Using these guidelines, the official name of the SOP would look like this:

RAM_PUR_SOP_ReceivingProducts_v1_1_21

Before you start writing your SOPs, it's essential that you give some thought to how they will be managed in the future. You need to consider how hundreds of documents, with different versions, and status controls will be managed.

Be sure to create meaningful conventions and document them so that if someone takes over the process of creating SOPs, he or she will be able to use the same standards and keep your documents uniform.

Writing Your First Procedure

Your standard operating procedures are nothing more than instructions for completing a given task. To fully understand the process that you're documenting, you need to put yourself in the shoes of those who will be performing the task and write the document from their perspective. When you start recording your procedures, you'll want to keep the following in mind.

- Write in the present tense. Keep in mind that the person who is following the procedure is performing the task now.
- Avoid being vague with your instructions.
- Be concise.
- Get to the point and keep the words short.
- Keep the steps in a logical order. Steps should follow each other logically.
- Highlight any exceptions. You can use a symbol to flag the exceptions and how to go about handling those exceptions.
- Highlight warnings. Warnings that the user must use caution when performing the task, have to stand out. If you have warnings in your procedures, use a larger font or different color to highlight these areas.
- Include the meaning of acronyms before placing them in the text.
- Number each step in the process.

Finally, the process of writing your SOP requires you to consider all the action steps in the procedure and perform a risk assessment before any work can begin.

Numbering the Steps in the Procedure

Every procedure should list all the actions that need to be done to complete the task. To keep things simple, record the action steps in sequential order, starting at 1 and continue working upward. The most critical aspect of numbering the actions steps is keeping the style consistent. Don't change styles in the middle of creating your SOP.

By numbering each step in the procedure, you ensure that the reader will start in the correct place and it removes any ambiguity or misunderstanding that could happen if you don't number the steps. Numbering also ensures that there is an agreed upon way for all employees to perform the same task.

Creating the Action Steps for Your Processes

The action steps are nothing more than the individual steps that are performed in each procedure. Most of the systems that you will document will be presented as a sequence. However, you also need to consider other factors, like multiple choices when performing a task, any secondary functions that may need to be completed, and other related procedures.

To finalize the system, it can help to put it in context. You want to consider where the system occurs in the larger scheme of things and if there is anything the user should complete before getting started and things that should be avoided.

Procedures for Creating Action Steps

- 1. Include a summary sentence.** Before you write any steps in your procedure, you will want to open with a summary sentence that explains what will be achieved by performing the process. The summary sentence helps to orient the reader, so they know with a quick glance if they are on the correct page. You want to keep the summary sentence short and concise. Below is an example of a summary sentence for receiving products.

When receiving products, there are several steps that you must take to ensure the correct quantity of products have been delivered and that the number of products ordered, accepted, and paid for are accurately reflected on the invoice.

- 2. Identify the main task.** In the procedure heading, you will need to identify the primary task. Identifying the main task defines the starting point for the procedure. It should be written using a verb that ends in ING. For example:

Receiving Product Orders

- 3. Write out the action steps.** Clearly write out each step in the procedure, making sure that each step is numbered in sequential order.

- 1. To verify that the items that are being received match what was ordered, you need to perform the following checks.*
- 2. Confirm the product quality matches your product's specifications.*
- 3. If everything meets your expectations, accept the order by signing the invoice. If you are not satisfied with any of the product, follow the procedure for rejecting product and request a credit memo for the product you are refusing.*

4. *Once you have accepted the order, move the product to storage. You will need to deal with all refrigerated and frozen products first.*

4. Include any sub-steps. If the procedure requires a series of options, instead of continuing with the numbering, you'll want to create sub steps, for example, 1.a, 1.b and 1.c. This helps the reader see that these steps occur under step number 1. To highlight this even further, indent each sub-step like the example below.

1. *To verify that the items that are being received match what was ordered, you need to perform the following checks.*
 - a. *Check the product quantity and weight to ensure that the amount that is stated on the invoice matches the order that you are receiving.*
 - b. *Check the product unit price to ensure that the unit price on the invoice matches the unit price on the purchase order.*

5. Identify secondary tasks. Identify any secondary functions that might need to either be performed with the primary task or if the task is complicated, the second series of steps. This shows the reader that the procedure is really two parts, preparing them for what's coming up.

6. Include warnings and notes. You want to be sure to highlight any potential risks that the reader may encounter while performing the task and any notes to provide the reader with more information. For example, if dangerous equipment is being used to complete the procedure highlight those dangers using icons to make them stand out.

7. Include Related Information. Each procedure is a part of something larger; no one system stands alone. At the end of each process, create a "For More Information" section that lists any related process.

For More Information:

Checking Temperatures of Key Items

Storing Products

Chemical Storage

Rotating Products

Your goal is to ensure that the reader has enough information to complete the task without having to ask for help or look at another document. One of the challenges that you will face when writing your procedures is being able to determine the readers' experience and knowledge of the system. Here is what a process for creating a sales receipt in QuickBooks would look like.

Creating Sales Receipts

1. Open QuickBooks
2. One the QuickBooks homepage, select the "Create Sales Receipt" icon.

3. Track the sale by entering a customer or job name into the space designated "Customer Job."
 - a. For existing customers, use the arrow next to the space to select an existing customer from the pull-down menu.
4. Click on the item column to enter the item sold. Either select an existing item from the drop-down menu or enter a new item name in the space provided.
 - a. If the item is new, select the item type from the "Type" menu located in the "New Item" pop-up window.
 - b. Enter a description of the item in the "Description" window.
 - c. Select the account type that the income from the sale will apply to using the "Account" menu.
 - d. Enter the price of the item and tax code in the appropriate box.
 - e. Press the "Save & Close" button to return to the sales receipt window.
5. In the Sales Receipt Window, select the quantity sold.
6. Click on the "Payment Method" arrow to select the payment method used for the sale.
7. Place a check in either the "to be printed" box or the "to be e-mailed" box to select whether to print or email the receipt to the customer.
8. Click on the "Save & Close" button to save the receipt for your records.

Implementing Your New Standard Operating Procedures

After you've documented your business systems, you will need to begin implementing them in your daily operations. Before you fully implement them, you will want to take the time to test and measure each documented process to ensure that it works, without your involvement.

Implement the new systems for a period, like a week or a month. Allow your employees to use the documentation that you've created to follow the new processes.

At the end of the agreed upon timeframe, speak with your staff, vendors, suppliers, and customers and ask them for their feedback. Use this feedback to revise and improve the systems. You will need to do this on a regular basis to keep all of the processes up-to-date.

Get Employee Buy-In

As you develop and revise your new business systems, involve your employees as much as you can. Your employees are the ones who have been completing the tasks and will be the ones who will be using the newly documented systems moving forward.

You can even have the employees develop the initial draft of the processes, leaving you to review and establish the final versions. This can help to speed up the process and gives your staff ownership of the process.

Developing and documenting processes for your business will allow you to systemize your processes to help free up your time to focus on the more critical tasks related to running your business and keep your business running smoothly when you're out of the office.