How to Build Operational Efficiency in 3 Simple Ways

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In order to grow your business, you may have been told to work *on* your business and *not in* your business. While this is true and something, I encourage my clients to do, it's important to remember that you still need an accurate picture of what's going on to ensure it's operating efficiently. Depending on the industry you're in, the demand caused by COVID-19 may have exposed weaknesses in your operations. This can result in several issues, including unhappy customers and employees, loss of profits, unplanned expenses, and poor customer reviews. Luckily, there are some things you can do to build and improve operational efficiency.

Here are 3 effective strategies I've used with my clients along the way to help them accomplish this goal.

Talk to your employees

As your frontline workers, your employees have a lot of knowledge about what is and isn't working for your business. This includes processes and procedures, infrastructure, and customer feedback. When building operational efficiency, I encourage you to speak with your employees and incorporate their opinion. Be sure to look out for common concerns among your employees as these are the issues you should prioritize first. I recommend always keeping your door open to suggestions but use your annual strategic planning sessions wisely by allocating time to addressing feedback you've received in the last few months.

Additionally, I recommend spending some time working in your business to get a sense of how things are running. While you may have started your business from the ground up, you may no longer have an accurate idea of how it's running if you've been focused on growing it. Or, if you've acquired your business, take some time to learn how your business truly operates. Successful companies like Starbucks have their management and business leaders train in the Barista role for some time so they understand the product and service they are selling. Keep in mind that although something may sound like a good idea on paper or a whiteboard, it may not work as effectively as you think in practice.

Promote cross-training and communication

For larger businesses with several departments, it's a good idea to provide your employees with an idea of what each department does so that they have a better understanding of how the business operates. If possible, consider cross-training your employees. In doing so, they'll learn different aspects of your business while also being able to help out in times of need.

Equally important, I encourage you to have the proper communication channels in place to allow your employees to effectively communicate with you and each other. This has never been more important than it is now with many businesses forced to work virtually. Although your business may have different departments and teams, they should be working towards the same common goals for your business. Providing them with opportunities to engage and share ideas and concerns can help streamline processes and workflow.

Lastly, I recommend having your processes and procedures written down in a formal document that can be accessed by your employees. After working with countless businesses over the years, I've come across many instances where processes were implemented off-the-cuff and the business ran with it without ever formalizing it for their employees. By having formal processes and procedures in place, you'll set a standard for your employees to follow and be accountable for.

Enhance your resources and infrastructure

Even if your processes and procedures are working fine, using outdated software and hardware can negatively impact your operations. While upgrading these areas of your business can be costly, it's an investment that's inevitable and necessary if you want to improve your operational efficiency. Delaying upgrades could end up costing you money in the long run. By upgrading your technology, you can increase your ability to fulfill and manage orders while increasing the overall productivity of your employees. Lately, I've been working with many of my clients on their digital transformation to help improve their business agility. If you haven't already started, I recommend starting sooner rather than later.

If you'd like to receive tailored advice specific to your business, reach out to The Alternative Board today!