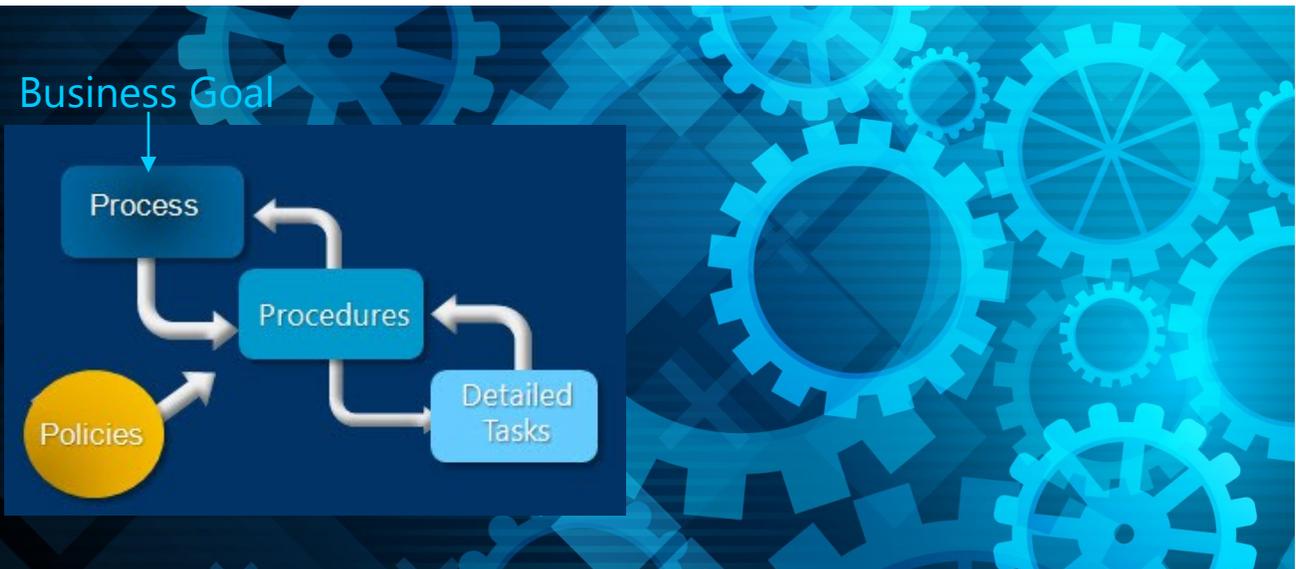


# Transforming your Standard Operating Procedures into a Powerful, Sustainable, Business Improvement System



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## EXECUTIVE SUMMARY

### THE NUMBERS DON'T LIE

Management is often unaware of the impact operational inefficiencies and knowledge transfer problems have on their bottom line.

One 18 person firm was surprised to learn that their cost exposure was over \$600,000 annually and that by just improving best practices knowledge transfer by a small amount — 10% — they could save \$60,000 a year!

Another example... By “standardizing” on a best practice from their star performer, a 5 person workgroup was able to cut monthly expenses by \$30,000.

Unfortunately, it often takes a crisis such as a failed project or regulatory sanction to remind organizations how important it is to have clear policies, standard operating procedures, and controls in place. In today's highly competitive and regulatory business climate, leaving things to guesswork and chance is just too risky. CEOs, Managers — even Boards of Directors — are re-evaluating the roles standard policies and procedures play in their organizations.

For many businesses, their operating practices and methods *are the essence of their competitive advantage*. Clear SOPs enable managers to set boundaries and direction so that everyone can make better decisions. Companies that integrate their SOPs into everyday life are realizing improved quality, reduced training / turnover costs, and a more empowered workforce.



Even though the potential value proposition is obvious, there is strong evidence that organizations are NOT getting the results they want from their policies and procedures. In most organizations:

- Preparing for audits and regulatory examinations is still disruptive and costly.
- Many employees readily admit that they don't trust or read “the official SOP manual.”
- There still exists a high degree of “tribal knowledge” and process variation.
- Many managers are not using their SOPs to their full advantage.

