

The process of business

The words “business processes” may not get your heart racing, but as sure as night follows day, if you don’t have them when the time comes, you may find your hair standing on end. **Mike French** explains the importance of these vital business building blocks.

Imagine today is the day you need to finalise the supporter list for your impending direct mail appeal. However, an hour after you arrive your database manager calls in sick, and the person under him recently left.

Then your special events coordinator informs you that bookings for your gala annual event are only 25% of what they should be and there’s only four days until the big night. On top of all of this, one of your major donors calls to enquire the whereabouts of the crucial project information they should have received last week so they could finalise their pledge before jetting off today for a two month vacation.

Whether you survive the day, the week, or your boss, now depends largely on what you have (or haven’t) already done. If you have procedures in place, then you can breathe easy, if not ...

After working extensively with both commercial and nonprofit organisations for nearly 20 years, I believe nonprofits are equal to corporates when it comes to governance, marketing, and service delivery. However, in the area of business procedures, nonprofits lag considerably.

Business procedures are the instructions by which your organisation operates. Procedures should be in place to cover *everything*, from how to order office supplies to how to conduct a direct mail campaign. In an ever-changing world, business processes are the bedrock on which organisations are built.

Change is inevitable – staff members come and go; opportunities and crises present themselves; and economics, cultures and politics evolve. How you handle these changes can make or break your organisation – hence why business procedures are so

vital; they provide stability, consistency, and security in a constantly changing and unstable environment.

One Sydney-based youth nonprofit I worked with had a very successful fundraising program until all three of their fundraising staff fell pregnant around the same time. Such a loss threw the entire fundraising program into disarray, and it took them years to recover.

However, when my organisation lost five of its six administration and sales staff in a two month period, our strong internal business processes saved us from disaster. We were able to hire new staff, maintain reasonable levels of customer service and revenue, and get back on the growth path within a few months.

While many nonprofits recognise the need for business procedures, few devote the precious resources needed to develop them.

So how do you get approval to allocate the resources to develop your procedures? Let’s start by looking at the facts. It costs an organisation between 1-5 times a new employee’s annual salary to get them fully up to speed. Staff attrition rates are typically between 30-35% and sometimes even as high as 60%.

Low unemployment and a strong economy are causing salaries to rise making it even harder for nonprofits to attract and retain good staff.

Business procedures are a godsend to all staff. Clearly documented procedures reduce the stress and uncertainty associated with unfamiliar and often daunting tasks, and they also decrease training costs. To this day, hearing one of my own staff say “I’m not sure, I’ll just check the procedures manual” still brings a smile to my face.

Business processes provide the rules to enforce consistency and the performance indicators to provide measurability within your organisation. Consistency and methodical practices are critical in any business operation, and without business procedures and documentation, such consistency cannot occur.

If developed correctly, business procedures can save your organisation significant time and money. But process development is just the beginning. You should work to develop a quality culture in which staff rely on business processes and have an active involvement in their development and maintenance.

Ultimately, staff should take ownership of procedures. If an undocumented situation arises, they should give some consideration as to whether the procedure manual needs updating. Assigning a quality officer is important, as is maintaining a procedures review register. **▶▶**

For a white paper and templates to help you understand and implement better business processes, go to www.saveonemilliondollars.com or www.fpmagazine.com.au and check out the resources section.



Mike French is the chief executive officer of Direct Marketing Software, providers of specialist database software to the nonprofit sector. He has worked closely with nonprofit organisations for nearly 20 years.
mike@dmsw.com.au