
Business Engineering Design

There are endless books, blogs, YouTube and article on what to do with your business and how to expand into market, social media, sales, IT, etc. And much of the information is very good. For well-run business this information can add value and increase sales or revenue.

My view of business engineering is much different than what most people or business owners think. Generally, people think of process improvement or re-engineering processes to make repeatable or more efficient. And this is true too.

Again, while all this is great and can add value to your business my experience working in large fortune 500, startups going public and as an entrepreneur and business owner is much different. The process most entrepreneurs and business owner use for creating new or existing businesses are not taught in most schools. You start out just trying to get the business or idea off the ground, find that first customer that believe in what you are providing, seek funding and then build on that success. You want to remain flexible to move the business in the direction of where the paying customers are and when the business gets traction or becomes more successful move to next steps of adding more business functionality.

This is when the fun starts, you get the finger pointing, “John is responsible for that and he is on vacation or no longer with us”. Can you wait until tomorrow when Sally comes in and she will provide you that information”. “I don’t know but I will find out”, “let me get back to you”. And then you have “I thought we shipped it”, “I don’t know how much we made last quarter”, “what’s a sale backlog”, “didn’t we mail that check”. You get the point. You and your team spend a large amount to time tracking down information to make decisions. Not understanding risk, undervaluing success.

So now Business Engineering. Business Engineering uses a Holistic Engineering Methodology approach to structuring companies and processes for high performance. Like building products, companies must be, designed, constructed and tested to survive in demanding markets. Every business is different.

Holistic – Parts are interconnected to the whole and interact.

What we are saying is “Build Quality into the Business”. In most endeavors we create a plan. For vacations, cars, houses even going to Starbucks. You always start with a design. And push that design to a end product or result. But not for business, yes you have a business plan but that is not an engineering document for your business. Engineering uses requirement, inputs, outputs, communications, quality standards, processes, data, reporting, etc. to decide how the end product will function.

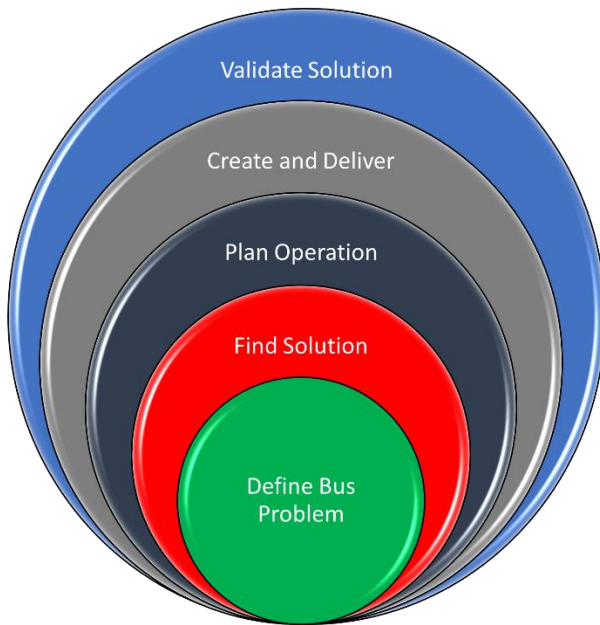
Example, to build a house what comes first. You have the materials, windows, door, lumber, concrete, wiring, plumbing materials, etc. These items are sitting in your building lot. Do you design and engineer your house or do you just start putting pieces together? With an ad hoc process what do you expect the outcome to be vs. holistic designing and engineering process then constructing.

But we start our businesses without a design with just and idea and hope it all comes together. If you are lucky it might but still not be optimum. Successful companies have all their business functions working in unison, communications flows to where its needed, team has the tools needed when needed.

Let's think of some numbers. A Salesperson generate a sale, fill out a sales order, send it to account manager, on and on, to shipping and invoicing. This is called Order – to – Cash. Is this an automated process or manual. If you pay your employees \$25 hr. And 5 employees touch each sale for 5 mins and it takes 5 employees to process (Sales, Acct manager, Finance, Shipping, Management), this equals \$10 overhead per sale. If you can reduce this to 2 mins that is \$2 per sale. This is real money over thousands of sales per week.

This could be the difference of being profitable or a failing business. Business Engineering looks at the design of your business and processes to add efficiency, this also adds the ability to grow or expand quickly. Efficiency works when the market is great or not. We must decide when automation makes sense or manual is good enough. Remember everything in business has a cost. Measure the cost between both before deciding by using some business process.

Below is an example of using Business Engineering process to problem solve:



ASK: What is the problem? How have others approached it? What are your constraints?

IMAGINE: What are some solutions? Brainstorm ideas. Choose the best one.

PLAN: Draw a diagram. Make lists of materials you will need.

CREATE: Follow your plan and create something. Test it out!

IMPROVE: What works? What doesn't? What could work better? Modify your design to make it better. Test it out!

You can't find an online example of your individual business. You are responsible for creating this design. Online and Books are tools that can put the hammer in your hand but not drive the nail...