Is applying consistent standards and best practices across the organization just a pipe dream? Is better technology the answer? It's unlikely, since the organizations that struggle the most are often the ones who own “cutting-edge” technology. If technology alone were the answer, then these organizations would be achieving better results.

**This whitepaper shares proven strategies** that successful companies have followed to create efficiencies and improve their businesses by using SOPs strategically not reactively. Hopefully, this information will provoke your thinking and present possibilities you may not have considered.

Who should read this white paper:

**Executives** whose organizations are undergoing significant business change or expansion, those who deal with regulatory compliance, or those who are looking for new ways to improve productivity and contain costs,

**Project Managers, Business Analysts, Training Managers**, or any business professional involved in the above initiatives,

**Management Consultants** who specialize in process re-engineering, productivity improvement, or business change management.



The very exercise of examining how your business works — or how it *should* work — allows you to gain greater understanding of your business and how to address the problems facing it.

## Why you may not be getting the benefits you should be from your SOPs and what you can do about it

Instead of viewing them as a vital tool and “game plan” to run their business, many managers perceive SOPs as a necessary evil.

“Old-fashioned” thinking and misconceptions take people down the wrong path immediately and cost organizations hundreds of thousands of dollars in wasted time and missed opportunities. Many people think of SOP development solely as a writing or a clerical function, when in fact, the very exercise of examining how your business works — or how it *should* work — allows you to gain greater understanding of your business and how to address the problems facing it.

In the next section, you’ll learn how just **shifting your thinking** about SOPs can mean the difference between having an effective “system” for continuous improvement and hundreds of pages of documents and files that no one wants to read.



### What is your SOP ROI? Are your SOPs driving business outcomes?

To assess the business value you are getting from your Policy and Procedures ask yourself the following questions:

- Does everyone in the organization have easy visibility on how things are done at all levels? Are roles and responsibilities clearly defined?
- Are training costs too high? Is it taking too long to get a new employee productive? Is new employee training taking too much supervisor time?
- Are there areas where you would be at significant risk of incurring high costs or project failure if a key employee or consultant left today?
- Are work processes repeatable? Is it easy to shift people from location to location?
- Are managers spending too much time fighting fires, dealing with mundane issues, instead of mentoring employees and focusing on innovation?
- Is most best practices knowledge still in peoples’ heads? Are your “experts” overwhelmed by people constantly asking them for help?
- Can your policies and SOPs support operations as well as address multiple compliance requirements? (Or, do you have separate efforts going on for regulatory compliance, operations support, and training?)

## 7 Proven Tips for

# Transforming your Policies and Procedures into a Powerful Business Improvement System

A shift in thinking will help you create a SOP system that people *will want to use* and your auditors will love. Instead of focusing on creating documents, create “good systems.” Instead of just writing up your patient safety policies, create a “Patient Safety System.” Instead of writing software change management procedures, why not design a rock-solid “Change Management System” that truly aligns IT with your business users? It might seem subtle, but it’s an important distinction. A **system** encapsulates “how we do business and why we’re better than our competition.” If you have a good system, anyone who follows it can get a good result every time. Give it a try; it will change your thinking. You’ll start to see those boring, hard-to-follow policy and procedure manuals transformed into powerful performance improvement systems.

Here are seven more best practices that will improve your results and help you avoid common mistakes.

1. Link your initiative to a specific business outcome
2. Plan for change
3. Infuse quality and standardization — at the beginning
4. Don’t overlook re-engineering opportunities
5. Involve your subject experts directly
6. Leverage SOPs for multiple initiatives and groups
7. Use the right tool for the job

## 1 Link your initiative to a specific business outcome

Most people are so focused on the clerical aspects of writing up SOPs, they lose sight of WHY they are developing them in the first place. So, the **real value is never communicated** to the team, let alone management! Everyone is told “let’s get this DONE so we can get back to our “real” work”. This mindset is common in situations where there is no link to economic value.

