



Is your “**Back Office**” Process in the “**Backroom**”, or is it your business’ “**Backbone**”? ... How can you tell and what can you do about it?

By Wilson Snyder

Contact Wilson at Wilson.snyder@cognegy.com

The “**Back Office**” is called that because it is generally located in the back of the business’ office area and out of sight of the public, because that is where the production and processing takes place. It is can be loud and dirty, depending on the business – it is where the action is!

Unfortunately, it all too often also out of sight of the owners or general managers, and that’s when the trouble starts! In the early stages of the business growth cycle the owner is involved in all aspects of the business; marketing, finance, product (service) development and delivery. However, as the business grows, it is natural for the owner to concentrate on the specific function(s) which give him/her the most pleasure, most commonly the sales side.

So what happens to the processing? In most cases it is entrusted to a person who has been with the company for a while and is asked to run the show, usually with no prior supervisory training or skills, and often with no awareness of how to manage production and quality.

This has now become your “**Backroom**” and some symptoms of it include:

- Customer dissatisfaction, poor quality, errors and “redo’s”; constant “firefighting”
- Low rate of referrals from current clients: Do they send their friends to your business?
- Expenses raising faster than revenues
- No sense of product costs or productivity efficiency, no control of inventory
- Staff tardiness, staff injuries, low employee morale
- Low or decreasing employee productivity
- Excessive staff turnover: In the current recession, staff will wait for economic improvement before moving – but they will!
- Dirty and cluttered premises and work areas, a sense of general confusion, can’t find things, the books don’t balance or reconcile
- Machines break down: Lost production time
- Poor or no maintenance schedules

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A quick way to find out where your business support processes stand in this **“Backbone” vs. “Backroom”** continuum is to go back through the list above, and rate your business’ score 1-5 in each area (with 5 being the highest score).

Better yet, have the members of your leadership team – or even your employees - each do it separately, and send scores to you to review and compile. For any item scored 1-3, ask for specific, consistent, situational examples – not employee names - for their scoring decision. If your average score is 42 and above, then your Back Office Support Processes truly are the **“Backbone”** of your business, and you should let your team know this and celebrate their success.

If your scores are in the 35-42 range, then you have some work to do, but your business does not have a significant **“Back Office”** support risk on your hands – yet. I recommend keeping an eye on the direction of these scores, and perhaps even doing the exercise again in 6 months to see what direction the scores are going.

However, if your average score is 35 or below – then I would recommend rolling up your sleeves and finding out all of the ‘why’s’, and then putting some time and energy into getting things turned around and heading in the right direction before the business impact from these issues plunge to a point of non-recovery.

Unfortunately, these are just symptoms! The good news is that will they tell you if you have a problem. The bad news is you still don’t know what the cause is!

If your body had aches and pains, you would go to a doctor, and that is the recommendation here. To run and control all aspects of a business is a daunting task and there is no embarrassment asking for help. And the cause of the some of the problems might even be YOU and your style? As a start, a comprehensive business health check is recommended:

- Business Plan review (assuming there is one): Where are you going and how are you going to get there?
- Financial review: Historical trends and anomalies – look for expense cutting opportunities without negatively impacting the operation and perform forecasts based on the Business Plan’s action steps.
- Measurement and Control Reports review: What mechanisms exist to determine how well the operation is performing?

Once these have been determined, you are well on your way to changing the **“Backroom”** into the **“Back Bone”** of your business!