

The Seven Pillars - Operations

The fourth pillar of business that I work with is operations. This relates to the business activity that is carried on producing a cashflow. It might be a product of things, value adding or the provision of services. Often it may be a combination of two or more of these activities.

While it is fair to say that one of my primary contributions is the business building or strategic activity, I am in no doubt about the critical importance of maintaining the day to day operations of every business. It is these operational activities that generate the cashflow that pays the staff, enables the business building activities to happen and of course, provide reward to the business owners.

In the early phases of a operation the business owner or owners spend pretty much all of their time in the management of their business. As this becomes established the business owners are required to step away from the day to day operations and spend time in the business building activities. So, who is going to fill gap in operations as the owner steps away? This can sometimes be a point where businesses get “stuck”, owners can't let go of the day to day income generating activities as they see this as a loss of income. The reality is, until a business owner can adopt the mindset that they need to do things that are more important than the day to day work then growth is unlikely to happen.

Regardless of who is providing the labour for your business operations, they need to be effective and efficient. They also need to be continuously under review. Let me explain a little more about each of these points.

Business efficiency is about providing what the market is willing to pay for, at a price they are prepared to pay. No good offering a product or service that the market will not buy. That is an inefficient use of the resources and assets of any business.

You may be producing the right stuff but if you are not doing this efficiently you are not maximising the outputs and returns from your business. It is important that productivity of the people, equipment and assets of the business is as efficient as it can be.

Continuous improvement in particular is a central theme of my business building approach to operations. It just doesn't make sense to think that what you did yesterday is going to work or going to last into the distant future. The business landscape is littered with businesses that failed to adapt to changing business conditions or technologies.

The businesses that thrive are usually the ones that respond to market needs and make the best use of their resources and assets to maximise the bottom line profit that they generate.

In summary, business operations generate the cash that is the lifeblood of every business. They must be producing the right stuff in terms of what the markets want. Production of the goods and services provided must be done efficiently and the connection between operational effectiveness and efficiency must be constantly reviewed.



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