Unless you stay focused on the business outcome, the overall initiative loses focus and importance. If management views SOPs as a low-value task, they probably won’t commit the time and resources to doing it right and so won’t see performance results. **Unless your SOPs drive performance and profits, why bother?**

A better approach is to shift the focus to *how your SOPs will be used*. What performance outcome are you trying to achieve? Is it to train new hires faster? Reduce defects? Roll-out a new system? Implement a new regulation? Respond to customer inquiries faster? It’s helpful if your desired outcome is something measurable. Examples might be: 25% reduction in call handling time, collapsing new-hire training time from 5 weeks to 2 weeks, and so on.

What is the **business outcome** you want to achieve from your policies and procedures?

Unless your **SOPs drive performance, why bother?**

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If you let BUSINESS OUTCOMES drive your efforts, business improvement “just happens”!

Like magic, focusing on the desired business outcome and less on “documentation” aspects will render a higher ROI. We’ve seen that when organizations clearly articulate the value proposition, management’s reaction is often: “why aren’t we doing this already?” Focusing on business outcomes also helps everyone base decisions on objective business results and prevents the common trap of basing decisions on personal opinion or “this is how we’ve always done it before.”

## 2 Plan for change

Change is inevitable so you should always factor that into your approach. High-level processes might not change often, but even in small organizations, the details typically change a lot — new systems get implemented, companies re-organize, employees come and go, and so on.

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Establishing the right “framework” at the beginning is key for managing change

Rushing out and creating a bunch of “documents” without adequate planning often results in a mess that may be difficult to fix or maintain later. Common mistakes include mixing policy and procedure, creating redundant information, and chaining multiple processes together in long documents. Designing an easy-to-maintain structure at the beginning in which information is broken down into components will increase usability and ease ongoing maintenance.

Here is a **proven approach** that works for *any* business or industry:

- Pick one area.
- Define the specific, measurable business outcome you want to achieve.
- Map out the high-level process and then break it down into its components.
- Link to guiding policies, define accountability.
- Test and modify until you get the desired outcome.

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Look at the long term

Tunnel vision is a common reason for non-sustainable SOP initiatives. Everyone rushes to meet an immediate deadline, but after the deadline is met, the SOPs don’t get regularly updated. When the next new regulation or project comes along, everyone starts scrambling again. And so the cycle continues. This is a tremendous waste of effort and resources. Instead of a “one-off” project with a specific end date, your SOPs should be viewed as **your tool for managing ongoing business change and continuous process improvement.**

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Tip: If you are dealing with regulatory compliance

Organizations that create SOPs just to “pass the next audit” often end up with a deliverable jerry-rigged for a specific situation but of little use for anything else. Case in point— one of our clients hired outside consultants to document SOPs for HIPAA. They followed the HIPAA spec to the letter but gave no consideration to operational use. **This resulted in thousands of WASTED dollars for this IT department because** they ended up with SOPs that no one used and no one updated. There will ALWAYS be a new law or regulation

coming down the pike. Instead of focusing on a single situation, consider the operational flow first, then “layer on” regulatory nuances. If you follow this approach, you’ll end up with a flexible, sustainable framework that can be easily adapted for anything that comes along.

## Infuse quality and standardization at the beginning

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Good systems and procedures further business goals. Bad systems cause errors, frustration, and increase costs. Many organizations are so consumed with “getting the documentation done” or making documents physically accessible, that they completely miss the fact that the actual procedures themselves are confusing or even broken.

### Procedure “quality” directly affects performance

“Everyone realize[s] the importance of having a motivated, quality workforce and the latest technology, but even the finest people can’t perform at their best when the process is not understood or operating at its best.”

*CMMI Overview, Carnegie Mellon University 2005*

**Quality is the difference between having a powerful business improvement system vs. a stack of documents no one uses.** In this context, “quality” means the ability to cause the desired performance outcome; its not about document management. (Physical accessibility and management of the information is important, but a secondary concern.)

Unless information is *useful* — people are using it to make better decisions — who cares if it is easy to find? **The true test of quality** is in the use of procedures. If someone unfamiliar with a task can *perform the job the right way, with minimal supervision, then you’ve achieved your quality benchmark.*

The true test of quality is having someone unfamiliar with a task **use your system.** If they perform the job the right way with minimal supervision, then you’ve achieved your quality benchmark!

### Quality cannot be an afterthought

Right from the start, it is essential that you build in controls that will ensure usability and prevent “garbage in / garbage out.” Employing a document management system *after the fact can’t fix usability problems.* Putting your documents online “as is” with a search engine will facilitate physical accessibility, but unless your content is “user-friendly” readers will get frustrated. Forcing users to scroll through long lists of search engine results or forcing them to read a lot of text to find what they need is extremely unproductive.

Unfortunately far too many organizations learn this lesson the hard way only *AFTER* they waste hundreds of thousands of dollars developing hard-to-use, poorly-designed content. **Usability and quality come first. Everything else is second.**



## 4 Don't overlook re-engineering opportunities

Many organizations don't realize that SOP initiatives can be utilized to drive innovation or re-engineer problem areas. For example, you might discover a new way for streamlining a complex task. Or you might design a system to address a serious problem. By re-examining detailed workflow you might discover what errors are causing cash flow problems or you might gain insight on just why some people perform their jobs faster and better than others.

By re-engineering a complicated, error-prone conversion process that took two days, one IT team leader was able to simplify it into a two-hour push-button procedure that anyone on the team could perform. If you are still thinking about creating a SOP system as simply a writing or word processing activity, *you are missing an powerful opportunity to truly understand how your business operates and how you can make it better.*

## 5 Involve subject experts directly

We hear excuses all the time — “we don't have time” or “our people are too highly paid to spend their time on SOPs.” In light of the traditional paradigm and considering the fact that most employees don't end up using “the official manual” anyway, this reaction is perfectly understandable. But it's wrong.

**You can either pay the price now, or later.** Think about how many times a day your experts get interrupted by people asking them for help. If your procedures are incomplete, vague, or inaccurate your subject experts are going to spend a lot of time anyway — *answering routine questions, fixing peoples' mistakes, or putting out fires.* How would you rather they spend their time? People are often astounded at the amount of freed up time they GAIN by taking time upfront to transfer their know-how and lessons learned.

Contrary to popular belief, **involving subject experts actually reduces overall cost.** Its more efficient and results in shorter review cycles. Consider how most organizations “capture knowledge.” Someone either “guesses” the procedure or the subject expert dictates the procedure to someone who then “writes it up.” Then that person has to repeatedly go back to the subject experts and get them to review the write ups, validate accuracy, and plug the inevitable “holes.”

Even if the expert does invest the necessary review time, the holes may never get plugged. It's easy to see how this development method is inefficient, impractical and error-prone.

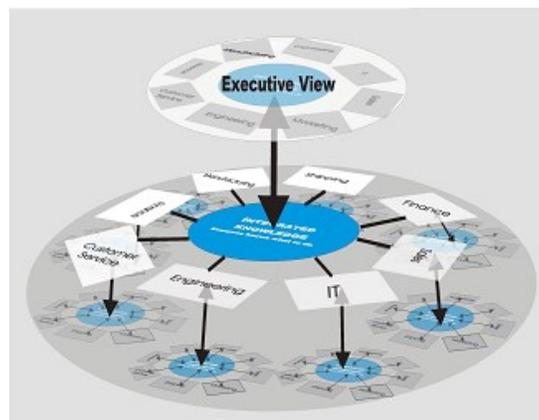
A better approach is to give subject matter experts structured interviewing tools so that they easily share critical information and lessons-learned. By involving the people who know and perform the work, you have a built-in system for re-evaluating processes and continuously improving them.

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## 6 Leverage SOPs across multiple initiatives and groups

“Re-inventing the wheel” for every new situation is very costly. With the right framework you can address compliance, training, and operational needs all at once. By broadening your thinking beyond a narrow project view, you’ll get much more value for your effort.

**Visualizing processes across functional areas can minimize redundancies as well as help break through knowledge silos.**



By linking high-level processes to detailed responsibilities (as shown in the figure above), employees will feel more empowered because they’ll understand their roles and how they fit into the big picture.

## 7 Use the right tool for the job

If you want to absolutely make sure your SOPs will drive improved performance, then you need a specialized approach.

General-purpose tools such as MS WORD and EXCEL can be extremely costly choices in the long run because they lack the built-in controls needed to ensure a deliverable you can manage with and train from. Additionally, word-processing tools have been benchmarked at requiring up to 60% more labor to deploy than specialized tools because they are so clerical and labor-intensive. Consider the number of organizations that already own MS Office. Why have so many of them **failed to develop a sustainable system** for transferring policy and procedure information to their workforce? The time and effort needed to successfully deploy general-purpose tools for this application is so great that without extraordinary dedication of staff time and resources, most initiatives fail to meet expectations or deliver results.

Document or content management systems aren’t the answer either because they do little to ensure usability or facilitate the “thinking through” of processes. There are hundreds of document management tools on the market today, but few address planning, development, or ongoing maintenance challenges.

### Why word processing "templates" and style sheets fail as a standardization solution

Because standardization has a direct impact on how people work and learn, it is a “must-have” for *any* SOP initiative. **Many people mistakenly believe that they can achieve standardization with MS Word or a Content Management system;** that by applying “templates” and style sheets, they can achieve *format* standardization. In practice, this approach falls short because there is simply no way to ensure or automate the enforcement of standards. Without rigorous, labor-intensive reviews and clean-up, the goal of consistency and standardization quickly evaporates.

If you are currently using a word processing-based approach, you've probably already run into this problem. Because the enforcement effort is so expensive and often impractical, many organizations abandon the word processing template approach and look for other approaches — after they've invested significant time and resources.

Thinking that you'll keep costs down by using a general-purpose tool you already own can be a big mistake.

If the tool is hard-to-use or cannot ensure quality results, then your costs are likely to be significant.

Word processing templates and styles lack the intelligence and controls to:

- **Ensure content completeness.** Is all the *right material* — tips, nuances, lessons learned — included in a logical and easy to follow manner? Are responsibilities defined?
- **Prevent common mistakes.** Is Policy separate from Procedure? Is it easy to follow complex step logic or are conditions piled up?
- **Ensure standardized terminology.** Are terms and titles used consistently and correctly? Is approved legal language used consistently?

The above are just a few of the standardization and usability issues that provide the highest return on investment, yet cannot be enforced through conventional templates or styles.

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### Other technology options

Advanced technology like XML or HTML editors may seem seductive, but are not practical for the average business user and can in some cases be counter-productive, distracting the content provider from the fundamentals. Flowcharting, Process Mapping and Business Process Management (BPM) tools are effective for visualizing the big picture, but are ineffective in communicating policy or details such as lessons learned, warnings, tips, troubleshooting information, and specific how tos.

Your optimal approach may require a combination of tools. The bottom line consideration for any technology evaluation is to keep the focus on the business outcome you want to achieve. **Whatever technology you select must be able to generate a deliverable that people will use, rely on, and learn from; one that enables everyone to make good decisions and improves business performance.**

## Summing it up:

Good outcomes require good systems. If you are still struggling to:

- train, cross-train staff,
- ramp up for new systems, new contracts, new projects,
- keep up with regulatory compliance
- reduce quality problems, inefficiencies, errors,
- prevent brain drain,

then the status quo is probably not working for you. We may be able to offer a fresh perspective and some new ideas.

COMPROSE has over 25 years experience working with hundreds of organizations to create and deploy good Process and SOP systems.

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